

Joint Budget Committee



Overview of FY 2024-25 Supplemental Budget Requests and the December 2024 Revenue Forecasts

JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision

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Overview of FY 2024-25 Supplemental Requests

Take-home Message

The General Assembly is facing budgetary constraints for both FY 2024-25 and FY 2025-26. Based on current appropriations and obligations, both of the December 2024 revenue forecasts project a shortfall of roughly \$200 million below the 15.0 percent statutory reserve requirement in FY 2024-25. Barring change to balance, the shortfall would grow next year.

The January 2, 2025, budget submission proposes a large number of changes for both FY 2024-25 (adjustments to current law regarding transfers as well as appropriations) and FY 2025-26 (adjustments to the November 1, 2024, budget request).

- In response to increasing caseload costs, the submission proposes increases to General Fund appropriations in both years, including \$130.0 million in FY 2024-25 (0.8 percent above the current appropriation) and \$50.9 million in FY 2025-26 (0.3 percent above the November 1 request).
- The request includes a wide range of balancing proposals seeking to either make more General Fund available through a variety of mechanisms or reduce existing obligations. The Committee will make these decisions during both supplementals and figure setting.
- In order to balance the current year, the Governor is proposing a temporary reduction to the reserve requirement in FY 2024-25 to accommodate a projected shortfall of approximately \$230 million based on the December 2024 OSPB forecast. **Staff recommends delaying this decision until the March 2025 balancing process.**
- The request assumes the reserve requirement will return to 15.0 percent for FY 2025-26.
- However, JBC Staff estimates that the request would fall short of the 15.0 percent reserve requirement in FY 2025-26 under both of the December 2024 revenue forecasts. If the General Assembly approves proposed transfers of \$350 million from the General Fund associated with Proposition 130, then staff estimates that the reserve would fall \$352.6 million short of the requirement under the LCS forecast and \$412.8 million short under OSPB. The request is also short of the reserve requirement without that transfer.

The Committee will make final balancing decisions for both years after selecting one of the March 2025 revenue forecasts for balancing. The variety of balancing proposals that are either forecast dependent (e.g., severance tax reform and transfers of cash fund interest earnings), have uncertain impact (Pinnacol conversion), or inherently require the State to be above the TABOR cap (enterprise conversions and cash fund revenue reductions) add to the uncertainty.

Given the uncertainty, it is important to note that this document is a snapshot of the General Fund's status as of the January 2 submission based on the December 2024 forecasts. Much will change between now and balancing in March.

Background - Process for Making Mid-year Budget Adjustments

The General Assembly set the current budget for FY 2024-25 during the 2024 Session. Statute and rule define the process for mid-year adjustments to the budget each year.

- *Interim Supplementals (June through December)*: Statute allows the Joint Budget Committee to make adjustments to the budget when the General Assembly is not in session under specific criteria.¹ Statute then requires the JBC to introduce a supplemental bill to appropriate any amounts approved through this process. For FY 2024-25, the Committee received and acted on such “interim supplementals” in June, September, and December, 2024. The Committee approved a total of \$1.2 million General Fund in interim supplementals for FY 2024-25 (primarily in the Judicial Branch).
- *Regular Supplementals (submitted in January and February)*: Statute requires the submission of most regular supplemental requests on January 2 each year. Certain caseload requests come later, with Corrections caseload due by January 10, school finance and Division of Youth Services caseload by January 15, and Medicaid caseload on February 15.² Please note that this document does not reflect any caseload-driven supplemental requests that may be submitted after the January 2 submission.
- *JBC Consideration (January)*: Over the next two weeks (January 13 through 23) the JBC will consider and vote on the January supplemental requests and some related policy proposals, although the Committee may delay some decisions until the final budget balancing process with the FY 2025-26 Long Bill.
- *Comebacks (January 23)*: On Thursday, January 23, agencies will have an opportunity to ask the JBC to reconsider actions taken on the January requests by submitting “comebacks.” On that same day the JBC will also consider any recommendations from JBC Staff to correct or modify previous actions (known as “staff comebacks”).
- *Drafting (January 24 – 31)*: Once the JBC has finalized decisions concerning mid-year adjustments, JBC staff will draft a supplemental bill for each affected department. Staff in the Office of Legislative Legal Services (OLLS) will draft any bills to make statutory changes necessary to implement approved mid-year adjustments (e.g., statutory transfers between funds and potential policy changes). The JBC will review and vote on these OLLS bill drafts prior to introduction. In recent years, the Committee has generally introduced all of these mid-year adjustment bills as a “supplemental package.”
- *Supplemental Package Introduction (February 3)*: Legislative rules set a deadline to introduce the supplemental bills by the 27th day of the legislative session. For 2025, that puts the deadline on Monday, February 3.

Please note that the JBC may consider additional mid-year budget adjustments in February and March (e.g., adjustments that may be necessary based on the Medicaid caseload and expenditure forecast that will be submitted in mid-February). If approved, those mid-year

¹ See Section 24-75-111, C.R.S.

² Section 2-3-208 (3)(b), C.R.S., directs the Department of Corrections to submit its caseload supplemental requests by January 10 (H.B. 24-1385 moved this deadline from January 15 to January 10). The same section provides a January 15 deadline for the Department of Education and the Division of Youth Services to submit supplemental requests for school finance youth services caseload, respectively.

adjustments will be included as separate sections within the 2025 Long Bill (known as “add-ons”) or in separate bills that are introduced with the Long Bill.

FY 2024-25 Supplemental Requests

The existing FY 2024-25 state operating budget includes General Fund appropriations totaling \$15.6 billion. The January 2 submission proposes a net increase of \$82.1 million General Fund (0.5 percent) in official supplemental requests. That amount includes a net increase of \$80.8 million requested on January 2, 2025, and \$1.2 million that the Committee previously approved through interim supplementals.

Table 1 shows the proposed change for each department (including the January 2 requests and the interim supplementals approved by the Committee). Table 1 does not include \$47.9 million in appropriation placeholders associated with upcoming caseload requests (\$41.3 million in HCPF and \$6.6 million in Corrections). Including those placeholders, the January 2 request proposes a total increase of \$130.0 million General Fund for FY 2024-25 supplementals.

Department	Current Appropriation	Requested Changes	Adjusted Appropriation	Percentage Change
Agriculture	\$22,054,585	-\$1,403,504	\$20,651,081	-6.4%
Corrections	751,808,491	827,788	752,636,279	0.1%
Early Childhood	293,764,888	-145,676	293,619,212	0.0%
Education	4,527,377,621	-5,332	4,527,372,289	0.0%
Governor	55,862,788	201,731	56,064,519	0.4%
Health Care Policy and Financing	4,988,234,973	88,369,614	5,076,604,587	1.8%
Higher Education	1,664,005,028	319,045	1,664,324,073	0.0%
Human Services	1,249,542,319	-1,889,528	1,247,652,791	-0.2%
Judicial	638,043,921	6,421,243	644,465,164	1.0%
Labor and Employment	35,977,215	-54,717	35,922,498	-0.2%
Law	26,843,858	4,699	26,848,557	0.0%
Legislature	80,416,586	29,082	80,445,668	0.0%
Local Affairs	70,674,185	12,614	70,686,799	0.0%
Military and Veterans Affairs	17,704,398	182,151	17,886,549	1.0%
Natural Resources	45,189,508	214,328	45,403,836	0.5%
Personnel	39,442,833	738,322	40,181,155	1.9%
Public Health and Environment	148,708,828	37,148	148,745,976	0.0%
Public Safety	283,952,143	3,578,904	287,531,047	1.3%
Regulatory Agencies	3,596,539	1,629	3,598,168	0.0%
Revenue	158,265,353	4,292	158,269,645	0.0%
State	2,504,841	0	2,504,841	0.0%
Transportation	0	0	0	n/a
Treasury	466,833,028	-15,372,643	451,460,385	-3.3%
TOTAL	\$15,570,803,929	\$82,071,190	\$15,652,875,119	0.5%

The January 2 submission includes adjustments for every Department. However, Medicaid caseload expenses in the Department of Healthcare Policy and Financing are the key driver of the increase. As the Committee knows, a \$153 million Medicaid overexpenditure in FY 2023-24 contributed to the shortfall in the current year because the State began FY 2024-25 with less

General Fund than projected during the 2024 Session. Medicaid caseload continues to add pressure in the current year.

- As of January 2, HCPF has officially requested an increase of \$88.4 million General Fund for the current year based on their November 2024 forecast. The submission also includes a placeholder for an *additional* \$41.3 million (not included in Table 1) associated with the Department’s upcoming February 2025 caseload forecast. If that amount is needed, HCPF’s total increase above the current appropriation would be \$129.7 million (2.6 percent).
- Based on the January 2 request, all of the other departments combined result in a net reduction of \$6.3 million. The Committee should note that Treasury’s request (a net reduction of \$15.4 million General Fund) is the major factor outside of HCPF. The decrease in Treasury is nearly all associated with forecast expenditures for the Homestead Exemption and the business personal property tax exemption under the December OSPB forecast. Both of those are informational appropriations and will change again based on the March 2025 forecast – as well as the Committee’s selection of a forecast for balancing.

Other particularly noteworthy changes include:

- An increase of \$6.4 million for the Judicial Branch, including \$1.5 million for language interpreters and translators (Courts and Probation S2), \$1.4 million for county courthouse infrastructure (Courts and probation S3), and \$2.8 million for case cost increases in the Office of Alternative Defense Counsel (OADC S1).
- An increase of \$3.6 million for the Department of Public Safety, driven by \$1.8 million for community corrections caseload (S1) and \$1.8 million for the annual fleet vehicle supplemental request.
- Finally, Table 1 shows an increase of \$0.8 million for the Department of Corrections. However, including the \$6.6 million caseload placeholder from the Governor’s request would push that increase to \$7.4 million.

January 2 Revisions to the FY 2025-26 Request

The January 2 submission also includes amendments to the (November 1) FY 2025-26 requests from the Governor, the other elected officials, and the Judicial Branch. In total, the budget amendments *for the FY 2025-26 Long Bill* propose an increase of \$50.9 million General Fund (0.3 percent) above the November 1 request. Table 2 shows the total requested change by Department. Similar to Table 1 above, the table does not include \$35.6 million in placeholders anticipating subsequent requests related to caseload. Including the placeholders puts the total increase at \$86.5 million (0.5 percent) above the November 1 request.

Table 2: January 2 Amendments to the November 1 General Fund Budget Request for FY 2025-26

Department	November 1, 2024 Request	January 2, 2025 Budget Amendments	Revised Request	Percentage Change
Agriculture	\$22,211,464	(\$647,412)	\$21,564,052	(2.9%)
Corrections	\$1,118,400,163	(2,611,612)	\$1,115,788,551	(0.2%)
Early Childhood	\$301,915,923	9,996,609	\$311,912,532	3.3%

Table 2: January 2 Amendments to the November 1 General Fund Budget Request for FY 2025-26

Department	November 1, 2024 Request	January 2, 2025 Budget Amendments	Revised Request	Percentage Change
Education	\$4,641,790,979	(866,791)	\$4,640,924,188	(0.0%)
Governor	\$54,420,838	(13,571)	\$54,407,267	(0.0%)
Health Care Policy and Financing	\$5,410,393,152	9,030,889	\$5,419,424,041	0.2%
Higher Education	\$1,625,664,465	7,299,722	\$1,632,964,187	0.4%
Human Services	\$1,316,100,426	20,085,248	\$1,336,185,674	1.5%
Judicial	\$916,339,942	1,472,448	\$917,812,390	0.2%
Labor and Employment	\$36,519,754	(498,691)	\$36,021,063	(1.4%)
Law	\$28,152,965	(15,064)	\$28,137,901	(0.1%)
Legislature	\$82,829,084	14,588	\$82,843,672	0.0%
Local Affairs	\$74,460,446	436,136	\$74,896,582	0.6%
Military and Veterans Affairs	\$18,053,241	(103,318)	\$17,949,923	(0.6%)
Natural Resources	\$60,319,780	(7,763)	\$60,312,017	(0.0%)
Personnel	\$38,422,548	(96,273)	\$38,326,275	(0.3%)
Public Health and Environment	\$142,761,380	(239,020)	\$142,522,360	(0.2%)
Public Safety	\$289,056,477	1,965,086	\$291,021,563	0.7%
Regulatory Agencies	\$3,745,596	(2,567)	\$3,743,029	(0.1%)
Revenue	\$164,216,862	(91,542)	\$164,125,320	(0.1%)
State	\$4,254	0	\$4,254	0.0%
Transportation	\$0	0	\$0	n/a
Treasury	\$455,490,457	5,840,627	\$461,331,084	1.3%
TOTAL	\$16,801,270,196	\$50,947,729	\$16,852,217,925	0.3%

As shown in the table, the \$50.9 million increase in specific budget amendments is spread across most state agencies.

- The largest increase (\$20.1 million) is in the Department of Human Services (DHS). Major drivers in the DHS amendments include: \$9.1 million for the relative guardianship assistance program (BA1), \$5.8 million to accelerate the Division of Youth Services bed cap increase (BA2), and \$2.3 million for the Correctional Treatment Board (Behavioral Health Administration BA1).
- The \$10.0 million increase in the Department of Early Childhood is primarily a proposal to add \$10.0 million for the Colorado Child Care Assistance Program (CCCAP – BA01).
- Health Care Policy and Financing shows an increase of \$9.0 million, with the largest change being increases to pediatric behavioral therapy rates (BA16).
- Higher Education is requesting \$7.3 million more than the November request, driven by the elimination of a tuition increase for rural institutions.
- Treasury is reflecting an increase of \$5.8 million tied to the December OSPB forecast for the homestead exemption and business personal property tax exemption.

As noted above, the submission includes placeholders for a net increase of \$35.6 million associated with caseload requests coming after January 2. The major driver is a \$47.0 million hold for school finance. An anticipated \$13.7 million reduction (below the November 1 request) for Corrections provides a partial offset. The January 2 request also includes new placeholders

of \$2.2 million for the Office of Rail Safety in the Department of Regulatory Agencies and \$0.2 million for the Transit Modernization Commission in the Energy Office.

Finally, the largest change in the January 2 request is that the Governor is proposing to transfer \$350 million from the General Fund (letter specifically says from the General Fund reserve) to multiple cash funds in response to Proposition 130. This amount is also not included in Table 2, and the Governor’s Office has also not accounted for the transfer in the reserve calculations for FY 2025-26 (discussed in the following section).

Balancing Status Relative to the December Revenue Forecasts

As the Committee is aware, both of the December 2024 revenue forecasts show shortfalls below the statutory reserve requirement for FY 2024-25 under current law (current appropriations and obligations relative to the December forecast of revenues).

- The Legislative Council Staff (LCS) forecast shows the reserve falling \$193.5 million short of the requirement in the current year (prior to any mid-year adjustments).
- The December OSPB forecast shows a \$211.5 million shortfall under current law.

Both forecasts anticipate ongoing constraints in FY 2025-26, although without a current appropriation there is not a clear measure of the potential shortfall. The Governor balanced the November 1 request based on the September 2024 OSPB revenue forecast. The January 2 submission balances to the December OSPB forecast and includes a large number of additional changes to accommodate increasing caseload costs along with new balancing proposals to align obligations with available General Fund.

As this document represents a point-in-time estimate and seeks to capture the request, the remainder of the document focuses on the request in the context of the December OSPB forecast. That forecast is the basis of the Governor’s request, and the dynamics are similar under the LCS forecast. As the Committee moves toward balancing – and selecting a forecast for balancing – staff will provide overviews under both of the March 2025 forecasts.

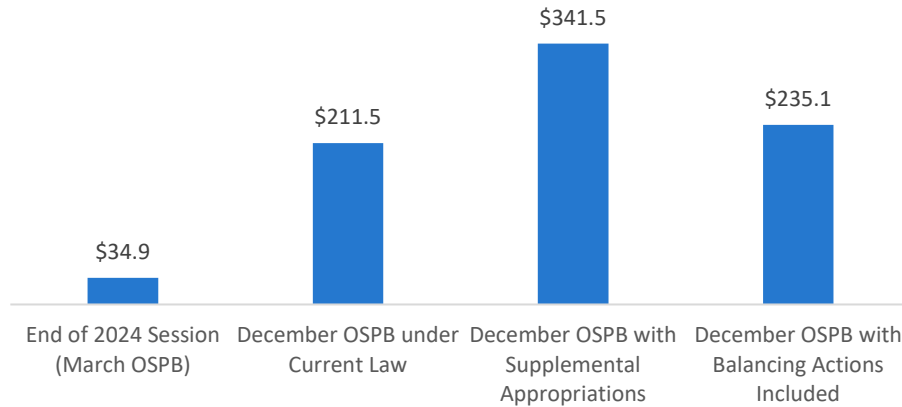
FY 2024-25

JBC staff estimates that the request would still fall more than \$200.0 million short of the 15.0 percent reserve requirement in FY 2024-25 under both of the December 2024 revenue forecasts. The Governor’s balancing proposals would mitigate much of the impact of the \$130.0 million in supplemental appropriations but the shortfall does still increase relative to the “current law” scenario in the December OSPB forecast (from \$211.5 million in the forest to the current JBC Staff estimate of \$235.1 million).

The following graphic shows how the anticipated FY 2024-25 shortfall has changed since the end of the 2024 Session when the projected gap was \$34.9 million as a result of corrections to accounting related to the Health Insurance Affordability Enterprise. The \$153.0 million HCPF overexpenditure in FY 2023-24 was the major driver of the increased shortfall by the December forecast because it reduced the General Fund’s beginning balance for FY 2024-25. As shown in the graphic, the supplemental appropriations would add \$130.0 million to the shortfall on their

own – but the Governor’s assumptions for the balancing proposals would offset much of that increase.

Caseload costs have driven an increase in the projected FY 2024-25 shortfall below the 15.0 reserve requirement although the Governor’s balancing proposals would mitigate some of the impact.



With statewide supplemental S1, the Governor proposes to close the final gap after the March 2025 balancing process by temporarily reducing the reserve requirement for FY 2024-25. Staff anticipates that a temporary reduction will be necessary but recommends that the Committee delay that decision until the final balancing process in March.

Staff also recommends that the Committee reduce the shortfall in FY 2024-25 as much as possible because it will put the General Fund in a better position to balance in FY 2025-26.

FY 2025-26

The Governor’s January 2 submission indicates the intent to return to a 15.0 percent reserve requirement in FY 2025-26. The request balances to that goal *based on the OSPB forecast and the Governor’s request for FY 2025-26*. However, JBC Staff’s current estimates indicate that the request as a whole still falls short of the reserve requirement under both forecasts. Staff highlights two major reasons for the continued shortfall:

- First, the January 2 submission continues to assume the Governor’s placeholder for the Judicial Branch budget and the independent elected officials. That placeholder assumes a 5.0 percent increase for the Judicial Branch in FY 2025-26 but the Judicial Branch’s request is actually \$78.3 million higher than that placeholder. Reductions in the Treasury submission offset a portion of that difference – but even excluding the Proposition 130 transfer (see the next bullet), the request as a whole falls \$62.8 million short of the reserve requirement under the OSPB forecast.
- Second, and of greater magnitude, the January 2 letter specifically proposes to transfer \$350.0 million out of the General Fund reserve in response to Proposition 130. The request does not account for this transfer in the reserve calculation – and still indicates the intent to return to a 15.0 percent reserve. Accounting for the Judicial changes and this transfer, the reserve would fall \$412.8 million short of the requirement based on the December

OSPB forecast, forcing the General Assembly to either find other balancing actions to offset that shortfall or reduce the reserve requirement to 12.6 percent.

The following section provides a General Fund Overview of the request as of January 2 in the context of the OSPB forecast. The final section of the document provides tables summarizing the (many) balancing proposals baked into the request.

General Fund Overview and Balancing Proposals

In response to the current fiscal constraints, the Governor's Office has proposed a large number (and a wide range) of requests to get the budget in balance under the December OSPB forecast. The sheer number adds complexity. In addition, many components of the balancing proposal are forecast-dependent and will inherently change with both March revenue forecasts. As a result, unless the request is associated with a specific appropriation adjustment or the transfer of a *known* cash fund balance, the specific numbers are likely to change.

- For example, the potential benefit of restructuring severance tax revenues (DNR R10) depends entirely on projected severance tax revenues. If severance revenues decrease then the projected General Fund relief under that proposal will also drop (and did so between the November 1 request based on the September forecast and the January 2 update based on the December forecast).
- Statewide request R1 proposes to transfer cash fund interest earnings from a variety of cash funds to the General Fund to compensate for the fact that non-exempt cash fund interest is TABOR revenue and forces out TABOR refunds. Those interest earning projections are also forecast dependent.
- The request includes a number of proposals to adjust enterprises and cash fund revenues that are subject to TABOR. Those requests would provide General Fund relief as long as the State stays far enough above the Referendum C cap. However, should revenue expectations fall below the cap (based on either forecast changes or balancing proposals forcing revenues below the cap), any additional benefit for balancing will disappear.
- While not forecast dependent (the forecast does not evaluate it), the request assumes a \$100 million benefit from the proposal to convert Pinnacol in FY 2025-26. Staff does not know whether that figure is realistic, too high, or potentially even too low.

It is also important to emphasize that this overview seeks to show the impact of the request as submitted by the agencies. Staff assumes that the Committee will modify a number of these balancing proposals (and JBC Staff may well recommend doing so). In addition, staff has not tried to model likely changes to the underlying appropriations (e.g., provider rates, higher education funding, and potential changes to school finance).

In short, there is significant uncertainty in these estimates, and staff anticipates that the outlook will shift significantly based on the Committee's decisions and then again with the March revenue forecasts. With those caveats, Table 3 summarizes the General Fund Overview as of the January 2 submission and relative to the December OSPB forecast.

Table 3: General Fund Overview (OSPb December 2024 Forecast, \$ in millions)

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	
General Fund Available					
1	Beginning Reserve	\$2,427.4	\$3,169.4	\$2,101.5	\$2,015.6
2	Gross General Fund Revenue	17,251.4	17,572.0	17,866.3	18,893.0
3	Governor Request - Tax Credit Package (reducing tax credits)			83.3	163.9
4	Governor Request - Pinnacol Conversion		0.0	100.0	80.0
5	Transfers In (existing law reflected in forecast)	93.3	182.5	59.8	43.0
6	Governor Nov. 1 Placeholders - Transfers In		130.5	186.1	61.2
7	Governor Jan. 2 Placeholders - Transfers In		0.6	3.1	
8	Governor Jan. 2 Placeholders for JBC Staff Balancing Options			11.6	
9	Total General Fund Available	\$19,772.2	\$21,055.0	\$20,411.7	\$21,256.7
10	LESS: General Fund Obligations			0.0	
11	Appropriations (Actual, requested as of Jan. 2, and projected)	\$14,175.8	\$15,652.9	\$16,852.2	\$17,678.2
12	Governor Nov. 1 Placeholders - Appropriations Subject to Reserve		0.0	-158.8	-171.3
13	Governor Jan. 2 Placeholders - Appropriations Subject to Reserve		47.9	35.6	
14	Governor Jan. 2 Placeholders for JBC Balancing Proposals		0.0	-30.2	-27.7
15	LESS: Appropriations for rebates and expenditures	-241.9	-225.2	-234.4	-287.2
16	LESS: Appropriations from Healthy School Meals Account	-115.3	n/a	n/a	n/a
17	Subtotal: Appropriations subject to statutory reserve requirement	\$13,818.6	\$15,475.5	\$16,464.4	\$17,192.1
18	Rebates and Expenditures (reflected in forecast)	241.9	198.0	196.0	194.5
19	Governor Jan. 2 Placeholders for Revenue PTC Tax Credit			-8.6	-8.6
20	General Fund overexpenditure - not subject to reserve	153.8		0.0	
21	Balancing Proposal - PERA DD not Subject to Reserve		0.0	165.4	165.4
22	Appropriations from Healthy School Meals Account	115.3	n/a	n/a	n/a
23	TABOR Refund [Article X, Section 20 (7)(d)]			0.0	
24	Current year revenue above Referendum C Cap reflected in forecast (refunded in following fiscal year)	1,646.0	873.3	553.1	922.5
25	Governor Proposal - Tax Credit Package			83.3	163.9
26	Jan. 2 Placeholder for increased cash fund revenue			3.1	
27	Balancing Proposals - Enterprise Conversions and CF Revenues	n/a	-6.6	-151.7	-153.5
28	Adjusted TABOR Refund based on proposals	\$1,646.0	\$866.7	\$487.9	\$932.8
29	<i>Transfers Out and Other Diversions</i>			0.0	
30	Transportation (existing law reflected in forecast)	5.0	117.5	117.5	117.5
31	Capital/IT projects	351.4	254.1	202.5	260.9
32	Other Transfers and Diversions (existing law reflected in forecast) ^{b,c}	543.9	2,048.0	453.4	461.6
33	Governor Nov. 1 Placeholders for Transfers from the GF		-6.7	-37.4	-33.0
34	Governor Jan. 2 Placeholders for Transfers from the GF		0.5	355.0	
35	Subtotal: Other Obligations	\$3,057.3	\$3,478.0	\$1,931.6	\$2,091.1
36	Total General Fund Obligations	\$16,875.9	\$18,953.6	\$18,396.1	\$19,283.2
37	PLUS: Reversions and Accounting Adjustments (including under-refunds of TABOR surpluses from prior years)	\$273.1	n/a	n/a	n/a
Reserve					
38	Fiscal Year-end General Fund Reserve	\$3,169.4	\$2,101.5	\$2,015.6	\$1,973.5
39	Statutorily Required Reserve Percent	15.0%	15.0%	15.0%	15.0%
40	Required Reserve Amount	\$2,031.5	\$2,336.6	\$2,428.4	\$2,511.3
41	Year-end Reserve Above/(Below) Requirement	\$1,137.9	-\$235.1	-\$412.8	-\$537.7

As shown in line 41 of the table and discussed above, staff estimates that the budget proposal would fall \$235.1 million below the reserve requirement in FY 2024-25 and then \$412.8 million short of the reserve requirement for FY 2025-26 if the \$350 million transfer associated with Proposition 130 is included (line 32 includes that transfer along with a January 2 placeholder for \$5.0 million associated with “State Protection Funding”).

Table 3 collapses many placeholders and balancing proposals into single lines for each of several “categories” of proposals. The following sections show the specific proposals embedded in each of those categories.

Transfers In

The January 2 submission proposes/assumes a total of \$131.1 million in transfers to the General Fund in FY 2024-25 and \$200.8 million in FY 2025-26. Each of the proposed transfers would make additional General Fund available to assist with balancing. Table 4 shows the breakdown of those assumed transfers depending on when the placeholder was first submitted and the source of the proposal (the January 2 submission includes \$11.6 million in transfers that originated as JBC Staff options during the FY 2025-26 briefing process).

Table 4: Placeholders for Transfers into the General Fund

	FY 2024-25	FY 2025-26	FY 2026-27
Governor Placeholders Submitted November 1			
Restructure Severance Tax (NAT R10- Adjusted Jan. 2)	\$11,046,165	\$54,054,011	\$34,100,000
Sweep a Portion of Nonexempt CF Interest Revenue (Statewide R1- Adjusted Jan. 2)	72,453,420	52,293,446	25,000,000
Electrifying School Buses Grant Program Cash Fund (PHE R6)	14,000,000	24,500,000	0
Workers Compensation Cash Fund Sweep	0	15,000,000	0
Eliminate the State Employee Reserve Fund (LAB R2)	0	12,000,000	0
Sweep from Local Government Severance Tax (LOC R5)	10,000,000	10,000,000	0
Healthcare Workforce Recruitment and Reengagement (CDPHE S3)	5,540,000	0	0
Vital Records and Statistics Cash Fund (CDPHE S2)	1,800,000	0	0
ARPA Project Reversions (Various - adjusted Jan. 2)	3,111,109	6,321,471	0
Technology Risk Prevention and Response Sweep (OIT R2)	0	2,500,000	0
Discontinue Limited Gaming Fund Support of CHECRA (HED R9)	0	2,100,000	2,100,000
Substance Use Workforce Stability Grant Program ARPA Reversion	0	1,981,173	0
LEAP/CBMS Data System Interface ARPA Reversion	0	1,878,468	0
Crim Just Intervention Detection and Redirection ARPA Reversion	0	1,000,000	0
Sustainable Funding for CEO (CEO R1)	0	900,000	0
Nutrients Grant Fund and Natural Disaster Cash Funds (PHE R7)	0	388,790	0
Adams County Facility Renovation Study ARPA Reversions	0	526,400	0
Inactive Education Cash Funds Sweep (EDU R12)	0	260,000	0
Children, Youth, and Family Behavioral Health ARPA Reversion	0	239,586	0
Colorado Identity Theft and Financial Fraud Fund (PUBSAF R9)	0	100,000	0
Nuclear Materials Transportation Fund (PUBSAF R8)	0	100,000	0
Transfer FY 2023-24 IT and Capital Reversions back to GF	12,588,729	0	0
Subtotal – Governor Nov. 1 Placeholders	\$130,539,423	\$186,143,345	\$61,200,000
Governor Placeholders Submitted January 2			
Local Affairs - Peace Officers Behavioral Health Support	\$0	\$3,068,634	\$0
Local Affairs - Flex Discontinuation (S4)	601,625	0	0

Table 4: Placeholders for Transfers into the General Fund

	FY 2024-25	FY 2025-26	FY 2026-27
Subtotal – Governor Jan. 2 Placeholders	\$601,625	\$3,068,634	\$0
JBC Staff Proposals Assumed in January 2 Submission			
Agriculture - Ag Management Cash Fund	\$0	\$620,000	\$0
Agriculture - Diseased Livestock Indemnity Cash Fund	0	250,000	0
Agriculture - Rodent Control Cash Fund	0	26,511	0
Agriculture - Cervidae Disease Cash Fund	0	20,000	0
OIT - TRPR sweep increase	0	2,500,000	0
Human Services - SSFS Contingency Reserve Fund	0	680,000	0
Personnel - Supplemental State Contribution Fund	0	5,000,000	0
Public Health and Environment - Community Impact Cash Fund	0	2,500,000	0
Subtotal - JBC Staff Proposals	\$0	\$11,596,511	\$0
Total Placeholders for Transfers In	\$131,141,048	\$200,808,490	\$61,200,000

Appropriations Subject to the Reserve

The January 2 submission assumes a large number of placeholders related to appropriations subject to the statutory reserve requirement. Table 5 summarizes those placeholders based on the date of submission and the original source (like Table 4). In this table, a positive number indicates a placeholder for an *increased appropriation* (e.g., an increase for fire prevention activities in the first line of the table). Conversely, a negative number indicates a General Fund reduction that would provide General Fund relief.

One of the largest components in the first section of the table would exempt PERA Direct Distribution (PERA DD) from the reserve requirement. It is important to note that the proposal would not reduce PERA DD payments – but would exempt those payments from the reserve requirement (reducing the reserve requirement by \$24.8 million).

Table 5: Placeholders for Appropriations Subject to the Reserve

	FY 2024-25	FY 2025-26	FY 2026-27
Governor Placeholders Submitted November 1			
Fire Prevention Activities	\$0	\$5,000,000	\$0
General Assembly Legislative Priorities	0	4,347,826	0
Executive Branch Priorities	0	3,136,846	0
Balancing Proposal - PERA DD not Subject to Reserve	0	-165,371,147	-165,400,000
Balancing Proposal - Program Line Consolidation and 1% Reduction (Statewide R4)	0	-5,472,090	-5,472,090
Balancing Proposal - Round Down to Nearest \$1,000 (Statewide R5)	0	-449,396	-431,504
Subtotal - Governor November 1 Placeholders	\$0	-\$158,807,961	-\$171,303,594
Governor Placeholders Submitted January 2			
Education - School finance placeholder	\$0	\$47,000,000	\$0
HCPF - Supplemental placeholder for February forecast	41,300,000	0	0
Corrections - Anticipated Jan. 10 caseload supplemental	6,583,943	-13,700,000	0
Regulatory Agencies - Office of Rail Safety	0	2,180,000	0
Energy Office - Transit Modernization Commission	0	150,000	0
Subtotal - Governor January 2 Placeholders	\$47,883,943	\$35,630,000	\$0

Table 5: Placeholders for Appropriations Subject to the Reserve

	FY 2024-25	FY 2025-26	FY 2026-27
Governor Jan. 2 Placeholders for JBC Balancing Proposals			
BHA - Eliminate recovery support services grant	\$0	-\$1,000,000	-\$1,000,000
BHA - SUD treatment cash fund refinance	0	-1,000,000	-1,000,000
BHA - Eliminate recovery residence certification grants	0	-200,000	-200,000
BHA - Offender services	0	-100,000	-100,000
BHA - Eliminate rural vouchers	0	-50,000	-50,000
Early Childhood - Discontinue child care services and SUD treatment pilot	0	-500,000	-500,000
Early Childhood - Reduce funding for child maltreatment prevention	0	-480,000	-480,000
Early Childhood - Reduce funding for family resource centers	0	-150,000	-150,000
Education - Eliminate At-risk supplemental aid	0	-7,009,989	-7,009,989
Education - Eliminate at-risk per pupil additional funding	0	-5,000,000	-5,000,000
HCPF - Prepayment review	0	-5,604,621	-5,604,621
HCPF - Telehealth remote monitoring grant program	0	-500,000	-500,000
HCPF - Continuous glucose monitoring	0	-278,683	-278,683
Human Services - Tony Grampsas GF reduction (net reduction of \$500k)	0	-2,500,000	0
Human Services - TANF refinance for basic cash assistance	0	-2,000,000	-2,000,000
Human Services - Reduce diaper distribution program	0	-1,000,000	-1,000,000
Human Services - Food assistance grant programs	0	1,000,000	1,000,000
Human Services - Residential placement for IDD Youth	0	-500,000	-500,000
Human Services - Remove HB 23-1307 provider incentives	0	-440,000	-440,000
Human Services - Child support payment pass-through	0	-400,000	-400,000
Human Services - Child welfare and neglect hotline	0	-400,000	-400,000
Human Services - Parole	0	-325,000	-325,000
Human Services - Division of Youth Services contract placements	0	-200,000	-200,000
Human Services - Home care allowance contract reduction	0	-106,326	-106,326
Human Services - OCFMH 1% court services reduction	0	-88,773	-88,773
Human Services - Child welfare administration 1% reduction	0	-79,490	-79,490
Human Services - OAADS administration costs base reduction	0	-26,314	-26,314
Human Services - OES administration costs base reduction	0	-20,088	-20,088
Human Services - OCFMH 1% administration reduction	0	-8,359	-8,359
Human Services - Regional Centers base reduction	0	-6,005	-6,005
DMVA - EDO personal services line item reduction	0	-125,000	-125,000
DMVA - Western Region One Source operating expenses reduction	0	-75,000	-75,000
Personnel - Reduce State procurement equity program	0	-250,000	-250,000
Public Health and Environment - Division of Disease Control and Public Health Response 5% reduction	0	-397,321	-397,321
Regulatory Agencies - Refinance Administrative Law Judges adjustment	0	-293,924	-293,924
Regulatory Agencies - Refinance NP3 Equity Office realignment	0	-60,581	-60,581
Subtotal - Placeholders for JBC Staff Proposals	\$0	-\$30,175,474	-\$27,675,474
Total Placeholders - Appropriations Subject to Reserve	\$47,883,943	-\$153,353,435	-\$198,979,068

Enterprise Conversions and Cash Fund Revenue Changes

The next category includes placeholders for proposed changes to enterprises and changes to cash fund revenues. These proposals seek to make additional General Fund revenue available by reducing TABOR revenue outside of the General Fund (and therefore reducing the General

Fund forced out as TABOR refunds). Table 6 shows the components in this category. The Governor submitted all of these proposals with the November 1 budget request although the January 2 submission made modest modifications based on the December forecast. For this category, a negative number indicates a reduction to the TABOR revenue in question. So, if accurate, the \$65.1 million reduction to FASTER fees in the Department of Transportation would make that amount of General Fund available under the TABOR cap.

In total, the Governor estimates that these proposals would make \$151.2 million more General Fund available in FY 2025-26. All of the proposed options would provide ongoing benefit. However, these options only make additional General Fund available if the State is above the TABOR cap. Should revenues dip too close to (or below) the cap, the General Fund benefit of these proposals would disappear. As a result, the potential benefit of these proposals is entirely forecast dependent.

Table 6: Enterprise Conversions and Cash Fund Revenues

	FY 2024-25	FY 2025-26	FY 2026-27
FASTER Fee Reductions (CDOT R4)	\$0	-\$65,059,678	-\$66,197,749
Enterprise AHEC (HED R13)	0	-31,435,042	-31,435,042
UI Funding Expansion and Realignment (LAB R1)	-4,297,060	-24,464,840	-24,464,840
Restructure License Plates Division (REV R6)	0	-14,500,000	-14,500,000
Enterprise Working Adults with Disabilities Fund (HCPF R6)	0	-6,631,125	-6,631,125
Reduced UPTF Transfer to Adult Dental (HCPF R9)	0	-3,747,032	-3,700,000
Merchandise Sales Correction (Statewide R6)	-2,335,263	-2,335,263	-2,335,263
Enterprise EV Registration Fee (CEO January Placeholder)	0	-1,800,800	-2,500,000
Enterprise TUDF (HUM R10)	0	-1,702,115	-1,702,115
Total	-\$6,632,323	-\$151,675,895	-\$153,466,134

Changes to Transfers from the General Fund

The final category includes proposed changes to transfers *from* the General Fund to other funds. The Governor’s proposal includes placeholders that would increase transfers to other funds (e.g., Department of Public Health and Environment request R1 which proposes to transfer \$14.0 million to the Stationary Sources Fund) and proposals that would decrease transfers slated to happen under current law. Table 7 on the following page shows the requested changes.

In this category, a positive number indicates an increase to the transfer (reducing General Fund available) while a negative number indicates a reduced transfer (making more General Fund available). The November 1 request proposed a net reduction in transfers from the General Fund. However, the January 2 submission *added* \$355.0 million in transfers for FY 2025-26, with \$350.0 million of that amount for the Proposition 130 transfers. For FY 2024-25, the January 2 submission proposes a transfer of \$0.5 million to the Middle Income Housing Authority.

Table 7: Changes to Transfers from the General Fund

	FY 2024-25	FY 2025-26	FY 2026-27
Governor Placeholders Submitted November 1			
Air Pollution Control Division Stationary Sources (PHE R1)	\$0	\$14,000,000	\$0
Restructure Severance Tax (DNR R10)	\$0	\$10,700,000	\$10,000,000
Hazardous Substance Response Fund (PHE R3)	\$0	\$5,000,000	\$0

Table 7: Changes to Transfers from the General Fund

	FY 2024-25	FY 2025-26	FY 2026-27
Sesquicentennial Investment (History CO R1) - Capital Request	\$0	\$5,000,000	\$0
Corrections Broadband Transfer (COR R7)	\$0	\$1,500,000	\$1,500,000
Reduced SB21-260 Transfers (TRA R3)	\$0	-\$39,000,000	-\$24,500,000
New Cash Fund for Higher Ed Controlled Maintenance(HED R8)	\$0	-\$20,000,000	-\$20,000,000
Reduce Advanced Industries Transfer (OEDIT R8 - adjusted Jan. 2)	-\$6,691,600	-\$11,173,200	\$0
Reduce Opportunity Next Transfer (OEDIT R7)	\$0	-\$3,304,500	\$0
Correction to Energy Fund Transfer (CEO January Placeholder)	\$0	-\$125,000	\$0
Subtotal - Governor November 1 Placeholders	-\$6,691,600	-\$37,402,700	-\$33,000,000
Governor Placeholders Submitted January 2			
Public Safety - Proposition 130 Transfers	\$0	\$350,000,000	\$0
Governor - State protection funding	0	5,000,000	0
GOV OEDIT - Middle Income Housing Authority	500,000	0	0
Subtotal - Governor January 2 Placeholders	\$500,000	\$355,000,000	\$0
Total	-\$6,191,600	\$317,597,300	-\$33,000,000