

JOINT BUDGET COMMITTEE



OVERVIEW OF JOINT BUDGET COMMITTEE ACTIONS TO DATE AND PENDING ITEMS FOR FY 2021-22 AND FY 2022-23

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
CAROLYN KAMPMAN, JBC STAFF DIRECTOR
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JOINT BUDGET COMMITTEE STAFF
200 E. 14TH AVENUE, 3RD FLOOR • DENVER • COLORADO • 80203
TELEPHONE: (303) 866-2061 • TDD: (303) 866-3472
<https://leg.colorado.gov/agencies/joint-budget-committee>

JBC ACTIONS TO DATE IN THE CONTEXT OF THE DECEMBER 2021 LCS REVENUE FORECAST

The General Assembly utilized the Legislative Council Staff (LCS) March 2021 revenue forecast as the basis for the FY 2021-22 budget. The March 2022 revenue forecasts will be presented later this week, and the JBC will subsequently determine which revenue forecast to use as the basis for finalizing FY 2021-22 appropriations and proposing the FY 2022-23 budget.

The information below is intended to provide a framework for the JBC as it finalizes decisions concerning the state budget for FY 2021-22 and FY 2022-22. In some cases staff made assumptions that are not intended to be recommendations, rather, are intended to identify the impacts of potential actions.

COMPARISON OF APPROPRIATIONS FOR FY 2021-22 AND FY 2022-23

Table 1 lists General Fund appropriations for FY 2021-22, including recent changes approved by the Joint Budget Committee (JBC) for the Departments of Health Care Policy and Financing (HCPF) and Higher Education. Table 1 also lists General Fund appropriations for FY 2022-23 that have been approved to date by the JBC for inclusion in the Long Bill*. For all decision items that are pending JBC action, the figures in Table 1 reflect the JBC staff recommendation.

TABLE 1 GENERAL FUND OPERATING LONG BILL APPROPRIATIONS*				
DEPARTMENT	FY 2021-22, INCLUDING RECENTLY APPROVED ADJUSTMENTS	FY 2022-23*	DOLLAR CHANGE	PERCENTAGE CHANGE
Agriculture	\$13,402,194	\$13,716,120	\$313,926	2.3%
Corrections	876,009,960	911,488,340	35,478,380	4.0%
Early Childhood	326,413	6,335,548	6,009,135	1841.0%
Education	4,294,161,543	4,456,833,136	162,671,593	3.8%
Governor	64,305,812	122,155,893	57,850,081	90.0%
Health Care Policy and Financing	3,040,980,086	4,079,967,175	1,038,987,089	34.2%
Higher Education	1,216,250,054	1,274,303,653	58,053,599	4.8%
Human Services	1,110,202,446	1,149,827,183	39,624,737	3.6%
Judicial	620,460,250	679,160,167	58,699,917	9.5%
Labor and Employment	20,396,768	24,050,998	3,654,230	17.9%
Law	16,306,035	20,214,964	3,908,929	24.0%
Legislature*	59,667,762	66,901,243	7,233,481	12.1%
Local Affairs	57,130,354	47,303,773	(9,826,581)	(17.2%)
Military and Veterans Affairs	11,766,152	12,940,477	1,174,325	10.0%
Natural Resources	37,335,479	38,620,041	1,284,562	3.4%
Personnel	20,640,304	23,317,524	2,677,220	13.0%
Public Health and Environment	92,148,934	113,287,054	21,138,120	22.9%
Public Safety	174,426,961	179,729,795	5,302,834	3.0%
Regulatory Agencies	2,867,019	3,028,729	161,710	5.6%
Revenue	141,512,775	147,630,366	6,117,591	4.3%
State	271,360	423,011	151,651	55.9%
Transportation	0	0	0	n/a
Treasury	348,677,965	456,291,682	107,613,717	30.9%
TOTAL	\$12,219,246,626	\$13,827,526,872	\$1,608,280,246	13.2%

* To provide a reasonable comparison, FY 2022-23 amount includes Legislative Appropriation Bill (H.B. 22-1286) place holder.

GENERAL FUND OVERVIEW – PRELIMINARY MODELING

Table 2 is based on the LCS December 2021 economic and revenue forecast. Green shaded cells identify figures that are based on JBC actions to date. Blue cells indicate that the figure includes one or more amounts that have not yet been acted on by the JBC. Specifically:

- **JBC action is pending for multiple decision items** for FY 2022-23 [*see row 5 of Table 2*]. For these items, staff has used the JBC staff recommended amounts for FY 2022-23 and the associated out-year impacts. Most significantly, the JBC has not yet taken action concerning the Department of Education’s appropriation for the State Share of Districts’ Total Program funding. The figures in Table 2 are based on Mr. Harper’s recommended General Fund increases in his February 14, 2022 figure setting document, top of page 10.
- **The JBC has not yet taken action concerning capital construction and capital information technology projects.** For purposes of this document, staff has included the General Fund transfers that would be required in FY 2022-23 if the JBC were to approve the recommendations of the Capital Development Committee (CDC) and the Joint Technology Committee (JTC) [*see rows 16 and 17 of Table 2*]. These required transfers total \$568.9 million, an amount that exceeds the Governor’s request by \$228.5 million (67.1 percent).

For FY 2023-24, staff has included \$173.0 million for additional General Fund transfers that would be needed in FY 2023-24 for continuation of all CDC and JTC recommended projects. Staff has also included \$142.8 million to cover annual controlled maintenance projects in FY 2023-24 based on the State Architect’s recommendation of 1.0 percent of the current replacement value (CRV) of “General Funded and academic buildings”. Staff’s FY 2023-24 figures do not include any additional funding for new capital construction or information technology projects.

The JBC has also not yet taken action on most requests for place holders for appropriations or transfers that would be included in other bills. Instead of reflecting the place holders requested for the Governor’s legislative agenda, staff has included one orange shaded cell [*see row 20*]. This cell identifies the amount of General Fund that, based on the other assumptions in the table, is anticipated to be available in FY 2022-23 in excess of the required General Fund reserve [*i.e., the number needed to make the figure in row 25 for FY 2022-23 zero*]. This then allows the reader to better visualize the FY 2023-24 budget without this substantial amount of one-time funding.

Please note that staff is not recommending that the General Assembly obligate the full \$1.4 billion in one-time funding estimated to be available in FY 2022-23. Consistent with the Governor’s proposal, staff recommends that the General Assembly consider reserving up to half of this amount for future fiscal years. This recommendation is intended to mitigate economic risk and uncertainty. In addition, the General Assembly will be allocating a significant amount of federal funding that is currently available for one-time purposes. It would be prudent to reserve a portion of the state funding to address new priorities and challenges that arise in future years.

Table 2
 General Fund Overview as of March 11, 2022
 Based on the LCS DECEMBER 2021 Forecast
 (\$ millions)

	FY 2021-22	FY 2022-23	FY 2023-24	
General Fund Available				
1	Beginning Reserve	\$3,168.0	\$3,788.1	\$2,042.8
2	Gross General Fund Revenue	15,906.3	16,398.5	17,152.9
3	Transfers In (existing law reflected in forecast)	32.8	31.3	32.8
4	Total General Fund Available	\$19,107.1	\$20,217.9	\$19,228.5
General Fund Obligations				
5	Appropriations FY 2021-22: Includes HB 22-1170 through HB 22-1185, HB 22-1190, and HB 22-1196 FY 2022-23: Includes JBC action on FY 2022-23 requested Long Bill appropriations (JBC Staff recommendations for pending items) FY 2023-24: Out-year impacts of decision items; <u>excludes</u> new funding for employee salary increases or provider rates	12,409.4	13,767.7	14,119.3
6	LESS: Appropriations for rebates and expenditures	(215.9)	(212.3)	(220.2)
7	Adjusted Appropriations	12,193.5	13,555.3	13,899.1
8	JBC approved FY 2021-22 adjustments for HCPF and Higher Education	(207.2)	n/a	n/a
9	FY 2021-22: HB 22-1247 FY 2022-23 and FY 2023-24: JBC bills approved for introduction (Total compensation report) and approved placeholders for HB 22-1278 (BHA) and HB 22-1286 (Legislative appropriation bill)	17.0	63.6	71.1
10	Subtotal: Appropriations subject to statutory reserve requirement	12,003.3	13,618.9	13,970.1
11	Rebates and Expenditures (reflected in forecast)	146.9	144.9	145.0
12	TABOR Refund Obligation [Article X, Section 20 (7)(d)]: Current year revenue above Referendum C Cap	1,878.5	1,752.3	1,850.7
13	Transfers Out and Other Diversions: Transportation (existing law reflected in forecast)	294.0	115.0	0.0
14	Capital/IT projects (existing law reflected in forecast)	348.9	20.0	20.0
15	HB 22-1195 and HB 22-1197	8.6	n/a	n/a
16	FY 2022-23: CDC recommendation (with JBC staff technical adjustments) FY 2023-24: Out-year costs for CDC recommended projects (\$161.1 million, with \$0 for MSU Health Institute) but no new projects; plus 1.0% of current replacement value (CRV) for annual controlled maintenance (\$142.8 million)	n/a	491.2	303.9
17	FY 2022-23: JTC recommendation FY 2023-24: Out-year costs for JTC recommended projects (no new projects)	n/a	77.7	11.9
18	Other Transfers and Diversions (existing law reflected in forecast)	633.8	512.6	531.5
19	FY 2021-22: HB 22-1194 FY 2022-23 and FY 2023-24: JBC bills approved for introduction and approved placeholders for other bills (HB 22-1278 - BHA)	5.0	0.2	0.2
20	FY 2022-23: Funding projected to be available in excess of required reserve (if appropriated, this figure needs to cover required 15.0 percent reserve)	n/a	1,442.3	n/a
21	Total General Fund Obligations	\$15,319.0	\$18,175.0	\$16,833.4
22	Reserve Fiscal Year-end General Fund Reserve	\$3,788.1	\$2,042.8	\$2,395.1
23	Statutory Reserve Requirement: Statutorily Required Reserve Percent (as modified by SB 21-226)	13.40%	15.00%	15.00%
24	Required Reserve Amount	\$1,608.4	\$2,042.8	\$2,095.5
25	Year-end Reserve Above/(Below) Requirement	\$2,179.7	\$0.0	\$299.6
26	Annual Gross General Fund Revenues Less Obligations	\$587.3	(\$1,776.6)	\$319.52
27	<i>As a percent of annual obligations</i>	<i>3.8%</i>	<i>-9.8%</i>	<i>1.9%</i>

PROJECTIONS OF FUTURE GENERAL FUND OBLIGATIONS

As described above, staff has reflected the out-year impacts of decision item requests. Table 3 identifies the projected incremental General Fund changes for the next two fiscal years for all decision item requests. Those items that have an incremental change of at least \$500,000 in FY 2023-24 are identified individually, and the cumulative impact of all other decision items are included at the bottom of the table. Overall, this table reflects the need for an additional \$351.6 million in FY 2023-24 and another \$210.4 million in FY 2024-25. *[The \$351.6 million increase projected for FY 2023-24 is include in row 5 of Table 2.]* These future increases will primarily be driven by General Assembly actions concerning funding for public schools and for the Medicaid program.

Please note that the projected future fiscal year impacts in Tables 2 and 3 exclude additional funding for:

- future increases in state employee compensation or community provider rates;
- new capital construction or information technology projects; and
- replenishing and increasing the constitutionally required State Emergency Reserve based on annual revenue projections.

Thus, while Table 2 shows that available revenues in FY 2023-24 will exceed obligations by \$299.6 million *[see row 25 of Table 2]*, this amount would likely be required for the above types of annual increases, as well as other new General Assembly priorities.

DEPARTMENT/ DECISION ITEM TITLE	FY 2022-23	FY 2023-24	FY 2023-24 CHANGE	ADDITIONAL FY 2024-25 CHANGE
Corrections				
BA2 CBMS Administration Allocation	(\$501,409)	\$0	\$501,409	\$0
Education				
R1 State Share of Districts' Total Program Funding	172,645,241	340,135,935	167,490,694	187,292,368
Governor				
R1 (CEO) Cannabis resource optimization	2,000,000	500,000	(1,500,000)	0
R1 (OIT) Managing aging IT systems	63,284,560	0	(63,284,560)	0
HCPF				
R1 Medical services premiums	32,721,135	183,303,133	150,581,998	0
R2 Behavioral health programs	(2,404,131)	(7,008,203)	(4,604,072)	0
R3 Child health plan plus	3,873,409	13,306,828	9,433,419	0
R4 Medicare Modernization Act state contribution	14,733,931	11,203,459	(3,530,472)	0
R5 Office of Community Living	8,334,651	12,383,895	4,049,244	24,807,236
R5 411 emergency comp waiver enrollments	8,697,239	24,807,236	16,109,997	7,434,219
R8 County admin, oversight and eligibility	461,138	(3,422,571)	(3,883,709)	0
R10 Provider rate adjustments	6,961,550	9,186,359	2,224,809	0
R10 \$15/hr minimum wage	16,686,725	79,920,605	63,233,880	0
R10 ATB adjustment	45,731,229	51,585,853	5,854,624	0
R10 NEMT	9,631,987	10,940,863	1,308,876	0
R10 EMT	6,995,722	7,946,360	950,638	0
S6/BA6 PHE County Administration Resources	2,210,944	0	(2,210,944)	0
BA7 Increase Base Wages for Nursing Homes	2,389,627	853,695	(1,535,932)	0
Higher Education				
Estimated Out-year Impact S.B. 21-213	0	5,115,593	5,115,593	0
Human Services				
R6 Facilities management operating increase	851,200	1,361,368	510,168	0
R19 Indirect cost adjustments	(6,938,340)	(1,938,340)	5,000,000	0

TABLE 3
INCREMENTAL GENERAL FUND CHANGE FOR DECISION ITEMS SUBMITTED FOR FY 2022-23

DEPARTMENT/ DECISION ITEM TITLE	FY 2022-23	FY 2023-24	FY 2023-24 CHANGE	ADDITIONAL FY 2024-25 CHANGE
BA9 DYS Job Readiness for Youth	1,088,000	0	(1,088,000)	0
Consent Decree Fines and Fees	6,000,000	6,800,000	800,000	0
Judicial				
OSPD R1 Public defense in digital age	6,018,900	2,273,295	(3,745,605)	1,711
OSPD R2 Paralegal staff request	4,738,377	7,457,069	2,718,692	(5,523)
JUD NP01 County initiated courthouse furnishings	3,377,086	0	(3,377,086)	0
JUD NP02 Correctional Treatment Board request	1,250,000	2,500,000	1,250,000	0
Local Affairs				
BA1 State Housing Vouchers	4,456,333	10,844,075	6,387,742	0
Public Health and Environment				
R1 Air quality transformation	11,254,467	8,447,896	(2,806,571)	(8,447,896)
R3Colorado general licensure health facility protection	1,000,000		(1,000,000)	0
R4 Emergency medical and trauma services support	2,000,000	0	(2,000,000)	0
BA5 Residential Care Fee Relief	3,385,000	0	(3,385,000)	0
Public Safety				
R1 Rightsizing the CBI	6,627,296	11,879,836	5,252,540	0
Staff-initiated double facility payment	4,024,686	0	(4,024,686)	0
State				
R3 Combined money in politics disclosure system for CDOS	1,610,000	0	(1,610,000)	0
Statewide Compensation				
Paid family medical leave (backfill)	3,242,473	3,342,473	100,000	0
Paid Family and Medical Leave Insurance	2,461,609	4,923,218	2,461,609	0
All other decision items	823,152,204	827,006,302	3,854,098	(665,067)
TOTAL STATEWIDE FOR ALL DECISION ITEMS	\$1,274,052,839	\$1,625,656,232	\$351,603,393	\$210,417,048