

## Discussion of General Fund Overview Tables

Table 4 in the Appendix of the Colorado Outlook presents the General Fund Overview, providing details on forecasts for available General Fund money, expenditures, and end-of-year-reserves under current law. The following discusses the information presented in Table 4 based on the most recent forecast. A discussion of the General Fund overview incorporating information on the State Education Fund follows this section.

### Revenue

The top portion of the overview, shown in Figure 1, indicates the amount of General Fund money available for spending. In addition to General Fund revenue, the General Fund receives money transferred from other State funds each fiscal year.

**Figure 1. General Fund Revenue Available, \$ in Millions**

Table 4 Line No.		FY 2016-17	FY 2017-18	FY 2018-19
1	Beginning Balance	\$512.7	\$613.0	\$681.2
2	General Fund Revenue	\$10,275.5	\$11,111.5	\$11,654.3
3	Transfers to the General Fund	\$44.8	\$90.0	\$19.1
4	<b>Total General Funds Available</b>	<b>\$10,833.0</b>	<b>\$11,814.5</b>	<b>\$12,354.6</b>
	<i>Dollar Change from Prior Year</i>	\$147.1	\$981.5	\$540.1
	<i>Percent Change from Prior Year</i>	1.4%	9.1%	4.6%

### Expenditures

**Spending subject to the appropriations limit** – The middle portion of the General Fund overview in Table 4 shows General Fund spending. Each year, by statute, most General Fund spending cannot exceed 5 percent of the aggregate level of personal income received by Coloradans. The amount of General Fund appropriations, shown in line 5 of Figure 2, must be below this limit. In FY 2017-18, General Fund appropriations are \$10.4 billion, or about \$3.5 billion below the \$13.9 billion limit.

**Figure 2. General Fund Spending Subject to the Appropriations Limit, \$ in Millions**

Table 4 Line No.		FY 2016-17	FY 2017-18
5	<b>Appropriations</b>	<b>\$9,784.5</b>	<b>\$10,438.1</b>
6	Dollar Change from Prior Year	\$448.9	\$653.6
7	Percent Change from Prior Year	4.8%	6.7%

**Spending and outlays not subject to the appropriations limit** – Figure 3 summarizes General Fund spending that does not count under the General Fund appropriations limit. More information about each line item is presented below the table.

**Figure 3. General Fund Spending Not Subject to the Appropriations Limit, \$ in Millions**

Table 4 Line No.		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
8	<b>Total</b>	<b>\$645.1</b>	<b>\$695.1</b>	<b>\$564.1</b>	<b>\$571.7</b>
	<i>Dollar Change from Prior Year</i>	-\$250.0	\$50.0	-\$131.0	\$7.6
	<i>Percent Change from Prior Year</i>	-27.9%	7.8%	-18.9%	1.3%
9	TABOR Refund under Art. X, Section 20, (7) (d)	\$0.0	\$0.0	\$0.0	\$0.0
	<i>Cigarette Rebate to Local Governments</i>	\$10.3	\$8.4	\$8.1	\$8.0
	<i>Marijuana Rebate to Local Governments</i>	\$14.7	\$17.8	\$20.3	\$22.7
	<i>Old-Age Pension Fund/Older Coloradans Fund</i>	\$106.5	\$103.7	\$108.6	\$113.6
	<i>Aged Property Tax &amp; Heating Credit</i>	\$8.7	\$5.7	\$5.6	\$5.5
	<i>Homestead Exemption</i>	\$136.4	\$151.1	\$162.8	\$172.2
	<i>Interest Payments for School Loans</i>	\$3.4	\$3.9	\$4.4	\$4.8
	<i>Fire/Police Pensions</i>	\$4.2	\$4.3	\$4.3	\$4.3
	<i>Amendment 35 General Fund Expenditure</i>	\$0.9	\$0.9	\$0.8	\$0.8
10	<b>Total Rebates and Expenditures</b>	<b>\$285.0</b>	<b>\$295.7</b>	<b>\$315.0</b>	<b>\$331.9</b>
11	Transfers to Capital Construction	\$84.5	\$109.2	\$60.0	\$60.0
12	Transfers to Highway Users Tax Fund	\$79.0	\$79.0	\$0.0	\$0.0
13	Transfers to State Education Fund per SB 13-234	\$25.3	\$25.3	\$25.0	\$0.0
14	Transfers to Other Funds	\$171.3	\$185.9	\$164.1	\$179.8
18	Reversions and Accounting Adjustments	-\$209.6	\$0.0	\$0.0	\$0.0

**Lines 9:** Spending not subject to the limit includes any TABOR refunds funded by the General Fund, which occur when State revenue exceeds its cap as defined in Article X, Section 20 (7) of the Colorado Constitution (“TABOR”) and Section 24-77-103.6, C.R.S. (“Referendum C”). If a TABOR refund is expected during the forecast period, this amount will be shown in line 9.

**Line 10:** “Rebates and Expenditures” account for a large portion of General Fund spending not subject to the appropriations limit. The primary programs under rebates and expenditures are: (1) the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; (2) the Marijuana Rebate, which distributed 15 percent of the retail marijuana sales tax through FY 2016-17 and 10 percent thereafter to local governments based on the percentage of retail marijuana sales in local areas; (3) the Old-Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; (4) the Aged Property Tax, Heat, and Rent Credit, which provides property tax, heating bill, and rent assistance to qualifying low-income, disabled, or elderly individuals; and (5) the Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans.

**Lines 11 and 12:** Transfers to transportation (Highway Users Tax Fund) and a portion of the transfers to capital construction (Capital Construction Fund) are shown in lines 12 and 13. Historically, these were known as “228” transfers because they were put into law by SB 09-228. However, SB 17-267 eliminated the scheduled transfers to the HUTF starting with FY 2018-19. In addition to the 228 transfers, the capital construction transfer amounts shown in line 11 also include other transfers of General Fund money.

**Line 13:** Senate Bill 13-234 requires annual General Fund transfers to the State Education Fund from FY 2013-14 through FY 2018-19. The transfer is \$25.3 million for FY 2017-18 and \$25.0 million for FY 2018-19.

**Line 14:** State law requires transfers of General Fund money to various other State cash funds. Generally, the largest transfer in this line is money from the special sales tax on retail marijuana that is credited to the General Fund.

SB 17-267 modified the distribution of the revenue from the special sales tax on retail marijuana. Starting with FY 2017-18, in addition to being distributed to the Marijuana Tax Cash Fund and local governments, a portion will go the State Public School Fund and a portion will remain in the General Fund.

**Line 18:** This line includes any General Fund money that was not expended out of appropriations each fiscal year that was “reverted” back to the General Fund. It also includes various accounting adjustments made by the State Controller’s office each year. The FY 2016-17 amount in this line is an atypically large amount, mostly due to a large reversion of Medicaid-related dollars that is expected to be partly reversed in FY 2017-18.

### Reserves

The final section of the General Fund Overview Table (“Reserves”) shows the amount of General Fund money remaining at the end of each fiscal year — the “Year-End General Fund Balance.” This amount reflects the difference between total funds available and total expenditures. The section shows the statutorily determined reserve requirement and whether the amount of funds is above or below the requirement, titled, “Money Above/Below Statutory Reserve”.

The required reserve was 6.0 percent of appropriations for FY 2016-17 and is 6.5 percent for subsequent fiscal years. If the ending balance is projected to be less than half of the required reserve, then the Governor is required to take budget-balancing actions.

**Figure 4. General Fund Reserves, \$ in Millions**

Table 4 Line No.		FY 2016-17	FY 2017-18
19	Year-End General Fund Balance	\$613.0	\$681.2
20	Balance as a % of Appropriations	6.3%	6.5%
21	<b>General Fund Statutory Reserve</b>	<b>\$584.3</b>	<b>\$675.4</b>
22	Money Above/Below Statutory Reserve	\$28.7	\$5.9

### State Education Fund Overview

Figure 5 summarizes State Education Fund annual revenue and spending. It also includes projected beginning and ending fund balances. Reduced funding to the State Education Fund as well as higher appropriations have lowered the available balance.

The State Education Fund plays an important role in the State’s General Fund budget. Under the state constitution, the State Education Fund helps fund preschool through 12th-grade education, the largest General Fund program. Therefore, higher or lower spending from the State Education Fund affects General Fund appropriations in order to support the targeted level of school funding. Decisions in one year affect the range of choices in the next year because they impact the available balance in the State Education Fund for future spending and General Fund availability for other programs.

**Figure 5. State Education Fund Revenue, Spending, and Reserves, \$ in Millions\***

State Education Fund (\$ in Millions)			
	FY 2016-17	FY 2017-18	FY 2018-19
<b>Beginning Balance</b>	<b>\$302.4</b>	<b>\$102.2</b>	<b>\$169.9</b>
<i>One-third of 1% of State Taxable Income</i>	<i>\$540.0</i>	<i>\$578.4</i>	<i>\$607.4</i>
<i>Transfers under SB 13-234</i>	<i>\$25.3</i>	<i>\$25.3</i>	<i>\$25.0</i>
<i>Other</i>	<i>\$5.7</i>	<i>\$6.0</i>	<i>\$6.3</i>
<b>Total Funds to State Education Fund</b>	<b>\$571.0</b>	<b>\$609.8</b>	<b>\$638.7</b>
<b>State Education Fund Expenditures</b>	<b>\$774.1</b>	<b>\$542.0</b>	<b>\$707.5</b>
<b>Year-end Balance</b>	<b>\$102.2</b>	<b>\$169.9</b>	<b>\$101.0</b>

*\*Actual expenditures from the State Education Fund for FY 2018-19 will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only.*

Table 5 in the Appendix of the Colorado Outlook incorporates all of the same information from the General Fund overview (Table 4), but also includes spending, revenue, and fund-balance information for the State Education Fund. Given the budget implications of the balance of funding between the State Education Fund and General Fund, a unified and multi-year view provides important insight into the sustainability of budgeting decisions.