

# Supplemental Materials

## General Fund Overview

The General Fund Overview shown in Table 4 of the Colorado Outlook highlights the available funding, expenditures, and end-of-year-reserves for the current fiscal year and subsequent years. Below is a detailed discussion of the information presented in Table 4 as reflected in the March 2019 forecast.

### REVENUE

Lines 1-4 of the General Fund Overview detail the total funding available for spending in a given fiscal year. In addition to those tax revenues itemized in Table 3 of the Colorado Outlook, the General Fund receives transfers from other State funds.

Table 4 Line No.		FY 2017-18 Actual	FY 2018-19 Estimate	FY 2019-20 Estimate	FY 2020-21 Estimate
1	Beginning Balance	\$614.5	\$1,366.0	\$1,124.7	\$980.9
2	General Fund Revenue	\$11,723.9	\$12,279.2	\$13,019.3	\$13,633.3
3	Transfers to the General Fund	\$98.6	\$18.2	\$19.0	\$19.9
4	<b>Total General Funds Available</b>	<b>\$12,436.9</b>	<b>\$13,663.4</b>	<b>\$14,163.0</b>	<b>\$14,634.2</b>
	<i>Dollar Change from Prior Year</i>	\$1,603.6	\$1,226.5	\$499.5	\$471.2
	<i>Percent Change from Prior Year</i>	14.8%	9.9%	3.7%	3.3%

### EXPENDITURES

Lines 5-19 of the General Fund overview details General Fund expenditures in a given fiscal year. By statute, General Fund expenditures, with certain exceptions discussed further below, cannot exceed 5 percent of aggregate personal income received by Coloradans. In FY 2018-19, General Fund appropriations subject to this limit are estimated to be \$11.2 billion, or \$2.9 billion below the statutory spending limit. The Governor's FY 2019-20 budget request totals \$11.9 billion, or \$3.3 billion below the spending limit.

Table 4 Line No.		FY 2017-18 Actual	FY 2018-19 Estimate	FY 2019-20 Estimate	FY 2020-21 Estimate
5	<b>Appropriations</b>	<b>\$10,430.9</b>	<b>\$11,244.6</b>	<b>\$11,890.8</b>	<b>\$12,665.2</b>
6	Dollar Change from Prior Year	\$646.4	\$813.7	\$646.1	\$774.4
7	Percent Change from Prior Year	6.6%	7.8%	5.7%	6.5%

The table on the next page itemizes those General Fund obligations that are not subject to the General Fund appropriations limit. A description of each line item is presented below the table.

Table 4 Line No.		FY 2017-18 Actual	FY 2018-19 Estimate	FY 2019-20 Estimate	FY 2020-21 Estimate
<b>8</b>	<b>Total</b>	<b>\$784.5</b>	<b>\$1,294.1</b>	<b>\$1,291.3</b>	<b>\$955.8</b>
	<i>Dollar Change from Prior Year</i>	\$144.4	\$509.5	-\$2.8	-\$335.5
	<i>Percent Change from Prior Year</i>	22.6%	64.9%	-0.2%	-26.0%
9	TABOR Refund under Art. X, Section 20, (7) (d)	\$39.8	\$167.7	\$287.0	\$498.7
	<i>Cigarette Rebate to Local Governments</i>	\$9.7	\$7.7	\$7.3	\$7.0
	<i>Marijuana Rebate to Local Governments</i>	\$17.3	\$18.7	\$19.8	\$20.5
	<i>Old-Age Pension Fund/Older Coloradans Fund</i>	\$116.3	\$97.5	\$99.8	\$104.2
	<i>Aged Property Tax &amp; Heating Credit</i>	\$4.9	\$5.7	\$5.6	\$5.7
	<i>Homestead Exemption</i>	\$132.3	\$140.7	\$153.7	\$163.4
	<i>TABOR Refund Share of Homestead Exemption</i>	\$0.0	-\$39.7	-\$153.7	-\$163.4
	<i>Interest Payments for School Loans</i>	\$5.0	\$7.7	\$8.5	\$9.3
	<i>Fire/Police Pensions</i>	\$4.4	\$4.3	\$4.4	\$4.4
	<i>Amendment 35 General Fund Expenditure</i>	\$0.8	\$0.8	\$0.8	\$0.7
11	<b>Total Rebates and Expenditures</b>	<b>\$290.7</b>	<b>\$243.3</b>	<b>\$146.1</b>	<b>\$151.8</b>
12	Transfers to Capital Construction	\$112.1	\$180.0	\$254.9	\$89.4
13	Transfers to Transportation Funds	\$79.0	\$495.0	\$200.0	\$50.0
14	Transfers to State Education Fund	\$25.3	\$25.0	\$178.6	\$0.0
15	Transfers to Other Funds	\$208.6	\$183.1	\$224.6	\$165.8
16	Other Expenditures Exempt from Limit	\$29.0	\$0.0	\$0.0	\$0.0
19	Reversions and Accounting Adjustments	-\$144.5	\$0.0	\$0.0	\$0.0

**Line 9:** Spending not subject to the appropriations limit includes any TABOR refunds funded by the General Fund. These refunds occur when State revenue exceeds the fiscal year spending 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 projected during the forecast period, this amount will be shown in line 9. Refunds are obligated in the fiscal year they are incurred, but are paid in the following fiscal year. According to the State Controller’s Office, TABOR revenue exceeded the cap by \$18.5 million in FY 2017-18, resulting in a FY 2018-19 TABOR refund of \$39.8 million in FY 2018-19. This total includes \$21.2 million outstanding from TABOR refund amounts that were obligated in prior fiscal years. Because the \$21.2 million portion of the FY 2018-19 TABOR refund is not a new obligation, it is included as an accounting adjustment on line 19 in Table 4. Under the March forecast and the Governor’s budget request, TABOR revenue is expected to exceed the limit by \$167.7 million in FY 2018-19 and by \$287.0 million in FY 2019-20.

**Line 11:** “Rebates and Expenditures” account for a large portion of General Fund obligations 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 distributes 10 percent of the retail marijuana sales tax 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; (5) the Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans and serves as the State’s first TABOR refund mechanism; and (6) the State’s financing costs for providing interest-free loans to school districts to help them with cash flow within the fiscal year.

**Line 12:** Transfers to capital construction include a total of \$119.2 million in FY 2018-19 authorized under HB 18-1340 in addition to a previously scheduled \$60.0 million transfer to the Capital Construction Fund in accordance with SB 17-262. The FY 2019-20 transfer to the Capital Construction Fund includes \$60 million authorized under SB 17-262 and \$194.9 million as reflected in the Governor’s Budget Request. The capital construction funding amount of \$89.4 million for FY 2020-21 reflects the amount needed to continue projects funded in prior years and under the Governor’s budget request as well as priority, or "Level I," controlled maintenance projects.

**Line 13:** Transfers to transportation funds includes \$495 million in FY 2018-19 and \$200 million in FY 2019-20 as authorized under SB 18-001. Per the legislation, the transfer amounts for transportation in FY 2019-20 and subsequent years are contingent upon the outcome of ballot measures that may be presented to voters at a potential 2019 election. The amounts shown in line 13 assume current law but may change based on future voter decisions.

**Line 14:** Senate Bill 13-234 requires 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. For FY 2019-20, the Governor has proposed a total of \$178.6 million in transfers to the State Education Fund, including \$77 million to buy down the budget stabilization factor, \$10 million for the Educational Leadership Council, and \$91.6 million to build the reserve.

**Line 15:** State law requires transfers of General Fund to various state cash funds. Generally, the largest transfer in this line item is from the special sales tax on retail marijuana, which is credited to the General Fund. The Governor’s budget requests an additional \$30 million transfer to the Severance Tax Perpetual Base Fund in support of water plan investments and \$20 million for the National Western Center and Capitol Complex Fund.

**Line 16:** This line includes any expenditures for certain programs that have exceeded their appropriated amount for a fiscal year, called “overexpenditures.”

**Line 19:** 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. FY 2017-18 includes a \$21.2 million negative adjustment for TABOR refund amounts that were already obligated in prior fiscal years as well as other additional reversions and adjustments.

**RESERVES**

Lines 20-23 of the General Fund Overview highlights the year-end balance in the General Fund as well as the statutorily determined reserve requirement and any amount above/(below) this requirement. The ending balance is the difference between total funds available and total expenditures.

Table 4 Line No.		FY 2017-18 Actual	FY 2018-19 Estimate	FY 2019-20 Estimate	FY 2020-21 Estimate
20	Year-End General Fund Balance	\$1,366.0	\$1,124.7	\$980.9	\$1,013.2
21	Balance as a % of Appropriations	13.1%	10.0%	8.25%	8.00%
<b>22</b>	<b>General Fund Statutory Reserve</b>	<b>\$674.9</b>	<b>\$815.2</b>	<b>\$951.3</b>	<b>\$1,013.2</b>
23	Money Above/Below Statutory Reserve	\$691.1	\$309.5	\$29.6	\$0.0

The required reserve was 6.5 percent of appropriations for FY 2017-18. SB 18-276 raised the reserve to 7.25 percent for FY 2018-19, and the Governor has proposed raising the statutory reserve to 8.0 percent for FY 2019-20 and subsequent years. The statutory reserve balance in the General Fund Overview reflects the higher percentage as reflected in the

Governor’s budget. 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.

## State Education Fund Overview

Table 5 of the Colorado Outlook details revenue, expenditures, and fund-balance information for the State Education Fund and General Fund combined.

The table below summarizes revenue, expenditures, and the ending balance for the State Education Fund. The State Education Fund plays an important role in the State’s General Fund budget. Under the state constitution, K-12 education spending must grow at the rate of student population growth plus inflation. Changes in expenditures from the State Education Fund affect General Fund appropriations, which must shift accordingly to meet the targeted level of school funding. The Governor’s budget request has proposed transferring \$178.6 million from the General Fund to the State Education Fund in FY 2019-20 to pay down the budget stabilization factor and increase the reserves.

State Education Fund (\$ in Millions)				
	FY 2017-18 Actual	FY 2018-19 Estimate	FY 2019-20 Estimate	FY 2020-21 Estimate
<i>One-third of 1% of State Taxable Income</i>	\$617.0	\$655.1	\$695.0	\$739.8
<i>Transfers from the General Fund</i>	\$25.3	\$25.0	\$178.6	\$0.0
<i>Other</i>	\$6.4	\$6.8	\$8.7	\$7.4
<b>Total Funds to State Education Fund</b>	<b>\$648.7</b>	<b>\$686.9</b>	<b>\$882.3</b>	<b>\$747.2</b>
<b>State Education Fund Expenditures</b>	<b>\$540.7</b>	<b>\$759.7</b>	<b>\$788.9</b>	<b>\$763.0</b>
<b>Year-end Balance</b>	<b>\$208.7</b>	<b>\$135.9</b>	<b>\$227.9</b>	<b>\$212.2</b>