

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 September 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 2018-19 Preliminary | FY 2019-20 Estimate | FY 2020-21 Estimate | FY 2021-22 Estimate |
|------------------|---------------------------------------|------------------------|---------------------|---------------------|---------------------|
| 1 | Beginning Balance | \$1,366.0 | \$1,139.7 | \$1,046.3 | \$923.1 |
| 2 | General Fund Revenue | \$12,584.2 | \$13,096.4 | \$13,617.0 | \$14,301.3 |
| 3 | Transfers to the General Fund | \$17.2 | \$71.3 | \$19.2 | \$20.0 |
| 4 | Total General Funds Available | \$13,967.4 | \$14,307.4 | \$14,682.5 | \$15,244.5 |
| | <i>Dollar Change from Prior Year</i> | \$1,530.5 | \$340.0 | \$375.1 | \$562.0 |
| | <i>Percent Change from Prior Year</i> | 12.3% | 2.4% | 2.6% | 3.8% |

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 2019-20, General Fund appropriations subject to this limit are \$12.0 billion, or \$3.1 billion below the statutory spending limit.

| Table 4 Line No. | | FY 2018-19 Preliminary | FY 2019-20 Estimate | FY 2020-21 Estimate | FY 2021-22 Estimate |
|------------------|--------------------------------|------------------------|---------------------|---------------------|---------------------|
| 5 | Appropriations | \$11,230.5 | \$12,015.3 | \$12,732.8 | \$13,047.5 |
| 6 | Dollar Change from Prior Year | \$799.6 | \$784.8 | \$717.5 | \$314.7 |
| 7 | Percent Change from Prior Year | 7.7% | 7.0% | 6.0% | 2.5% |

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 2018-19 Preliminary | FY 2019-20 Estimate | FY 2020-21 Estimate | FY 2021-22 Estimate |
|------------------|---|------------------------|---------------------|---------------------|---------------------|
| 8 | Total | \$1,597.2 | \$1,245.9 | \$1,026.6 | \$1,251.0 |
| | <i>Dollar Change from Prior Year</i> | \$812.7 | -\$351.4 | -\$219.3 | \$224.4 |
| | <i>Percent Change from Prior Year</i> | 103.6% | -22.0% | -17.6% | 21.9% |
| 9 | TABOR Refund under Art. X, Section 20, (7) (d) | \$428.3 | \$348.1 | \$551.6 | \$768.4 |
| | <i>Cigarette Rebate to Local Governments</i> | \$9.4 | \$7.7 | \$7.1 | \$6.6 |
| | <i>Marijuana Rebate to Local Governments</i> | \$19.3 | \$20.5 | \$21.2 | \$21.9 |
| | <i>Old-Age Pension Fund/Older Coloradans Fund</i> | \$112.8 | \$94.5 | \$95.0 | \$95.2 |
| | <i>Aged Property Tax & Heating Credit</i> | \$5.5 | \$5.5 | \$5.6 | \$5.7 |
| 10 | <i>Homestead Exemption</i> | \$145.9 | \$154.2 | \$162.2 | \$168.7 |
| | <i>TABOR Refund Share of Homestead Exemption</i> | -\$39.5 | -\$154.2 | -\$162.2 | -\$168.7 |
| | <i>Interest Payments for School Loans</i> | \$7.7 | \$8.5 | \$9.3 | \$10.2 |
| | <i>Fire/Police Pensions</i> | \$4.2 | \$4.3 | \$4.3 | \$4.4 |
| | <i>Amendment 35 General Fund Expenditure</i> | \$0.8 | \$0.8 | \$0.8 | \$0.7 |
| 11 | Total Rebates and Expenditures | \$266.1 | \$141.7 | \$143.3 | \$144.7 |
| 12 | Transfers to Capital Construction | \$180.5 | \$225.8 | \$50.0 | \$50.0 |
| 13 | Transfers to Transportation Funds | \$495.0 | \$300.0 | \$50.0 | \$50.0 |
| 14 | Transfers to State Education Fund | \$25.0 | \$40.3 | \$0.0 | \$0.0 |
| 15 | Transfers to Other Funds | \$202.2 | \$189.8 | \$231.7 | \$237.9 |
| 16 | Other | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 19 | Reversions and Accounting Adjustments | \$0.0 | \$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 \$428.3 million in FY 2018-19, which will be refunded to taxpayers in FY 2019-20. Under the September forecast, TABOR revenue is expected to exceed the limit by \$348.1 million in FY 2019-20 and by \$551.6 million in FY 2020-21.

Line 10: The Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans, serves as the State’s first TABOR refund mechanism. The amount on Line 10 is the estimated Homestead Exemption expenditure reduced by the TABOR refund due in that fiscal year.

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; and (5) 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 \$119.8 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 \$145.5

million in capital projects under SB 19-214, along with \$20 million authorized under HB15-1344. The capital construction funding amounts of \$50.0 million for FY 2020-21 and FY 2021-22 reflect a \$20 million transfer in accordance with HB15-1344, along with a \$30 million placeholder for Level 1 controlled maintenance projects.

Line 13: Transfers to transportation funds included \$495 million in FY 2018-19 and \$300 million in FY 2019-20. The amounts shown in line 13 assume current law but may change as a result of future voter decisions. The FY 2019-20 total includes a transfer of \$100 million authorized under SB 19-262.

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 was \$25.0 million for FY 2018-19. In FY 2019-20, a transfer of \$40.3 million was authorized under SB 19-246, the School Finance Act.

Line 15: State law requires transfers of General Fund to various state cash funds. Generally, the largest transfer relates to the special sales tax on retail marijuana, portions of which are transferred from the General Fund to the Marijuana Tax Cash Fund and to the Public School 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.

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 2018-19 Preliminary | FY 2019-20 Estimate | FY 2020-21 Estimate | FY 2021-22 Estimate |
|------------------|---------------------------------------|------------------------|---------------------|---------------------|---------------------|
| 20 | Year-End General Fund Balance | \$1,139.7 | \$1,046.3 | \$923.1 | \$945.9 |
| 21 | Balance as a % of Appropriations | 10.1% | 8.71% | 7.25% | 7.25% |
| 22 | General Fund Statutory Reserve | \$814.2 | \$871.1 | \$923.1 | \$945.9 |
| 23 | Money Above/Below Statutory Reserve | \$325.5 | \$175.1 | \$0.0 | \$0.0 |

The required reserve is 7.25 percent of appropriations for FY 2018-19 and for subsequent years, an increase over prior years resulting from SB 18-276. 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. Note that as budgets have not been enacted for FY 2020-21 and FY 2021-22, the amounts shown in these years are illustrative only.

| State Education Fund (\$ in Millions) | | | | |
|--|--------------------|-------------------|-------------------|-------------------|
| | FY 2018-19 | FY 2019-20 | FY 2020-21 | FY 2021-22 |
| | Preliminary | Estimate | Estimate | Estimate |
| <i>One-third of 1% of State Taxable Income</i> | \$692.8 | \$701.3 | \$740.7 | \$784.6 |
| <i>Transfers to SEF</i> | \$25.1 | \$40.3 | \$0.0 | \$0.0 |
| <i>Other</i> | \$5.2 | \$7.4 | \$7.4 | \$7.8 |
| Total Funds to State Education Fund | \$723.1 | \$749.0 | \$748.1 | \$792.5 |
| State Education Fund Expenditures | \$759.6 | \$714.8 | \$815.4 | \$784.0 |
| Year-end Balance | \$176.0 | \$210.3 | \$143.0 | \$151.4 |