

JOINT BUDGET COMMITTEE



GENERAL FUND OVERVIEW BASED ON JBC ACTION ON FY 2021-22 SUPPLEMENTAL REQUESTS AND AMENDED BUDGET REQUESTS FOR FY 2022-23

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PREPARED BY:
CAROLYN KAMPMAN, JBC STAFF DIRECTOR
JANUARY 28, 2022

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>

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OVERVIEW OF FY 2021-22 SUPPLEMENTAL REQUESTS

APPROVED MID-YEAR CHANGES AND AMENDED REQUEST

The existing FY 2021-22 operating budget includes General Fund appropriations totaling \$12.5 billion. Table 1 lists the mid-year General Fund appropriation changes that have been approved to date by the Joint Budget Committee (JBC). **Overall, JBC approved appropriation adjustments decrease General Fund appropriations for FY 2021-22 by \$103.8 million (0.8 percent).**

DEPARTMENT	CURRENT APPROPRIATION	RECOMMENDED CHANGES	ADJUSTED APPROPRIATION	PERCENTAGE CHANGE
Agriculture	\$13,402,194	\$0	\$13,402,194	0.0%
Corrections	867,647,658	8,362,302	876,009,960	1.0%
Education	4,294,112,839	48,704	4,294,161,543	0.0%
Governor	64,227,994	77,818	64,305,812	0.1%
Health Care Policy and Financing	3,346,715,726	(115,550,226)	3,231,165,500	(3.5%)
Higher Education	1,216,230,141	(50,000)	1,216,180,141	(0.0%)
Human Services	1,108,252,446	1,950,000	1,110,202,446	0.2%
Judicial	624,209,011	(3,748,761)	620,460,250	(0.6%)
Labor and Employment	20,396,768	0	20,396,768	0.0%
Law	16,306,035	0	16,306,035	0.0%
Legislature	59,667,762	0	59,667,762	0.0%
Local Affairs	57,130,354	0	57,130,354	0.0%
Military and Veterans Affairs	11,766,152	0	11,766,152	0.0%
Natural Resources	37,335,479	0	37,335,479	0.0%
Personnel	20,065,817	74,487	20,140,304	0.4%
Public Health and Environment	92,098,934	50,000	92,148,934	0.1%
Public Safety	173,885,290	541,671	174,426,961	0.3%
Regulatory Agencies	2,867,009	10	2,867,019	0.0%
Revenue	141,512,775	0	141,512,775	0.0%
State	271,360	0	271,360	0.0%
Transportation	0	0	0	n/a
Treasury	344,218,965	4,459,000	348,677,965	1.3%
TOTAL	\$12,512,320,709	(\$103,784,995)	\$12,408,535,714	(0.8%)

For FY 2022-23, departments have submitted budget amendments that increase the total requested General Fund appropriations by \$61.4 million (0.5 percent), compared to the November 1, 2021 budget submission. Table 2 details the General Fund impact of budget amendments submitted by each department for FY 2022-23.

DEPARTMENT	NOVEMBER 2021 REQUEST*	JANUARY 3 AND 18, 2022 BUDGET AMENDMENTS	REVISED REQUEST	PERCENTAGE CHANGE
Agriculture	\$14,598,143	(\$24,250)	\$14,573,893	(0.2%)
Corrections	890,627,559	8,458,605	899,086,164	0.9%
Early Childhood*	5,130,152	90,727,556	95,857,708	1768.5%
Education	4,303,007,408	(18,369)	4,302,989,039	(0.0%)
Governor	149,548,315	(24,526,327)	125,021,988	(16.4%)

TABLE 2
GENERAL FUND OPERATING APPROPRIATION REQUESTS FOR FY 2022-23

DEPARTMENT	NOVEMBER 2021 REQUEST*	JANUARY 3 AND 18, 2022 BUDGET AMENDMENTS	REVISED REQUEST	PERCENTAGE CHANGE
Health Care Policy and Financing	3,995,530,891	3,123,673	3,998,654,564	0.1%
Higher Education	1,276,268,818	(1,198,963)	1,275,069,855	(0.1%)
Human Services	1,115,834,328	(85,405,332)	1,030,428,996	(7.7%)
Judicial	673,656,199	5,251,471	678,907,670	0.8%
Labor and Employment	22,537,153	924,700	23,461,853	4.1%
Law	20,491,624	54,816	20,546,440	0.3%
Legislature	59,667,762	0	59,667,762	0.0%
Local Affairs	42,885,309	4,556,736	47,442,045	10.6%
Military and Veterans Affairs	12,948,679	(10,424)	12,938,255	(0.1%)
Natural Resources	37,721,289	(12,748)	37,708,541	(0.0%)
Personnel	25,832,554	31,840,388	57,672,942	123.3%
Public Health and Environment	132,952,831	3,433,247	136,386,078	2.6%
Public Safety	184,899,538	657,335	185,556,873	0.4%
Regulatory Agencies	3,005,622	14,065,688	17,071,310	468.0%
Revenue	143,614,470	(442,857)	143,171,613	(0.3%)
State	2,107,811	0	2,107,811	0.0%
Transportation	0	10,000,000	10,000,000	n/a
Treasury	445,006,604	(31,565)	444,975,039	(0.0%)
TOTAL	\$13,557,873,059	\$61,423,380	\$13,619,296,439	0.5%

* Please note that the \$5.1 million General Fund request submitted in November 2021 for the new Department of Early Childhood was erroneously excluded from the total requested appropriation figure reflected in JBC staff's "Overview of FY 2022-23 Budget Requests", dated November 10, 2021.

APPROVED LEGISLATION AND PLACE HOLDERS

The mid-year changes to FY 2021-22 appropriations that are summarized in Table 1 will be included in supplemental appropriation bills for each affected department. In addition, the JBC has approved appropriation changes and transfers that will be included in other bills that make statutory changes. Table 3 lists the bills for which the JBC has set aside money in the General Fund. **For FY 2021-22, the JBC has set aside \$31.5 million General Fund for legislation other than supplemental appropriation bills.**

TABLE 3
JBC APPROVED GENERAL FUND APPROPRIATIONS AND TRANSFERS TO BE INCLUDED IN OTHER BILLS THAT MAKE STATUTORY CHANGES

DEPARTMENT	DESCRIPTION	FY 2021-22
<i>Appropriations:</i>		
*Early Childhood	Department of Early Childhood Administration	\$400,218
Health Care Policy and Financing	Skilled Nursing Facility Enhanced Payments	17,000,500
Health Care Policy and Financing	Urban Indian Health Organization State-only Payments**	70,825
*Personnel	Pay Equity Study	500,000
Public Safety	Firefighter Safety and Disease Prevention Grant	5,000,000
Subtotal: Appropriations		\$22,971,543
<i>Transfers Out</i>		
Human Services	Transfer to the Capital Construction Fund	5,063,906
*Early Childhood	Transfer to the Capital Construction Fund	3,500,000
Subtotal: Transfers Out		\$8,563,906
TOTAL		\$31,535,449

* These bills will not be sponsored by the JBC

** This bill also includes a General Fund appropriation of \$48,025 for FY 2022-23.

JBC ACTIONS FOR FY 2021-22 AND BUDGET REQUESTS FOR FY 2022-23 IN THE CONTEXT OF THE DECEMBER 2021 REVENUE FORECASTS

Tables 4 and 5 are intended to provide a framework for the JBC as it begins crafting its budget proposal for FY 2022-23. These tables are based on the most recent economic and revenue forecasts that were presented to the JBC on December 17, 2021. Table 4 is based on the Legislative Council Staff (LCS) forecast, and Table 5 is based on the Office of State Planning and Budgeting (OSPB) forecast. In both tables:

- green shading identifies assumptions used in the context of both forecasts that have not changed since the JBC Staff January 13, 2022 General Fund Overview; and
- **blue shading identifies assumptions used in the context of both forecasts that have changed since January 13, 2022.**

Assumptions that have changed include the following:

- Staff has included an accounting adjustment for FY 2020-21 based on the actual fiscal year-end General Fund balance reported by the State Controller [row 20].
- **Staff has replaced all requested modifications to appropriation or transfers for FY 2020-21 and FY 2021-22 with JBC actions**, including the anticipated out year impacts of those actions [rows 8, 9, and 15].
- **Staff has included within projected appropriations for FY 2023-24 a total of \$117.0 million for potential changes to state employee compensation and community provider rates** [row 5]. This amount is based on the *requested* General Fund increases for FY 2022-23 for these policies, including:
 - \$98.3 million for a 3.0 percent salary increase, all PERA-related payments, and all insurance related payments; and
 - \$18.7 million for a 1.0 percent community provider rate increase.
- **Staff has included a total of \$357.1 million for potential transfers for capital construction projects** [row 16]. This amount is based on recommendations by the Office of the State Architect, which apply a percentage to the current replacement value (CRV) of “General Funded and academic buildings”.¹ This amount includes:
 - \$142.8 million for controlled maintenance projects (1.0 percent of CRV); and
 - \$214.2 million for capital renewal and renovation projects (1.5 percent of CRV).

While the General Assembly has not provided annual funding for capital construction projects at this level over the last 20 years, the FY 2023-24 amount is similar in magnitude to the request for FY 2022-23. **Please note that FY 2023-24 projections do not include any funding for new capital construction projects, nor do they include any funding for continuation of approved IT projects or for new IT projects. In addition, absent guidance in current law or the Governor’s budget proposal for FY 2022-23, staff has not included any General Fund transfers for transportation.**

¹ These recommendations are included in the Office of the State Architect’s annual report to the Capital Development Committee: <https://osa.colorado.gov/state-buildings/osa-reports/annual-reports-to-cdc>.

Finally, please note that the *operating appropriations* for FY 2023-24 are likely understated as they currently exclude any increase for public school operations. The Department of Education’s annual request for the State Share of Districts’ Total Program Funding (R1, “State Share”) does not reflect an increase in the General Fund appropriation for FY 2022-23 or FY 2023-24. This proposal is contingent on approval of the Governor’s proposal to transfer \$450.0 million from the General Fund to the State Education Fund to cover these expenses for the next three years.

Staff encourages the Committee to consider building any increase that is approved for the State Share into base General Fund appropriations. This approach is more transparent than continuing to make large periodic transfers to the State Education Fund. It also makes it much easier to plan for ongoing General Fund obligations (i.e., FY 2025-26 and beyond), and ensures that the annual General Fund reserve is applied to all appropriations for ongoing operating expenses. **To simplify fiscal planning, staff recommends that the Committee finance the annual State Share using proportional appropriations from the General Fund and State Education Fund that can be sustained over the long term based on projected annual revenues to the State Education Fund. This approach, coupled with maintaining adequate reserves in the General Fund and State Education Fund, will mitigate the need for future General Assemblies to increase the budget stabilization factor.**

Staff continues to seek feedback and guidance from the JBC about these projections to ensure that it serves as a useful tool for planning and decision making.

Table 4
General Fund Overview as of January 27, 2022
Based on the LCS DECEMBER 2021 Forecast
(\$ millions)

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
General Fund Available					
1	Beginning Reserve	\$1,825.7	\$3,168.0	\$3,580.8	\$2,116.1
2	Gross General Fund Revenue	14,239.6	15,906.3	16,398.5	17,152.9
3	Transfers In (existing law reflected in forecast)	335.2	32.8	31.3	32.8
4	Total General Fund Available	\$16,400.6	\$19,107.1	\$20,010.6	\$19,301.8
General Fund Obligations					
5	Appropriations (existing for FY 2021-22); requested for FY 2022-23 as of November 1, 2021; and projected for FY 2023-24)	11,181.6	12,512.3	13,557.9	13,896.6
6	LESS: Appropriations for rebates and expenditures	(202.6)	(215.9)	(212.3)	(220.2)
7	Adjusted Appropriations	10,978.9	12,296.4	13,345.5	13,676.4
8	JBC action to date on supplemental requests; budget amendments for FY 2022-23 submitted as of January 18, 2022	0.2	(103.8)	61.4	33.8
9	JBC approved place holders for FY 2021-22; Requested place holders for FY 2022-23	n/a	23.0	504.3	39.0
10	Rebates and Expenditures (reflected in forecast)	295.8	146.9	144.9	145.0
TABOR Refund Obligation [Article X, Section 20 (7)(d)]:					
11	Current year revenue above Referendum C Cap	471.4	1,878.5	1,752.3	1,850.7
Transfers Out and Other Diversions:					
12	Transportation (existing law reflected in forecast)	30.0	294.0	115.0	0.0
13	Other transfers reflected in Governor's budget proposal as of January 18, 2022	n/a	0.0	40.0	0.0
14	Capital/IT projects (existing law reflected in forecast)	44.0	348.9	20.0	20.0
15	JBC action to date on supplemental requests	n/a	8.6	n/a	n/a
16	Other transfers reflected in Governor's budget proposal as of January 18, 2022; FY 2023-24 reflects 2.5% of Current Replacement Value (CRV) of "General Funded and academic buildings"	n/a	0.0	340.4	357.1
17	Other Transfers and Diversions (existing law reflected in forecast)	1,281.4	633.8	512.6	531.5
18	Governor's transfer to the Disaster Emergency Fund for direct stimulus payments to individuals [Executive Order D 2020 230]	148.9	n/a	n/a	n/a
19	Other transfers reflected in Governor's budget proposal as of January 18, 2022	n/a	0.0	1,058.1	0.0
20	Reversions and accounting adjustments	(17.8)	n/a	n/a	n/a
21	Total General Fund Obligations	\$13,232.6	\$15,526.3	\$17,894.5	\$16,653.4
Reserve					
22	Fiscal Year-end General Fund Reserve	\$3,168.0	\$3,580.8	\$2,116.1	\$2,648.4
Statutory Reserve Requirement:					
23	Statutorily Required Reserve Percent (as modified by SB 21-226)	2.86%	13.40%	15.00%	15.00%
24	Required Reserve Amount	\$314.0	\$1,636.9	\$2,086.7	\$2,062.4
25	Year-end Reserve Above/ (Below) Requirement	\$2,854.0	\$1,943.9	\$29.4	\$586.0
26	Annual Gross General Fund Revenues Less Obligations	\$1,007.0	\$380.0	(\$1,496.0)	\$499.46
27	<i>As a percent of annual obligations</i>	7.6%	2.4%	-8.4%	3.0%

Table 5
General Fund Overview as of January 27, 2022
Based on the OSPB DECEMBER 2021 Forecast
(\$ millions)

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
General Fund Available					
1	Beginning Reserve	\$1,825.7	\$3,168.0	\$3,587.1	\$2,099.3
2	Gross General Fund Revenue (a)	14,239.6	15,981.3	16,300.1	16,931.4
3	Transfers In (existing law reflected in forecast)	335.3	43.1	42.0	44.4
4	Total General Fund Available	\$16,400.6	\$19,192.4	\$19,929.2	\$19,075.1
General Fund Obligations					
5	Appropriations (existing for FY 2021-22); requested for FY 2022-23 as of November 1, 2021; and projected for FY 2023-24)	11,181.6	12,512.3	13,557.9	13,896.6
6	LESS: Appropriations for rebates and expenditures	(202.6)	(215.9)	(216.4)	(224.3)
7	Adjusted Appropriations	10,978.9	12,296.4	13,341.5	13,672.3
8	JBC action to date on supplemental requests; budget amendments for FY 2022-23	0.2	(103.8)	61.4	33.8
9	JBC approved place holders for FY 2021-22; Requested place holders for FY 2022	n/a	23.0	504.3	39.0
10	Rebates and Expenditures (reflected in forecast)	295.8	140.8	143.1	144.2
TABOR Refund Obligation [Article X, Section 20 (7)(d)]:					
11	Current year revenue above Referendum C Cap	471.4	1,996.1	1,660.9	1,707.8
Transfers Out and Other Diversions:					
12	Transportation (existing law reflected in forecast)	30.0	294.0	115.0	0.0
13	Other transfers reflected in Governor's budget proposal as of January 18, 2022	n/a	0.0	40.0	0.0
14	Capital/IT projects (existing law reflected in forecast)	44.0	348.9	20.0	20.0
15	JBC action to date on supplemental requests	n/a	8.6	n/a	n/a
16	Other transfers reflected in Governor's budget proposal as of January 18, 2022; FY 2023-24 reflects 2.5% of Current Replacement Value (CRV) of "General Funded and academic buildings"	n/a	0.0	340.4	357.1
17	Other Transfers and Diversions (existing law reflected in forecast)	1,281.6	601.2	545.3	557.7
18	Governor's transfer to the Disaster Emergency Fund for direct stimulus payments to individuals [Executive Order D 2020 230]	148.9	n/a	n/a	n/a
19	Other transfers reflected in Governor's budget proposal as of January 18, 2022	n/a	0.0	1,058.1	0.0
20	Reversions and accounting adjustments	(18.1)	n/a	n/a	n/a
21	Total General Fund Obligations	\$13,232.6	\$15,605.3	\$17,830.0	\$16,531.8
Reserve					
22	Fiscal Year-end General Fund Reserve	\$3,168.0	\$3,587.1	\$2,099.3	\$2,543.3
Statutory Reserve Requirement:					
23	Statutorily Required Reserve Percent (as modified by SB 21-226)	2.86%	13.40%	15.00%	15.00%
24	Required Reserve Amount	\$314.0	\$1,650.8	\$2,076.9	\$2,050.8
25	Year-end Reserve Above/(Below) Requirement	\$2,854.0	\$1,936.3	\$22.4	\$492.4
26	Annual Gross General Fund Revenues Less Obligations	\$1,007.0	\$376.0	(\$1,529.9)	\$399.6
27	<i>As a percent of annual obligations</i>	7.6%	2.4%	-8.6%	2.4%

(a) Staff has increased the projected gross General Fund revenues for FY 2022-23 by \$5.0 million. The Office of State Planning and Budgeting has indicated that the projection in the December 2021 forecast was reduced by this amount to reflect the anticipated impact of a future bill concerning sales tax compliance assistance for small businesses. In order to provide a direct comparison of each forecast, staff continues to reflect this as one of the Governor's proposed General Fund place holders.