

STATE OF COLORADO

OFFICE OF THE GOVERNOR

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November 2, 2015

John W. Hickenlooper
Governor

The Honorable Kent Lambert
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Senator Lambert:

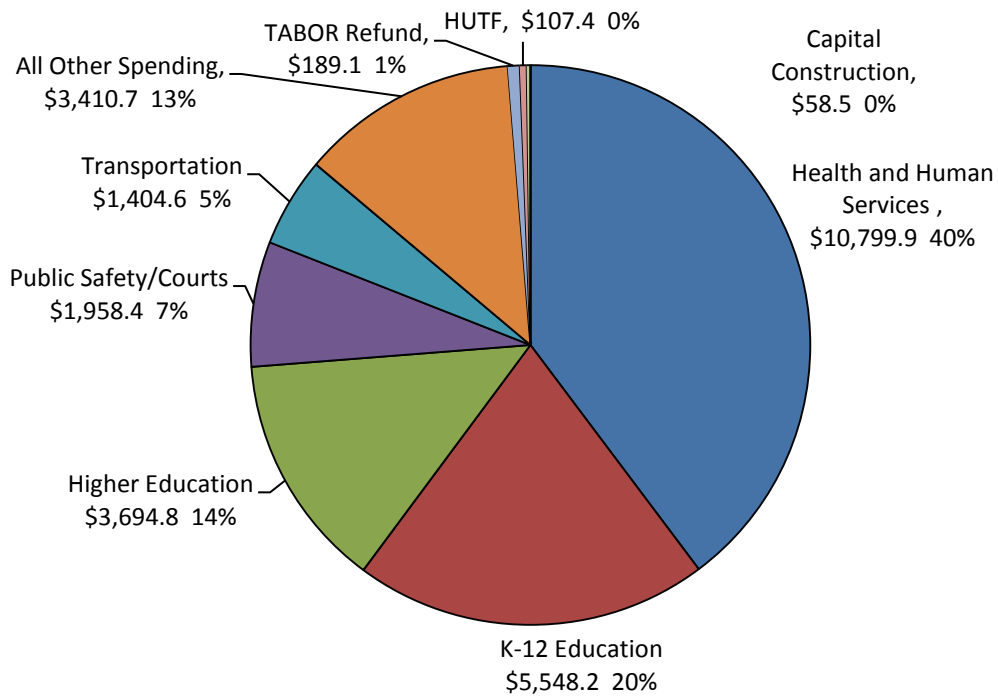
We are pleased to present a summary of the FY 2016-17 Colorado State budget request. We are requesting a Total Funds appropriation of \$27.0 billion, with \$10.4 billion coming from the General Fund. Relative to the expected budget this fiscal year, the Total Funds budget request reflects a drop of 0.4 percent, and the General Fund budget reflects growth of 0.9 percent. The graphs on page 2 display major program areas in Total Funds and in the General Fund.

Economic conditions in Colorado remain among the most favorable in the United States. Since the end of the Great Recession, economic activity has been consistent and broad-based, accompanied by the attraction of new residents and businesses to the state. The recovery is not without its demerits; growth has not been uniform throughout the state and there has been significant disruption in natural gas and oil industry employment. For many workers, pay has been flat. At the national level, there has been volatility in the stock market and uncertainty about monetary policy. Still, the overall view of our economy is positive.

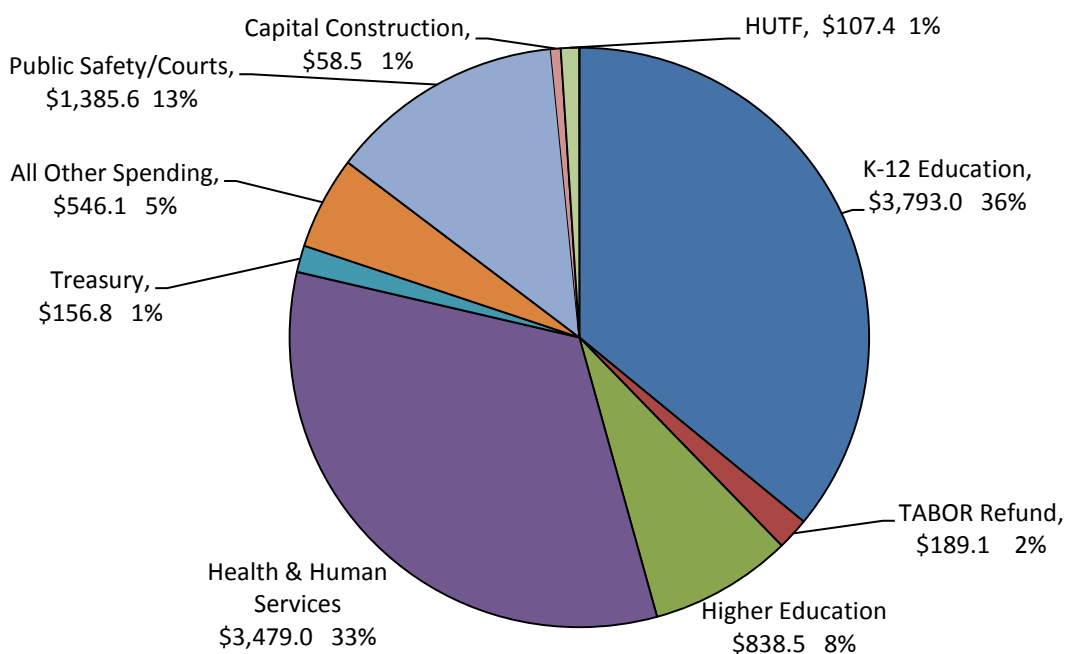
General Fund Request: Balancing FY 2015-16 and FY 2016-17

Forecasts for Colorado's General Fund revenue collections from income and sales taxes reflect the economic conditions described earlier. For FY 2016-17, the September forecast from the Office of State Planning and Budgeting (OSPB) projects General Fund revenue to be \$3.1 billion above its pre-Great Recession peak. When adjusted for inflation, however, collections of \$1,601 per person in Colorado will still be 0.6 percent below the FY 2007-08 level.

FY 2016-17 Total Funds Request (In Millions) and Percent of Total



FY 2016-17 General Fund Request (In Millions) and Percent of Total



Revenue expectations from both OSPB and the Colorado Legislative Council Staff (LCS) have weakened in the months since the current-year budget was adopted. In the current year, the LCS forecast shows a \$215.4 million (35.2 percent) shortfall in the General Fund required reserve, while the OSPB forecast is \$28.7 million (4.7 percent) below the required reserve. For FY 2016-17, the forecasts are closer in terms of growth rates, and the available money differs mostly by the gap in the current year.

At this time, we have revenue data through September 2015. The FY 2015-16 first quarter data show General Fund growth of 5.9 percent above the same period in 2014, and major sub-components of various taxes are performing consistent with the September 2015 OSPB forecast, notably wage withholding and estimated payments.

Both the LCS and OSPB forecasts assume historically low growth rates for a non-recession environment. The first quarter's performance is largely in line with OSPB's forecast, but we recognize that the lower LCS forecast is within a reasonable range of possible outcomes. We therefore believe the midpoint of the two forecasts is a prudent basis for balancing FY 2015-16 and the request for FY 2016-17. In this scenario, the current year's budget is short \$160.3 million. We propose that the reserve fall below the 6.5 percent requirement for FY 2015-16 only and that it be restored for FY 2016-17.

Meanwhile, Colorado's statutes and State Constitutional provisions that govern revenue and spending are influencing features of our request. At the present time, both available forecasts show that the State will not be able to retain all of the revenue available, and the excess revenue is a refund liability in the General Fund. However, the presence of refunds under the revenue limit established by the Taxpayer's Bill of Rights (TABOR) is the result of cash fund revenue collected outside the General Fund, notably the hospital provider fee established in House Bill 09-1293. Without these collections, State government revenue has grown slower than population and inflation since the revenue base was set in FY 2007-08.

With the midpoint forecast and accounting for expected current-year spending, the available new General Fund revenue for FY 2016-17 is \$457.2 million. Separately from this revenue assumption, we have also taken into account a likely upgrade in local property taxes that will flow to the K-12 school finance formula. Based on a preliminary analysis of new assessed values, we believe it is reasonable to assume an additional \$72.1 million in local property taxes (split between FY 2015-16 and FY 2016-17) above last year's estimate.

Against available revenue of \$457.2 million and before balancing measures, we have four primary cost drivers in the existing menu of General Fund responsibilities:

- \$ 301 million to keep the negative factor where it is in FY 2015-16
- \$ 289 million for TABOR rebates

- \$ 160 million to restore the 6.5% reserve level
- \$ 80 million for new Medicaid clients

These four items total \$830 million and thus the budget request had to close a \$373 million gap. Budget balancing items totaling \$230 million of these are identified on page 11 below.

General Fund Request: Funding Priorities for FY 2016-17

K-12 Education

Our request for K-12 education funding through the School Finance Act reflects \$4.2 billion of State funds and \$2.2 billion from local share property taxes. At \$4.2 billion, the total amount of State money requested reflects an increase of \$182.4 million (4.5 percent). The total school finance increase from all sources is \$162.6 million (2.6 percent). This compares with 1.8 percent inflation and 1.2 percent enrollment growth. In FY 2016-17, we expect the funded pupil count to reach 865,454. This request reflects average per pupil funding of \$7,397.52, up 1.4 percent, from \$7,294.40 in FY 2015-16.

With respect to State funds, the General Fund appropriation to K-12 education will increase \$225.0 million (6.3 percent) and appropriations from the State Education Fund (SEF) will decline by \$49.2 million (8.4 percent). Even with this drop in SEF funding, the fund balance at the end of FY 2016-17 will be just \$102.8 million compared with \$342.7 million at the end of FY 2015-16. The drop in the ending balance avoids a bigger increase in the negative factor but also leaves less room to respond to an unexpected drop in revenue.

With this request, the FY 2016-17 negative factor is estimated at \$905 million (12.4 percent of total program), an increase of \$50 million from the current year. If there were no change in the negative factor, per pupil funding would be \$57.77 higher.

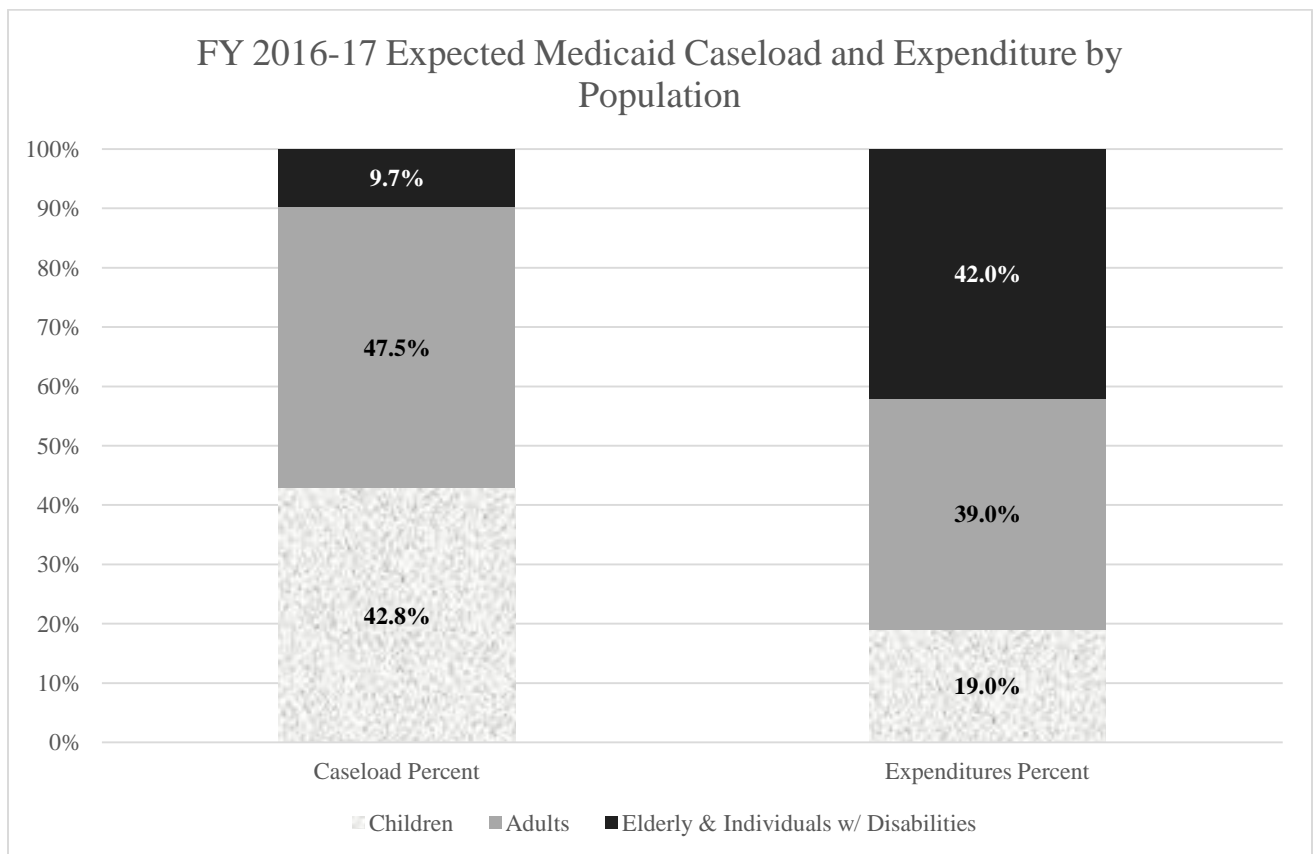
A recent court case affirmed the legality of the negative factor (explained in more detail on page 14). Because the negative factor cannot legally climb above \$1.76 billion, we continue to note the size of it in the budget request. As a technical note, we have also used the midpoint forecast to determine the income tax transfers to the State Education Fund under Amendment 23.

Health Care Policy and Financing

The request includes a \$2.7 million increase (0.03 percent) in Total Funds appropriations to the Department of Health Care Policy and Financing (HCPF), bringing the FY 2016-17 budget to \$8.9 billion Total Funds, including \$2.6 billion General Fund. Behind this increase is the expectation of a 4.7 percent rise in the Medicaid caseload to 1,352,005 Coloradans. Of this total, 42.8 percent are children and 9.7 percent are elderly or disabled. With respect to Medicaid costs, children comprise 19.0 percent of the total while the elderly and disabled comprise 42.0 percent. The following chart and table show the expected composition of the Medicaid caseload and associated respective costs.

FY 2016-17 Expected Medicaid Caseload by Expenditure and Population

FY 2016-17 Estimates	Caseload	Percent of Total Caseload	Expenditure	Percent of Total Expenditure
Children	578,747	42.8%	\$1,103,992,936	19.0%
Adults	641,553	47.5%	\$2,263,513,561	39.0%
Elderly & Individuals with Disabilities	131,705	9.7%	\$2,436,942,567	42.0%
Total	1,352,005	100.0%	\$5,804,449,064	100.0%



Tempering the growth in this budget are two balancing measures related to health care providers. First, we are proposing that hospital provider fee collections under H.B. 09-1293 be reduced from current expectations by \$100 million. This reduces appropriations by nearly \$200 million Total Funds in the HCPF budget, but also reduces the expected TABOR rebate liability in the General Fund by \$100 million. Second, we include in our request a 1.0 percent reduction to

most provider rates. This change reduces the expected appropriation in the HCPF budget by \$35.8 million Total Funds, and \$12.9 million General Fund.

We are also taking steps to improve value and avoid costs in the Medicaid program. In the Department of Public Health and Environment (CDPHE), we have budgeted \$2.5 million General Fund to continue State support for the Family Planning Program. This program has been successful in reducing the birth rate of young women beyond the average declines in the birth rates of this population in the United States as a whole. After the current year, donated funds to this program will no longer be available to the State. We project that the \$2.5 million will allow CDPHE and its partners to serve approximately 6,200 out of 83,000 eligible women. Based on current estimates for the program, each client served costs an average of \$404, and Medicaid costs for a birth are approximately \$11,000. More detail on this request can be found in the CDPHE budget request, available on the OSPB website.

Separately, HCPF has been pursuing numerous health care delivery changes. This budget request reflects the enrollment of 1,078,390 Medicaid clients in the Affordable Care Collaborative / Regional Care Collaborative Organization (ACC / RCCO) program by June 2017. In FY 2014-15, this program added 290,545 new clients and demonstrated an estimated \$121.2 million in gross avoided costs. Costs are avoided through coordinated primary care, which is less expensive than episodic or emergency treatment of medical conditions. The majority of these avoided costs are gained through coordinated care for individuals with disabilities. These clients are often more medically vulnerable than clients without disabilities, and frequently have multiple chronic conditions and require greater intensive care, such as inpatient hospital stays.

Human Services

This request maintains our commitment to essential safety net and protection programs within the Department of Human Services (DHS), with several notable inclusions:

- \$6.7 million Total Funds, \$5.9 million General Fund, for counties to hire 100 additional Child Welfare caseworkers. A 2014 audit by the Office of the State Auditor recommended the hiring of 650 additional caseworkers statewide to address this issue. In 2015-16, counties received 100 additional caseworkers and this is the second year of the request.
- \$4.7 million General Fund for DHS to hire 125 additional staff in Division of Youth Corrections facilities. This request is intended to provide staffing to address safety and security issues, as well as bring the staffing ratios at facilities in accordance with the federal Prison Rape Elimination Act. The Department previously received funding for 75 staff for this purpose in FY 2015-16. This is the second year of this initiative.
- \$4.1 million General Fund and 7.5 FTE to address the staffing and bed capacity needs resulting from an increased demand for court-ordered competency evaluation and

restoration services in the Office of Behavioral Health. In FY 2016-17, referrals for competency evaluations are projected to increase by 5.4 percent and referrals for competency restorations are projected to increase by 4.8 percent.

- \$3.8 million Total Funds, including \$2.2 million General Fund, to fund an increase in caseloads in the Early Intervention program. This request will allow the Department to provide services to an additional 467 children, equivalent to a 6.0 percent caseload increase.

Meanwhile, under S.B. 15-239, beginning in FY 2016-17, the Division of Vocational Rehabilitation is transferred from the Department of Human Services to the Department of Labor and Employment. The reduction to the Human Services budget includes \$49.4 million total funds (\$4.9 million General Fund and \$38.8 million federal funds) and 233.1 FTE. Statewide, this was a net-zero transfer with a corresponding increase in the Department of Labor and Employment's budget. The Department of Labor and Employment is requesting additional funds in the amount of \$371,000 Total Funds (\$79,000 General Fund and \$292,000 federal funds) and 2.6 FTE for administrative support and leased space costs that are necessary for operation of the Division. In addition, the Department of Human Services is requesting \$1.1 million General Fund in order to offset the Department's reduction of indirect cost recoveries resulting from the transfer. It is expected that the Department of Labor and Employment will be able to charge additional indirect costs to federal funds associated with DVR, helping to offset this General Fund need.

For the Colorado Benefits Management System, the request includes \$22.4 million Total Funds, including \$15.0 million General Fund, to maintain current functionality, develop new functionality, and improve sustainability of the system. The appropriations are directly made to DHS and HCPF. Additionally, the funds are also shown as a large reappropriated funds increase in the Office of Information Technology within the Governor's Office.

Corrections and Public Safety

The request reflects a moderation in the expected number of inmates under the supervision of the Department of Corrections (DOC). For FY 2016-17, we expect the number of offenders under supervision to total 21,051. Based on current projections, this represents a 1.7 percent increase from the current year; however, it reflects a 3.9 percent decrease from the December 2014 projection. After accounting for expected personnel-related costs, some operational issues, and medical costs, the appropriation to the DOC will be \$862.5 million Total Funds (0.6 percent decrease) and \$755.1 million General Fund (0.7 percent decrease).

The Department of Public Safety's (CDPS) budget includes a salary increase of \$5.1 million Total Funds (comprised, in part, of \$4.4 million Cash Funds and \$0.3 million General Fund) for Colorado State Patrol troopers. This represents a 7.0 percent increase in pay levels over FY 2015-16, as recommended in the Total Compensation Report and required by statute. Due to growing traffic concerns on E-470 highways, the E-470 Authority has requested and agreed to pay for an additional 2.0 Troopers to patrol its highways. This necessitates an increase of

\$261,000 in Cash Funds spending authority and 2.0 FTE to allocate more state Troopers to patrol the E-470 corridor.

As a state agency that has grown considerably over the past several years in both size and mission, CDPS proposes a reorganization to consolidate certain administrative functions from its five operational divisions into the Executive Director's Office. CDPS will realize efficiencies in financial, planning, and risk management with minimal new FTE growth and no General Fund or fee revenue impact. This results in a net increase of \$4.4 million Reappropriated Funds and 5.0 FTE to its budget.

A reduction of 1.0 percent is proposed to the provider rate for Community Corrections facilities. This would result in a reduction totaling \$658,873 General Fund for per diem rates paid to providers for both standard and specialized community corrections beds.

Higher Education

We have been proud to increase State support for resident undergraduate students in our colleges and universities in recent years. Given the available assumed General Fund revenue, however, it is not possible to sustain the current level of appropriations into FY 2016-17. Our request reflects a \$20 million reduction from the current appropriation to colleges and universities.

The reduction of \$20 million General Fund in the Colorado public higher education system may result in higher tuition increases at many institutions in FY 2016-17. We estimate that the higher education system will experience operational cost increases of approximately \$56 million (2.0 percent). In this context, a reduction of \$20 million for higher education further compounds this fiscal pressure and translates into a total of \$76 million that must be generated from students through tuition. This need would translate into potential average tuition increases of 8.7 percent (median of 9.2 percent). However, the impact and corresponding tuition increases would vary significantly by institution. Additionally, we propose to keep financial aid programs at continuation levels (\$145 million).

Transportation

Based on the midpoint forecast, under the provisions of Senate Bill 09-228, the size of the TABOR refund would allow a transfer of \$201.9 million from the General Fund to the Highway Users Tax Fund in FY 2015-16 and a transfer of \$107.4 million in FY 2016-17. These are the same transfers as the LCS forecast. With the OSPB projection, there would be \$101.8 million transferred in FY 2015-16 only. The provisions of S.B. 09-228 are explained in more detail on page 14.

Elected Officials, Legislature, and Judicial Branch

We have allocated sufficient General Fund to accommodate anticipated growth in total compensation costs along with a 1.0 percent General Fund increase for statewide elected officials, the General Assembly, and the Judicial Branch.

Economic Development

In our planning, we have included programs that keep a broad array of efforts around economic development at a continuation level of funding. Notably, funding for tourism promotion remains at \$18.5 million and the film incentives program remains at \$3.0 million. The Colorado Office of Film, Television and Media estimates that the \$3.0 million will leverage \$15 million in direct production spending and an additional \$10 million in spillover economic activity.

Marijuana Enforcement and Related Programs

We have included \$44.8 million in spending items from the proceeds of marijuana taxes collected in FY 2014-15 and FY 2015-16, to be spent in FY 2016-17. This includes the continuation of \$10.8 million for programs funded with passage of Proposition BB, including Tony Grampas youth mentoring services, marijuana education prevention campaigns, substance abuse treatment, 4-H programming through the Colorado State Fair, and grants for local governments to mitigate the impacts of marijuana legalization, among others. If Proposition BB fails, we will revise the spending plan within available resources.

Also included in the base request is \$23.9 million for continuation of programs funded in FY 2015-16, including: \$7.8 million in support for the state's regulatory environment in the Department of Revenue (and another \$5.2 million funded separately from fees); \$315,000 in the Department of Agriculture, which now regulates the hemp industry; \$1.3 million for certain regulatory functions in the CDPHE, including certifying marijuana testing labs and collecting public health data (medical marijuana patient registry and caregiver regulation are funded separately from fees). Funding of \$200,000 for the Governor's Office of Marijuana Coordination will continue into FY 2016-17, as well as \$1.2 million in the Department of Law for police officer training and special legal counsel for the State, and \$280,000 in the Department of Public Safety.

The Department of Agriculture requests an additional \$1.6 million (including \$1.2 million in the capital construction budget) for pesticide laboratory augmentation and additional support for hemp regulation and seed certification. An additional \$580,000 is requested in CDPHE for enhanced data collection on marijuana-related poison center calls and for establishing statewide baseline data related to marijuana use and risk factors for families and pregnant women.

The request continues funding for marijuana-impaired driving campaigns at \$450,000, with an additional \$500,000 requested for education and prevention of all types of impaired driving through the Heat is On campaign in the Department of Transportation. We propose to continue

current public health education initiatives in CDPHE at the fully funded level of \$4.7 million, regardless of the outcome of Proposition BB.

A continuation of \$2.3 million is requested in the Department of Education for behavioral health treatment in schools, and \$5.9 million for youth prevention, diversion, and adult mental health services in the Department of Human Services. The Department of Human Services requests an additional \$5.5 million for intensive residential treatment for substance use disorders, supportive employment, and sober living homes. Finally, \$1.8 million is requested for the continued operation of the Ft. Lyon Supportive Residential Community until the program is eligible for federal funding. In total, new funding requests from the Marijuana Tax Cash Fund total \$10.1 million.

We plan to submit a budget amendment package of additional funding for regulation, enforcement and prevention, with the total amount of additional funding contingent on the outcome of Proposition BB.

Capital Construction

We have accounted for the continuation phases of 12 capital and Information Technology construction projects that received funding beginning in FY 2015-16. These include five projects in the Department of Higher Education, five projects in the Department of Human Services, one project for the Colorado School for the Deaf and Blind, and ongoing improvements for the State's public safety radio communication network. In addition, we have allocated \$10.3 million for the most critical controlled maintenance projects in State buildings. The General Fund transfer required for these requests is \$58.5 million.

Workforce Total Compensation

In looking at total compensation, our first goal is to protect take home pay for State employees. Though we are disappointed not to include a statewide salary increase, we address two important areas in total compensation. First, the continued required contributions to the Public Employee's Retirement association under S.B. 10-001 increase by approximately 1 percent of payroll or \$23.5 million Total Funds (\$12.6 million General Fund). Second, as we received information about coming health care cost increases, we made room in our budget planning to add these to the employer share of health care coverage. In the current year, the State pays 80% of health insurance costs and employees cover the rest. In our budget request, an additional \$4.2 million Total Funds (\$3.7 million General Fund) is allocated to health care coverage for State employees and their dependents. The goal of this recommendation is to keep take home pay from dropping because of insurance cost increases. If the budget situation improves, employee compensation is among the areas we look forward to revisiting with the General Assembly.

General Fund Request: Balancing Items

In order to fund the requested priorities, the General Fund budget request required several large balancing items totaling \$230 million. In order of magnitude, these include:

Reduction of Hospital Provider Fees. As noted earlier, the TABOR rebates in the General Fund are the result of growth in hospital provider fees, which are not collected in the General Fund. However, the rebate liability they generate is a General Fund obligation. We propose a \$100 million reduction in the expected Hospital Provider Fee collections in FY 2016-17.

Reduce Appropriations to Higher Education. This request reflects a continuation of financial aid programs at the FY 2015-16 appropriation level, but \$20 million, or 3.1 percent, is reduced in the General Fund request for public colleges and universities.

Allow the "Negative Factor" to Increase. For K-12 education, FY 2016-17 enrollment is expected to increase by 1.2 percent and inflation will be 1.8 percent. In this request, though per pupil funding will increase by \$103.12 (1.4 percent), the negative factor will grow by \$50 million to \$905.2 million.

Allow the State Education Fund Balance to Drop. As part of minimizing the increase in the negative factor, this request allows the ending balance in the State Education Fund to drop to \$102.8 million, from a projected ending balance of \$342.7 in FY 2015-16.

Reduce Most Provider Rates by One Percent. Based on current appropriations, a one-percent across the board provider rate reduction would equal \$52.6 million total funds. However, we propose excluding primary care physicians under the federal "1202" designation from this reduction. With these exclusions, the reduction totals \$19.6 million net General Fund and \$45.6 million Total Funds.

Fund only Essential Controlled Maintenance Costs. In a normal year, we would request \$20 million for controlled maintenance of state buildings. We propose funding \$10.3 million of critical and pressing needs to be prioritized by the State Architect.

Law Changes Required with this Request

In the Department of Revenue, additional resources from the Highway Users Tax Fund (HUTF) are necessary for sufficient operations and staffing in the Division of Motor Vehicles. This will require a law change to allow HUTF "Off-the-Top" revenues to be appropriated to the Department of Revenue beginning in FY 2016-17. We also propose eliminating the sweep from the Licensing Services Cash Fund to the HUTF, which will allow the DMV's cash resources to remain more solvent in the long term. Based on current projections, approximately \$1 million would be swept to the HUTF in FY 2015-16 without this change.

We propose broadening the statute governing the use of the Marijuana Tax Cash Fund to include supportive housing services to support the request for \$1.8 million in marijuana tax revenue for the Ft. Lyon Supportive Residential Community.

Our balancing plan reflects a reduction in hospital provider fees and we believe the appropriate statute should reflect this change if it is included in the balancing package next year. We will provide statutory options to implement the lower fee collections at the request of the Joint Budget Committee.

The budget request also requires an additional \$3.8 million transfer from severance taxes to the General Fund in FY 2015-16. This is the amount needed to fulfill the intent of SB 15-255, which required \$20 million in severance tax revenue to be credited to the General Fund at the end of FY 2014-15. Due to a technical issue in the language of the SB 15-255, however, only \$16.2 million in severance taxes were credited to the General Fund. The \$3.8 million is the difference between the \$20 million intended by SB 15-255 and the actual amount received. Legislation is necessary for the General Fund to receive the \$3.8 million from severance tax revenue.

The budget assumes passage of the Colorado Commission on Higher Education's (CCHE) proposed law change to continue current statute in showing tuition in the Long Bill for informational purposes only and to make student tuition not subject to annual legislative appropriation. The CCHE proposed law change on tuition also provides that CCHE will provide its recommendation on tuition as part of its annual budget request to the JBC and General Assembly. This policy necessarily highlights that the state's General Fund investment in higher education directly affects Colorado resident student tuition.

As noted earlier, the FY 2015-16 General Fund ending balance will be below the statutory 6.5 percent reserve requirement. We recommend a statutory adjustment to account for this situation only for the current year.

Budget Amendments and Items of Note

The balancing plan in this request leaves room for some adjustments to our proposal that will be forthcoming as budget amendments. At this time, we have left \$26 million available for these adjustments.

First, we need to assess the impact of the increase in Medicare premiums for which the State would be responsible in the Medicaid program.

Second, the OSPB and the Department of Corrections are analyzing and coordinating the opportunities presented by the update to the prison utilization study and the findings from the Results First project. We believe there are substantive recommendations to make regarding the better use of existing resources and the improvement of our performance with recidivism outcomes and successful reentry and parole policies.

Third, we have set aside \$1 million for a budget amendment to address the ongoing financial instability of the Colorado State Fair program. While the Fair itself is a profitable event, these profits alone cannot sustain the year-round operations of the fairgrounds and its attendant buildings.

Contingent General Fund Requests for FY 2016-17

Although this budget request reflects a weak General Fund revenue assumption, it is possible that the forecast ultimately used to set the budget will show revenue in both FY 2015-16 and FY 2016-17 that meets or exceeds the midpoint assumption. In the event that more revenue is available, we have submitted to the Joint Budget Committee under separate cover a series of requests for consideration if revenues allow for additional spending.

If available revenue increases, we recommend that the triggers for transfers to the Highway Users Tax Fund and Capital Construction Fund under S.B. 09-228 remain as in current law. Then, we recommend a prioritization of additional spending as follows:

- Restore \$50 million in funding to K-12 Education and reduce growth to the negative factor;
- Restore the 1.0 percent rate reduction to providers in HCPF, DHS, DOC, and CDPS;
- Provide a pay increase for State Employees of 1.0 percent, balanced between an across-the-board increase and a merit pay increase;
- Increase the allocation for Controlled Maintenance to at least \$20.3 million (full funding of Level I Controlled Maintenance would require \$26.1 million);
- Restore \$20 million General Fund for allocation to institutions of higher education;
- Fund two decision items for the Office of Information Technology in the accompanying conditional budget request for *SecureColorado* and IT Management Tools;
- Fund the four decision items for the Department of Human Services in the accompanying conditional budget request for program relocations within the Colorado Mental Health Institution in Pueblo, Rehire Colorado, equipment replacement at DYC and the Mental Health Institutes, and property maintenance at the Mount View Youth Services Center;
- Restore the balance in the State Education Fund to approximately 2 percent of total program expenditures, or \$130 million;
- Provide an additional pay increase for State Employees of up to 1.0 percent, balanced between an across-the-board increase and a merit pay increase;
- Fund the decision item for the Department of Local Affairs in the accompanying conditional budget request to increase the Colorado Choice Transitions Rental Voucher program;
- Fund the decision item in the accompanying conditional budget request to replace the PBX telephone system in the Department of Revenue;

- Increase General Fund support for institutions of higher education by up to an additional \$50 million; and,
- Provide funding for other capital construction projects within executive branch agencies and institutions of higher education as prioritized in OSPB's November 2, 2015 submission to the Capital Development Committee.

Background on the Negative Factor and Senate Bill 09-228

Primer on the Negative Factor. The negative factor is a fourth factor that is used in the K-12 education school finance formula. The negative factor was added in FY 2009-10 as a budget balancing solution during the Great Recession. Its legality was recently confirmed by the Colorado Supreme Court. In the current fiscal year, the value of the negative factor is 12.1 percent of total program funding or \$855.2 million. The maximum allowed amount of the negative factor is \$1.76 billion.

Primer on Senate Bill 09-228. Enacted in 2009, S.B. 09-228 eliminated the transportation funding mechanism previously known as "Senate Bill 1", which diverted roughly 10 percent of the State's sales and use taxes to transportation uses. S.B. 09-228 replaced this diversion with a five-year diversion of 2.0 percent of all General Fund revenue to transportation, plus additional transfers to capital construction and controlled maintenance. If there are TABOR rebate obligations greater than 1.0 percent but less than three percent of revenue, the transfers are reduced by half. If the TABOR rebates exceed 3.0 percent of revenue, the transfers are eliminated.

Request Overview

The following tables show our Total Funds and General Fund request for FY 2016-17.

Table 1. Total Funds (by major category)

	FY 2015-16	FY 2016-17	Change	% Change
Health and Human Services	\$10,805,113,555	\$10,799,854,347	(5,259,208)	0.0%
K-12 Education	\$5,434,487,782	5,548,235,049	113,747,267	2.1%
Higher Education	3,732,557,075	3,694,804,974	(37,752,101)	-1.0%
Public Safety/Courts	1,945,792,389	1,958,376,440	12,584,051	0.6%
Transportation	1,436,913,372	1,404,629,608	(32,283,764)	-2.2%
All Other Departments	<u>3,067,701,890</u>	<u>3,204,398,580</u>	<u>136,696,690</u>	<u>4.5%</u>
Total Departments	26,422,566,063	26,610,298,998	187,732,935	0.7%
Capital Construction	271,801,088	58,517,936	(213,283,152)	-78.5%
Old Age Pension/Older Coloradans	108,998,907	114,514,284	5,515,377	5.1%
Other Rebates/Expenditures	(375,394)	1,200,000	1,575,394	N/A
Transfer to HUTF	201,886,636	107,403,202	(94,483,434)	-46.8%
Transfers to Funds	86,645,359	89,562,281	2,916,922	3.4%
Other ("1331s" and Placeholder)	<u>5,510,584</u>	<u>1,000,000</u>	<u>(4,510,584)</u>	<u>N/A</u>
Subtotal (Without TABOR Refund)	27,097,033,243	26,982,496,701	(114,536,542)	-0.4%
TABOR Refund	<u>36,467,850</u>	<u>189,134,925</u>	<u>152,667,075</u>	<u>418.6%</u>
Total Expenditures	27,133,501,093	27,171,631,626	38,130,533	0.1%

Table 2. General Fund (by major category)

	FY 2015-16	FY 2016-17	Change	% Change
K-12 Education	\$3,567,985,216	\$3,793,010,882	\$225,025,666	6.3%
Health and Human Services	3,318,985,818	3,479,021,039	160,035,221	4.8%
Public Safety/Courts	1,384,566,092	1,385,631,375	1,065,283	0.1%
Higher Education	857,415,995	838,524,430	(18,891,565)	-2.2%
Treasury	135,066,583	156,812,020	21,745,437	16.1%
All Other Departments	<u>333,092,945</u>	<u>339,865,372</u>	<u>6,772,427</u>	<u>2.0%</u>
Total Departments	9,597,112,649	9,992,865,118	395,752,469	4.1%
Capital Construction	271,801,088	58,517,936	(213,283,152)	-78.5%
Old Age Pension/Older Coloradans Fund	108,998,907	114,514,284	5,515,377	5.1%
Other Adjustments/Rebates/Expenditures	(375,394)	1,200,000	1,575,394	N/A
Transfer to HUTF	201,886,636	107,403,202	(94,483,434)	-46.8%
Transfers to Funds	86,645,359	89,562,281	2,916,922	3.4%
Other ("1331s" and Placeholder)	<u>3,952,898</u>	<u>1,000,000</u>	<u>(2,952,898)</u>	<u>-74.7%</u>
Subtotal (Without TABOR Refund)	10,270,022,143	10,365,062,821	95,040,678	0.9%
TABOR Refund	<u>36,467,850</u>	<u>189,134,925</u>	<u>152,667,075</u>	<u>418.6%</u>
Total Expenditures	10,306,489,993	10,554,197,746	247,707,753	2.4%

Note, for Tables 1 and 2, the category of Health and Human Services is comprised of the Department of Human Services and the Department of Health Care Policy and Financing. The category of Public Safety/Courts is comprised of the Departments of Corrections, Public Safety, and Judicial.

Table 3 below highlights the structure of the General Fund request:

Table 3. General Fund Overview

	FY 2015-16 General Fund	FY 2016-17 General Fund	Change over FY 2015-16	FY 2016-17 % Change
General Fund Available	10,757,736,934	11,214,964,936	457,228,002	4.3%
General Fund Expenditures	<u>10,306,489,993</u>	<u>10,554,197,746</u>	<u>247,707,753</u>	<u>2.4%</u>
Ending General Fund	451,246,941	660,767,190	209,520,249	46.4%
General Fund Reserve Requirement	611,579,537	635,767,190	24,187,653	4.0%
GF Above (Below) Reserve Level	(160,332,596)	25,000,000	185,332,596	N/A

FY 2015-16 General Fund Overview

FY 2015-16 General Fund Revenue Available (\$10,757.7 million)

Our FY 2015-16 budget begins with a \$638.0 million beginning balance. Our budget averages the September 2015 revenue estimates from the Office of State Planning and Budgeting and the Legislative Council Staff economists (\$10,094.3 million plus revenue adjustments of \$15.6 million). The General Fund revenue available also reflects an additional \$9.8 million of proposed adjustments, including \$3.8 million of severance tax revenues and \$6.0 million pursuant to H.B. 15-1367. The beginning balance, revenues, and adjustments total to \$10,757.7 million General Fund available.

FY 2015-16 General Fund Expenditures (\$10,306.5 million)

The General Fund expenditures total \$10,306.5 million, including \$897.6 million which is not subject to the statutory reserve requirements. The budget includes \$3.95 million General Fund of JBC-approved "1331" interim supplemental adjustments.

The FY 2015-16 General Fund subject to the appropriations limit is \$9,446.0 million including the \$37.1 million for Certificates of Participation (COPs). The COPs are subject to the statutory appropriations limit but are exempt from the associated reserve requirements, pursuant to Section 24-75-201.1 (2) (b), C.R.S.

FY 2015-16 General Fund Ending Balance (\$451.2 million)

The ending FY 2015-16 balance of \$451.2 million falls below the FY 2015-16 reserve requirement by \$160.3 million. This partial reserve shortfall is temporary for FY 2015-16 and is fully replenished in FY 2016-17.

FY 2016-17 General Fund Overview

FY 2016-17 General Fund Revenue Available (\$11,215.0 million)

Our FY 2016-17 General Fund budget assumes a beginning fund balance of \$451.2 million as indicated above. Added to this sum are General Fund revenue of \$10,740.3 million and adjustments of \$16.8 million based on the averaged forecasts. In addition, the budget reflects an additional \$6.1 million General Fund revenue pursuant to H.B. 15-1367 plus a transfer of \$500,000 associated with a Department of Health Care Policy and Financing marijuana-funded measure. Together, the FY 2016-17 budget request assumes General Fund available of \$11,215.0 million.

FY 2016-17 General Fund Expenditures (\$10,554.2 million)

Our FY 2016-17 General Fund expenditure request includes \$9,781.0 million subject to the statutory General Fund reserve requirements and \$773.2 million General Fund which is exempt from the reserve requirement. Note that the General Fund which is exempt from the reserve requirement includes \$189.1 million for TABOR refunds; this figure incorporates a \$100 million reduction to lower the hospital provider fee. The FY 2016-17 capital construction request of \$58.5 million assumes carry-over of some of the excess fund balance from the FY 2015-16 capital construction request. Finally, the budget request also assumes a \$1.0 million General Fund placeholder for the State Fair in FY 2016-17.

The FY 2016-17 General Fund subject to the statutory appropriations limit is \$9,830.1 million including the \$49.1 million for COPs. As indicated earlier, the COPs are subject to the statutory appropriations limit but are exempt from the associated reserve requirements.

FY 2016-17 General Fund Ending Balance (\$660.8 million)

Our budget contains an ending balance of \$660.8 million. The 6.5 percent General Fund reserve is \$635.8 million (calculated on a base of \$9,781.0 million General Fund subject to the reserve requirement). Our budget leaves \$25 million General Fund in excess of this reserve requirement to address anticipated spending needs, such as the impact of Medicare Part B changes on Medicaid in FY 2016-17.

In addition to the budgeted new spending, the request grows the State's General Fund ending reserve by \$209.5 million, from the FY 2015-16 ending balance of \$451.2 million to \$660.8 million in FY 2016-17.

Appendices

We have included Appendix A to provide a department-level comparison of anticipated FY 2015-16 appropriations and this FY 2016-17 request.

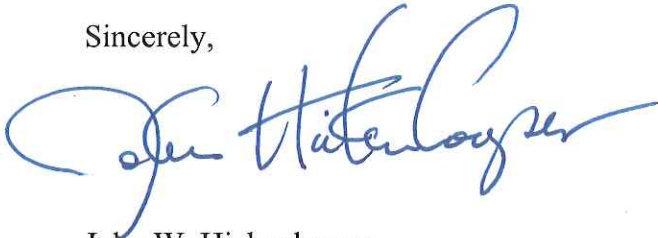
November 2, 2015

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Closing Comments

We thank the leadership of the General Assembly and the members of the Joint Budget Committee for their hard work and partnership. We appreciate your consideration of our request. Should you have any questions, please contact Henry Sobanet, the Director of the Office of State Planning and Budgeting, at 303-866-3317.

Sincerely,



John W. Hickenlooper
Governor

Cc: Representative Millie Hamner, Joint Budget Committee Vice-Chair
Representative Dave Young, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
Senator Kevin Grantham, Joint Budget Committee
Senate President Bill Cadman
Speaker of the House of Representatives Dickie Lee Hullinghorst
Mr. John Ziegler, Joint Budget Committee Staff Director
Lt. Governor Joe Garcia
Mr. Doug Friednash, Chief of Staff, Governor John W. Hickenlooper
Mr. Alan Salazar, Chief Strategy Officer, Director of Policy and Research
Mr. Scott Wasserman, Deputy Chief of Staff, Governor John W. Hickenlooper
Mr. David Padrino, Chief Performance Officer, Governor John W. Hickenlooper
Mr. Kurtis Morrison, Director of Legislative Affairs, Governor John W. Hickenlooper
Ms. Eliza Schultz, Deputy Director of Legislative Affairs, Governor John W.
Hickenlooper
Mr. Henry Sobanet, Director, Governor's Office of State Planning and Budgeting
Mr. Erick Scheminske, Deputy Director, Governor's Office of State Planning and
Budgeting

Total Funds Comparison

	FY 2016-17			
	FY 2015-16 Initial Appropriation	Governor's Budget Request	\$ Change	% Change
Department of Agriculture	\$46,274,053	\$47,604,672	\$1,330,619	2.9%
Department of Corrections	867,977,195	862,521,710	(5,455,485)	(0.6)%
Department of Education	5,434,487,782	5,548,235,049	113,747,267	2.1%
Governor - Lt. Governor - State Planning and Budgeting	270,661,393	304,893,715	34,232,322	12.6%
-- Office of the Governor	22,881,781	22,858,313	(23,468)	(0.1)%
-- Office of the Lieutenant Governor	649,395	659,036	9,641	1.5%
-- Office of State Planning and Budgeting	2,133,786	2,166,262	32,476	1.5%
-- Economic Development Programs	59,210,189	59,196,169	(14,020)	(0.0)%
-- Office of Information Technology	185,786,242	220,013,935	34,227,693	18.4%
Department of Health Care Policy and Financing	8,890,454,397	8,893,159,127	2,704,730	0.0%
Department of Higher Education	3,732,557,075	3,694,804,974	(37,752,101)	(1.0)%
Department of Human Services	1,914,659,158	1,906,695,220	(7,963,938)	(0.4)%
Judicial Department	674,482,707	681,853,574	7,370,867	1.1%
Department of Labor and Employment	187,521,105	241,769,471	54,248,366	28.9%
Department of Law	77,512,023	77,405,216	(106,807)	(0.1)%
Legislative Department	44,641,162	45,582,528	941,366	2.1%
Department of Local Affairs	320,219,550	323,049,470	2,829,920	0.9%
Department of Military and Veterans Affairs	225,391,179	225,502,176	110,997	0.0%
Department of National Resources	263,919,227	256,967,573	(6,951,654)	(2.6)%
Department of Personnel	181,201,321	186,760,997	5,559,676	3.1%
Department of Public Health and Environment	534,348,222	548,115,760	13,767,538	2.6%
Department of Public Safety	403,332,487	414,001,156	10,668,669	2.6%
Department of Regulatory Agencies	88,577,567	85,154,499	(3,423,068)	(3.9)%
Department of Revenue	324,177,457	328,138,649	3,961,192	1.2%
Department of State	21,580,286	22,309,135	728,849	3.4%
Department of Transportation	1,436,913,372	1,404,629,608	(32,283,764)	(2.2)%
Department of the Treasury	481,677,345	511,144,719	29,467,374	6.1%
SUBTOTAL Department Operating	\$26,422,566,063	\$26,610,298,998	\$187,732,935	0.7%
Transfer to Capital Construction Fund	\$271,801,088	\$58,517,936	(\$213,283,152)	(78.5)%
Old Age Pension Fund / Older Coloradans Fund	108,998,907	114,514,284	5,515,377	5.1%
Cigarette Rebate	(1,034,157)	0	1,034,157	(100.0)%
Marijuana Rebate to Local Governments	1,014,779	0	(1,014,779)	(100.0)%
Aged Property Tax and Heating Credit	(1,250,000)	0	1,250,000	(100.0)%
Homestead Exemption	(258,135)	0	258,135	(100.0)%
Interest on School Loans	1,200,000	1,200,000	0	0.0
Volunteer FPPA	(51,065)	0	51,065	(100.0)%
Amendment 35 General Fund	3,184	0	(3,184)	(100.0)%
Transfers to Highway Users Tax Fund	201,886,636	107,403,202	(94,483,434)	(46.8)%
Transfers to State Education Fund (SB 13-234)	25,321,079	25,321,079	0	0.0
Transfers to Other Funds	61,324,280	64,241,202	2,916,922	4.8%
Other (JBC Approved 1331 Supplementals & Placeholders)	5,510,584	1,000,000	(4,510,584)	(81.9)%
SUBTOTAL Other	\$674,467,180	\$372,197,703	(\$302,269,477)	(44.8)%
Total Spending (Without TABOR Refund)	\$27,097,033,243	\$26,982,496,701	(\$114,536,542)	(0.4)%
TABOR Refund	\$36,467,850	\$189,134,925	\$152,667,075	418.6%
TOTAL Spending (With TABOR Refund)	\$27,133,501,093	\$27,171,631,626	\$38,130,533	0.1%

Total General Fund Comparison

	FY 2015-16 Initial Appropriation	FY 2016-17 Governor's Budget Request	\$ Change	% Change
Department of Agriculture	\$9,706,234	\$10,087,946	\$381,712	3.9%
Department of Corrections	780,620,458	775,055,108	(5,565,350)	(0.7)%
Department of Education	3,567,985,216	3,793,010,882	225,025,666	6.3%
Governor - Lt. Governor - State Planning and Budgeting	41,668,200	39,538,773	(2,129,427)	(5.1)%
-- Office of the Governor	6,124,354	6,068,811	(55,543)	(0.9)%
-- Office of the Lieutenant Governor	429,386	439,027	9,641	2.2%
-- Office of State Planning and Budgeting	587,132	588,174	1,042	0.2%
-- Economic Development Programs	27,833,265	27,791,304	(41,961)	(0.2)%
-- Office of Information Technology	6,694,063	4,651,457	(2,042,606)	(30.5)%
Department of Health Care Policy and Financing	2,507,080,610	2,642,647,613	135,567,003	5.4%
Department of Higher Education	857,415,995	838,524,430	(18,891,565)	(2.2)%
Department of Human Services	811,905,208	836,373,426	24,468,218	3.0%
Judicial Department	478,774,984	485,136,363	6,361,379	1.3%
Department of Labor and Employment	8,008,584	13,947,929	5,939,345	74.2%
Department of Law	15,058,065	15,231,657	173,592	1.2%
Legislative Department	43,297,162	44,238,528	941,366	2.2%
Department of Local Affairs	23,626,224	23,371,149	(255,075)	(1.1)%
Department of Military and Veterans Affairs	8,285,043	8,299,797	14,754	0.2%
Department of National Resources	27,671,518	28,861,640	1,190,122	4.3%
Department of Personnel	11,711,626	12,997,749	1,286,123	11.0%
Department of Public Health and Environment	44,515,287	47,347,311	2,832,024	6.4%
Department of Public Safety	125,170,650	125,439,904	269,254	0.2%
Department of Regulatory Agencies	1,923,405	1,777,519	(145,886)	(7.6)%
Department of Revenue	97,621,597	94,165,374	(3,456,223)	(3.5)%
Department of the Treasury	<u>135,066,583</u>	<u>156,812,020</u>	<u>21,745,437</u>	<u>16.1%</u>
SUBTOTAL Department Operating	\$9,597,112,649	\$9,992,865,118	\$395,752,469	4.1%
Transfer to Capital Construction Fund	\$271,801,088	\$58,517,936	(\$213,283,152)	(78.5)%
Old Age Pension Fund / Older Coloradans Fund	108,998,907	114,514,284	5,515,377	5.1%
Cigarette Rebate	(1,034,157)	0	1,034,157	(100.0)%
Marijuana Rebate to Local Governments	1,014,779	0	(1,014,779)	(100.0)%
Aged Property Tax and Heating Credit	(1,250,000)	0	1,250,000	(100.0)%
Homestead Exemption	(258,135)	0	258,135	(100.0)%
Interest on School Loans	1,200,000	1,200,000	0	0.0
Volunteer FPPA	(51,065)	0	51,065	(100.0)%
Amendment 35 General Fund	3,184	0	(3,184)	(100.0)%
Transfers to Highway Users Tax Fund	201,886,636	107,403,202	(94,483,434)	(46.8)%
Transfers to State Education Fund (SB 13-234)	25,321,079	25,321,079	0	0.0
Transfers to Other Funds	61,324,280	64,241,202	2,916,922	4.8%
Other (JBC Approved 1331 Supplementals & Placeholders)	<u>3,952,898</u>	<u>1,000,000</u>	<u>(2,952,898)</u>	<u>(74.7)%</u>
SUBTOTAL Other Spending	\$672,909,494	\$372,197,703	(\$300,711,791)	(44.7)%
Total Spending (Without TABOR Refund)	\$10,270,022,143	\$10,365,062,821	\$95,040,678	0.9%
TABOR Refund	\$36,467,850	\$189,134,925	\$152,667,075	418.6%
TOTAL Spending (With TABOR Refund)	\$10,306,489,993	\$10,554,197,746	\$247,707,753	2.4%

Total General Fund Subject to Reserve Requirement

	FY 2015-16 Initial Appropriation	FY 2016-17 Governor's Budget Request	\$ Change	% Change
Department of Agriculture	\$9,706,234	\$10,087,946	\$381,712	3.9%
Department of Corrections	760,365,690	754,796,840	(5,568,850)	(0.7)%
Department of Education	3,567,985,216	3,793,010,882	225,025,666	6.3%
Governor - Lt. Governor - State Planning and Budgeting	41,668,200	39,538,773	(2,129,427)	(5.1)%
-- <i>Office of the Governor</i>	6,124,354	6,068,811	(55,543)	(0.9)%
-- <i>Office of the Lieutenant Governor</i>	429,386	439,027	9,641	2.2%
-- <i>Office of State Planning and Budgeting</i>	587,132	588,174	1,042	0.2%
-- <i>Economic Development Programs</i>	27,833,265	27,791,304	(41,961)	(0.2)%
-- <i>Office of Information Technology</i>	6,694,063	4,651,457	(2,042,606)	(30.5)%
Department of Health Care Policy and Financing	2,506,653,017	2,642,236,629	135,583,612	5.4%
Department of Higher Education	850,211,064	831,354,225	(18,856,839)	(2.2)%
Department of Human Services	811,905,208	836,373,426	24,468,218	3.0%
Judicial Department	474,921,346	481,282,725	6,361,379	1.3%
Department of Labor and Employment	8,008,584	13,947,929	5,939,345	74.2%
Department of Law	15,058,065	15,231,657	173,592	1.2%
Legislative Department	43,297,162	44,238,528	941,366	2.2%
Department of Local Affairs	18,926,224	18,722,214	(204,010)	(1.1)%
Department of Military and Veterans Affairs	8,285,043	8,299,797	14,754	0.2%
Department of National Resources	27,671,518	28,861,640	1,190,122	4.3%
Department of Personnel	11,711,626	12,997,749	1,286,123	11.0%
Department of Public Health and Environment	44,087,694	46,936,327	2,848,633	6.5%
Department of Public Safety	125,170,650	125,439,904	269,254	0.2%
Department of Regulatory Agencies	1,923,405	1,777,519	(145,886)	(7.6)%
Department of Revenue	74,121,597	71,557,669	(2,563,928)	(3.5)%
Department of the Treasury	<u>3,285,508</u>	<u>3,341,312</u>	<u>55,804</u>	<u>1.7%</u>
SUBTOTAL Department Operating	\$9,404,963,051	\$9,780,033,691	\$375,070,640	4.0%
Other Spending (1331 Supplementals & Placeholders)	<u>\$3,952,898</u>	<u>\$1,000,000</u>	<u>(\$2,952,898)</u>	<u>(74.7)%</u>
SUBTOTAL Other Spending	\$3,952,898	\$1,000,000	(\$2,952,898)	(74.7)%
Total Spending (Without TABOR Refund)	\$9,408,915,949	\$9,781,033,691	\$372,117,742	4.0%
TABOR Refund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>N/A</u>
TOTAL Spending (With TABOR Refund)	\$9,408,915,949	\$9,781,033,691	\$372,117,742	4.0%

Total General Fund Exempt from Reserve Requirement

	FY 2015-16 Initial Appropriation	FY 2016-17 Governor's Budget Request	\$ Change	% Change
Department of Corrections	\$20,254,768	\$20,258,268	\$3,500	0.0%
Department of Health Care Policy and Financing	427,593	410,984	(16,609)	(3.9)%
Department of Higher Education	7,204,931	7,170,205	(34,726)	(0.5)%
Judicial Department	3,853,638	3,853,638	0	0.0
Department of Local Affairs	4,700,000	4,648,935	(51,065)	(1.1)%
Department of Public Health and Environment	427,593	410,984	(16,609)	(3.9)%
Department of Revenue	23,500,000	22,607,705	(892,295)	(3.8)%
Department of the Treasury	<u>131,781,075</u>	<u>153,470,708</u>	<u>21,689,633</u>	<u>16.5%</u>
SUBTOTAL Department Operating	\$192,149,598	\$212,831,427	\$20,681,829	10.8%

Transfer to Capital Construction Fund	\$271,801,088	\$58,517,936	(\$213,283,152)	(78.5)%
Old Age Pension Fund / Older Coloradans Fund	108,998,907	114,514,284	5,515,377	5.1%
Cigarette Rebate	(1,034,157)	0	1,034,157	(100.0)%
Marijuana Rebate to Local Governments	1,014,779	0	(1,014,779)	(100.0)%
Aged Property Tax and Heating Credit	(1,250,000)	0	1,250,000	(100.0)%
Homestead Exemption	(258,135)	0	258,135	(100.0)%
Interest on School Loans	1,200,000	1,200,000	0	0.0
Volunteer FPPA	(51,065)	0	51,065	(100.0)%
Amendment 35 General Fund	3,184	0	(3,184)	(100.0)%
Transfers to Highway Users Tax Fund	201,886,636	107,403,202	(94,483,434)	(46.8)%
Transfers to State Education Fund (SB 13-234)	25,321,079	25,321,079	0	0.0
Transfers to Other Funds	<u>61,324,280</u>	<u>64,241,202</u>	<u>2,916,922</u>	<u>4.8%</u>
SUBTOTAL Other Spending	\$668,956,596	\$371,197,703	(\$297,758,893)	(44.5)%

Total Spending (Without TABOR Refund)	\$861,106,194	\$584,029,130	(\$277,077,064)	(32.2)%
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TABOR Refund	\$36,467,850	\$189,134,925	\$152,667,075	418.6%
TOTAL Spending (With TABOR Refund)	\$897,574,044	\$773,164,055	(\$124,409,989)	(13.9)%

Total Cash Fund Comparison

	FY 2016-17		\$ Change	% Change
	FY 2015-16 Initial Appropriation	Governor's Budget Request		
Department of Agriculture	\$30,740,614	\$31,749,725	\$1,009,111	3.3%
Department of Corrections	39,431,411	39,395,195	(36,216)	(0.1)%
Department of Education	1,186,095,361	1,074,221,228	(111,874,133)	(9.4)%
Governor - Lt. Governor - State Planning and Budgeting	42,239,163	42,190,646	(48,517)	(0.1)%
-- Office of the Governor	12,205,245	12,109,166	(96,079)	(0.8)%
-- Office of the Lieutenant Governor	1,184	1,184	0	0.0%
-- Office of State Planning and Budgeting	0	0	0	N/A
-- Economic Development Programs	28,781,806	28,829,368	47,562	0.2%
-- Office of Information Technology	1,250,928	1,250,928	0	0.0
Department of Health Care Policy and Financing	1,031,847,224	991,324,107	(40,523,117)	(3.9)%
Department of Higher Education	2,150,842,834	2,150,717,922	(124,912)	(0.0)%
Department of Human Services	348,624,954	360,224,239	11,599,285	3.3%
Judicial Department	157,342,072	158,212,655	870,583	0.6%
Department of Labor and Employment	74,251,770	76,492,015	2,240,245	3.0%
Department of Law	15,796,431	15,513,109	(283,322)	(1.8)%
Legislative Department	179,000	179,000	0	0.0
Department of Local Affairs	209,230,174	211,033,163	1,802,989	0.9%
Department of Military and Veterans Affairs	1,281,079	1,285,355	4,276	0.3%
Department of National Resources	198,404,864	192,979,271	(5,425,593)	(2.7)%
Department of Personnel	13,830,708	13,433,092	(397,616)	(2.9)%
Department of Public Health and Environment	158,144,049	162,917,422	4,773,373	3.0%
Department of Public Safety	184,486,485	190,655,664	6,169,179	3.3%
Department of Regulatory Agencies	80,292,863	77,347,008	(2,945,855)	(3.7)%
Department of Revenue	220,417,302	227,218,607	6,801,305	3.1%
Department of State	21,580,286	22,309,135	728,849	3.4%
Department of Transportation	844,073,959	844,852,270	778,311	0.1%
Department of the Treasury	346,610,762	354,332,699	7,721,937	2.2%
SUBTOTAL Department Operating	\$7,355,743,365	\$7,238,583,527	(\$117,159,838)	(1.6)%
JBC Approved 1331 Supplementals	\$1,475,726	\$0	(\$1,475,726)	(100.0)%
SUBTOTAL Other Spending	\$1,475,726	\$0	(\$1,475,726)	(100.0)%
TOTAL Spending	\$7,357,219,091	\$7,238,583,527	(\$118,635,564)	(1.6)%

Total Reappropriated Fund Comparison

	FY 2016-17		\$ Change	% Change
	FY 2015-16 Initial Appropriation	Governor's Budget Request		
Department of Agriculture	\$1,656,548	\$1,656,548	\$0	0.0
Department of Corrections	46,665,389	46,713,766	48,377	0.1%
Department of Education	29,757,276	29,645,930	(111,346)	(0.4)%
Governor - Lt. Governor - State Planning and Budgeting	180,261,421	216,652,429	36,391,008	20.2%
-- Office of the Governor	684,171	772,191	88,020	12.9%
-- Office of the Lieutenant Governor	218,825	218,825	0	0.0%
-- Office of State Planning and Budgeting	1,546,654	1,578,088	31,434	N/A
-- Economic Development Programs	91,520	92,775	1,255	1.4%
-- Office of Information Technology	177,720,251	213,990,550	36,270,299	20.4%
Department of Health Care Policy and Financing	7,805,549	7,059,407	(746,142)	(9.6)%
Department of Higher Education	701,803,695	683,021,791	(18,781,904)	(2.7)%
Department of Human Services	131,723,226	127,019,684	(4,703,542)	(3.6)%
Judicial Department	33,940,651	34,079,556	138,905	0.4%
Department of Labor and Employment	4,439,547	9,410,955	4,971,408	112.0%
Department of Law	44,863,650	44,895,797	32,147	0.1%
Legislative Department	1,165,000	1,165,000	0	0.0
Department of Local Affairs	10,487,107	11,624,134	1,137,027	10.8%
Department of Military and Veterans Affairs	800,000	800,000	0	0.0
Department of National Resources	8,701,045	8,025,162	(675,883)	(7.8)%
Department of Personnel	155,658,987	160,330,156	4,671,169	3.0%
Department of Public Health and Environment	37,535,004	37,149,358	(385,646)	(1.0)%
Department of Public Safety	34,175,433	38,245,604	4,070,171	11.9%
Department of Regulatory Agencies	4,875,289	4,614,232	(261,057)	(5.4)%
Department of Revenue	5,314,170	5,930,280	616,110	11.6%
Department of Transportation	<u>19,777,338</u>	<u>4,777,338</u>	<u>(15,000,000)</u>	<u>(75.8)%</u>
SUBTOTAL Department Operating	\$1,461,406,325	\$1,472,817,127	\$11,410,802	0.8%
JBC Approved 1331 Supplementals	<u>\$62,738</u>	<u>\$0</u>	<u>(\$62,738)</u>	<u>(100.0)%</u>
SUBTOTAL Other Spending	\$62,738	\$0	(\$62,738)	(100.0)%
TOTAL Spending	\$1,461,469,063	\$1,472,817,127	\$11,348,064	0.8%

Total Federal Funds Comparison

	FY 2015-16 Initial Appropriation	FY 2016-17 Governor's Budget Request	\$ Change	% Change
Department of Agriculture	\$4,170,657	\$4,110,453	(\$60,204)	(1.4)%
Department of Corrections	1,259,937	1,357,641	97,704	7.8%
Department of Education	650,649,929	651,357,009	707,080	0.1%
Governor - Lt. Governor - State Planning and Budgeting	6,492,609	6,511,867	19,258	0.3%
-- Office of the Governor	3,868,011	3,908,145	40,134	1.0%
-- Office of the Lieutenant Governor	0	0	0	N/A
-- Office of State Planning and Budgeting	0	0	0	N/A
-- Economic Development Programs	2,503,598	2,482,722	(20,876)	(0.8)%
-- Office of Information Technology	121,000	121,000	0	0.0
Department of Health Care Policy and Financing	5,343,721,014	5,252,128,000	(91,593,014)	(1.7)%
Department of Higher Education	22,494,551	22,540,831	46,280	0.2%
Department of Human Services	622,405,770	583,077,871	(39,327,899)	(6.3)%
Judicial Department	4,425,000	4,425,000	0	0.0
Department of Labor and Employment	100,821,204	141,918,572	41,097,368	40.8%
Department of Law	1,793,877	1,764,653	(29,224)	(1.6)%
Department of Local Affairs	76,876,045	77,021,024	144,979	0.2%
Department of Military and Veterans Affairs	215,025,057	215,117,024	91,967	0.0%
Department of National Resources	29,141,800	27,101,500	(2,040,300)	(7.0)%
Department of Public Health and Environment	294,153,882	300,701,669	6,547,787	2.2%
Department of Public Safety	59,499,919	59,659,984	160,065	0.3%
Department of Regulatory Agencies	1,486,010	1,415,740	(70,270)	(4.7)%
Department of Revenue	824,388	824,388	0	0.0
Department of Transportation	573,062,075	555,000,000	(18,062,075)	(3.2)%
SUBTOTAL Department Operating	\$8,008,303,724	\$7,906,033,226	(\$102,270,498)	(1.3)%
JBC Approved 1331 Supplementals	\$19,222	\$0	(\$19,222)	(100.0)%
SUBTOTAL Other Spending	\$19,222	\$0	(\$19,222)	(100.0)%
TOTAL Spending	\$8,008,322,946	\$7,906,033,226	(\$102,289,720)	(1.3)%

Total FTE Comparison

	FY 2015-16 Initial Appropriation	FY 2016-17 Governor's Budget Request	\$ Change	% Change
Department of Agriculture	280.4	281.4	1.0	0.4%
Department of Corrections	6,239.8	6,241.9	2.1	0.0%
Department of Education	598.8	603.3	4.5	0.8%
Governor - Lt. Governor - State Planning and Budgeting	1,088.7	1,090.4	1.7	0.2%
-- <i>Office of the Governor</i>	67.1	67.1	0.0	0.0%
-- <i>Office of the Lieutenant Governor</i>	6.0	6.0	0.0	0.0%
-- <i>Office of State Planning and Budgeting</i>	19.5	19.5	0.0	0.0%
-- <i>Economic Development Programs</i>	60.3	60.3	0.0	0.0%
-- <i>Office of Information Technology</i>	935.8	937.5	1.7	0.2%
Department of Health Care Policy and Financing	421.2	424.5	3.3	0.8%
Department of Higher Education	23,856.3	23,856.3	0.0	0.0
Department of Human Services	4,970.9	4,837.7	(133.2)	(2.7)%
Judicial Department	4,592.3	4,599.5	7.2	0.2%
Department of Labor and Employment	1,030.3	1,270.8	240.5	23.3%
Department of Law	477.6	477.6	0.0	0.0
Legislative Department	281.3	281.3	0.0	0.0
Department of Local Affairs	171.5	173.4	1.9	1.1%
Department of Military and Veterans Affairs	1,392.3	1,392.4	0.1	0.0%
Department of National Resources	1,462.6	1,462.7	0.1	0.0%
Department of Personnel	407.4	413.0	5.6	1.4%
Department of Public Health and Environment	1,289.3	1,294.5	5.2	0.4%
Department of Public Safety	1,727.1	1,738.5	11.4	0.7%
Department of Regulatory Agencies	583.6	585.5	1.9	0.3%
Department of Revenue	1,367.1	1,392.8	25.7	1.9%
Department of State	137.3	137.3	0.0	0.0
Department of Transportation	3,326.8	3,326.8	0.0	0.0
Department of the Treasury	<u>31.9</u>	<u>31.9</u>	<u>0.0</u>	<u>0.0</u>
TOTAL FTE	55,734.5	55,913.5	179.0	0.3%