



Governor Hickenlooper's Colorado State Budget Request for FY 2016-17

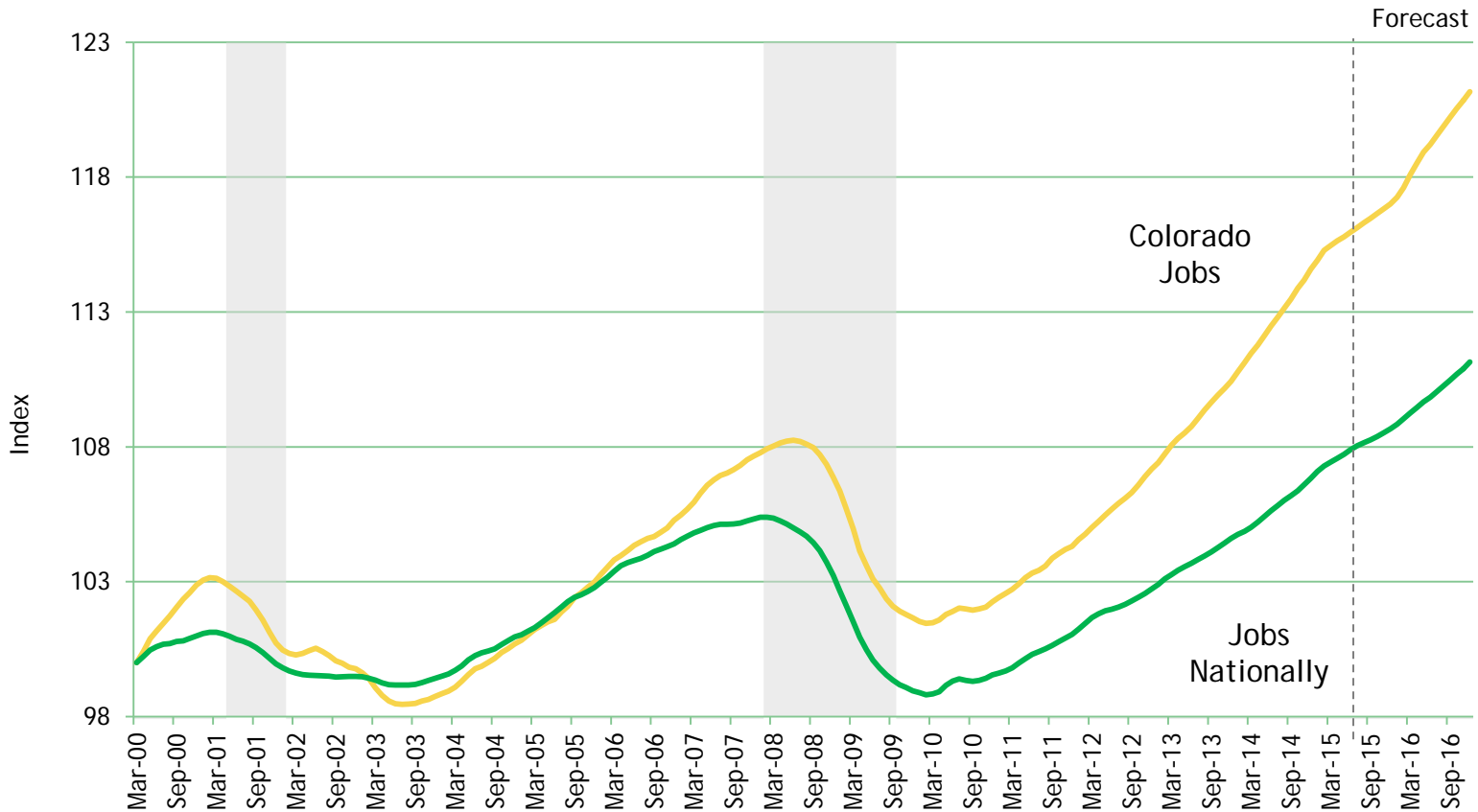
Colorado School Finance Project November, 13, 2015

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U.S and Colorado Jobs (2000 to 2016)



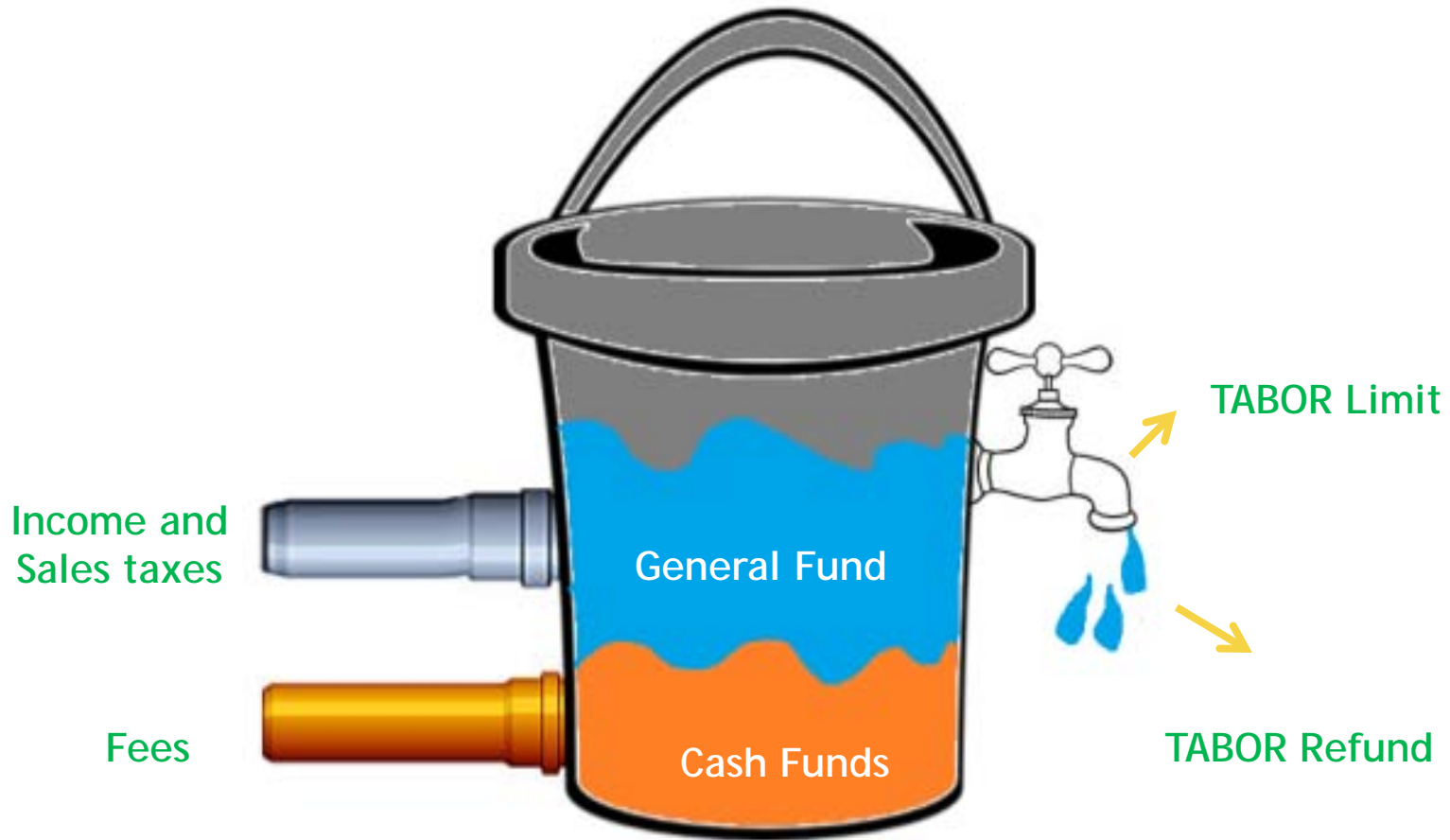
The graph compares the change in the number of jobs nationally and in Colorado since January of 2000 using a three month moving average.

Index: March 2000=100

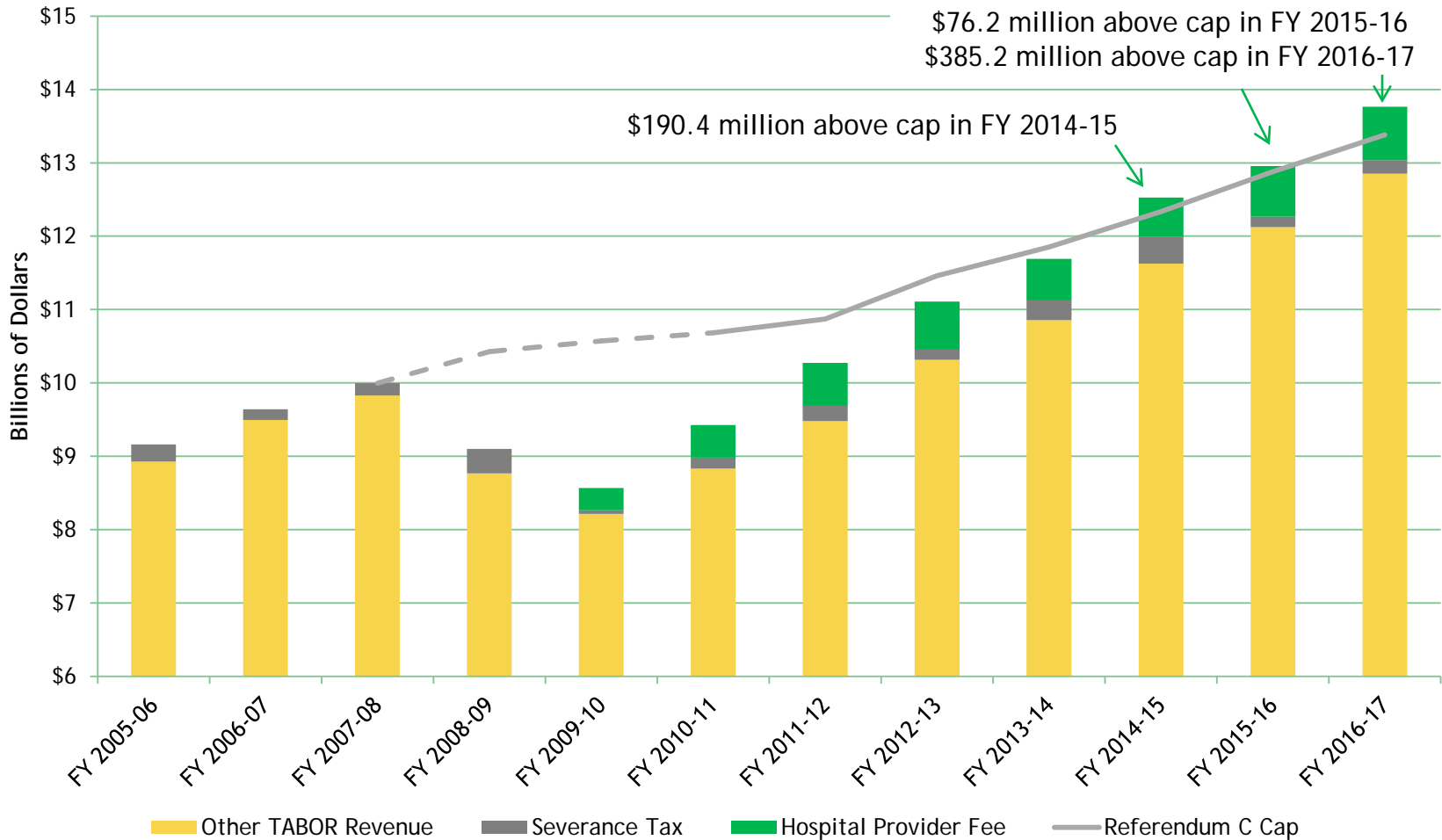
Source: U.S. Bureau of Labor Statistics. OSPB June 2015 Forecast. Includes OSPB's estimates of forthcoming revisions to jobs data that are currently not published. The jobs figures will be benchmarked based on Quarterly Census of Employment and Wage data to more accurately reflect the number of jobs in the state than what was estimated based on a survey of employers.



A TABOR Simile



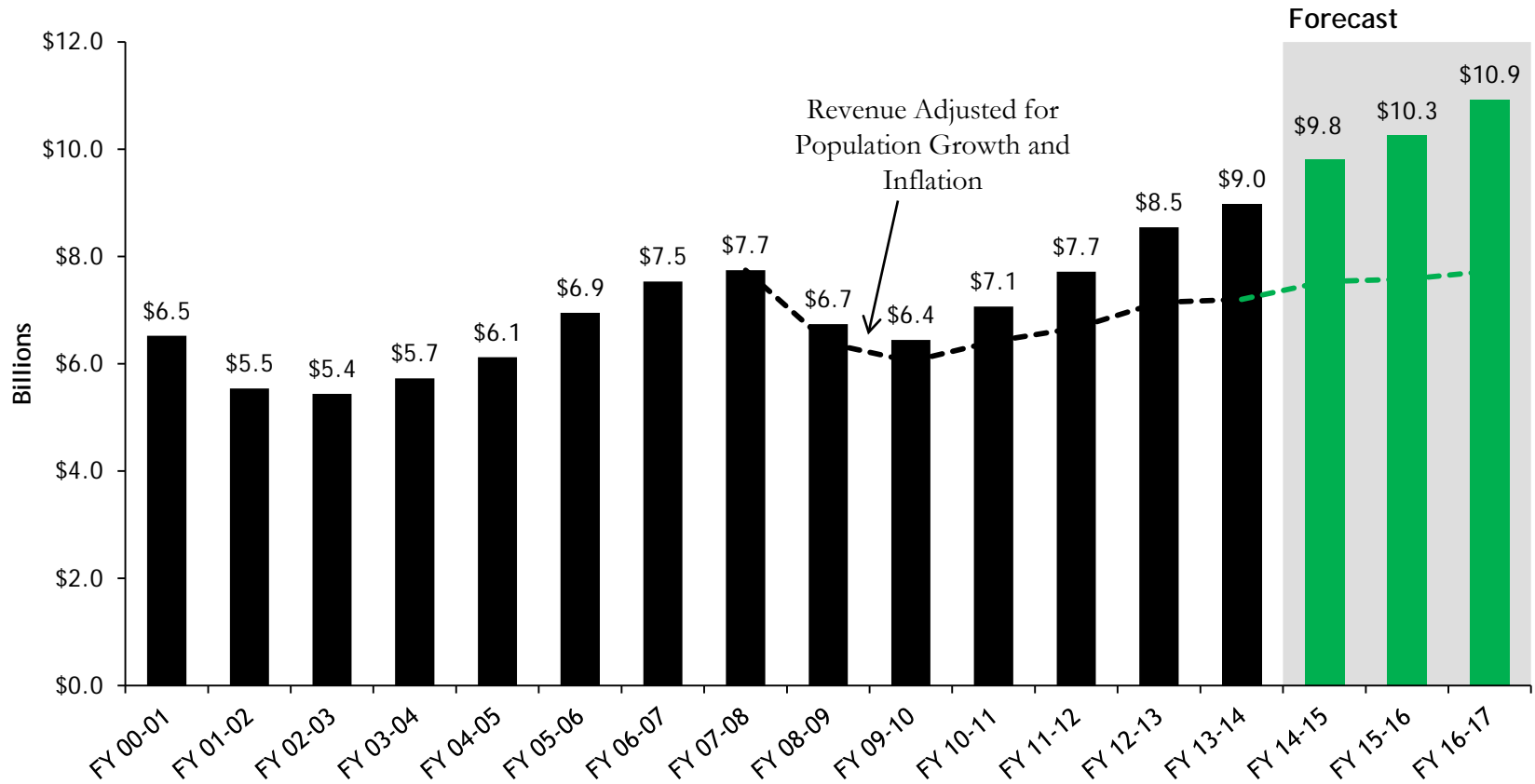
Hospital Provider Fee, Severance Tax, and other TABOR Revenue and Referendum C



Source: OSPB June 2015 Forecast



General Fund Revenue, Actual and Forecast

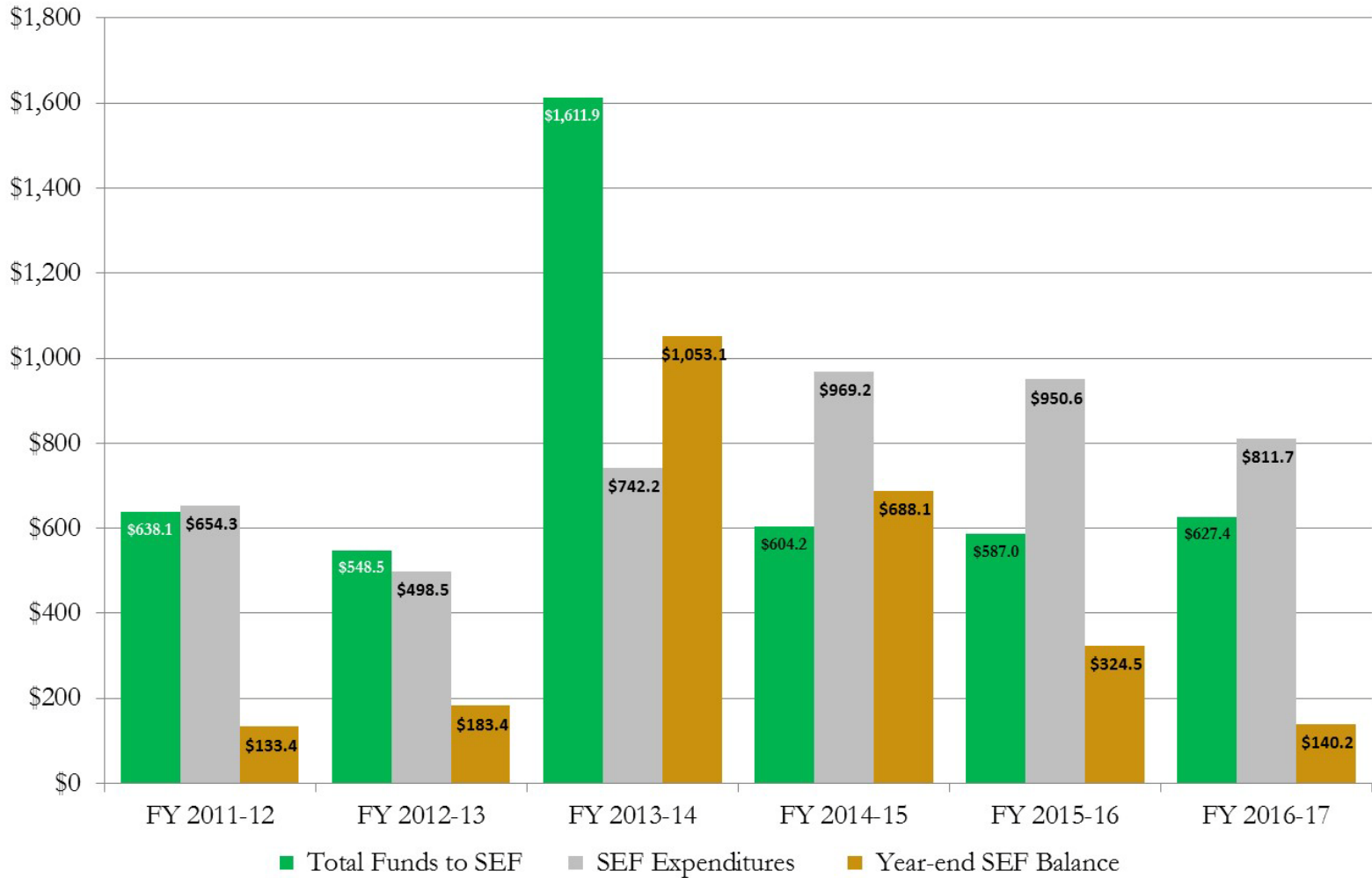


Source: OSPB June 2015 Forecast



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State Education Fund Money, Spending, and Reserves Under Governor's Budget Request FY 2011-12 through FY 2016-17 Projected (\$ in Millions)



Nov. 2015 FY 2016-17 Budget Request General Fund Forecast Assumptions

- OSPB and Legislative Council (LCS) Forecasts Differ over two years by \$420 million
- Q1 FY 2015-16 revenue performance is 5.9% above Q1 of FY 2014-15
 - *On track with OSPB's forecast*
- For prudence, the Nov. 2015 request uses an average of the two forecasts for revenue and TABOR rebates



Key Components of “Midpoint” Forecast

- Shortfall in FY 2015-16 of \$160.3 million
- SB 09-228 Transfers to HUTF
 - \$201.9 million in FY16
 - \$107.4 million in FY17
- Increased assumption for local property tax revenue to K-12 (\$72 million over two years)

**Available New Revenue
for FY 2016-17:**

\$457 Million



Nov. 2015 FY 2016-17 Budget Request

Expected new General Fund costs before balancing

- \$301 million K-12 enrollment and inflation
 - \$289 million TABOR rebates
 - \$160 million backfill FY 2015-16 shortfall
 - \$80 million new Medicaid clients
- ✓ Total New Costs (before balancing): \$830 million
- ✓ Available New Revenue: \$457 million



Nov. 2015 FY 2016-17 Budget Request

Large Growth Areas (after balancing)

- Human Services:
 - \$6.7 million Total Funds (\$5.9 million GF) child welfare caseworkers
 - \$4.7 million GF for Division of Youth Corrections staff
 - \$4.2 million GF for court-ordered competency evaluations and restorations
- Medicaid:
 - +4.7% Caseload
 - Adjustments for General Fund/Federal Funds split
 - **\$135 million new GF**



Nov. 2015 FY 2016-17 Budget Request

Balancing Items

- Reduce FY 2016-17 Hospital Provider Fee revenue by \$100 million
 - (reduces TABOR rebate in GF)
- Higher forecast for K-12 property taxes: \$72 million
- “Negative factor” increased by \$50 million
- State Education Fund balance drops (\$102.8 million, down from \$342.7 million last year)
- Reduce Higher Education appropriation by \$20 million



Nov. 2015 FY 2016-17 Budget Request

Balancing Items

- Reduce most provider rates by 1.0% (\$19.6 million)
- Capital construction appropriation: \$58.5 million (down from \$271.8 million)
 - Level 1 Controlled Maintenance only at \$10.3 million (normally \$20 million)
- No salary increase for State employees
- Many critical new spending items not recommended for funding (cyber security, workforce improvement, low-income housing)



Nov. 2015 FY 2016-17 Budget Request

Forecast Ranges with Budget as Requested

	OSPB Sept 2015 Forecast	LCS Sept 2015 Forecast
FY 2016-17 GF Difference in Ending Balance	\$147.2 M	(\$122.9) Million

- OSPB Forecast Assumptions:
 - approximately \$200 million less to HUTF over FY 2015-16 and FY 2016-17
 - \$209 million more in TABOR rebates



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