

STATE OF COLORADO

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John W. Hickenlooper
Governor

November 3, 2014

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

Dear Representative Duran:

We are pleased to present the economic context and highlights of the FY 2015-16 Colorado state budget request.

Colorado's economic activity continues to outperform the national expansion. Total employment and personal income have steadily increased for several years running. At the present time, the state's unemployment rate stands at 4.7 percent, the lowest since 2008. Employment gains have been consistent, and through September 2014, nonfarm payrolls increased for 35 consecutive months. Colorado's economy is tied to national growth and an unforeseen shock that affects national economic activity would affect the state. Looking ahead, the most likely scenario is for the momentum to continue at a steady pace.

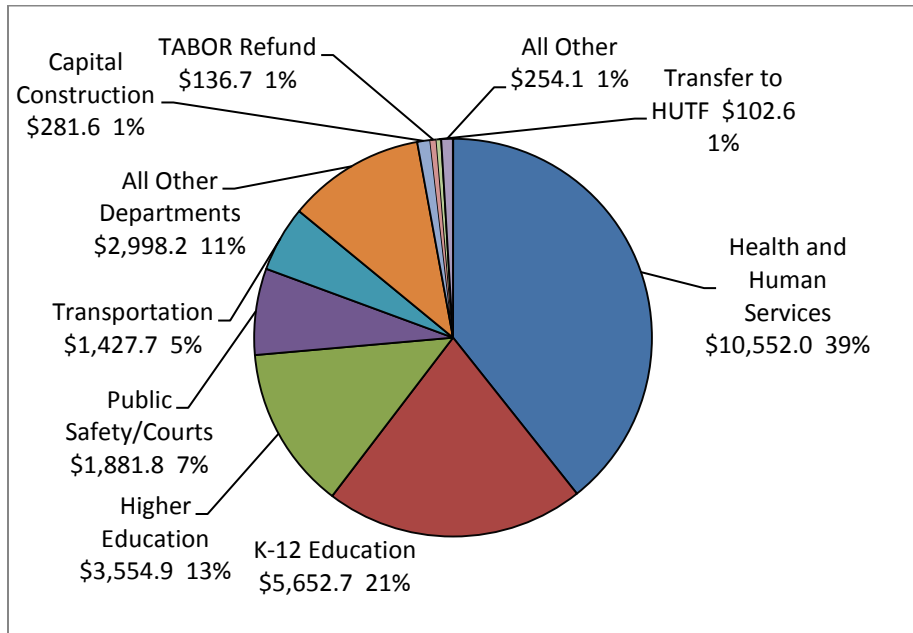
In recent years, Colorado income and sales tax revenue have reflected both the recovery of the general economy as well as the performance of the stock market. However, though we are collecting \$2.5 billion (or 32.5 percent) in nominal dollars above the pre-Great Recession peak (FY 2007-08), expected FY 2015-16 General Fund revenue when adjusted for population growth and inflation remains 2.4 percent below the peak amount.

The major factors at work in the budget request include: enrollment and inflation increases for K-12 education, the return of General Fund support for transportation for the first time since FY 2007-08 pursuant to S.B. 09-228, increased caseload in the State's Medicaid program, an anticipated decrease in the Federal Medicaid match rate, the continuation of existing capital construction projects, and essential projects for the State's information technology infrastructure. Additionally, assuming current law and the September OSPB economic forecast, the request accounts for two rebates required by the Taxpayer's Bill of Rights (TABOR). From FY 2014-15 through FY 2015-16, these rebates total \$167.2 million (1.6 percent of our proposed FY 2015-16 General Fund budget).

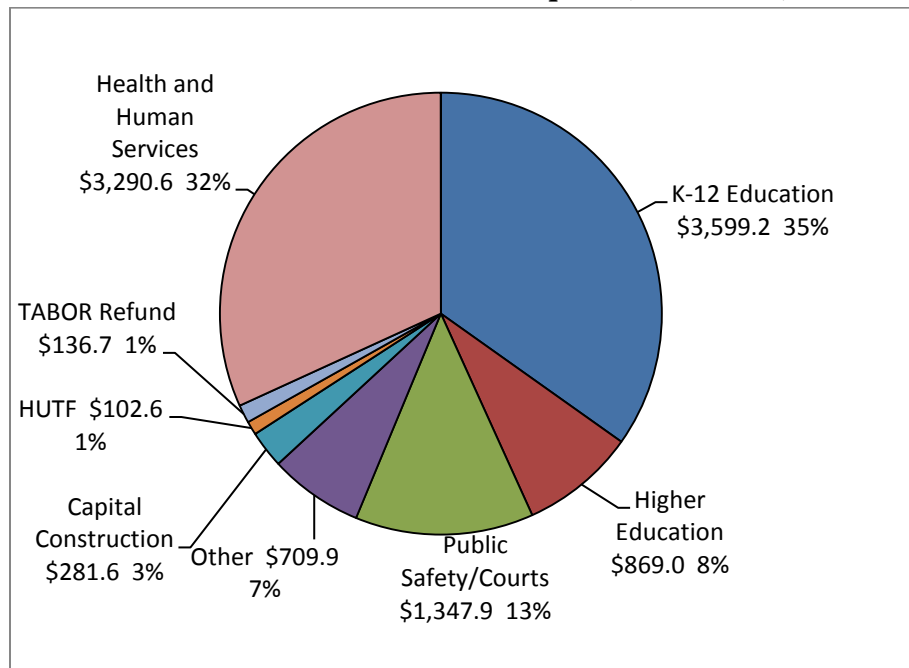
The request reflects \$26.8 billion in total funds, with \$10.3 billion from the General Fund. Relative to the expected appropriated FY 2014-15 budget, which includes the TABOR rebate liability from Proposition AA marijuana taxes and anticipated supplemental requests, these

amounts represent increases of \$1,746.1 million total funds (7.0 percent) and \$908.4 million General Fund (9.6 percent). The two pie charts below depict the distributions of Total Funds and General Fund in the request.

FY 2015-16 Total Funds Request (In Millions)



FY 2015-16 General Fund Request (In Millions)



In addition to the budgeted new spending, the State's General Fund reserve will grow from the current amount of \$575.8 million to \$613.0 million at the end of FY 2015-16.

Education

Our budget request for K-12 education via the School Finance Act includes a \$480.3 million increase (8.1 percent) in total funds. Of this amount, \$99.7 million is from an increase in local property taxes, and \$380.6 million is from State sources. With this proposal, per pupil funding for K-12 education would increase \$475.58 to \$7,496.28, which is \$233.76 above funding only for enrollment and inflation. Under this plan the "negative factor" falls to 9.8 percent from 13.1 percent presently.

In recent years, we have had a goal of retaining a working balance of \$400 million in the State Education Fund, in approximate size to the 6.5 percent reserve in the General Fund. In recent months there has been significant attention about the issue of the negative factor. Thus, this plan includes an additional \$200 million from the State Education Fund intended as a one-time increase for school districts to allocate as their elected boards decide. This leaves an ending balance of \$135.8 million in the State Education Fund. We believe it is essential to leave a working balance in the Fund to account for revenue and student count fluctuations.

As we look beyond FY 2015-16, the ability of the State General Fund to protect the negative factor from rising above the FY 2014-15 level of \$894 million is uncertain. Under the current model and incorporating this proposal, the amount of new State General Fund monies in FY 2016-17 to keep the negative factor at the FY 2014-15 level will be \$560.4 million. This currently exceeds the expected total new General Fund money available. These issues are illustrated in Appendix A, at the end of the document.

Higher Education

We have allocated \$107.1 million additional General Fund resources (a 14.1 percent increase over FY 2014-15) for the Department of Higher Education. Of this sum, an increase of \$75.6 million is provided for public institutions of higher education Governing Boards as the Department completes its work pursuant to the provisions of H.B. 14-1319 and continues to cap resident undergraduate tuition growth at no more than 6.0 percent. This lump sum amount for Governing Boards constitutes a 12.5 percent increase in General Fund appropriations. A portion of this increase (approximately \$15.0 million) is intended to provide stabilization funds as the system moves to a new formula; it does not reflect the expected average increase for each governing board. Nationwide research conducted by the DHE indicates that when states have migrated to performance funding a stabilization fund is an important component of a smooth transition.

As agreed in the budget negotiations earlier this year, FY 2015-16 undergraduate resident tuition rates will be capped at a maximum 6.0 percent increase. Each governing board will determine the rate for its institution within this cap.

Meanwhile, we are excited to allocate \$30.0 million General Fund to support the goals of HB 14-1384, which established the Colorado Opportunity Scholarship Initiative. Under this plan, the State would match private philanthropic dollars to provide financial aid for qualifying students. The program also provides counseling and other support mechanisms to assure degree attainment. With respect to the support mechanisms, the State has received 100 letters of intent from organizations interested in providing student success grants.

Health Care Policy and Financing

The Department of Health Care Policy and Financing administers the State Medicaid program and receives federal matching funds for State expenditures. The State sources of revenue to the Medicaid program include General Fund dollars, tobacco taxes from Amendment 35, and hospital provider fee revenue. Relative to the current appropriation for FY 2014-15, projections indicate that a supplemental appropriation is necessary to account for higher caseload. We estimate that an additional \$160 million total funds (\$82 million General Fund) will be required.

The Department's FY 2015-16 request includes an increase over current appropriations of \$654.7 million total funds (\$154.7 million General Fund) for caseload and per capita changes for Medicaid, the Child Health Plan *Plus* (CHP+), and the Medicare Modernization Act (MMA). (These amounts include the impact of the estimated \$82 million General Fund supplemental for FY 2014-15.)

- In FY 2015-16, the expected Medicaid caseload is forecast to be 217,789 individuals higher than the FY 2014-15 appropriation, or 21.7 percent. The increase is predominantly driven by the implementation of S.B. 13-200, which expands the Medicaid income threshold from 100 percent FPL to 133 percent of the Federal Poverty Level (FPL).
- In FY 2015-16, the average CHP+ caseload is forecast to be 8,988 individuals lower than the FY 2014-15 appropriation, or 14.1 percent. The decrease in caseload is attributable to S.B. 11-008 and S.B. 11-250, which provided Medicaid eligibility to some clients previously eligible for CHP+. As a result, caseload declines in CHP+ are offset by caseload increases in Medicaid.
- There is also a great potential that the State will lose some enhanced FMAP funding in FY 2015-16, effective October 2015 (start of the federal fiscal year). This was narrated in the Budget Amendment submitted in January 2014, and could cause as much as a \$40 million General Fund need in FY 2015-16. The State will not know the full fiscal impact until January 2015. However, it is prudent to plan for this need now.

The budget also includes requests that will allow the Department to pursue innovations in both policy and technology that will improve clients' health and be responsive to the needs of clients, providers and other stakeholders. These include the following:

- \$1.7 million total funds (\$816,371) General Fund, to include Consumer Directed Attendant Support Services (CDASS) in the Supported Living Services (SLS) HCBS waiver to allow the expansion of participant direction to clients with intellectual and developmental disabilities, as well as to hire a third party contractor to provide technical assistance, cost modeling, and stakeholder engagement for continued Community First Choice implementation planning.
- \$10.6 million total funds (\$367,564) General Fund, to eliminate the current enrollment cap, allow for a one-time increase to the expenditure cap, and allow it to fluctuate; increase the age limit to eight and allow for three years on the Children with Autism Waiver; and to fund the CCBs for case management and utilization review.
- \$32.9 million total funds (\$11.4 million General Fund) in order to provide a 1.0 percent provider rate increase, and increase rates for targeted services such as physician administered drugs, preventive services not impacted by the ACA 1202 primary care physician increase, dental services, and eye care examinations.
- \$772,570 total funds (\$122,257 General Fund) to implement online health education resources and personal health record technology to allow Medicaid clients to access these services through a single online portal.

Human Services

The request for the Department of Human Services reflects a total funds increase of \$16.5 million (0.9 percent), with \$25.0 million (3.2 percent increase) financed from the General Fund. A 1.0 percent provider rate increase is included in the request. Highlights of the request include:

- \$8.2 million Total Funds (\$6.6 million General Fund) for counties to hire 130 new child welfare caseworkers in FY 2015-16. This is the first step the Department plans to take to address high workloads for county child welfare employees.
- \$6.1 million Total Funds to assist seniors, including a \$4.0 million General Fund increase in State funding for Senior Services along with \$2.1 million in Cash Funds to provide a 1.7 percent cost of living adjustment to Old Age Pension program recipients.
- \$4.3 million General Fund to improve living and working conditions at the Mental Health Institutes, notably to handle extraordinary cases. This includes an increase of \$2.6 million and 36.7 FTE to ensure that proper staffing ratios exist to manage extremely violent patients transferred from the Department of Corrections.
- \$3.8 million in General Fund and 83.0 FTE to come into compliance with the federally mandated Prison Rape Elimination Act. This is the first step the Department will take to comply with staff-to-youth ratios required in the PREA.
- \$2.5 million Total Funds (\$1.1 million General Fund) to fund caseload growth of 5.3 percent in the Early Intervention program.

- \$743,140 (\$464,071 General Fund) to hire a Medical Director, nurses, and staff to oversee the medical needs and behavioral health of children involved in the child welfare and youth corrections systems.

Corrections / Public Safety

In FY 2015-16, the Division of Criminal Justice projects that the population under the jurisdiction of the Department of Corrections will increase by 439 to 20,921. The request for DOC reflects a total funds increase of \$29.8 million (3.7 percent), with \$28.9 million (4.0 percent increase) coming from the General Fund. Recent additional funding to the DOC for augmentations to the Division of Parole including the fugitive responder unit continues at \$8.5 million total funds and 90.4 FTE. Highlights of the DOC request include:

- An increase of \$6.6 million General Fund due to an expected increase in the offender population, equating to a need for 332 additional beds.
- \$1.7 million General Fund and 22.9 FTE to enhance the Department's ability to treat offenders with mental health needs. At the end of FY 2013-14, 36.0 percent of offenders demonstrated moderate or higher mental health needs.
- \$2.1 million General Fund to begin replacing emergency communication radios that have aged beyond their useful life.
- A number of requests to improve the infrastructure and operations within its facilities, including \$834,000 General Fund for increased maintenance expenses at its facilities; \$665,000 General Fund to account for food inflation and to replace aging equipment; \$226,000 General Fund for increased utility costs; and \$149,000 General Fund to account for increased transportation costs.
- A 1.0 percent increase for provider rates in the DOC and the Department of Public Safety.

Economic Development

For the Governor's Office of Economic Development and International Trade we are requesting:

- \$5.0 million General Fund for the Office of Film, Television and Media to continue the 20.0 percent rebate and loan guarantee programs for eligible film, television and other creative productions. This is equal to the current year's funding.
- \$1.6 million General Fund and 1.0 FTE to fund a new program designed to proactively and strategically market Colorado to businesses.
- \$3.0 million General Fund and 1.0 FTE to expand Colorado's current marketing efforts, focusing on agritourism, international promotion and the current "Come to Life" campaign.

- \$350,000 General Fund for continued funding for the Aerospace and Defense Industry Champion position in order to promote the interest of the aerospace and defense industry, with particular emphasis on coordinating BRAC-related issues.
- Several requests to provide enhanced job training skills and assist small business development, including: \$1.8 million General Fund to expand the Colorado First and Existing Industry Job Training Program; \$400,000 General Fund to continue the Colorado Credit Reserve, which is designed to increase the availability of credit to small businesses; and \$25,000 General Fund for the expansion of the Small Business Development Center Leading Edge Program.

Capital Construction, Controlled Maintenance, and Information Technology

For FY 2015-16, the prevailing components of our Capital Construction and large Information Technology budget requests are continuation projects from prior years. Of our proposed General Fund transfer of \$281.6 million into the Capital Construction Fund, \$207.2 million is to continue projects begun in prior years. Highlights of our Capital Construction and IT project requests include:

Capital Construction Building Projects

- \$46.1 million for Certificate of Participation payments related to the Anschutz Medical Campus, Colorado State Penitentiary II, and Academic Facilities pursuant to section 23-19.9-102, C.R.S.
- \$76.6 million for continuation of Higher Education projects started in FY 2013-14 and FY 2014-15.
- \$6.6 million for continuation of critical life-safety projects in the Department of Human Services' Mental Health and Youth Corrections divisions.
- \$17.2 million in several projects to address deteriorating infrastructure in buildings owned by the Departments of Corrections and Human Services.

Information Technology Projects

- \$52.4 million for the second phase of the Department of Revenue's effort to replace its systems related to the issuance of driver's licenses.
- \$15.9 million for the continuation of projects in the Departments of Corrections and Human Services related to electronic health records and offender management.
- \$11.2 million to begin a multi-year project to upgrade and replace the microwave infrastructure for the State's network of digital trunked radios.

- An anticipated supplemental request of \$9.4 million for a second phase of improvements to the State's systems used for payroll and human resources management.

Common Policies

With respect to total compensation for State employees, including salary increases, shift differential, contributions to the Public Employees Retirement Association, and insurance for health care, life, and dental, we are requesting a total funds increase of \$72.7 million (3.8 percent above current base salaries and appropriations for total compensation), with \$50.9 million coming from the General Fund (4.7 percent above current base salaries and appropriations for total compensation). The specific adjustments include:

- Salary increases for State employees, including a 1.0 percent across the board salary increase for all state employees and an average performance-based merit increase of 1.0 percent (\$35.5 million total funds, \$20.3 million General Fund);
- Funding for Shift Differential at 100 percent of FY 2013-14 actual expenditures (\$452,110 total funds, \$503,056 General Fund);
- Funding for the existing and statutorily planned increases for the amortization equalization disbursements for the Public Employees Retirement Association (\$20.2 million total funds, \$13.9 million General Fund); and
- Increases in health, life, and dental insurance rates to match prevailing rates (\$16.5 million total funds, \$16.2 million General Fund).

The request also includes state fleet vehicle replacements (\$1.5 million total funds, with a \$322,815 million reduction in General Fund) for 751 new vehicles, 301 of which will be bi-fuel (able to run either on compressed natural gas or gasoline).

Transportation

The budget request also reflects anticipated General Fund transfers to the State Highway Fund pursuant to S.B. 09-228, which requires transfers of 2.0 percent of General Fund revenue in each of five consecutive fiscal years following the first calendar year in which Colorado personal income grows by more than 5.0 percent. OSPB projects that Colorado personal income will grow more than 5.0 percent in 2014, which will cause these transfers to go into effect in FY 2015-16. However, S.B. 09-228 included certain exemptions to the transfer. Because TABOR refunds are projected to occur in FY 2015-16, the amount of the mandatory transfers will be reduced by half, to \$102.6 million. In the event that the required TABOR refund exceeds 3.0 percent of General Fund revenue in FY 2015-16, there would be no transfer of General Fund revenue to the State Highway Fund.

Affordable Housing

The Department of Local Affairs is requesting an increase of \$3.42 million General Fund per year to develop 300 additional affordable rental housing units and provide 200 rental vouchers for seniors and persons with disabilities. At proposed funding levels, 4,120 new affordable units can be developed annually. Outcomes include reduced recidivism, increased supply of accessible units and supportive housing for seniors or people with other disabilities to avoid costly institutions.

Marijuana Enforcement and Programming

Our FY 2015-16 budget request includes a request for \$33.6 million from the Marijuana Tax Cash Fund for enforcement and oversight of Colorado's new marijuana industry, including required reserves and addressing a shortfall in the current appropriation. The FY 2015-16 request includes a continuation of several initiatives that promote public health and public safety, robust regulatory oversight, law enforcement and the prevention and deterrence of youth marijuana use. To address lower projections of available revenue, we also propose some spending reductions to programs funded in FY 2014-15 that have less direct relationship to mitigating the direct impacts of legalized marijuana. For a summary of marijuana-related spending please see Appendix B.

We are proposing new spending of approximately \$740,000 to fund data collection and analysis on marijuana-related issues, public safety intelligence support for the Colorado Information Analysis Center, and funding for the Marijuana-Impaired Driving Campaign. We have also set aside a portion of the Marijuana Tax Cash Fund for potential 2015 legislation regarding regulation of edibles.

TABOR

As mentioned earlier, two different rebates under TABOR are reflected in the budget request. First, Section 3(c) of TABOR governs voter-approved tax increases. The specific text reads:

“Except by later voter approval, if a tax increase or fiscal year spending exceeds any estimate in [the blue book] for the same fiscal year, the tax increase is thereafter reduced up to 100% in proportion to the combined dollar excess, and the combined excess revenue refunded in the next fiscal year.”

In November 2013, Colorado voters approved Proposition AA, which allowed a 10.0 percent retail sales tax and a 15.0 percent excise tax on recreational marijuana. In FY 2014-15, we expect fiscal year spending as defined by TABOR (in practice all the TABOR revenue the State collects), to be above the blue book estimate. New marijuana tax revenue is not projected to be above the blue book estimate. Therefore, we have earmarked a liability in FY 2014-15 of \$30.5 million to reflect the current forecast from Proposition AA taxes. If money is collected above this amount, we do not propose additional spending, and thus it would be available for rebate.

Second, under current law, the State is expected to collect revenues above the Referendum C excess revenues cap in FY 2015-16. In the plan for FY 2015-16, we have earmarked \$136.7 million for the expected rebate.

Third, the budget request includes fee increases totaling \$4.3 million. We have accounted for the increased refund in our balancing.

Law Changes Required to Fund this Request

We are proposing several law changes to enable this request. We believe the Joint Budget Committee is the appropriate sponsor for these items.

We propose two law changes with regard to the expenditure of marijuana taxes. First, because of revenue shortfalls in FY 2013-14, which were intended to fund programs in FY 2014-15, revenue from the current year is necessary to make those appropriations whole. Second, in addition to the \$30.5 million General Fund liability we have earmarked for the rebate of marijuana taxes, we propose earmarking any additional amounts that are collected above this amount to pay the higher rebate.

In advance of an expected settlement of litigation regarding oil and gas leases on the Roan Plateau, we are proposing a repayment of monies owed to the federal government from the General Fund. We believe the approximate \$23 million repayment will occur over three years and we have earmarked \$8.0 million for the first installment. When such repayments are required, the Federal government withholds future revenue from the State, which would adversely affect schools and local governments. However, because we believe that the settlement structure should not affect these local priorities, we propose funding this repayment with General Fund. Additionally, during the Great Recession, some of these funds were used in the General Fund and thus we believe avoiding a "double hit" is appropriate. More information on this issue will be forthcoming to the General Assembly in the coming months.

The request for the Department of Higher Education requires an adjustment to existing law. The higher education request for operating resources (R-1) seeks a change to the statutory requirement for the financial aid calibration found in Section 23-3.3-103, C.R.S. This statute requires that annual appropriations for student financial assistance increase by at least the same percentage as the aggregate percentage increase of all General Fund appropriations to institutions of higher education. For FY 2015-16, this change is requested first to target limited resources to public institutions of higher education this year in keeping with the requirements of S.B. 14-001 and H.B. 14-1319, and second in light of the requested increase for the Colorado Opportunity Scholarship Initiative, which supports tuition assistance.

The request assumes that IT projects reviewed and recommended by the Joint Technology Committee pursuant to section 2-3-1701 (2.5) (a), C.R.S. will be paid with moneys in the Capital Construction Fund, just as similar IT projects reviewed by the Capital Development Committee in previous years were paid. The passage of H.B. 14-1395, which transferred the review of large IT projects to the JTC, removed this funding mechanism. A law change is necessary in order to

continue the longstanding practice of allowing large IT projects to be exempt from the 6.5 percent General Fund operating reserve requirement.

Elected Officials and Other Branches

With the executive branch departments led by elected officials, and for the Judicial and Legislative branches, we have accounted for a \$38.9 million General Fund (6.3 percent) increase. This amount includes estimated growth for statewide common policies in addition to a 3.0 percent growth allowance for other items.

Request Overview

The following tables show our total funds and General Fund request for FY 2015-16.

Table 1. Total Funds (by major category)

	FY 2014-15	FY 2015-16	Change	% Change
Health and Human Services	\$9,778,129,110	\$10,551,991,036	\$773,861,926	7.9%
K-12 Education	5,251,199,806	5,652,667,425	401,467,619	7.6%
Higher Education	3,442,742,629	3,554,901,035	112,158,406	3.3%
Public Safety/Courts	1,824,175,739	1,881,791,488	57,615,749	3.2%
Transportation	1,283,197,431	1,427,740,655	144,543,224	11.3%
All Other Departments	3,003,671,741	2,998,165,586	(5,506,155)	-0.2%
Total Departments	24,583,116,456	26,067,257,225	1,484,140,769	6.0%
Capital Construction	225,500,000	281,631,530	56,131,530	24.9%
TABOR Refund	30,500,000	136,700,000	106,200,000	348.2%
Other				
Rebates/Expenditures	103,951,245	117,100,000	13,148,755	12.6%
Transfer to HUTF	-	102,600,000	102,600,000	N/A
Transfers to Funds	59,221,079	75,621,079	16,400,000	27.7%
Other Adjustments	93,966,946	61,414,507	(32,552,439)	-34.6%
Total	25,096,255,726	26,842,324,341	1,746,068,615	7.0%

Note: 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. Transfers to Funds reflect the OSPB September 2014 forecast.

Table 2. General Fund (by major category)

	FY 2014-15	FY 2015-16	Change	% Change
K-12 Education	\$3,357,895,804	\$3,599,239,290	\$241,343,486	7.2%
Health and Human Services	3,046,472,962	3,290,553,914	244,080,952	8.0%
Public Safety/Courts	1,298,105,689	1,347,902,198	49,796,509	3.8%
Higher Education	761,983,052	869,042,723	107,059,671	14.1%
All Other Departments	<u>451,587,642</u>	<u>455,789,388</u>	<u>4,201,746</u>	<u>0.9%</u>
Total Departments	8,916,045,149	9,562,527,513	646,482,364	7.3%
Capital Construction	225,500,000	281,631,530	56,131,530	24.9%
TABOR Refund	30,500,000	136,700,000	106,200,000	348.2%
Old Age Pension/Older				
Coloradans Fund	111,800,000	116,200,000	4,400,000	3.9%
Other Rebates/Expenditures	(7,848,755)	900,000	8,748,755	-111.5%
Transfer to HUTF	-	102,600,000	102,600,000	N/A
Transfers to Funds	59,221,079	75,621,079	16,400,000	27.7%
Other Adjustments	<u>93,966,946</u>	<u>61,414,507</u>	<u>(32,552,439)</u>	<u>-34.6%</u>
Total	9,429,184,419	10,337,594,629	908,410,210	9.6%

Note: 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. Transfers to Funds reflect the OSPB September 2014 forecast.

Table 3 highlights the structure of the General Fund request:

Table 3. General Fund Overview

	FY 2014-15 General Fund	FY 2015-16 General Fund	Change over FY 2014-15	FY 2015-16 % Change
General Fund Available	\$10,107,100,000	\$10,950,615,581	\$843,515,581	8.3%
General Fund Expenditures	<u>9,429,184,419</u>	<u>10,337,594,629</u>	<u>908,410,210</u>	<u>9.6%</u>
Ending General Fund	677,915,581	613,020,952	(64,894,629)	-9.6%
General Fund Reserve Requirement	575,849,390	613,020,952	37,171,562	6.5%
GF Above (Below) Reserve Level	102,066,191	0	(102,066,191)	-100.0%

FY 2014-15 General Fund Overview

Our budget uses the September 2014 General Fund revenue estimate provided by the Office of State Planning and Budgeting. The budget request factors in FY 2014-15 anticipated expenditures which affect available balances in FY 2015-16. First, we have built in \$30.5 million for a FY 2014-15 TABOR refund related to marijuana revenue that must be refunded pursuant to Article 10, Section 20 of the Colorado Constitution, unless voters authorize that it be retained. Second, we have set aside approximately \$94.0 million for supplemental appropriations and increases related to potential legislation. Among other items, this amount will support projected Medicaid caseload growth. The ending FY 2014-15 balance (\$677.9 million, or 7.7 percent of General Fund subject to the Section 24-75-201.1 (1) (d) (III), C.R.S. reserve requirement) is the beginning FY 2015-16 balance. Of this sum, \$575.8 million is the 6.5 percent General Fund appropriations reserve and \$102.1 million represents excess General Fund carried forward into FY 2015-16.

FY 2015-16 General Fund Overview

FY 2015-16 General Fund Revenue Available (\$10,950.6 million)

Our FY 2015-16 General Fund budget assumes a beginning fund balance of \$677.9 million as indicated above. Added to this sum are General Fund revenue of \$10,257.3 million and transfers of \$15.4 million as outlined in the OSPB September 2014 forecast. Together, the FY 2015-16 budget request is based on General Fund available of \$10,950.6 million.

FY 2015-16 General Fund Expenditures (\$10,337.6 million)

Our FY 2015-16 General Fund expenditure request includes \$9,431.1 million subject to the General Fund reserve provisions of Section 24-75-201.1 (1) (d) (III), C.R.S. and \$906.5 million General Fund which is exempt from the limit. Note that this General Fund Exempt figure includes \$136.7 million of TABOR refunds and \$102.6 million for transfer to the HUTF pursuant to S.B. 09-228. The General Fund Exempt also includes \$281.6 million of capital construction transfers for FY 2015-16.

Other Adjustments totals \$61.4 million and includes placeholders for 2015 Session legislation and anticipated budget amendments. Included in this amount are \$40.0 million to account for an expected reduction in the Federal Medicaid matching rate (FMAP), \$8.0 million related to the settlement of oil and gas lease litigation on the Roan Plateau, \$6.9 million to finance health insurance for temporary State employees, and \$4.3 million to account for TABOR refunds caused by increased fees. Within the Other Adjustments category, \$12.3 million is General Fund Exempt. Together, the General Fund and General Fund Exempt total \$10,337.6 million.

FY 2015-16 General Fund Reserve Requirement (\$613.0 million)

Our budget continues the statutory requirement for a FY 2015-16 General Fund reserve level of 6.5 percent of General Fund expenditures subject to the statutory General Fund limit (\$9,431.1

million). The 6.5 percent reserve calculates to \$613.0 million, an increase of \$37.2 million over the FY 2014-15 reserve requirement amount. The difference between our FY 2015-16 budget's General Fund available (\$10,950.6 million) and General Fund spending (\$10,337.6 million) is \$613.0 million.

Appendices

We have included t appendices for in-depth details regarding K-12 education funding (Appendix A) and funding for marijuana-related issues (Appendix B). Appendix C provides a department-level comparison of anticipated FY 2014-15 appropriations and this FY 2015-16 request.

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: Senator Pat Steadman, Joint Budget Committee Vice-chairman
Senator Mary Hodge, Joint Budget Committee
Senator Kent Lambert, Joint Budget Committee
Representative Jenise May, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Senate President Morgan Carroll
Speaker of the House of Representatives Mark Ferrandino
Mr. John Ziegler, Joint Budget Committee Staff Director
Lt. Governor Joe Garcia
Ms. Roxane White, Chief of Staff, Governor John W. Hickenlooper
Mr. Alan Salazar, Chief Strategy Officer, Director of Policy and Research
Mr. Kevin Patterson, Deputy Chief of Staff and Chief Administrative Officer, Governor John W. Hickenlooper
Mr. David Padrino, Deputy Chief of Staff, Governor John W. Hickenlooper
Mr. Scott Wasserman, Chief of Staff, Lt. Governor Joe Garcia
Ms. Tracee Bentley, 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

Appendix A: K-12 Education Finance and the State Education Fund

This Appendix to the FY 2015-16 Colorado state budget request gives additional details regarding the funding request for K-12 public education.

The table on the following page contains the most pertinent information about how funding is allocated via the Public School Finance Act of 1994 (as amended), referred to as the SFA.

The first section details the enrollment forecast and inflation assumptions for the current year through FY 2016-17. Line 3 reflects the Total Program calculation, line 4 represents the current value of the negative factor adjustment. The negative factor has been in place since FY 2010-11 as a budget balancing mechanism. Line 5 reflects the net of Lines 3 and 4, and is the actual funding level distributed to the 178 districts in the State via the SFA. School districts also receive federal funds and local mill levy overrides that are not reflected here.

The second section reflects the three sources of State funds as well as the local share (property taxes) that comprise the funding allocated via the SFA. Line 6 shows the State Public School Fund (money earned from Federal Mineral Leasing revenue and interest from the Public School Permanent Fund). Line 7 shows spending from the State Education Fund. The SEF was created by Amendment 23 to the State Constitution; its primary revenue source is a diversion of income taxes each year. In recent years, surplus revenue from the General Fund has augmented the fund. Line 8 shows spending from the State General Fund (mostly State income and sales taxes). Line 9 totals the State sources of revenue and line 10 reflects local property taxes. As shown, State sources reflect two-thirds of the funding for K-12 education.

The third section reflects the balancing of the State Education Fund from year to year. The sequence is logical with a beginning balance to start a year, income and expenses during the year, and an ending balance to finish the year, and so forth. In FY 2014-15, we project an ending balance of \$666.0 million (Line 21). In the FY 2015-16 request, the ending balance would drop to \$135.8 million, which reflects a minimum amount needed for unexpected economic or enrollment fluctuations.

The FY 2015-16 request includes a \$200 million reduction in the negative factor from the current level of \$894.2 million, down to \$694.2 million. As we look ahead to FY 2016-17, the amount of State funds required to keep the negative factor at the dollar amount that exists in FY 2014-15 is substantial. Based on the various assumptions for inflation, enrollment, and various sources of revenue, the required General Fund support is projected to be \$560.4 million above the request for FY 2015-16 (Line 8). For context, that amount exceeds all the new General Fund revenue projected for that year.

Summary of Public School Finance - Total Program (November 3, 2014)

	FY 2014-15	FY 2015-16	Difference	FY 2016-17	Difference
Inflation Assumption	2.80%	2.80%	0.00%	2.60%	-0.20%
Funded Pupil Assumption	845,136	855,589	10,453	868,423	12,834
Total Program Calculation	\$6,827,646,456	\$7,107,937,820	\$280,291,364	\$7,402,139,256	\$294,201,436
Negative Factor Adjustment	(894,202,067)	(694,202,067)	200,000,000	(894,202,067)	(200,000,000)
TOTAL PROGRAM Requested	\$5,933,444,389	\$6,413,735,753	\$480,291,364	\$6,507,937,189	\$94,201,436

	FY 2014-15	FY 2015-16	Difference	FY 2016-17	Difference
State Public School Fund	\$98,977,700	\$94,910,156	(\$4,067,544)	\$94,910,156	\$0
State Education Fund	670,481,408	815,228,356	144,746,948	290,000,000	(525,228,356)
General Fund	3,184,047,461	3,423,942,876	239,895,415	3,984,318,265	560,375,389
Total State Share	3,953,506,569	4,334,081,388	380,574,819	4,369,228,421	35,147,033
Total Local Share	<u>1,979,937,820</u>	<u>2,079,654,365</u>	<u>99,716,545</u>	<u>2,138,708,768</u>	<u>59,054,403</u>
TOTAL PROGRAM Requested	\$5,933,444,389	\$6,413,735,753	\$480,291,364	\$6,507,937,189	\$94,201,436

State Education Fund	FY 2014-15	FY 2015-16	Difference	FY 2016-17	Difference
Beginning Balance	\$1,048,948,892	\$666,026,487	(\$382,922,405)	\$135,785,293	(\$530,241,194)
<i>One-third of 1% of State Taxable Income</i>	\$520,800,000	\$558,400,000	\$37,600,000	\$589,100,000	\$30,700,000
<i>Money from Prior Year-end Excess Reserves</i>	34,378,921	0	(34,378,921)	0	0
<i>Transfers under SB 13-234</i>	25,321,079	25,321,079	0	25,321,079	0
<i>Other</i>	5,800,000	5,800,000	0	6,100,000	300,000
State Education Fund Revenues	\$586,300,000	\$589,521,079	\$3,221,079	\$620,521,079	\$31,000,000
Total Program (School Finance) Expenditures	670,481,408	815,228,356	144,746,948	290,000,000	(525,228,356)
Estimated Other Program Expenditures	298,740,997	304,533,917	5,792,920	312,915,300	8,381,383
State Education Fund Expenditures	\$969,222,405	\$1,119,762,273	\$150,539,868	\$602,915,300	(\$516,846,973)
				-	
ENDING BALANCE	\$666,026,487	\$135,785,293	(\$530,241,194)	\$153,391,072	(\$516,846,973)

State Public School Fund	FY 2014-15	FY 2015-16	Difference	FY 2016-17	Difference
Beginning Balance	\$18,174,269	\$5,994,839	(\$12,179,430)	\$3,196,559	(\$2,798,280)
<i>Federal Mineral Lease Revenues</i>	\$76,000,000	\$79,100,000	\$3,100,000	\$82,200,000	\$3,100,000
<i>Public School Fund interest earnings</i>	16,000,000	16,000,000	0	16,000,000	0
<i>Audit Recoveries and Other</i>	2,880,752	5,094,358	0	5,094,358	0
Revenues Available	\$94,880,752	\$100,194,358	\$3,100,000	\$103,294,358	\$3,100,000
Total Program (School Finance) Expenditures	98,977,700	94,910,156	(4,067,544)	94,910,156	0
Estimated Other Program Expenditures	8,082,482	8,082,482	0	8,082,482	0
State Education Fund Expenditures	\$107,060,182	\$102,992,638	(\$4,067,544)	\$102,992,638	\$0
ENDING BALANCE	\$5,994,839	\$3,196,559	(\$2,798,280)	\$3,498,279	\$0

Appendix B: Request for Marijuana-Related Revenue and Spending

Request Highlights

The table on the next page details the Governor's requested funding for marijuana-related initiatives and programs. While the majority of the request continues programs funded in FY 2014-15, approximately \$740,000 is requested for new initiatives in FY 2015-16 and \$400,000 is set aside for potential legislative proposals. Of the total \$26.8 million for continued and new spending, appropriations and transfers from the Marijuana Tax Cash Fund total \$24.4 million and another \$2.4 million is from federal funds.

New spending in FY 2015-16 from the Marijuana Tax Cash Fund is limited by a number of restraints on the Fund. S.B. 14-215 requires a reserve equivalent to 6.5 percent of available revenue, totaling \$2.2 million for the request year. The request also assumes \$6.4 million set aside from currently available revenue in the cash fund to close the gap between FY 2013-14 tax collections and the FY 2014-15 appropriations made by the General Assembly in S.B. 14-215. This will require a legislative change to use current year revenue in FY 2014-15. Finally, the Department of Revenue Marijuana Enforcement Division receives an annual appropriation of \$7.6 million from the Fund, and other departments also plan to continue the work begun this year on marijuana-related initiatives outlined in S.B. 14-215. These annualized expenditures total \$23.2 million.

Much like last year, the focus of the request is on regulatory oversight, youth marijuana use prevention, general public health, law enforcement and public safety, substance abuse treatment, and statewide coordination.

New FY 2015-16 Funding

- The Department of Public Safety requests approximately \$140,000 cash funds and 2.0 FTE to collect and analyze information that will help the State prevent the illegal diversion of marijuana out of the state or to other illicit markets, including underage youth.
- The Department of Transportation requests \$450,000 cash funds to fund a previously developed "Drive High, Get a DUI" campaign for marijuana impaired driving awareness targeting male recreational marijuana users between ages 18 to 34.
- The Governor's Office has included a set aside \$150,000 for marijuana-related data collection initiatives influenced by recommendations from the State's marijuana data discovery and gap analysis report produced by the State's consultant.
- The request also includes \$400,000 set aside for potential legislative initiatives in the Department of Public Health and Environment and the Department of Revenue.

Governor's FY 2015-16 Requested Marijuana Tax Cash Fund Spending Plan

Marijuana Tax Cash Fund (MTCF) Projected to be Collected in FY 2014-15		
State Share of 10% Special Sales Tax on Retail Marijuana		16,400,000
2.9% Sales Tax on Retail Marijuana		5,700,000
2.9% Sales Tax on Medical Marijuana		11,500,000
Total Tax Revenue - Legislative Council Forecast		33,600,000
Requested Spending Plan (In Arrears)	Department	FY 2015-16
Required Reserve Equivalent to 6.5% of Available Revenue		2,184,000
Fund Prior Year SB 14-215 Appropriations with Current Year Revenue		6,424,672
Annualized Appropriations from 2014 Long Bill		601,371
Continuation of FY 2014-15 Appropriations from SB 14-215		
Behavioral Health Treatment in Schools	CDE	2,280,444
Governor's Office of Marijuana Coordination	GOV	190,097
Tony Grampas for the Prevention of Youth Marijuana Use	DHS	2,000,000
Transfer from MTCF to General Fund for CIRCLE and SBIRT	DHS/HCPF	2,000,000
School-Based Prevention and Intervention Services for Medicaid	HCPF	2,130,000
Develop In-House Legal Expertise and Training	LAW	436,766
Local Law Enforcement Training for DUID through the POST Board	LAW	1,168,000
Marijuana Public Awareness Campaign	CDPHE	4,650,000
Healthy Kids Colorado Survey	CDPHE	789,322
Marijuana Enforcement Division	DOR	7,600,000
New Spending Requested		
R-01 CDOT Marijuana-Impaired Driving Campaign	CDOT	450,000
DPS R-03 Public Safety Intelligence Support	DPS	145,328
Data Collection Placeholder in the Governor's Office	GOV	150,000
Set Aside for Potential Legislative Proposals	Multiple	400,000
Total All MTCF Expenditures		33,600,000

Marijuana Funding Continued into FY 2015-16

- The Department of Education will continue providing grants to public schools to increase the availability of school health professionals to address mental health needs and educate students regarding marijuana use. The budgeted amount of \$2.3 million represents a \$0.2 million reduction over FY 2014-15.
- The Governor's Office will continue to coordinate the State's regulatory, road and public safety, and public health responses to adult-use legal marijuana.
- The Department of Health Care Policy and Financing will continue providing school based prevention and early intervention of marijuana substance use disorder services in schools through managed care organizations and behavioral health organization contracts. The budget continues \$4.4 million total funds (\$2 million General Fund with a corresponding transfer from the Marijuana Tax Cash Fund, and \$2.4 million federal funds) appropriated in FY 2014-15.
- A transfer from the Marijuana Tax Cash Fund to the General Fund supports \$2 million of General Fund expenditures for the Screening, Brief Intervention, and Referral to Treatment (SBIRT) and CIRCLE substance abuse treatment programs.
- The Department of Human Services will continue to provide \$2 million in grants that target the prevention of marijuana use in the Tony Grampsas Youth Services Program.
- The Department of Law will continue to strengthen its legal expertise developed in FY 2014-15 on state and local marijuana retail regulations and provisions and provide training for regulators and peace officers.
- The Department of Law Peace Officer Standards and Training (POST) Board will continue to provide training for peace officers started in FY 2014-15 on advanced roadside impaired driving recognition and enforcement related to marijuana.
- The Department of Public Health and Environment will continue the second year of a three-year statewide marijuana education campaign. The total budget is \$4.7 million cash funds, or a reduction of \$1 million over FY 2014-15.
- The Department of Public Health and Environment has budgeted \$789,322 to continue an expanded effort to collect data on marijuana use and risk perception among Colorado youth. This is a reduction of \$114,239 from the FY 2014-15 funding for the Healthy Kids Colorado survey.
- The Department of Revenue continues to receive funding from the Marijuana Tax Cash Fund to support its regulatory functions in the Marijuana Enforcement Division. Additional sources of funding for the Division include medical and retail marijuana license and application fees. The Department expects at least \$3.4 million in fees deposited into the Marijuana Cash Fund will support the Division's operations in FY 2015-16.

Marijuana Revenue from Taxes and Fees

After the public voted to legalize the possession and sale of retail adult-use marijuana in 2012, the General Assembly referred a measure to voters for approval to tax the product. Proposition AA was passed in 2013, approving a new 10.0 percent special sales tax on retail marijuana and a 15.0 percent excise tax on retail marijuana at the wholesale level. Of the new 10.0 percent special sales tax, 15.0 percent of the revenue collected is distributed to local governments proportionally based on marijuana sales in each jurisdiction, and 85 percent is retained by the state in the Marijuana Tax Cash Fund (MTCF). Retail marijuana and medical marijuana are also subject to the general 2.9 percent sales tax, which is also deposited into the MTCF. These funds can be used to support the regulation of the marijuana industry and related costs of public awareness, safety, health, youth prevention and other costs as approved by the General Assembly. The first \$40 million of the 15.0 percent excise tax collected each fiscal year goes to the Building Excellent Schools Today (BEST) program.

The Department of Revenue also assesses fees on businesses in the marijuana industry, including retail and medical marijuana cultivation facilities, infused products manufacturers, and retail stores. Revenue from fees is deposited into a separate cash fund called the Marijuana Cash Fund (MCF) and can be used only to support the operations of the Marijuana Enforcement Division in the Department of Revenue. The Division is responsible for regulating retail and medical marijuana businesses, including licensing, inspections and enforcement. Fees are expected to generate \$7.2 million in FY 2014-15.

Marijuana Tax Cash Fund Revenue

In 2014, the General Assembly enacted S.B. 14-215, which states that marijuana tax revenue can be spent only in the fiscal year following the fiscal year in which it is collected, or in arrears. With the exception of funding for the Department of Revenue, marijuana tax revenue available to spend in FY 2015-16 is limited to collections made in FY 2014-15. The September 2014 Legislative Council economic forecast projects marijuana tax revenue to total \$33.6 million in FY 2014-15, which is the more conservative of available estimates. The Marijuana Tax Cash Fund also receives any collections in excess of \$40.0 million from the 15.0 percent excise tax on retail marijuana, after the first \$40 million is earmarked for the Building Excellent Schools Today program. However, excise tax revenue is projected to total \$11.2 million in FY 2014-15, and likely will not flow into the Fund this year.

Comparison of Total Funds

	FY 2014-15 Appropriation	FY 2015-16 Governor's Request	Dollar Change	Percent Change
DEPARTMENTS				
Department of Agriculture	44,184,405	44,636,763	452,358	1.02%
Department of Corrections	808,028,400	837,814,550	29,786,150	3.69%
Department of Education	5,251,199,806	5,652,667,425	401,467,619	7.65%
Governor - Lt. Governor - State Planning and Budgeting	284,943,658	260,153,860	(24,789,798)	-8.70%
01. Office of the Governor	41,475,882	44,170,228	2,694,346	6.50%
02. Office of the Lieutenant Governor	317,407	330,570	13,163	4.15%
03. Office of State Planning and Budgeting	2,163,472	2,134,686	(28,786)	-1.33%
04. Economic Development Programs	54,540,833	62,571,183	8,030,350	14.72%
05. Office of Information Technology	186,446,064	150,947,193	(35,498,871)	-19.04%
Department of Health Care Policy and Financing	7,876,855,463	8,634,264,686	757,409,223	9.62%
Department of Higher Education	3,442,742,629	3,554,901,035	112,158,406	3.26%
Department of Human Services	1,901,273,647	1,917,726,350	16,452,703	0.87%
Judicial Department	614,943,426	644,727,101	29,783,675	4.84%
Department of Labor and Employment	167,437,131	177,415,250	9,978,119	5.96%
Department of Law	73,966,331	76,391,066	2,424,735	3.28%
Legislative Department	42,029,278	44,437,400	2,408,122	5.73%
Department of Local Affairs	310,257,918	315,484,916	5,226,998	1.68%
Department of Military and Veterans Affairs	225,304,185	225,287,422	(16,763)	-0.01%
Department of National Resources	256,122,267	246,476,800	(9,645,467)	-3.77%
Department of Personnel & Administration	173,354,939	173,687,997	333,058	0.19%
Department of Public Health and Environment	551,305,467	548,628,367	(2,677,100)	-0.49%
Department of Public Safety	401,203,913	399,249,837	(1,954,076)	-0.49%
Department of Regulatory Agencies	86,666,820	86,798,725	131,905	0.15%
Department of Revenue	327,080,067	316,893,473	(10,186,594)	-3.11%
Department of State	22,136,875	22,697,673	560,798	2.53%
Department of Transportation	1,283,197,431	1,427,740,655	144,543,224	11.26%
Department of the Treasury	438,771,136	459,175,874	20,404,738	4.65%
Controlled Maintenance Trust Fund Appropriation	111,264	-	(111,264)	-100.00%
Operating Appropriations	\$24,583,116,456	\$26,067,257,225	\$1,484,140,769	6.04%
TRANSFERS TO CAPITAL CONSTRUCTION				
Transfer to Capital Construction Fund	\$225,500,000	\$281,631,530	\$56,131,530	24.89%
OTHER OBLIGATIONS				
TABOR Refund	30,500,000	136,700,000	106,200,000	348.20%
Cigarette Rebate	(200,000)	-	200,000	-100.00%
Marijuana Rebate to Local Governments	(4,291,790)	-	4,291,790	-100.00%
Old Age Pension Fund / Older Coloradans Fund	111,800,000	116,200,000	4,400,000	3.94%
Aged Property Tax and Heating Credit	(856,965)	-	856,965	-100.00%
Homestead Exemption	(3,300,000)	-	3,300,000	-100.00%
Interest on School Loans	800,000	900,000	100,000	12.50%
Volunteer FPPA	-	-	-	n/a
Amendment 35 General Fund	-	-	-	n/a
Transfers to Highway Users Tax Fund	-	102,600,000	102,600,000	n/a
Transfers to State Education Fund (SB 13-234)	25,321,079	25,321,079	-	0.00%
Transfers to Other Funds	33,900,000	50,300,000	16,400,000	48.38%
Transfers to Controlled Maintenance	-	-	-	n/a
Total Other Obligations	\$193,672,324	\$432,021,079	\$238,348,755	123.07%
OTHER ADJUSTMENTS				
Other Adjustments	\$93,966,946	\$61,414,507	(\$32,552,439)	-34.64%
TOTAL STATEWIDE	\$25,096,255,726	\$26,842,324,341	\$1,746,068,615	6.96%

All General Fund

	FY 2014-15 Appropriation	FY 2015-16 Governor's Request	Dollar Change	Percent Change
DEPARTMENTS				
Department of Agriculture	9,311,389	9,661,265	349,876	3.76%
Department of Corrections	720,429,597	749,311,106	28,881,509	4.01%
Department of Education	3,357,895,804	3,599,239,290	241,343,486	7.19%
Governor - Lt. Governor - State Planning and Budgeting	34,366,530	50,934,022	16,567,492	48.21%
<i>01. Office of the Governor</i>	6,522,050	6,998,182	476,132	7.30%
<i>02. Office of the Lieutenant Governor</i>	316,223	329,386	13,163	4.16%
<i>03. Office of State Planning and Budgeting</i>	467,297	588,032	120,735	25.84%
<i>04. Economic Development Programs</i>	23,132,094	31,158,031	8,025,937	34.70%
<i>05. Office of Information Technology</i>	3,928,866	11,860,391	7,931,525	201.88%
Department of Health Care Policy and Financing	2,264,471,263	2,483,538,376	219,067,113	9.67%
Department of Higher Education	761,983,052	869,042,723	107,059,671	14.05%
Department of Human Services	782,001,699	807,015,538	25,013,839	3.20%
Judicial Department	444,077,692	476,294,155	32,216,463	7.25%
Department of Labor and Employment	637,353	1,254,499	617,146	96.83%
Department of Law	13,534,300	14,640,155	1,105,855	8.17%
Legislative Department	40,946,462	43,354,584	2,408,122	5.88%
Department of Local Affairs	21,655,439	25,838,962	4,183,523	19.32%
Department of Military and Veterans Affairs	8,185,530	8,252,334	66,804	0.82%
Department of National Resources	26,226,310	26,425,027	198,717	0.76%
Department of Personnel & Administration	6,767,176	8,448,709	1,681,533	24.85%
Department of Public Health and Environment	63,968,977	45,643,291	(18,325,686)	-28.65%
Department of Public Safety	133,598,400	122,296,937	(11,301,463)	-8.46%
Department of Regulatory Agencies	1,882,646	1,978,717	96,071	5.10%
Department of Revenue	101,668,190	94,548,059	(7,120,131)	-7.00%
Department of State	-	-	-	n/a
Department of Transportation	700,000	-	(700,000)	-100.00%
Department of the Treasury	121,626,076	124,809,764	3,183,688	2.62%
Controlled Maintenance Trust Fund Appropriation	111,264	-	(111,264)	-100.00%
Operating Appropriations	\$8,916,045,149	\$9,562,527,513	\$646,482,364	7.25%
TRANSFERS TO CAPITAL CONSTRUCTION				
Transfer to Capital Construction Fund	\$225,500,000	\$281,631,530	\$56,131,530	24.89%
OTHER OBLIGATIONS				
TABOR Refund	30,500,000	136,700,000	106,200,000	348.20%
Cigarette Rebate	(200,000)	-	200,000	-100.00%
Marijuana Rebate to Local Governments	(4,291,790)	-	4,291,790	-100.00%
Old Age Pension Fund / Older Coloradans Fund	111,800,000	116,200,000	4,400,000	3.94%
Aged Property Tax and Heating Credit	(856,965)	-	856,965	-100.00%
Homestead Exemption	(3,300,000)	-	3,300,000	-100.00%
Interest on School Loans	800,000	900,000	100,000	12.50%
Volunteer FPPA	-	-	-	n/a
Amendment 35 General Fund	-	-	-	n/a
Transfers to Highway Users Tax Fund	-	102,600,000	102,600,000	n/a
Transfers to State Education Fund (SB 13-234)	25,321,079	25,321,079	-	0.00%
Transfers to Other Funds	33,900,000	50,300,000	16,400,000	48.38%
Transfers to Controlled Maintenance	-	-	-	n/a
Total Other Obligations	\$193,672,324	\$432,021,079	\$238,348,755	123.07%
OTHER ADJUSTMENTS				
Other Adjustments	\$93,966,946	\$61,414,507	(\$32,552,439)	-34.64%
TOTAL STATEWIDE	\$9,429,184,419	\$10,337,594,629	\$908,410,210	9.63%

General Fund Subject to the SB 09-228 Limit

	FY 2014-15 Appropriation	FY 2015-16 Governor's Request	Dollar Change	Percent Change
DEPARTMENTS				
Department of Agriculture	9,311,389	9,610,454	299,065	3.21%
Department of Corrections	720,429,597	737,157,413	16,727,816	2.32%
Department of Education	3,357,895,804	3,655,966,690	298,070,886	8.88%
Governor - Lt. Governor - State Planning and Budgeting	34,366,530	50,127,539	15,761,009	45.86%
01. Office of the Governor	6,522,050	6,729,601	207,551	3.18%
02. Office of the Lieutenant Governor	316,223	316,223	-	0.00%
03. Office of State Planning and Budgeting	467,297	430,232	(37,065)	-7.93%
04. Economic Development Programs	23,132,094	30,723,862	7,591,768	32.82%
05. Office of Information Technology	3,928,866	11,927,621	7,998,755	203.59%
Department of Health Care Policy and Financing	2,264,047,663	2,483,385,340	219,337,677	9.69%
Department of Human Services	781,751,699	801,512,555	19,760,856	2.53%
Department of Higher Education	761,983,052	886,010,075	124,027,023	16.28%
Judicial Department	444,077,692	457,400,003	13,322,311	3.00%
Department of Labor and Employment	637,353	332,050	(305,303)	-47.90%
Department of Law	13,534,300	13,954,167	419,867	3.10%
Legislative Department	40,946,462	42,174,856	1,228,394	3.00%
Department of Local Affairs	17,360,686	21,096,429	3,735,743	21.52%
Department of Military and Veterans Affairs	8,185,530	8,435,392	249,862	3.05%
Department of National Resources	26,226,310	26,437,099	210,789	0.80%
Department of Personnel	6,767,176	6,731,028	(36,148)	-0.53%
Department of Public Health and Environment	63,545,377	44,287,223	(19,258,154)	-30.31%
Department of Public Safety	133,598,400	114,185,182	(19,413,218)	-14.53%
Department of Regulatory Agencies	1,882,646	1,887,393	4,747	0.25%
Department of Revenue	74,419,435	72,181,136	(2,238,299)	-3.01%
Department of State	-	-	-	n/a
Department of Transportation	700,000	-	(700,000)	-100.00%
Department of the Treasury	3,226,076	3,248,767	22,691	0.70%
Controlled Maintenance Trust Fund Appropriation	111,264	111,264	-	0.00%
Operating Appropriations	\$8,765,004,441	\$9,436,232,055	\$671,227,614	7.66%
TRANSFERS TO CAPITAL CONSTRUCTION				
Transfer to Capital Construction Fund	-	-	-	n/a
OTHER OBLIGATIONS				
TABOR Refund	-	-	-	n/a
Cigarette Rebate	-	-	-	n/a
Marijuana Rebate to Local Governments	-	-	-	n/a
Old Age Pension Fund / Older Coloradans Fund	-	-	-	n/a
Aged Property Tax and Heating Credit	-	-	-	n/a
Homestead Exemption	-	-	-	n/a
Interest on School Loans	-	-	-	n/a
Volunteer FPPA	-	-	-	n/a
Amendment 35 General Fund	-	-	-	n/a
Transfers to Highway Users Tax Fund	-	-	-	n/a
Transfers to State Education Fund (SB 13-234)	-	-	-	n/a
Transfers to Other Funds	-	-	-	n/a
Transfers to Controlled Maintenance	-	-	-	n/a
Total Other Obligations	-	-	-	n/a
OTHER ADJUSTMENTS				
Other Adjustments	\$88,615,946	\$29,493	(\$88,586,453)	-99.97%
TOTAL STATEWIDE	\$8,853,620,387	\$9,436,261,548	\$582,641,161	6.58%

General Fund Exempt from the SB 09-228 Limit

	FY 2014-15 Appropriation	FY 2015-16 Governor's Request	Dollar Change	Percent Change
DEPARTMENTS				
Department of Agriculture	-	-	-	n/a
Department of Corrections	-	-	-	n/a
Department of Education	-	-	-	n/a
Governor - Lt. Governor - State Planning and Budgeting	-	-	-	n/a
01. Office of the Governor	-	-	-	n/a
02. Office of the Lieutenant Governor	-	-	-	n/a
03. Office of State Planning and Budgeting	-	-	-	n/a
04. Economic Development Programs	-	-	-	n/a
05. Office of Information Technology	-	-	-	n/a
Department of Health Care Policy and Financing	423,600	423,600	-	0.00%
Department of Higher Education	-	30,000,000	30,000,000	n/a
Department of Human Services	-	-	-	n/a
Judicial Department	-	-	-	n/a
Department of Labor and Employment	-	-	-	n/a
Department of Law	-	-	-	n/a
Legislative Department	-	-	-	n/a
Department of Local Affairs	4,294,753	4,294,753	-	0.00%
Department of Military and Veterans Affairs	-	-	-	n/a
Department of National Resources	-	-	-	n/a
Department of Personnel & Administration	-	-	-	n/a
Department of Public Health and Environment	423,600	423,600	-	0.00%
Department of Public Safety	-	-	-	n/a
Department of Regulatory Agencies	-	-	-	n/a
Department of Revenue	27,248,755	23,900,000	(3,348,755)	-12.29%
Department of State	-	-	-	n/a
Department of Transportation	-	-	-	n/a
Department of the Treasury	118,400,000	121,529,942	3,129,942	2.64%
Controlled Maintenance Trust Fund Appropriation	-	-	-	n/a
Operating Appropriations	\$150,790,708	\$180,571,895	\$29,781,187	19.75%
TRANSFERS TO CAPITAL CONSTRUCTION				
Transfer to Capital Construction Fund	\$225,500,000	\$281,631,530	\$56,131,530	24.89%
OTHER OBLIGATIONS				
TABOR Refund	30,500,000	136,700,000	106,200,000	348.20%
Cigarette Rebate	(200,000)	-	200,000	-100.00%
Marijuana Rebate to Local Governments	(4,291,790)	-	4,291,790	-100.00%
Old Age Pension Fund / Older Coloradans Fund	111,800,000	116,200,000	4,400,000	3.94%
Aged Property Tax and Heating Credit	(856,965)	-	856,965	-100.00%
Homestead Exemption	(3,300,000)	-	3,300,000	-100.00%
Interest on School Loans	800,000	900,000	100,000	12.50%
Volunteer FPPA	-	-	-	n/a
Amendment 35 General Fund	-	-	-	n/a
Transfers to Highway Users Tax Fund	-	102,600,000	102,600,000	n/a
Transfers to State Education Fund (SB 13-234)	25,321,079	25,321,079	-	0.00%
Transfers to Other Funds	33,900,000	50,300,000	16,400,000	48.38%
Transfers to Controlled Maintenance	-	-	-	n/a
Total Other Obligations	\$193,672,324	\$432,021,079	\$238,348,755	123.07%
OTHER ADJUSTMENTS				
Other Adjustments	-	12,278,560	12,278,560	n/a
TOTAL STATEWIDE	\$569,963,032	\$906,503,064	\$336,540,032	59.05%

Cash Funds

	FY 2014-15 Appropriation	FY 2015-16 Governor's Request	Dollar Change	Percent Change
DEPARTMENTS				
Department of Agriculture	29,141,578	29,157,802	16,224	0.06%
Department of Corrections	39,979,286	40,620,581	641,295	1.60%
Department of Education	1,195,887,249	1,354,855,504	158,968,255	13.29%
Governor - Lt. Governor - State Planning and Budgeting	41,625,618	41,885,685	260,067	0.62%
<i>01. Office of the Governor</i>	11,420,363	11,815,539	395,176	3.46%
<i>02. Office of the Lieutenant Governor</i>	1,184	1,184	-	0.00%
<i>03. Office of State Planning and Budgeting</i>	176,454	-	(176,454)	-100.00%
<i>04. Economic Development Programs</i>	28,776,689	28,818,034	41,345	0.14%
<i>05. Office of Information Technology</i>	1,250,928	1,250,928	-	0.00%
Department of Health Care Policy and Financing	952,277,490	1,006,274,704	53,997,214	5.67%
Department of Higher Education	2,023,919,592	2,025,700,751	1,781,159	0.09%
Department of Human Services	347,236,592	345,960,572	(1,276,020)	-0.37%
Judicial Department	135,792,639	133,359,851	(2,432,788)	-1.79%
Department of Labor and Employment	66,027,071	74,140,293	8,113,222	12.29%
Department of Law	15,652,579	15,894,862	242,283	1.55%
Legislative Department	179,000	179,000	-	0.00%
Department of Local Affairs	209,046,119	209,133,687	87,568	0.04%
Department of Military and Veterans Affairs	1,282,783	1,283,450	667	0.05%
Department of National Resources	192,978,621	182,420,509	(10,558,112)	-5.47%
Department of Personnel & Administration	13,231,074	13,770,260	539,186	4.08%
Department of Public Health and Environment	160,444,430	158,233,356	(2,211,074)	-1.38%
Department of Public Safety	175,885,160	184,325,069	8,439,909	4.80%
Department of Regulatory Agencies	78,674,683	78,665,024	(9,659)	-0.01%
Department of Revenue	219,053,032	216,206,856	(2,846,176)	-1.30%
Department of State	22,136,875	22,697,673	560,798	2.53%
Department of Transportation	748,363,814	834,905,104	86,541,290	11.56%
Department of the Treasury	317,145,060	334,366,110	17,221,050	5.43%
Controlled Maintenance Trust Fund Appropriation	-	-	-	n/a
Operating Appropriations	\$6,985,960,345	\$7,304,036,703	\$318,076,358	4.55%
TOTAL STATEWIDE	\$6,985,960,345	\$7,304,036,703	\$318,076,358	4.55%

Reappropriated Funds

	FY 2014-15 Appropriation	FY 2015-16 Governor's Request	Dollar Change	Percent Change
DEPARTMENTS				
Department of Agriculture	1,629,526	1,656,548	27,022	1.66%
Department of Corrections	46,380,247	46,608,823	228,576	0.49%
Department of Education	61,153,725	61,628,791	475,066	0.78%
Governor - Lt. Governor - State Planning and Budgeting	202,523,283	160,885,576	(41,637,707)	-20.56%
01. Office of the Governor	19,668,956	21,532,528	1,863,572	9.47%
02. Office of the Lieutenant Governor	-	-	-	n/a
03. Office of State Planning and Budgeting	1,519,721	1,546,654	26,933	1.77%
04. Economic Development Programs	189,336	91,520	(97,816)	-51.66%
05. Office of Information Technology	181,145,270	137,714,874	(43,430,396)	-23.98%
Department of Health Care Policy and Financing	7,782,578	7,913,669	131,091	1.68%
Department of Higher Education	634,406,378	637,580,544	3,174,166	0.50%
Department of Human Services	144,373,402	139,475,327	(4,898,075)	-3.39%
Judicial Department	30,648,095	30,648,095	-	0.00%
Department of Labor and Employment	650,740	750,440	99,700	15.32%
Department of Law	43,031,041	44,064,495	1,033,454	2.40%
Legislative Department	903,816	903,816	-	0.00%
Department of Local Affairs	9,260,768	10,112,011	851,243	9.19%
Department of Military and Veterans Affairs	1,100,000	800,000	(300,000)	-27.27%
Department of National Resources	8,026,022	8,668,345	642,323	8.00%
Department of Personnel & Administration	153,356,689	151,469,028	(1,887,661)	-1.23%
Department of Public Health and Environment	35,574,429	51,935,698	16,361,269	45.99%
Department of Public Safety	33,284,468	33,910,446	625,978	1.88%
Department of Regulatory Agencies	4,722,507	4,740,621	18,114	0.38%
Department of Revenue	5,534,457	5,314,170	(220,287)	-3.98%
Department of State	-	-	-	n/a
Department of Transportation	19,773,476	19,773,476	-	0.00%
Department of the Treasury	-	-	-	n/a
Controlled Maintenance Trust Fund Appropriation	-	-	-	n/a
Operating Appropriations	\$1,444,115,647	\$1,418,839,919	(\$25,275,728)	-1.75%
TOTAL STATEWIDE				
	\$1,444,115,647	\$1,418,839,919	(\$25,275,728)	-1.75%

Federal Funds

	FY 2014-15 Appropriation	FY 2015-16 Governor's Request	Dollar Change	Percent Change
DEPARTMENTS				
Department of Agriculture	4,101,912	4,161,148	59,236	1.44%
Department of Corrections	1,239,270	1,274,040	34,770	2.81%
Department of Education	636,263,028	636,943,840	680,812	0.11%
Governor - Lt. Governor - State Planning and Budgeting	6,428,227	6,448,577	20,350	0.32%
<i>01. Office of the Governor</i>	3,864,513	3,823,979	(40,534)	-1.05%
<i>02. Office of the Lieutenant Governor</i>	-	-	-	n/a
<i>03. Office of State Planning and Budgeting</i>	-	-	-	n/a
<i>04. Economic Development Programs</i>	2,442,714	2,503,598	60,884	2.49%
<i>05. Office of Information Technology</i>	121,000	121,000	-	0.00%
Department of Health Care Policy and Financing	4,652,324,132	5,136,537,937	484,213,805	10.41%
Department of Higher Education	22,433,607	22,577,017	143,410	0.64%
Department of Human Services	627,661,954	625,274,913	(2,387,041)	-0.38%
Judicial Department	4,425,000	4,425,000	-	0.00%
Department of Labor and Employment	100,121,967	101,270,018	1,148,051	1.15%
Department of Law	1,748,411	1,791,554	43,143	2.47%
Legislative Department	-	-	-	n/a
Department of Local Affairs	70,295,592	70,400,256	104,664	0.15%
Department of Military and Veterans Affairs	214,735,872	214,951,638	215,766	0.10%
Department of National Resources	28,891,314	28,962,919	71,605	0.25%
Department of Personnel & Administration	-	-	-	n/a
Department of Public Health and Environment	291,317,631	292,816,022	1,498,391	0.51%
Department of Public Safety	58,435,885	58,717,385	281,500	0.48%
Department of Regulatory Agencies	1,386,984	1,414,363	27,379	1.97%
Department of Revenue	824,388	824,388	-	0.00%
Department of State	-	-	-	n/a
Department of Transportation	514,360,141	573,062,075	58,701,934	11.41%
Department of the Treasury	-	-	-	n/a
Controlled Maintenance Trust Fund Appropriation	-	-	-	n/a
Operating Appropriations	\$7,236,995,315	\$7,781,853,090	\$544,857,775	7.53%
TOTAL STATEWIDE	\$7,236,995,315	\$7,781,853,090	\$544,857,775	7.53%

FTE

	FY 2014-15 Appropriation	FY 2015-16 Governor's Request	FTE Change	Percent Change
DEPARTMENTS				
Department of Agriculture	274.1	274.1	-	0.00%
Department of Corrections	6,212.2	6,242.8	30.6	0.49%
Department of Education	582.0	607.8	25.8	4.43%
Governor - Lt. Governor - State Planning and Budgeting	1,071.6	1,087.9	16.3	1.52%
<i>01. Office of the Governor</i>	67.1	67.1	-	0.00%
<i>02. Office of the Lieutenant Governor</i>	5.0	5.0	-	0.00%
<i>03. Office of State Planning and Budgeting</i>	19.5	21.5	2.0	10.26%
<i>04. Economic Development Programs</i>	54.1	56.8	2.7	4.99%
<i>05. Office of Information Technology</i>	925.9	937.5	11.6	1.25%
Department of Health Care Policy and Financing	390.9	412.8	21.9	5.60%
Department of Higher Education	23,455.2	23,456.2	1.0	0.00%
Department of Human Services	4,906.1	5,038.9	132.8	2.71%
Judicial Department	4,528.3	4,528.3	-	0.00%
Department of Labor and Employment	1,016.5	1,023.5	7.0	0.69%
Department of Law	464.4	463.9	(0.5)	-0.11%
Legislative Department	278.6	278.6	-	0.00%
Department of Local Affairs	168.4	169.7	1.3	0.77%
Department of Military and Veterans Affairs	1,391.2	1,392.3	1.1	0.08%
Department of National Resources	1,444.0	1,450.1	6.1	0.42%
Department of Personnel & Administration	393.6	389.5	(4.1)	-1.04%
Department of Public Health and Environment	1,265.0	1,278.7	13.7	1.08%
Department of Public Safety	1,688.3	1,710.9	22.6	1.34%
Department of Regulatory Agencies	587.6	583.6	(4.0)	-0.68%
Department of Revenue	1,322.0	1,328.6	6.6	0.50%
Department of State	137.3	137.3	-	0.00%
Department of Transportation	3,326.9	3,326.8	(0.1)	0.00%
Department of the Treasury	31.9	31.9	-	0.00%
Controlled Maintenance Trust Fund Appropriation	-	-	-	n/a
Operating Appropriations	54,936.1	55,214.2	278.1	0.51%
TOTAL STATEWIDE				
	54,936.1	55,214.2	278.1	0.51%