



Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee Members
From: Craig Harper, JBC Staff (303-866-3481)
Date: Tuesday, March 18, 2025
Subject: [Overview of JBC Actions to Date and Pending Items for FY 2024-25 and FY 2025-26](#)

The General Assembly balanced the FY 2024-25 budget based on the Office of State Planning and Budgeting (OSPB) March 2024 revenue forecast. The Governor based the November 1, 2024, budget request for FY 2025-26 on the September 2024 OSPB forecast and then based subsequent amendments to the request on the December 2024 forecast.

The Committee received the March 2025 revenue forecasts on Monday, March 17, and has not yet determined which forecast to use as the basis for finalizing FY 2024-25 appropriations and proposing the FY 2025-26 budget. This document seeks to: (1) provide information on the Committee's actions to date; and (2) help inform forecast selection and the finalization of the FY 2025-26 Long Bill package.

Additional Mid-year Adjustments to FY 2024-25 Appropriations

Table 1 shows the current FY 2024-25 General Fund appropriation (as adjusted by the supplemental package) and the *additional* changes that the JBC has approved to date that would attach to the FY 2025-26 Long Bill as "add-ons." Table 1 does not reflect changes approved to take place through other legislation (discussed below). The largest changes shown here are: (1) an increase of \$111.4 million for the Department of Health Care Policy and Financing based on the Department's February 2025 caseload forecast; and (2) a \$30.0 million increase reflected for the Department of Higher Education associated with a prior year accounting error.

Table 1: General Fund Operating Appropriations for FY 2024-25 and Recommended Mid-year Changes				
Department	Current Appropriation (including supplemental package)	Requested Changes	Adjusted Appropriation	Percentage Change
Agriculture	\$20,786,690	\$0	\$20,786,690	0.0%
Corrections	747,086,746	3,044,360	750,131,106	0.4%
Early Childhood	293,620,566	0	293,620,566	0.0%
Education	4,527,296,627	-1,000,000	4,526,296,627	0.0%

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Table 1: General Fund Operating Appropriations for FY 2024-25 and Recommended Mid-year Changes				
Department	Current Appropriation (including supplemental package)	Requested Changes	Adjusted Appropriation	Percentage Change
Governor	56,071,678	0	56,071,678	0.0%
Health Care Policy and Financing	5,075,664,865	111,446,200	5,187,111,065	2.2%
Higher Education	1,664,324,073	29,950,796	1,694,274,869	1.8%
Human Services	1,247,246,839	0	1,247,246,839	0.0%
Judicial	641,224,012	868,739	642,092,751	0.1%
Labor and Employment	35,922,287	0	35,922,287	0.0%
Law	26,847,104	0	26,847,104	0.0%
Legislature	80,442,895	0	80,442,895	0.0%
Local Affairs	70,684,724	132,828	70,817,552	0.2%
Military and Veterans Affairs	17,740,551	0	17,740,551	0.0%
Natural Resources	45,374,568	0	45,374,568	0.0%
Personnel	40,047,001	0	40,047,001	0.0%
Public Health and Environment	148,691,606	0	148,691,606	0.0%
Public Safety	285,086,442	0	285,086,442	0.0%
Regulatory Agencies	3,597,763	0	3,597,763	0.0%
Revenue	158,265,353	0	158,265,353	0.0%
State	2,504,841	0	2,504,841	0.0%
Transportation	0	0	0	n/a
Treasury	466,847,038	-500,000	466,347,038	-0.1%
TOTAL	\$15,655,374,269	\$143,942,923	\$15,799,317,192	0.9%

In addition to the appropriation changes shown in Table 1, the Committee has approved a number of changes to both revenues and appropriations for FY 2024-25 that would take place through other legislation. Those changes include: (1) \$146.9 million in transfers from a number of different cash funds to the General Fund to increase the amount of General Fund available; (2) reductions to appropriations totaling \$21.3 million associated with ARPA-funded programs in multiple departments; and (3) a total of \$14.4 million in revenue enhancements associated with enterprise adjustments in the Department of Health Care Policy and Financing and the Department of Labor and Employment. Staff has built those adjustments into the General Fund Overviews provided in this document.

Comparing Appropriations for FY 2024-25 and FY 2025-26

Table 2 compares the proposed FY 2024-25 appropriation (from Table 1) and the Committee's actions to date for FY 2025-26 *for inclusion in the Long Bill and the Legislative Appropriation Bill*. Like Table 1, this comparison does not include changes approved for other legislation. Please note that for decision items that the Committee has tabled (and for which action is pending) the figures in Table 2 reflect the JBC Staff recommendation and may differ from the request.

With respect to major increases shown in the table, the Committee should note the following:

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- The table overstates the increase in operating funding for the Departments of Corrections and Human Services and the Judicial Branch because of the “big swap” which refinanced General Fund appropriations to those Departments for FY 2024-25.
- The Department of Education shows an increase of \$192.8 million General Fund for the *Long Bill*. The Committee has approved an increase of \$150.0 million for school finance. The other major driver is an increase of \$49.5 million associated with Healthy School Meals for All. However, the Committee has approved drafting separate legislation that would eliminate that portion of the General Fund increase.

Department	FY 2024-25 Including Recommended Adjustments	Dollar Change	FY 2025-26 Long Bill Recommendations and Legislative Appropriation Bill Placeholder ¹	Percentage Change
Agriculture	\$20,786,690	-\$205,532	\$20,581,158	-1.0%
Corrections	750,131,106	335,926,417	1,086,057,523	44.8%
Early Childhood	293,620,566	3,723,530	297,344,096	1.3%
Education	4,526,296,627	192,815,629	4,719,112,256	4.3%
Governor	56,071,678	-4,930,934	51,140,744	-8.8%
Health Care Policy and Financing	5,187,111,065	309,790,883	5,496,901,948	6.0%
Higher Education	1,694,274,869	-60,462,792	1,633,812,077	-3.6%
Human Services	1,247,246,839	73,290,621	1,320,537,460	5.9%
Judicial	642,092,751	231,909,356	874,002,107	36.1%
Labor and Employment	35,922,287	-1,142,752	34,779,535	-3.2%
Law	26,847,104	1,185,331	28,032,435	4.4%
Legislature ¹	80,442,895	-2,251,572	78,191,323	-2.8%
Local Affairs	70,817,552	-840,335	69,977,217	-1.2%
Military and Veterans Affairs	17,740,551	-285,253	17,455,298	-1.6%
Natural Resources	45,374,568	12,890,697	58,265,265	28.4%
Personnel	40,047,001	-5,165,210	34,881,791	-12.9%
Public Health and Environment	148,691,606	-7,608,047	141,083,559	-5.1%
Public Safety	285,086,442	-15,779,317	269,307,125	-5.5%
Regulatory Agencies	3,597,763	-863,889	2,733,874	-24.0%
Revenue	158,265,353	2,956,582	161,221,935	1.9%
State	2,504,841	-2,500,587	4,254	-99.8%
Transportation	0	0	0	n/a
Treasury	466,347,038	-9,537,257	456,809,781	-2.0%
TOTAL	\$15,799,317,192	\$1,052,915,569	\$16,852,232,761	6.7%

¹ Figure for FY 2025-26 includes placeholders for an increase of \$72,879,086 for the annual legislative appropriation bill and a decrease of \$272,355 for S.B. 25-199.

As shown in the table, twelve departments currently reflect a decrease below the adjusted FY 2024-25 appropriation. It is important to note, however, that the largest reduction shown (\$60.5 million for the Department of Higher Education) reflects the staff recommendation for major decisions that are still undecided.

Changes Approved for Other Legislation

The Committee has approved *a lot* of changes that will impact General Fund appropriations and the amount of General Fund available in FY 2025-26. In order of appearance in the General Fund overviews contained in this document, those changes include:

Transfers from cash funds: The Committee has approved transfers from a number of cash funds to the General Fund in FY 2024-25 and FY 2025-26 to make additional General Fund available.

- The Committee has approved bill drafts for introduction that will transfer \$5.3 million over the two-year period, with \$5.1 million from the repeal of the Colorado Household Financial Recovery Pilot Program in the Department of Treasury driving that total.
- In addition, the Committee has approved drafting an additional \$256.8 million in transfers over the two-year period, increasing the General Fund available for appropriation by that amount. Here, the two largest components are an estimated \$101.1 million in interest earnings on a number of cash funds and \$42.8 million associated with electrifying school buses in the Department of Public Health and Environment (both of those amounts are over the two-year period).

Changes to appropriations in separate legislation: The Committee has approved changes to appropriations for both years that require separate legislation.

- Bill drafts approved for introduction (through March 17) would result in a net increase of \$0.9 million General Fund in FY 2025-26, with an increase of \$1.3 million for the Office of Community Living in the Department of Health Care Policy and Financing partially offset by smaller decreases in Human Services (Repeal H.B. 22-1056, Emergency Temporary Care for Children) and Public Health and Environment (sunset bills for disordered eating and the Kidney Disease Task Force).
- The Committee has approved drafting legislation that would decrease General Fund appropriations by \$21.3 million in FY 2024-25 (all of which is related to ARPA programs) and a net decrease of \$11.4 million in FY 2025-26. For FY 2025-26, an increase of \$53.2 million to pay for Adult Dental benefits in Health Care Policy and Financing is more than offset by reductions elsewhere (driven primarily by the \$49.5 million in cost containment for Healthy School Meals for All in the Department of Education).

Enterprise Adjustments and Cash Fund Revenue Changes: The final category of balancing proposals would decrease TABOR cash fund revenues through either adjustments to enterprises or cash fund fee reductions. In a TABOR refund environment, decreasing cash fund revenues that are subject to TABOR reduces the amount of General Fund “pushed” out as TABOR refunds and makes that General Fund available for appropriation or transfer. Unlike most cash fund transfers, changes in this category provide ongoing General Fund benefit *as long as the State is above the Referendum C cap* – but no General Fund benefit if revenues fall below the cap.

The approved changes would reduce cash fund revenues subject to TABOR by an estimated \$164.5 million over the two-year period, including \$14.4 million in FY 2024-25 and \$150.1 million in FY 2025-26.

- The largest change approved to date is expanding the business purpose of the CHASE (within Health Care Policy and Financing) to include the collection of nursing provider fees. This change alone makes an estimated \$10.1 million available in FY 2024-25 and \$65.2 million in FY 2025-26. A similar change related to the collection of disability insurance buy-in premiums makes an estimated \$6.6 million available beginning in FY 2025-26.
- The second largest change is eliminating the transfer of \$53.2 million from the Unclaimed Property Trust Fund (UPTF) to support Adult Dental benefits in Health Care Policy and Financing. Transfers from the UPTF bring funds into the State's TABOR district, making those funds subject to TABOR. (The \$53.2 million General Fund increase outlined above offsets this change.)
- Changes to unemployment insurance operations in the Department of Labor and Employment are expected to make an additional \$4.3 million available in FY 2024-25 and \$25.1 million in FY 2025-26 and ongoing.

General Fund Overviews with Actions to Date and March Forecasts

The next two tables summarize the General Fund Overview under each of the March 2025 revenue forecasts, incorporating the Committee's actions to date. Table 3 summarizes the overview under the Legislative Council Staff forecast and Table 4 does so under the OSPB forecast. **As these tables reflect the Committee's actions to date, staff has excluded placeholders and balancing proposals where the Committee has not taken action.**

Highlighted cells in both tables indicate that the figure includes one or more amounts that have not been acted on by the JBC or are likely to change.

Based on the Committee's actions to date, staff currently shows the General Fund falling short of the 15.0 percent reserve requirement for both FY 2024-25 and FY 2025-26.

- The shortfall for FY 2024-25 is very similar under both forecasts (approximately \$106 million).
- The difference is more pronounced for FY 2025-26, when the OSPB forecast anticipates greater General Fund availability (the two economic teams agree that there is \$153.0 million more General Fund available under the OSPB forecast than under Legislative Council Staff). For that year, Table 3 shows a shortfall of \$265.9 million under Legislative Council Staff and Table 4 shows \$112.9 million under OSPB.

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Table 3 General Fund Overview Based on the Legislative Council Staff March 2025 Forecast (\$ millions)			
		FY 2024-25	FY 2025-6
GENERAL FUND AVAILABLE			
1	Beginning Reserve	\$3,153.5	\$2,239.2
2	Gross General Fund Revenue	16,991.1	17,886.4
3	Transfers In (existing law reflected in forecast)	178.3	71.3
4	Additional Transfers in Approved for Introduction	0.0	5.3
5	Additional Transfers in Sent to Draft	146.9	109.9
6	Total General Fund Available	\$20,469.9	\$20,312.0
LESS: GENERAL FUND OBLIGATIONS			
7	<i>Appropriations</i> (current law for FY 2024-25, Approved for Long Bill FY 2025-26)	\$15,655.4	\$16,852.2
8	Long Bill Supplementals	143.9	
9	Other Long Bill orbital legislation approved for introduction		0.9
10	Other Long Bill orbital bills sent to draft (currently orbital)		(11.4)
11	Other Legislation Sent to Draft (not as Long Bill orbitals)	(21.3)	
12	LESS: Appropriations for rebates and expenditures	(240.6)	(234.4)
13	Subtotal: Appropriations subject to statutory reserve requirement	\$15,537.4	\$16,607.4
14	<i>Rebates and Expenditures</i> (reflected in forecast)	184.9	298.7
15	<i>TABOR Refund [Article X, Section 20 (7)(d)]</i>		
16	Current year revenue above Referendum C Cap (refunded in following fiscal year)	108.4	617.6
17	Enterprise and cash fund adjustments approved for drafting	(14.4)	(150.1)
18	<i>Transfers Out and Other Diversions</i>		
19	Transportation (existing law reflected in forecast)	117.5	117.5
20	Capital/IT projects (existing law reflected in forecast)	234.1	171.8
21	National Western capital funding	20.0	20.0
22	Other Transfers and Diversions (existing law reflected in forecast)	2,027.8	437.6
23	Transfer adjustments sent to draft		7.6
24	Subtotal: Other Obligations	\$2,678.3	\$1,520.7
25	Total General Fund Obligations	\$18,215.7	\$18,128.0
26	PLUS: REVERSIONS AND ACCOUNTING ADJUSTMENTS	(\$15.0)	n/a
RESERVE			
27	Fiscal Year-end General Fund Reserve	\$2,239.2	\$2,184.0
28	Statutorily Required Reserve Percent	15.0%	15.0%
29	Required Reserve Amount	\$2,345.9	\$2,449.9
30	Year-end Reserve Above/(Below) Requirement	-\$106.7	(\$265.9)
Totals may not sum due to rounding.			

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Table 4 General Fund Overview Based on the Office of State Planning and Budgeting March 2025 Forecast (\$ millions)			
		FY 2024-25	FY 2025-6
GENERAL FUND AVAILABLE			
1	Beginning Reserve	\$3,153.5	\$2,239.9
2	Gross General Fund Revenue	17,227.4	17,974.8
3	Transfers In (existing law reflected in forecast)	158.0	56.1
4	Additional Transfers in Approved for Introduction	0.0	5.3
5	Additional Transfers in Sent to Draft	146.9	109.9
6	Total General Fund Available	\$20,685.8	\$20,386.0
LESS: GENERAL FUND OBLIGATIONS			
7	<i>Appropriations</i> (current law for FY 2024-25, Approved for Long Bill FY 2025-26)	\$15,655.4	\$16,852.2
8	Long Bill Supplementals	143.9	
9	Other Long Bill orbital legislation approved for introduction		0.9
10	Other Long Bill orbital bills sent to draft (currently orbital)		(11.4)
11	Other Legislation Sent to Draft (not as Long Bill orbitals)	(21.3)	
12	LESS: Appropriations for rebates and expenditures	(240.6)	(234.4)
13	Subtotal: Appropriations subject to statutory reserve requirement	\$15,537.4	\$16,607.4
14	<i>Rebates and Expenditures</i> (reflected in forecast)	191.0	196.0
15	<i>TABOR Refund [Article X, Section 20 (7)(d)]</i>		
16	Current year revenue above Referendum C Cap (refunded in following fiscal year)	301.5	642.7
17	Enterprise and cash fund adjustments approved for drafting	(14.4)	(150.1)
18	<i>Transfers Out and Other Diversions</i>		
19	Transportation (existing law reflected in forecast)	117.5	117.5
20	Capital/IT projects (existing law reflected in forecast)	234.1	171.8
21	National Western capital funding	20.0	20.0
22	Other Transfers and Diversions (existing law reflected in forecast)	2,044.0	436.2
23	Transfer adjustments sent to draft		7.6
24	Subtotal: Other Obligations	\$2,893.6	\$1,441.6
25	Total General Fund Obligations	\$18,431.0	\$18,049.0
26	PLUS: REVERSIONS AND ACCOUNTING ADJUSTMENTS	(\$15.0)	n/a
RESERVE			
27	Fiscal Year-end General Fund Reserve	\$2,239.9	\$2,337.0
28	Statutorily Required Reserve Percent	15.0%	15.0%
29	Required Reserve Amount	\$2,345.9	\$2,449.9
30	Year-end Reserve Above/(Below) Requirement	-\$105.9	(\$112.9)

Totals may not sum due to rounding.

Items Not Yet Decided

The tables above reflect the Committee's actions through March 17, 2025, to the best of staff's ability. As noted previously, for tabled items, the Long Bill appropriation amounts assume the staff recommendation rather than the request. There are large decisions outstanding for the Long Bill itself (including, for example, Higher Education funding).

For decisions outside of the Long Bill (legislation and placeholders, staff has excluded items where the Committee has not made a decision). Staff notes that there are *major* proposals and potential balancing items that are still outstanding. Staff is not currently accounting for these changes in the General Fund Overviews provided in this document. Again, staff has arranged the categories from top to bottom of the General Fund Overview.

Pinnacol Conversion: The Governor has proposed converting/divesting the State portion of Pinnacol Assurance. The proposal assumes that doing so would make an additional \$100.0 million General Fund available for FY 2025-26 (with decreasing amounts in subsequent years).

Transfers to the General Fund: Staff is aware of two proposals that could allow for significant additional transfers to the General Fund.

- The Committee has discussed potential transfers from the Multi-modal Options Fund in the Department of Education.
- In addition, the Committee has approved a policy framework to transfer interest and income earned on certain cash funds to the General Fund starting in FY 2024-25. Staff's current overviews assume that this proposal would transfer \$59.3 million in FY 2024-25 and \$41.8 million in FY 2025-26 (with some ongoing benefit). **Given the complexity embedded in this particular proposal, staff recommends that the Committee assume transfers of at least those amounts for balancing purposes but allow staff to continue to work on the proposal and to run the legislation after the Long Bill.** Staff is confident that the framework will provide options to generate more General Fund than is currently accounted for in staff's estimates.

Governor placeholders for proposed appropriation increases: The Committee has not yet taken action on several placeholders proposed by the Governor that would increase FY 2025-26 appropriations by approximately \$15.0 million, including:

- An increase of \$5.0 million for fire prevention activities.
- An increase of \$4.3 million (\$5.0 million with the 15.0 percent reserve) for the Legislative Branch priorities outside of the Governor's list.
- An increase of \$3.1 million for Executive Branch priorities.
- An increase of \$2.2 million for the Office of Rail Safety in the Department of Regulatory Agencies.
- An increase of \$0.2 million for the Colorado Energy Office (Transit Modernization Commission).

Reclassification as not subject to reserve: In addition, the Governor has proposed a non-legislative change to account for \$165.4 million in PERA Direct Distribution payments as not subject to the reserve. As PERA Direct Distribution is technically paid through a warrant rather than an appropriation, the change appears to be viable.

Staff is relatively agnostic with respect to this proposal. Maintaining a reserve on that appropriation does help mitigate risk of necessary cuts during an economic downturn. On the other hand, PERA Direct Distribution may be an appealing reduction during a significant

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downturn. If so, then maintaining a reserve on that amount may not be as necessary. The proposed change (which does not appear to require legislation) would reduce the reserve requirement for FY 2025-26 by \$24.8 million.

Enterprise conversions and cash fund revenue changes: The Committee has not taken action on Statewide request R6, which proposes to reclassify proceeds from sales by certain state agencies as “property sales” that are exempt from TABOR. The proposal estimates that it would make an additional \$2.3 million General Fund per year available beginning in the current year.

Staff notes that S.B. 25-173 (Revenue Classification Taxpayer Bill of Rights) is currently on Third Reading in the Senate. That bill includes the proposed reclassification of sales as well as a provision to reclassify certain fines and penalties collected by the state as “damage awards” under TABOR. The bill’s Legislative Council Staff Fiscal Note (dated March 4, 2025) estimates that the bill would make an additional \$16.8 million per year available beginning in the current year.

Given that legislation is already moving through the process on this topic, staff does not recommend considering JBC legislation. However, staff can account for the bill in balancing if the Committee directs staff to make that assumption. As discussed with enterprise conversions and cash fund revenue adjustments above, the proposal only assists with balancing if the State is above the Referendum C cap.

Governor placeholders for transfers from the General Fund: The Committee has not taken action on at least four proposed adjustments to transfers *from* the General Fund, including:

- A proposed transfer of \$350.0 million associated with Proposition 130 (the Committee has approved drafting legislation related to Proposition 130 but not a \$350.0 million transfer in FY 2025-26).
- A proposed transfer of \$5.0 million for “State Protection Funding” in the Office of the Governor.
- A proposed transfer of approximately \$1.0 million for broadband in the Department of Corrections.
- A proposed reduction to transfers to the Department of Transportation under S.B. 21-260. By reducing the current law transfer from the General Fund, this proposal would help with budget balancing.

Conclusions

The Committee still has many outstanding decisions both for the Long Bill and for other potential legislation. As outlined above, based on actions through March 17, 2025, staff’s current estimates show the General Fund falling short of the reserve requirement in both years under both forecasts. There are a number of proposals on the table that would assist with balancing. The Committee has also tabled many decisions that could increase costs. Staff will return with updates as decisions and additional information are available.