



CAPITOL SUCCESS GROUP *Lobbying & Government Relations*

CAPITOL SUCCESS GROUP
PRESENTS

The Colorado Budget Process

November 13, 2008

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IMPORTANT BUDGET TERMS

Your JBC Budget Glossary



Important Budget Terms

“TABOR”

- ▣ **Taxpayer’s Bill Of Rights (TABOR):** TABOR is a set of constitutional provisions Colorado voters adopted in 1992 to limit revenue growth for state and local governments.
- ▣ TABOR requires the voters to approve any tax increase at the state and local levels.
- ▣ It is the most restrictive tax and spending limitation in the country.

(This definition is very oversimplified!)

Visit the Bell Policy Center’s Website for a more detailed definition of TABOR.

<http://www.thebell.org/issues/fiscal/tabor.php>

Important Budget Terms

“Referendum C”

- ▣ “Referendum C” (Ref C) gives Colorado a five-year time-out from the spending limits of TABOR. (FY 2005-06 through FY 2009-10.) Ref C funds are to be specifically used for public K-12 education, higher education, health care and transportation.
- ▣ Ref C has given the state an extra \$5.7 Billion over the five year time-out.

Visit the Bell Policy Center’s Website for a more detailed definition of Ref C.

<http://www.thebell.org/issues/fiscal/RefC.php>

Other Important Budget Terms...

- ▣ “Cash Fund” (CF): This fund is set up to collect revenues, such as fines and fees.
- ▣ “Federal Funds” (FF): Funds received from the federal government. Federal funds are exempt from TABOR.
- ▣ “Full-time Equivalent” (FTE): one position continuously filled for a year by the State.

Other Important Budget Terms

- ▣ “General Fund” (GF): The fund where the general tax revenues are deposited. The General Fund is used to pay all state programs, such as education and corrections.
- ▣ “Long Bill”: Colorado’s annual general appropriations act. Also known as the “The Budget Bill”
- ▣ “Fiscal Year” (FY): The Colorado Fiscal Year begins on July 1st and end June 30th.

THE COLORADO BUDGET CYCLE



November 1st- April's Long Bill

Colorado Budget Cycle

- ▣ November 1- Governor submits his budget to the Joint Budget Committee (JBC)
- ▣ November-December - JBC Holds Briefings on State Budget
- ▣ December-January JBC Holds Hearings on State Budget
- ▣ January- JBC Hears Department Supplements
- ▣ February 1- JBC Sets the Revenue Resolution
- ▣ February- March- JBC Begins Figure Setting, Comebacks, and Drafts Long Bill
- ▣ April- Legislature Passes Long Bill

OSPB vs. JBC

Most U.S. States give the Governor the power to set the state's budget. In Colorado, the Legislature has the power to set, and balance, the Colorado Budget.

Governor Ritter's Office of State Planning and Budgeting (OSPB)

“The primary role of the Office of State Planning and Budgeting (OSPB) is to provide the Governor with timely and complete information and recommendations so he can make sound public policy and budget decisions.”

(OSPB Website)

The General Assembly's Joint Budget Committee (JBC)

“Statutes charge the Joint Budget Committee with analyzing the management, operations, programs, and fiscal needs of the departments of state government. The state Constitution requires a balanced budget. The Committee holds hearings and reviews the executive budget requests for each state agency and institution.”

(JBC Website)

November 1 – Governor submits his budget to the Joint Budget Committee (JBC)

During late summer and early fall, departments submit their budget proposals to the Governor's Office of State Planning and Budgeting as part of the executive budget process.

The Governor and the OSPB review the budget proposals and limit each department's budget request based on the Governor's priorities, and determine which new funding initiatives will be included in the request.

The OSPB departments submit budgets to the Joint Budget Committee by November 1. (*JBC Website*)

November–December – JBC Holds Briefings on State Budget

JBC staff briefings consist of written and oral presentations of budget issues and a review of expenditures and requests.

Briefings are aimed at stimulating discussion among the Committee members about each department's budget request, its operations, issues of efficiency and effectiveness, and plans for the future.

After the briefing, Committee members decide which issues they wish to discuss with the department. (*JBC Website*)

December–January– JBC Holds Hearings on State Budget

During the JBC hearing, the department is given time to discuss its priorities with the Committee. All briefings and hearings are open to the public and are also taped.

The Joint Budget Committee does not accept public testimony on departmental budget requests at the hearings. (*JBC Website*)



January– JBC Hears Department Supplements



In January, the Committee considers requests from departments for funding changes, called supplementals, for the current fiscal year.

JBC analysts review these requests for funding changes and make recommendations to the Committee for its approval.

In order for the state to have a balanced budget and be within General Fund spending limits, the JBC may also need to find areas in the budget where funds can be taken back. (*JBC Website*)

February 1– JBC Sets the Revenue Resolution

By February 1, the General Assembly is required to certify, by joint resolution, the amount from the state's General Fund available for appropriation for the next fiscal year.



This revenue resolution is very important to the deliberations of the JBC. (*JBC Website*)

February– March– JBC Begins Figure Setting, Comebacks, and Drafts the Long Bill

During February and March, when the JBC makes funding decisions for the upcoming fiscal year, analysts make and explain recommendations to the Committee on the number of employees, funding, and footnotes for each department. The term used for this process is figure setting.

At the end of the figure setting process, Committee members make changes to bring total funding in line with the revenue resolution and the statutory spending limit.

(JBC Website)

April– Legislature Passes Long Bill

The Long Bill is the State's Budget Bill. Legislative consideration begins in the party caucuses, where JBC members explain decisions and answer questions from their colleagues with help from the staff.

After both houses pass the Long Bill, the JBC members act as the conference committee to resolve differences between them.

After both houses adopt the conference committee report, the bill is sent to the Governor. The Governor has line item veto power in acting on the bill.

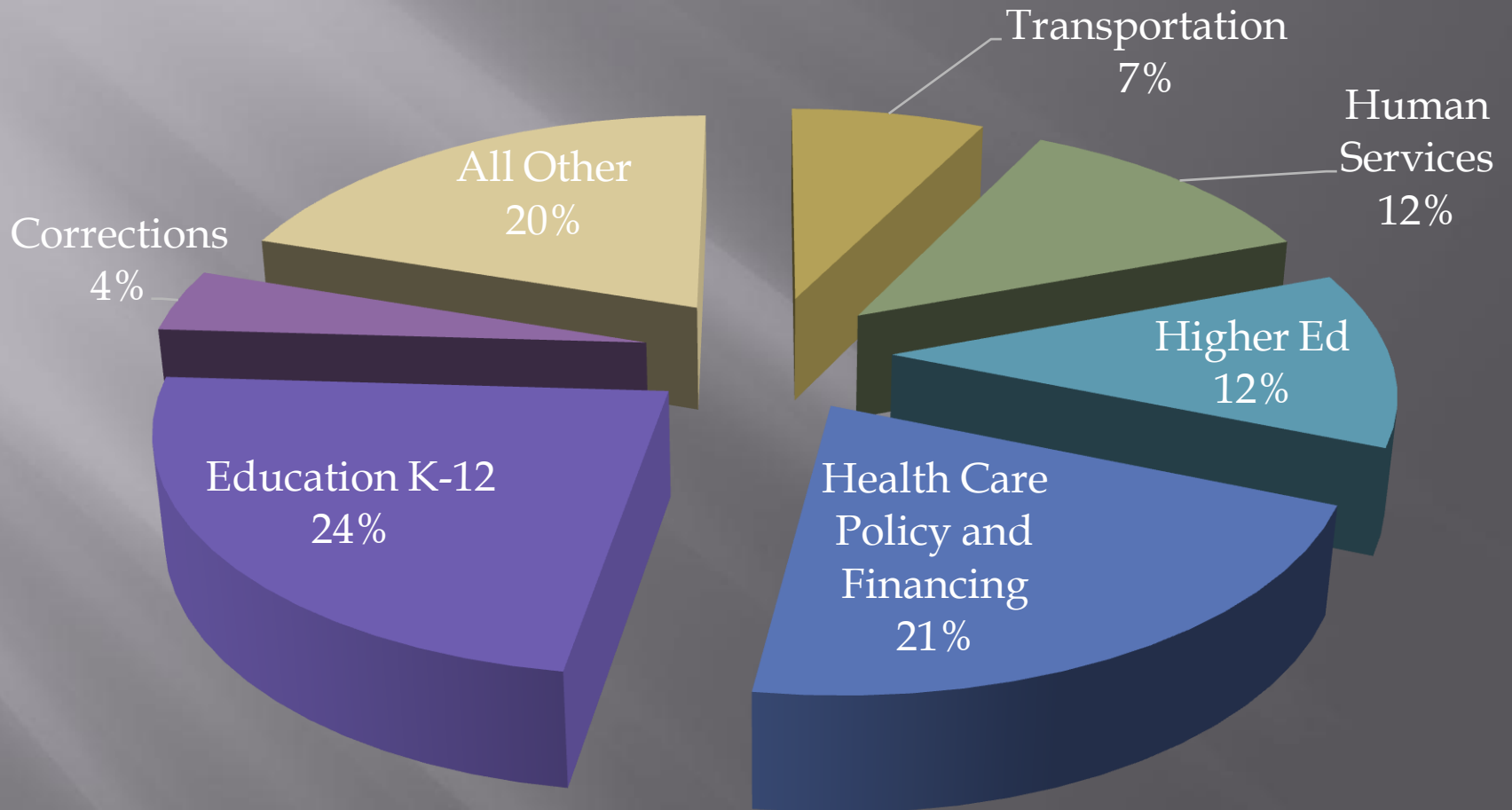
(JBC Website)

THE 2008-09 COLORADO BUDGET

- How is the money spent?
 - Where does the money come from?
 - How much money will the state have next year?



FY 2008-09 \$18.6 Billion Budget



Total Budget for FY 2008–09

\$18.6 Billion

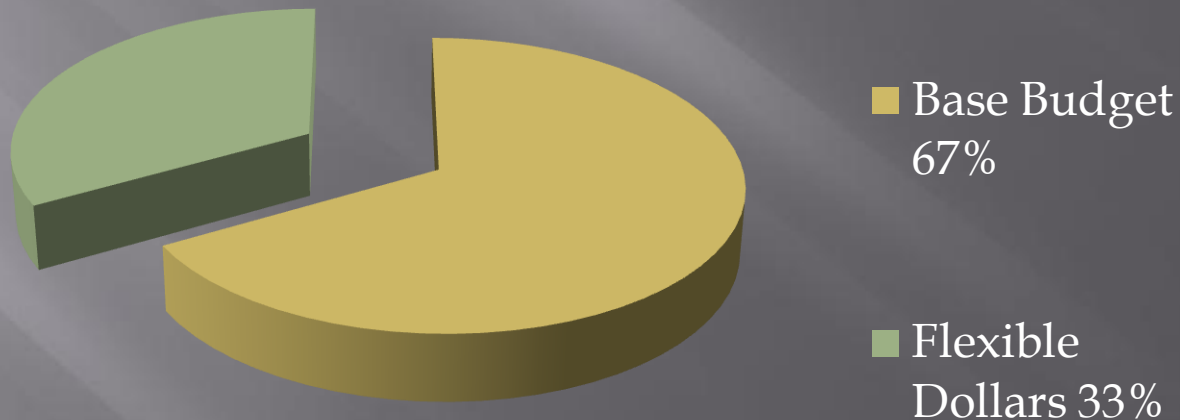
- \$7.7 Billion General Fund
- \$5.2 Billion Cash Funds
- \$1.6 Billion Reappropriated Funds
- \$4.1 Billion Federal Funds



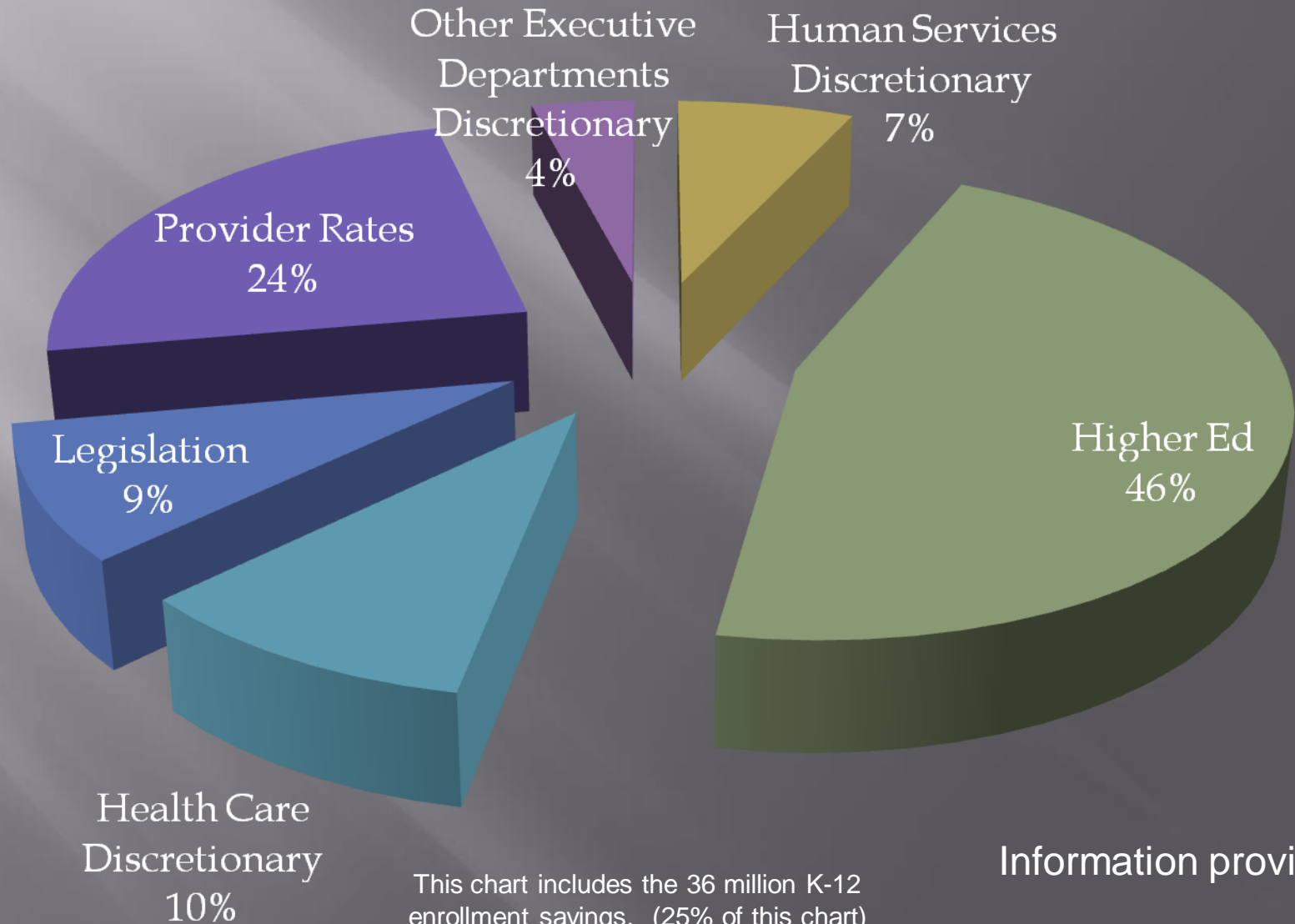
There is real flexibility with only .07% of the Colorado Budget.

Where the Flexibility is Located

- ▣ Most of the General Fund is already committed to existing programs such as K-12, Corrections and Medicaid.



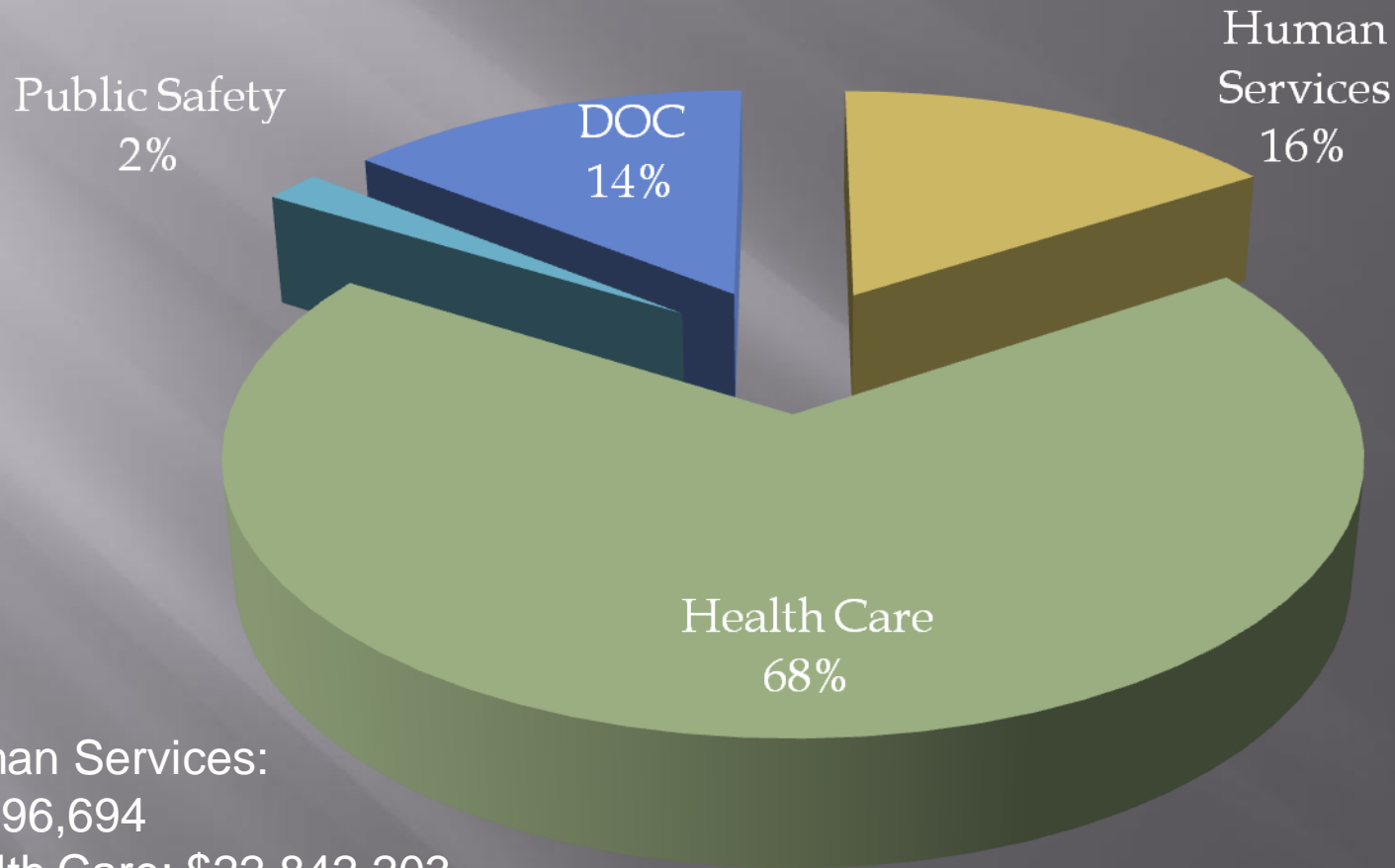
Allocation of Flexible Dollars in 2008-09



This chart includes the 36 million K-12 enrollment savings. (25% of this chart)

Information provided by
OSPb

Allocation of Provider Rates in FY 2008-09



Human Services:
\$5,296,694
Health Care: \$22,842,203
Public Safety: \$659,257
DOC: \$4,789,783

Information provided by
OSP

SEPTEMBER 2008 REVENUE FORECAST

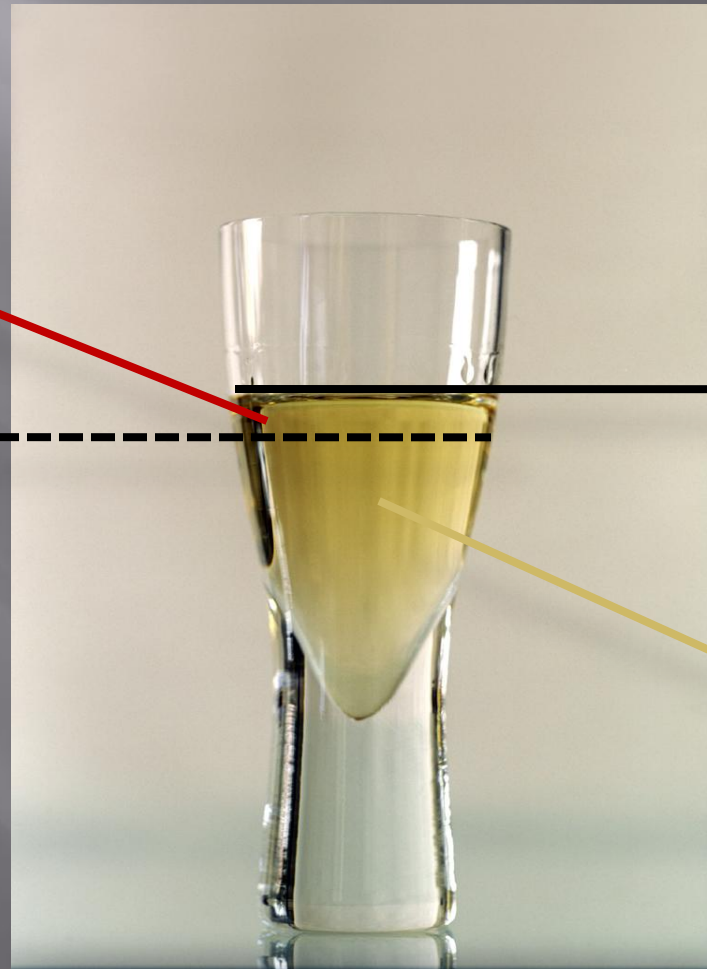
From the OSPB and Legislative Council



September's Revenue Forecast

\$127.1 million short of the 6% spending limit (Leg C)

Leg C's Forecast



OSP B's Forecast 6%

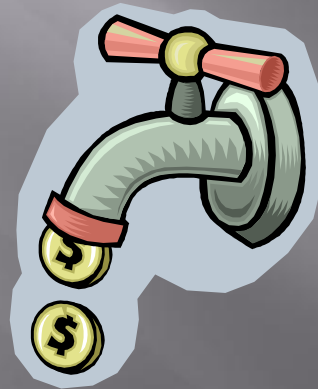
State Revenue

Sources of General Fund Revenue

Colorado gets its money four different ways.



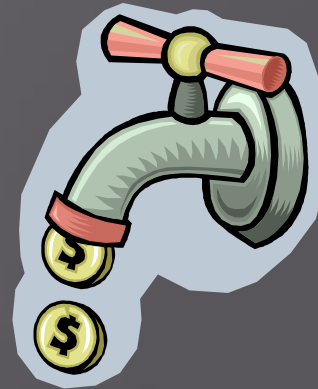
Individual
Income
Tax



Corporate
Income
Tax



Sales/ Use
Tax
Exp.
Cigarette, Tobacco,
Liquor



Other
Rev.
Exp.
Estate, Insurance,
Gaming...

OSPB v. Leg C's Rev. Forecast (General Fund)

2007-08

Increase

2008-09 Estimate

• Individual Income Tax



• Individual Income Tax

- \$4.97 billion (OSPB)
- \$4.97 billion (Leg. C)

- 5.5% (OSPB)
- 1.7% (Leg. C)

- \$5.24 billion (OSPB)
- \$5.05 billion (Leg. C)

•Sales and Use Tax



•Sales and Use Tax

- \$2.41 billion (OSPB)
- \$2.41 billion (Leg. C)

- 2.5% (OSPB)
- 1% (Leg. C)

- \$2.47 billion (OSPB)
- \$2.38 (Leg. C)

•Corporate Income Tax



•Corporate Income Tax

- \$507 million
- \$507 million

- 2.4% (OSPB)
- 12.5% (Leg. C)

- \$520 million
- \$444 million

•Other Revenue:



•Other Revenue:

- \$257 million (OSPB)
- \$257 million (Leg C)

- 3.8% (OSPB)
- 2.2% (Leg. C)

- \$267 million (OSPB)
- \$263 million (Leg C)



Meet the 2008-09 Joint Budget Committee



2008-09 JBC Senate Members

Democrats



**Chair,
Sen. Keller**
*(Dist 20- Wheat
Ridge, Jeff Co.)*



Sen. Tapia
(Dist. 3- Pueblo)

Republican



Rep. White
*(Dist 8-
Eagle, Garfield, Jackson, Moff
at, Rio Blanco, and Routt
Counties)*

2008-09 JBC House Members

Democrats



**Vice-Chair,
Rep. Pommer**
*(Dist 11- Longmont
and Boulder)*



Rep. Ferrandino
*(Dist 2- West Central
Denver)*

Republican



Rep. Marostica
*(Dist 51- Loveland and
Larimer Co.)*

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