

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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MEMORANDUM

John W. Hickenlooper
Governor

Henry Sobanet
Director

TO: Members of the Joint Budget Committee

FROM: Henry Sobanet

DATE: December 21, 2011

SUBJECT: Supplemental and Budget Amendment Requests

This memorandum outlines the basic and approximate parameters of the Executive Branch's upcoming supplemental and budget amendment requests. Until we complete our final review and calculations, please note that there may be slight variations in the formal requests.

For the current year, we expect supplemental requests in the range of \$85 to \$90 million General Fund. These include, but are not limited to, caseload adjustments in K-12 education, Corrections, and Medicaid. In addition to these requests, we are proposing that the State implement a mechanism similar to that in Senate Bill 11-156, wherein the amount of revenue after supplementals and above the four percent reserve is directed to the State Education Fund. We estimate this could generate approximately \$110 million for transfer.

For FY 2012-13, we expect to amend our November 1, 2011 request upwards by \$115 million. This includes \$67 million for K-12 education, withdrawal of the reduction to financial aid / work-study in Higher Education (\$30 million). Also, we propose increasing our request for local grants from severance taxes by an additional \$8 million (\$18 million total) and increasing our request for an augmentation of the low-income senior property tax/heat/rent rebate program by \$8 million (\$17.5 million total). In addition, we will request an additional \$2 million for water projects in the Colorado Water Conservation Board.

With respect to K-12 education, our proposal for additional funds this year and next will offset the proposed \$89 million reduction in the November 1, 2011 request (\$22 million via FY 2010-11 supplemental and \$67 million via budget amendment).

As you know, the December 2011 revenue forecasts from the Office of State Planning and Budgeting and the Colorado Legislative Council for the General Fund are within approximately \$80 million over two years. As such, the proposal above can be financed under either revenue assumption.

We look forward to working with you on the FY 2011-12 and 2012-13 budgets. Please let me know if I can answer any questions.