



The Colorado Budget Then and Now

December 2021 Annual Release

Fifth Annual Release: The Colorado Budget Then and Now

Colorado Budget Then and Now illuminates the changes in Colorado state budget appropriations over the last twenty years.

The following figures provide a summary overview of revenue allocated to state departments through the budgeting process. The trends in appropriations reflect the shifting priorities brought on as a direct result of the laws and budgets passed each legislative session.

Common Sense Institute (CSI) is a non-profit free-enterprise think tank dedicated to the protection and promotion of Colorado's economy.

We believe sound fiscal and economic research is essential to uphold Colorado's economic vitality, future, and individual opportunity.

Methodology

The findings of this report are generated from the annual appropriations reports compiled by the Colorado Joint Budget Committee Staff. These reports draw from each of the annual legislative bills, which authorize funding for each state department. The reports include appropriations from all funds including General Funds, Cash Funds, Federal Funds, Reappropriated Funds, and Capital Construction Funds.

General Funds: General-purpose revenue is deposited into the General Fund and used for the state’s core programs, such as education, health care, human services, corrections, and general government (i.e., the legislature and Governor’s office).

Cash Funds: are special-purpose funds that exist outside of the General Fund. They are funded with taxes, user fees, and fines earmarked for specific purposes and programs. Other large categories of cash fund revenue include revenue to other TABOR enterprises, employee pension contributions and interest income, voter-approved revenue, property sales, damage awards, and gifts.

Federal Funds: are moneys received from the federal government to support specific purposes and programs. For some programs, such as Medicaid, state funding is matched with federal funding. Further, General Fund revenue is the only major state revenue source available to fund capital construction projects which is further appropriated from the GF.

Reappropriated Funds represent transfers of money from one department to another after the initial appropriation. To avoid double counting when showing all agency totals all Reappropriated Funds are removed. The department totals do include Reappropriated Funds to better represent the relative size of each department. Capital Construction Funds are excluded from totals specified as operating appropriations.

Fund transfers and other obligations are not included with annual totals except where noted.

Source: <https://leg.colorado.gov/explorebudget/>

Key Findings

- Total state appropriations per Coloradan, adjusted for inflation, **has increased by 57%** over the last 20 years from \$3,304 to \$5,196. The largest share of this increase has been a 305% increase in inflation-adjusted cash funds per capita.
- In the last 20 years, the Department of Education's share of total appropriations **has declined from 24% to 18%**. While its share of the overall budget has declined, the latest budget proposal would raise per-pupil education spending to its highest level.
 - In the Governor's FY23 budget, for example, an extra \$450 million allocated to the State Education Fund over the next three years is promised to **increase per-pupil K-12 funding by \$526 or 6%**.
- The Department of Health Care Policy and Financing's share of total appropriations has dwarfed the increases to any other agency.
 - Between FY02 and FY22, its share of the budget **increased from 19% to 37%**.
 - It accounts for 67% of the proposed FY23 budget's entire increase in general fund operating appropriations.

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Annual Appropriations

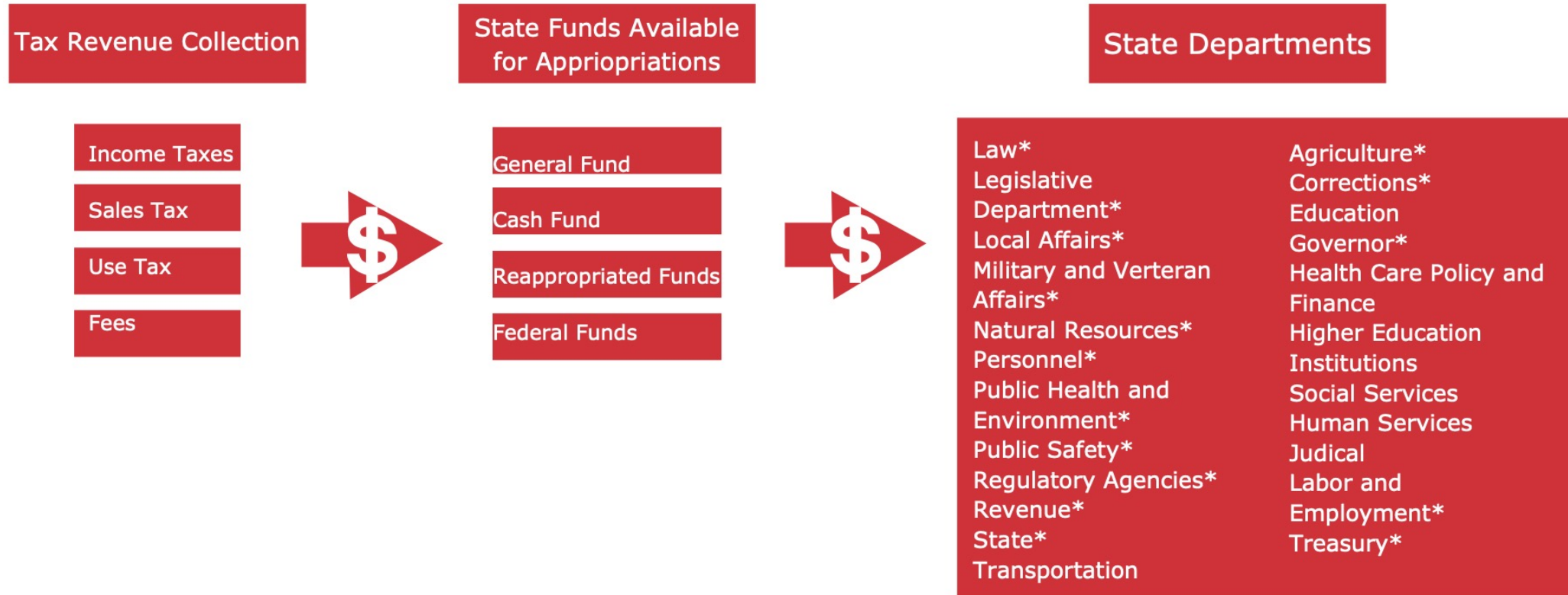
How Much Money Does the Colorado State Government Appropriate?



Fiscal Year 2022 Appropriations
\$34,632,958,735

Each year, the state's legislature approves a budget that dictates how public tax revenue will be allocated to the different government departments. The current budget cycle, fiscal year 2022, runs from July 1, 2021 through June 31, 2022. As of November 2021, the total initial appropriations for FY 2022, inclusive of operating appropriations minus reappropriations plus capital construction appropriations, are estimated to be \$34,632,958,735.

State Government Appropriations Flow of Tax Revenue from the Taxable Source to State Departments

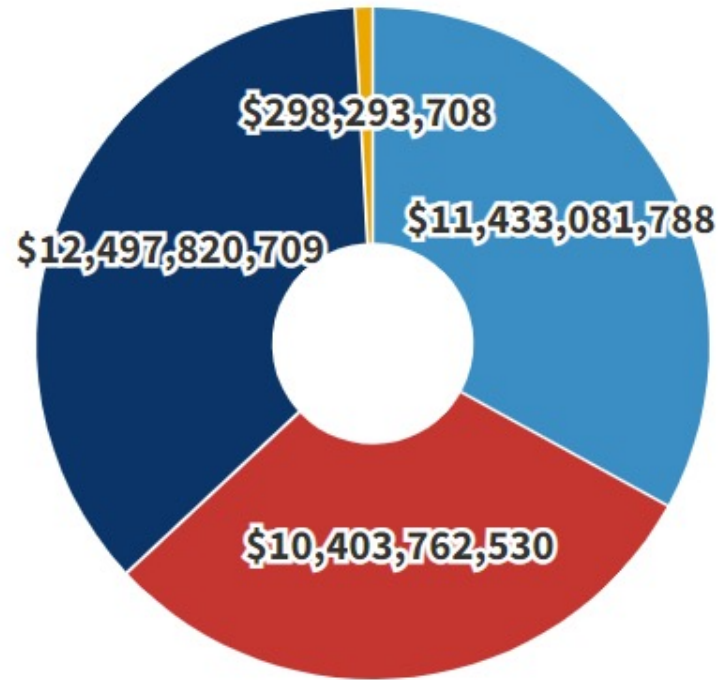


The image above displays the flow of state appropriations from the tax revenue source to the state department that is authorized to spend the revenue by the state legislature. There are many different state agencies within each department, but for the purpose of this report, appropriations are only shown by the fund or department type. For formatting purposes, state departments with an * are often combined in the following figures and labeled as "Other Departments." Combined, these other departments represent about 10% of total appropriations.

Colorado Total Appropriations by Fund Type in FY22

How much of state government spending comes from each type of fund?

Federal Funds Cash Funds General Funds Capital Construction Funds

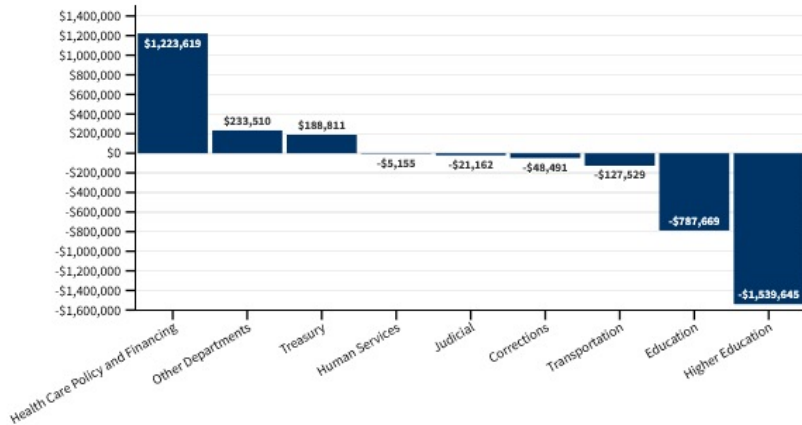


Source: [Colorado JBC Annual Appropriations Reports](#)

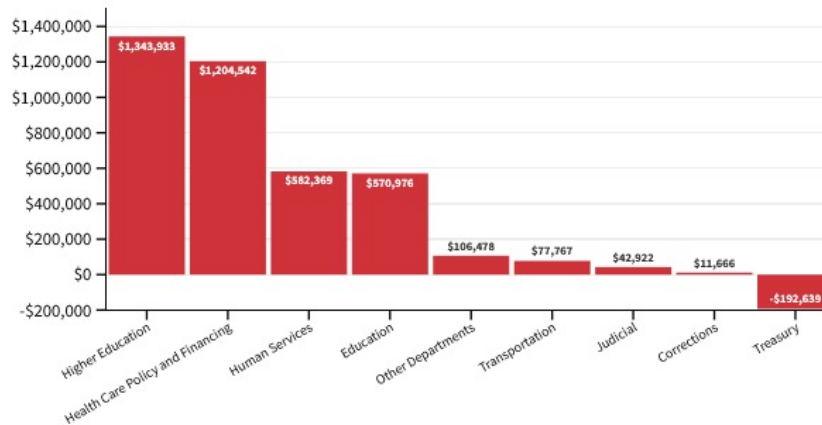
Total appropriations in FY22 are \$34,632,958,735. General fund appropriations are 36%, federal funds constitute 33%, cash funds constitute 30%, and capital construction funds make up less than a percent of the total appropriations in FY22.

Change in Operating Appropriations By Department From FY20 to the FY23 Governor's Budget Request (units in thousands)

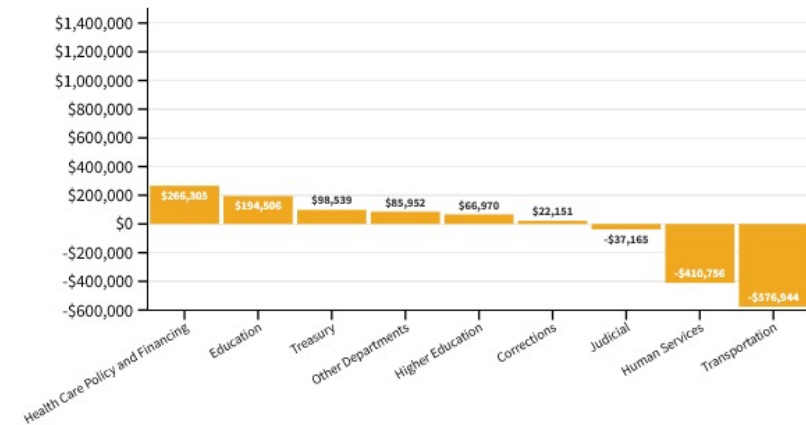
Change from FY20 to FY21



Change from FY21 to FY22



Change from FY22 to FY23



Source: Colorado JBC Annual Appropriations Report. Units are in thousands. Note: Data omit capital construction

"Other Departments," includes Agriculture, Governor, Labor and Employment, Law, Legislative Department, Local Affairs, Military and Veteran Affairs, Natural Resources, Personnel, Regulatory Agencies, Revenue, and State.

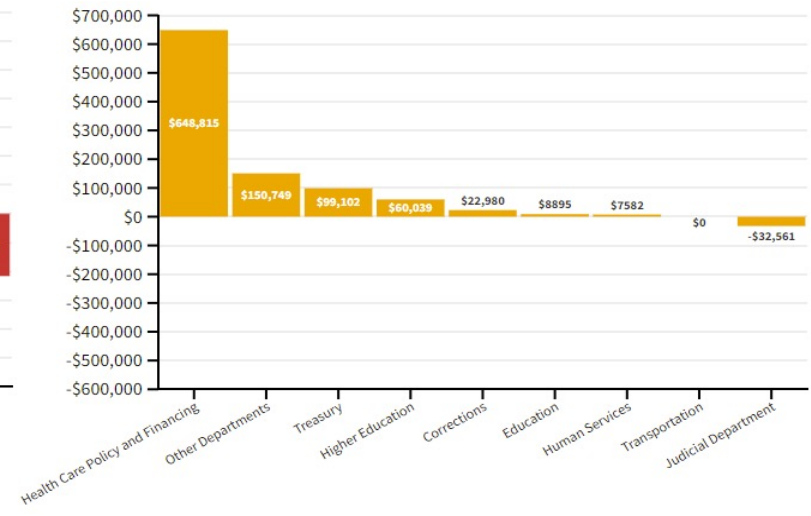
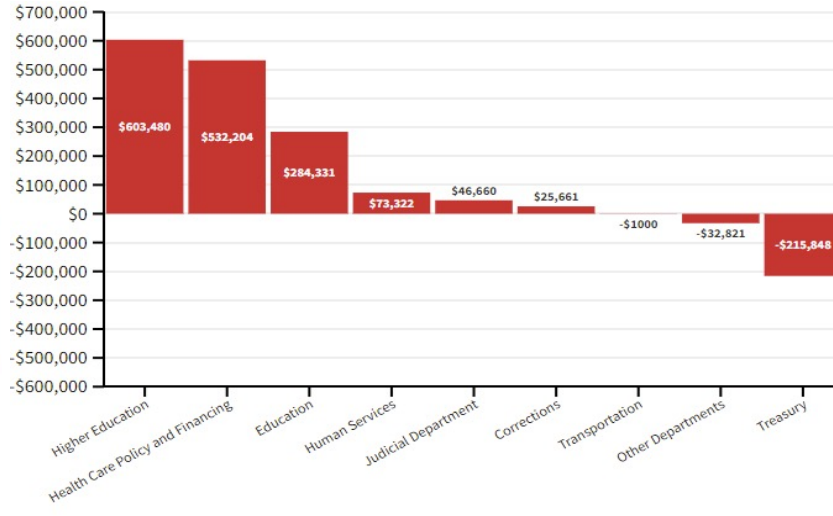
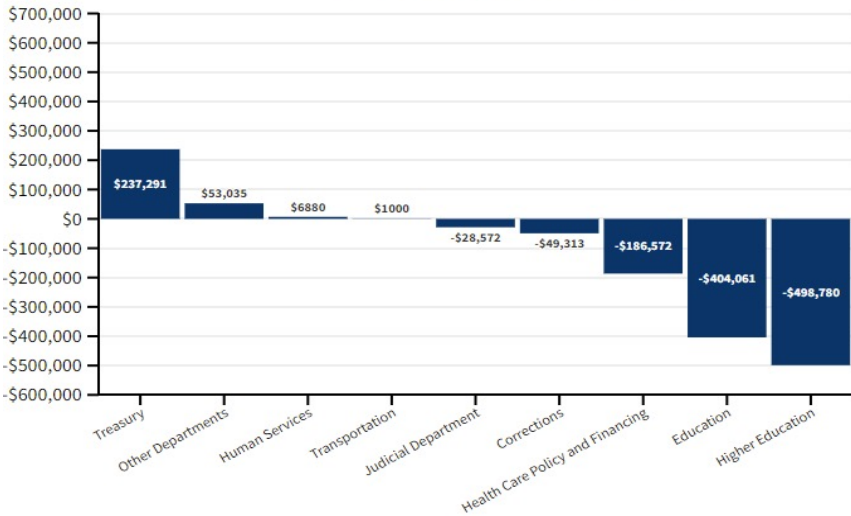
The total operating appropriations in FY20 were \$31.57 billion and \$31.23 billion in FY21. Current estimates suggest a net \$3.11 billion increase from FY21 to FY22. Following a significant increase of 11.8% in FY 21, the appropriation to Health Care Policy and Financing grew 9.7% from FY21 to FY22. The initial FY22 operating appropriations are set to be \$34.33 billion in FY22 and requested to be \$33.98 billion in FY23. Despite the decrease in total operating appropriations, the FY23 budget will be larger due to significant transfers and other obligations.

Change in General Fund Appropriations By Department From FY20 to the FY23 Governor's Budget Request (units in thousands)

Change from FY20 to FY21

Change from FY21 to FY22

Change from FY22 to FY23



Source: Colorado JBC Annual Appropriations Report.

"Other Departments," includes Agriculture, Governor, Labor and Employment, Law, Legislative Department, Local Affairs, Military and Veteran Affairs, Natural Resources, Personnel, Regulatory Agencies, Revenue, and State.

From FY20 to FY21, General fund appropriations fell by \$869 million. Between FY21 and FY22, general fund appropriations grew by \$1.3 billion and are expected to increase by \$965.6 million in the FY23 Budget based on the initial budget request. 67% of the FY23 total increase went to Health Care Policy and Financing. Also affecting the funds that state departments can access are one-time transfers and investments; in the FY23 budget, these total over \$3.6 billion (considerably more than in previous years). These are not counted as appropriations, so they are not captured by these figures or those on the previous slide.

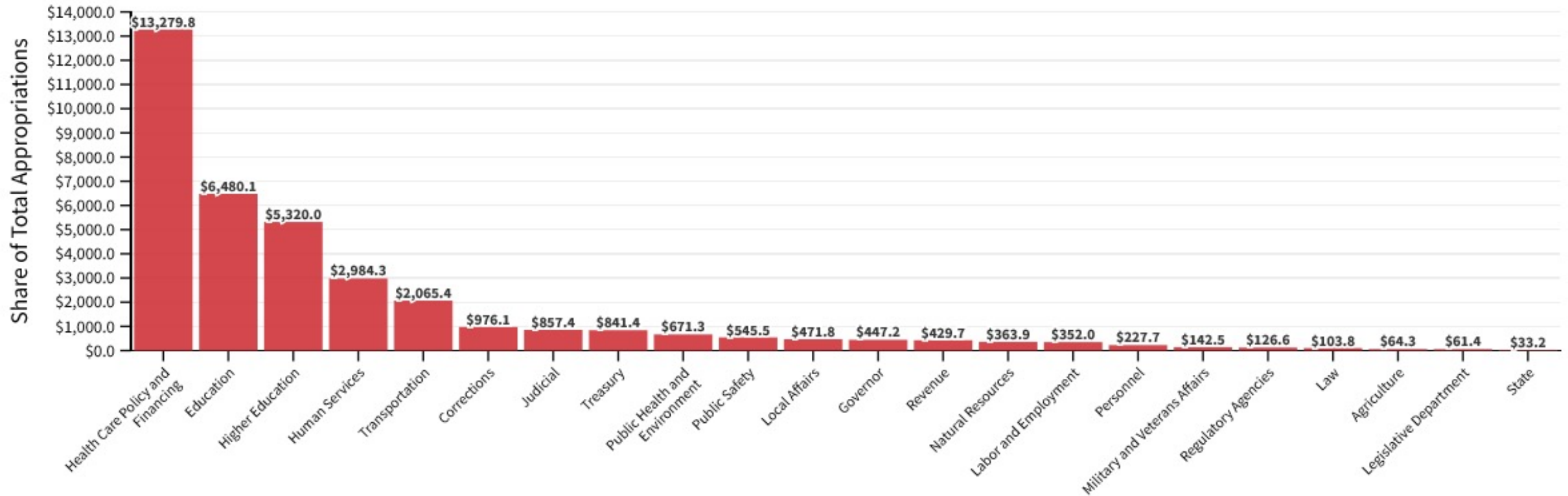
Significant Changes to Transfers in the Proposed FY 2023 Budget Increase the Amount of Funds Available to Each Department, Particularly Education

| | FY22 Initial Appropriation | FY23 Budget Request | Difference |
|---------------------------------------|-----------------------------------|----------------------------|------------------------|
| Transfer to Capital Construction Fund | \$4,113,216 | \$289,850,901 | \$285,737,685 |
| Transfers to Controlled Maintenance | \$0 | \$124,813,237 | \$124,813,237 |
| TABOR Refund | \$1,260,140,733 | \$1,277,342,147 | \$17,201,414 |
| Rebates and Exemptions | -\$143,954,935 | -\$142,372,071 | \$1,582,864 |
| Transfers to Transportation | \$294,000,000 | \$115,000,000 | -\$179,000,000 |
| Transfers to State Education Fund | \$123,000,000 | \$150,000,000 | \$27,000,000 |
| Transfers to Other Funds | \$499,388,484 | \$475,257,018 | -\$24,131,466 |
| CSU NWC Transfer | \$0 | \$17,496,791 | \$17,496,791 |
| State Investments | \$0 | \$1,364,259,968 | \$1,364,259,968 |
| TOTALS: | \$2,036,700,190 | \$3,671,660,683 | \$1,634,960,493 |

Source: Governor's FY23 Budget Request

The value of transfers, refunds, reappropriations, and investments brings the total size of the proposed FY23 budget to just over \$40 billion. Colorado's K-12 education sector is proposed to receive an additional \$194 million in appropriations in the FY23 budget, but the state share of total program funding for K-12 public schools will increase by \$381.2 million. This is enough to increase per-pupil funding by \$526 (6%) next year.

Colorado Total Appropriations to Each Department in FY22 (units in millions)

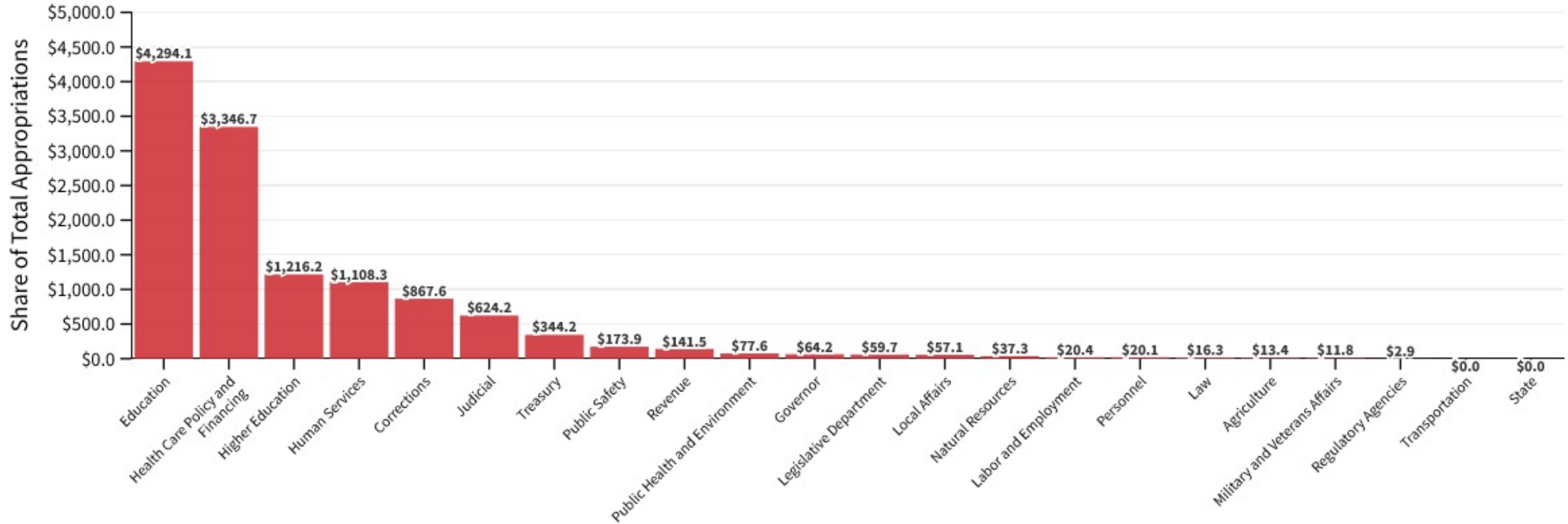


Source: Colorado JBC Annual Appropriations Report.

"Other Departments," includes Agriculture, Governor, Labor and Employment, Law, Legislative Department, Local Affairs, Military and Veteran Affairs, Natural Resources, Personnel, Regulatory Agencies, Revenue, and State.

The top five departments, HCPF, Education, Higher Education, Human Services, and Transportation, were appropriated 82.7% of the budget in FY22. The appropriations to the other 17 departments totaled 17.3%. Departments such as Labor and Employment and the legislature received less than 1% of the total appropriations. The Governor's FY23 budget request estimates that these five departments will receive 81% of the total statewide appropriations.

Colorado General Fund Appropriations to Each Department in FY22 (units in millions)

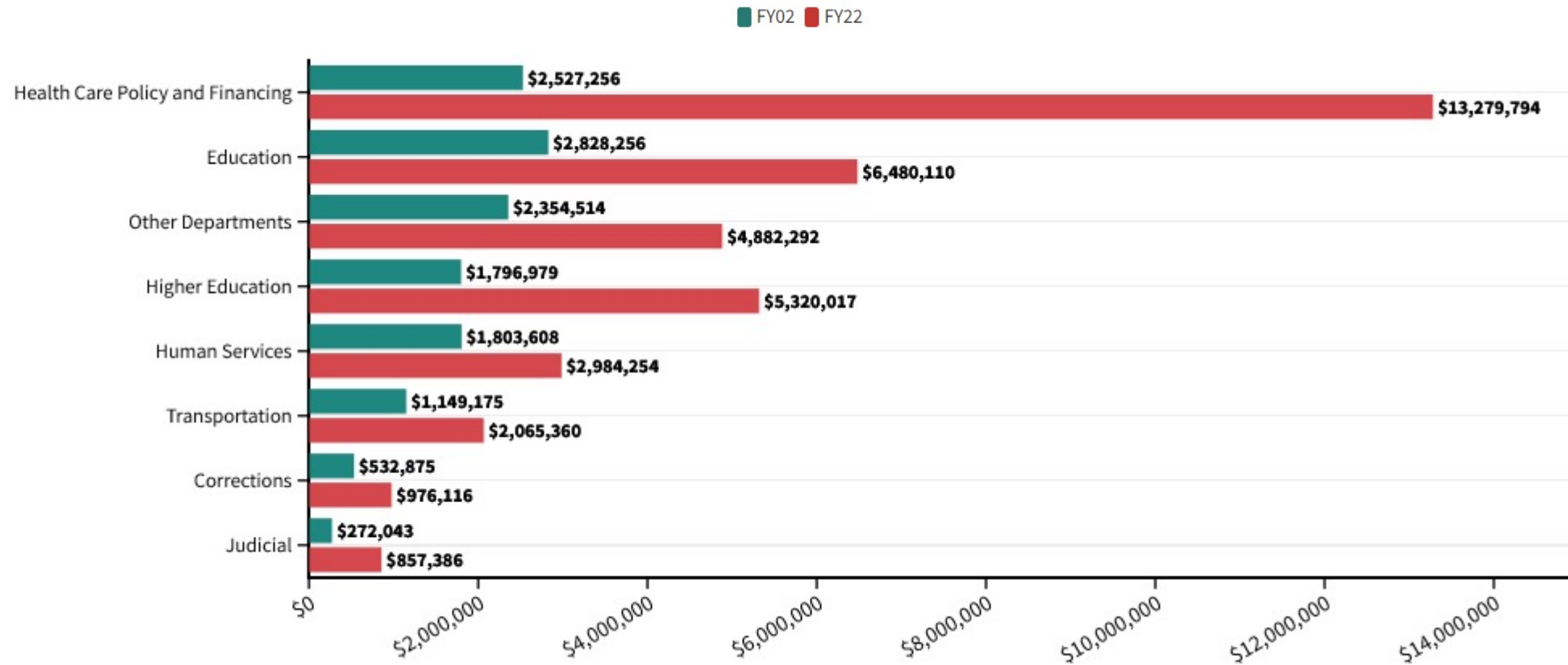


Source: Colorado JBC Annual Appropriations Report.

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The departments of Education, Corrections, HCPF, Higher Education, Human Services, and the Judicial Branch make up 91.7% of general fund appropriations in FY22. The other 16 departments are 8.3% of general fund appropriations in FY22. Often, money is transferred from the general fund to the Highway Trust Fund to be used for transportation projects. This transfer does not show up as an appropriation.

Total Colorado State Government Appropriations in FY02 compared to FY22 (units in thousands)

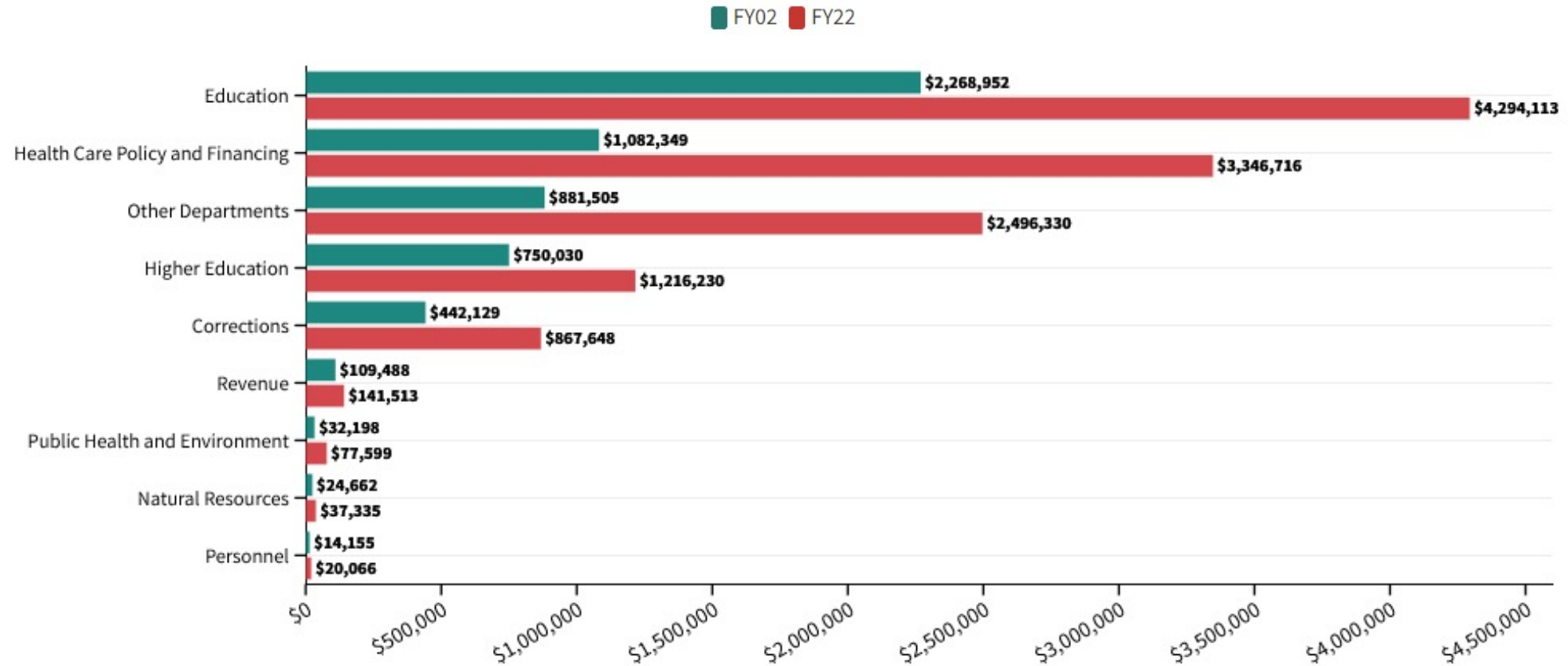


Source: Colorado JBC Annual Appropriations Report.

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The difference in spending between FY02 and FY22 reflects both an increase in overall economic and population growth but also a shift in state spending priorities. In nominal terms, HCPF appropriations increased 462% over the last twenty years while the Colorado population grew just 31%. The Departments of Education and Higher Education increased by 129% and 196%, respectively, from FY02 to FY22.

General Fund Appropriations by Department in FY02 and FY21 (units in thousands)



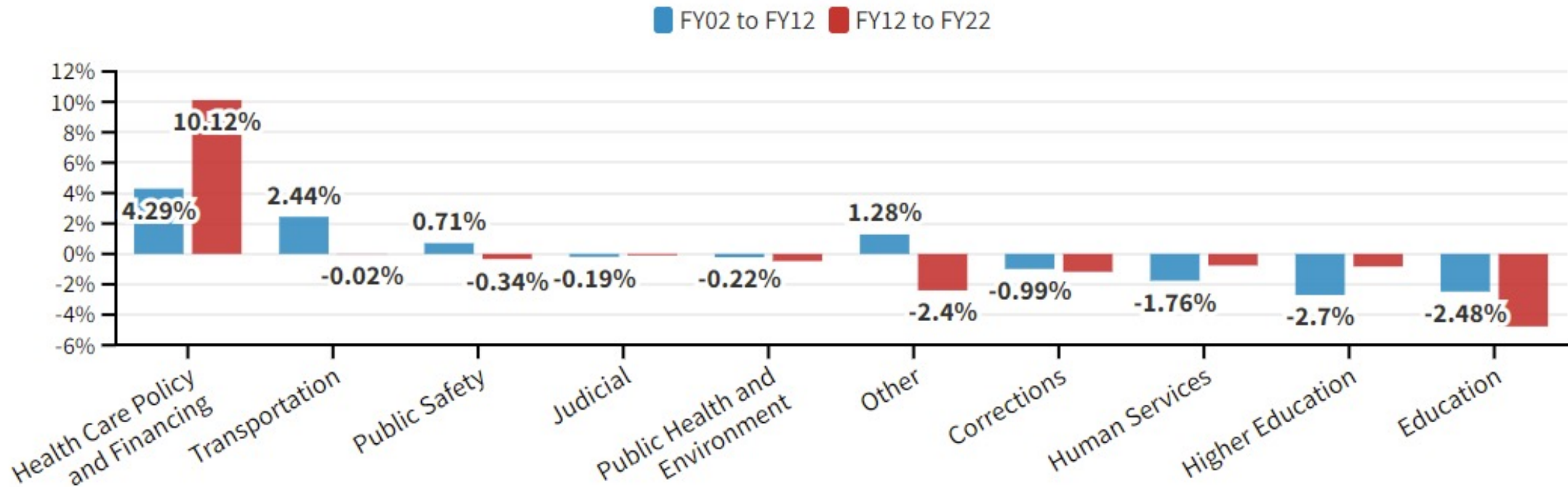
Source: Colorado JBC Annual Appropriations Report.

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General fund appropriations increased for almost all departments from FY02 to FY21. Education appropriations grew 89% from FY02 to FY21, whereas HCPF appropriations grew 209% from FY02 to FY21. Unlike HCPF, Colorado’s Department of Education relies primarily on general fund spending, which is why the Department of Education is appropriated 40% of total general fund appropriations in FY21.

The Difference in the Share of Colorado's Total Appropriations

The values are the difference in dollars as a percentage change between FY02 to FY12, and FY12 to FY22. A positive value indicates that the share increased over this period and a negative value indicates a declining share.



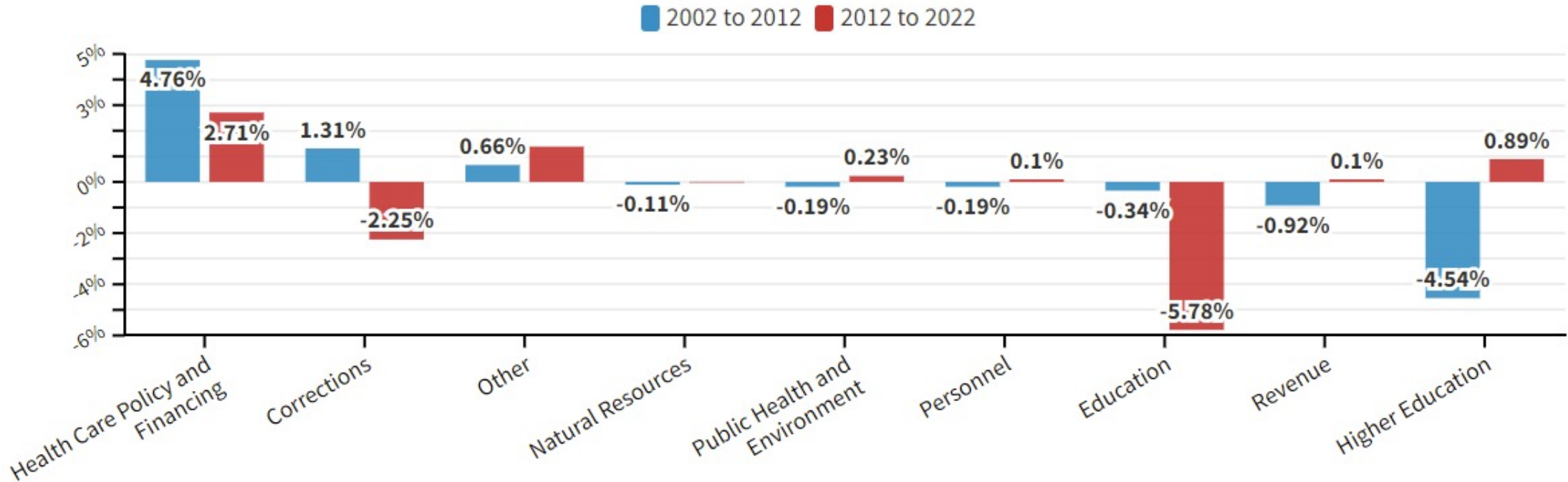
Source: Colorado JBC Annual Appropriations Report.

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From FY02 to FY12, HCPF and Transportation were the only major departments to increase their shares of total appropriations. The share of appropriations to HCPF accelerated in last decade from FY12 to FY22, gaining an additional 10.1%, making it the only department to see its share increase. During that same time period, Education's share decreased by 4.8%.

The Difference in the Share of Colorado's General Fund Appropriations

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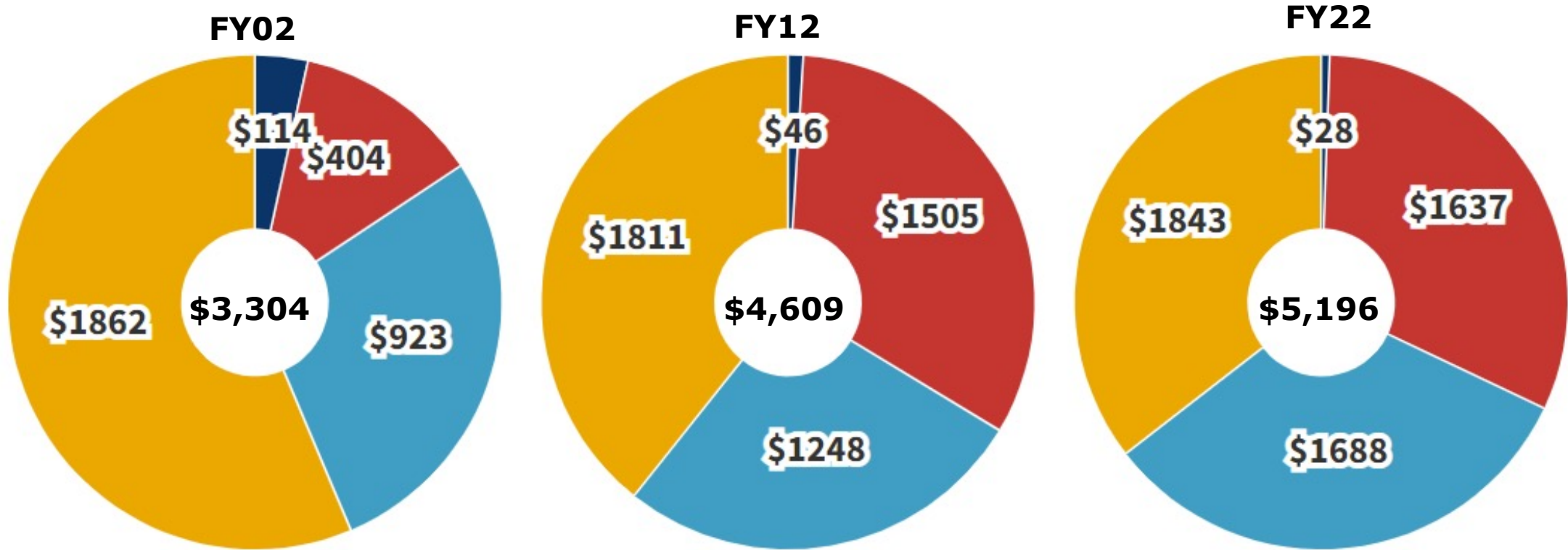
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Most departments' shares decreased from FY02 to FY12; this could be attributed to the long-term impact of the Great Recession. HCPF's share grew by 4.76% from FY02 to F22, however, while the shares appropriated to the Departments of Higher Education and Education shrunk by .34% and 4.54%, respectively.

Total State Appropriations per Coloradan

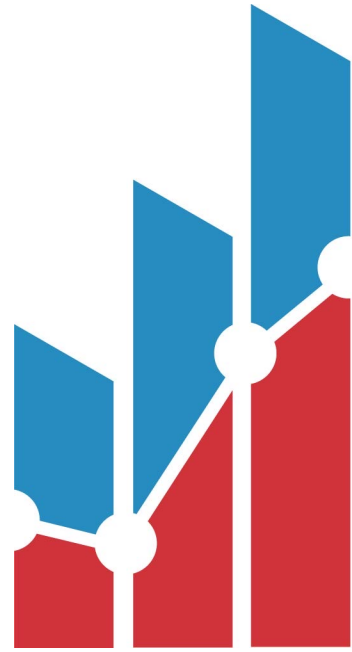
Appropriations are adjusted for population and inflation

■ Federal Funds
 ■ Cash Funds
 ■ General Funds
 ■ Capital Construction Funds



Source: [Colorado JBC Annual Appropriations Reports](#)

Adjusted for inflation and population growth, total state government appropriations increased 57% from FY02 to FY22. Population estimates come from the Colorado Demographer's Office and annual inflation is derived from the Denver MSA CPI developed by BEA.



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