



The Colorado State Budget Process

How does the Governor develop his budget?

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The Governor's State Budget which is presented on November 1, is developed with all the different state agencies and cabinet members, the Office of State Planning and Budget (OSPB), using forecasting information on the different revenue streams and taxes coming into the General Fund, and focusing on campaign promises and increases in caseload.

The following information is based upon the workings of the various State Agencies and the Governor's budget office called the Office of State Planning and Budgets (OSPB). The Legislature has economic and budgeting staff members, who work for the Joint Budget Committee (JBC). This article is only addressing the planning which goes into the Governor's annual budget. In addition, this is focusing on a healthy fiscal analysis where a program may potentially request additional funds.

At the end of the legislative session in May, the budget process for each state agency begins; but it is forecasting the budgetary needs for each line item and program in the Governor's budget request two fiscal years in the future. Example, at the end of the 2010-2011 legislative session, each state agency began working on revising their budget request for fiscal years 2012-2013 and any additional funding increases for fiscal year 2013-2014. In the State agencies, the budget process never ends.

I will walk you through how the budgets get prepared using one state agency as an example; I will use the Colorado Department of Human Services (CDHS) as the state agency. Keep in mind that each state agency goes through a similar process as described. I will use the example of requesting an increase in the State Funding for Senior Services (SFSS) line that is housed within the Division of Aging and Adult Services.

Towards the end of May or early June of each year, OSPB provides each state agency an approximate target figure or percentage that can be expected or projected for allocation in the future fiscal year. In other words, each state agency is giving a ball-park figure for the final allocation projected for the fiscal year two years in advance of the current fiscal year. This means in June of 2011, the State

is developing the budget for the fiscal year beginning July 2013. Typically the budget for each state agency is developed with program staff, upper management, and the agency's budget office staff.

Program staff works with the internal agency budget staff and OSPB on the projection of the monetary needs for the program based upon historical data, previous expenditures, and requirements for Federal matching dollars, and caseload increases. In the example of the SFSS, the Division of Aging and Adult Services would submit a proposal for the projection of additional dollars that will be needed in fiscal year 2013-2014. This information is then shared with CDHS's upper management and the internal agency's budget office staff, who must weigh all the requests from each of the different Divisions against the target number/budget received from OSPB. This is where it gets difficult, as each program has written up a document detailing why that program needs the additional dollars that may have been allocated to CDHS. Upper management reviews the requests and prioritizes them based upon various needs, such as which requests are: required by the Federal government to stay within their guidelines; a matter of preservation of life and safety; based on caseload increases; and are required due to previous state legislation or constitutional requirements. This is typically when the programs are pitted against each other. In the example of the Department of Human Services, it covers a very large array of programs for children, seniors, mental health, developmental disabilities, child protection, adult protection, child support, youth corrections, food assistance, job training, child care services, the mental health institutions, the group homes for developmentally delayed, vocational rehabilitation services, veterans nursing homes and refugee services, just to name a few. As you can see if the state agency is only allowed to increase its overall budget by one percent, this is difficult to do with all the current needs for each program. At this time CDHS management determines the most pressing needs for the different constituents and programs and develops a recommendation for OSPB.

Once each state agency develops their budget request, it is sent to OSPB by August. At this time, OSPB reviews the budget documents from the state agencies and tries to combine the requests while trying to maintain a balanced budget based upon the forecasts/projections. The Governor presents his budget in early November to the Legislature's budget committee and staff called the Joint Budget Committee (JBC). You must remember, all this is happening before any of the fiscal projections are in for the next fiscal year. Then in late November until early January the JBC will hear from each State Agency and ask questions regarding the nature of the requests. (This is called the JBC briefing and the Department's hearing). During November through April, the JBC staff is working on determining the legislature's proposed budget. It is in Colorado's constitution that the budget be balanced each fiscal year.

So what happens if something changes within the programs that require additional funding after the fiscal year budget has been approved by the legislature and the

Governor? The program staff must request a "Decision Item" that may be an emergency, meaning it must be applied to the current fiscal year to maintain health and safety of citizens, or applied to the next fiscal year due to "new information" which can be an unexpected increase in caseload or additional federal dollars that the state must match at a specified percentage rate in order to access or "pull-down" the federal money.

To get back to the example of the State Funding for Senior Services (SFSS) budget to request an increase, there are many levels in which the request can be denied in the process. It can be denied at the CDHS office level, at CDHS management team level, at OSPB, or by the Governor, or during the JBC process. This is not to say that the request is not needed or important, it is just that other immediate priorities "bump" the SFSS increased funding request out of the final budget request.

As you can see, it is not an easy process to get additional funding requests through the entire process and funded. This same process is required if programs are recommended to be reduced or cut by the Governor's budget.

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