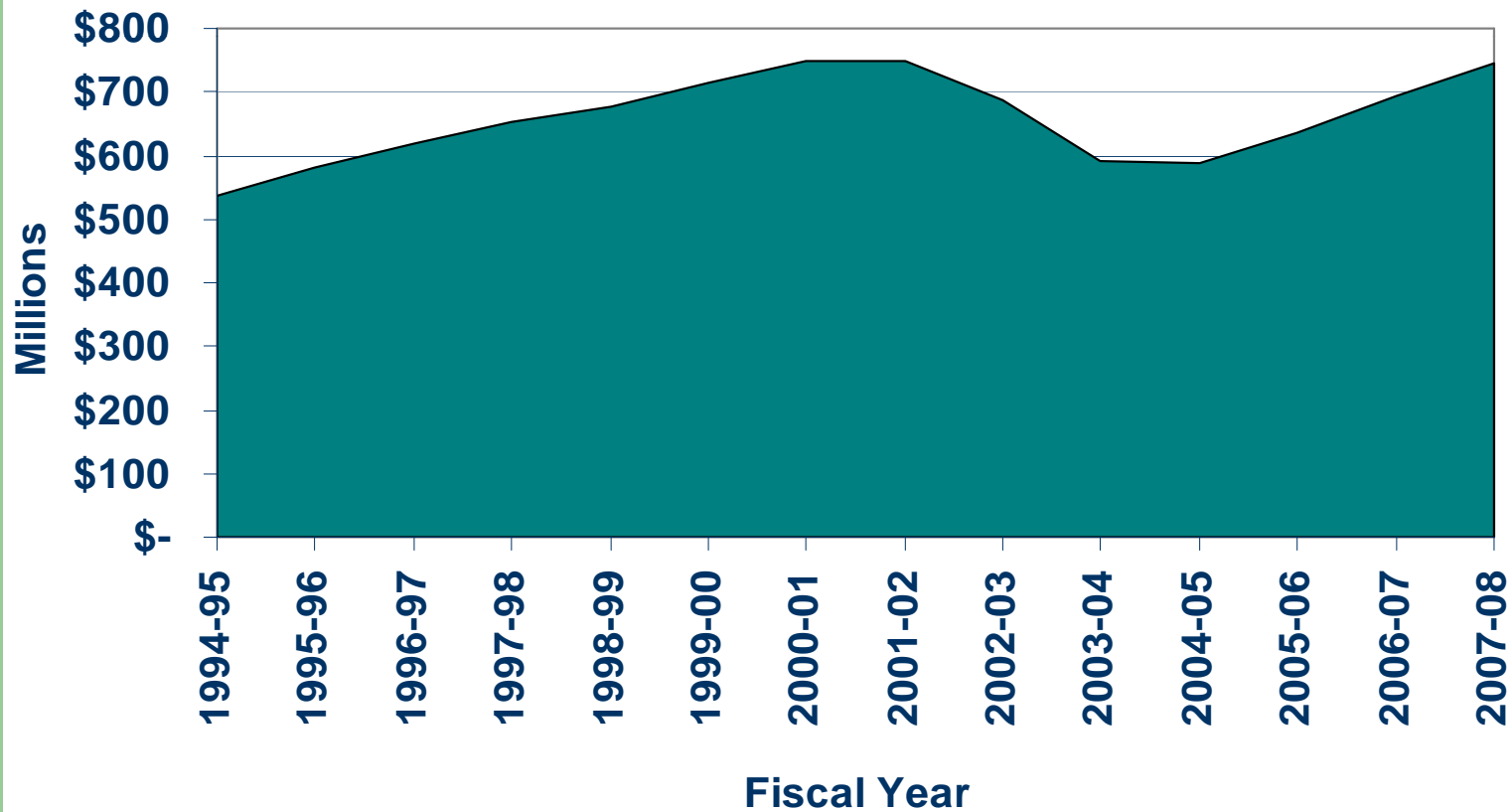


Referendum C Update

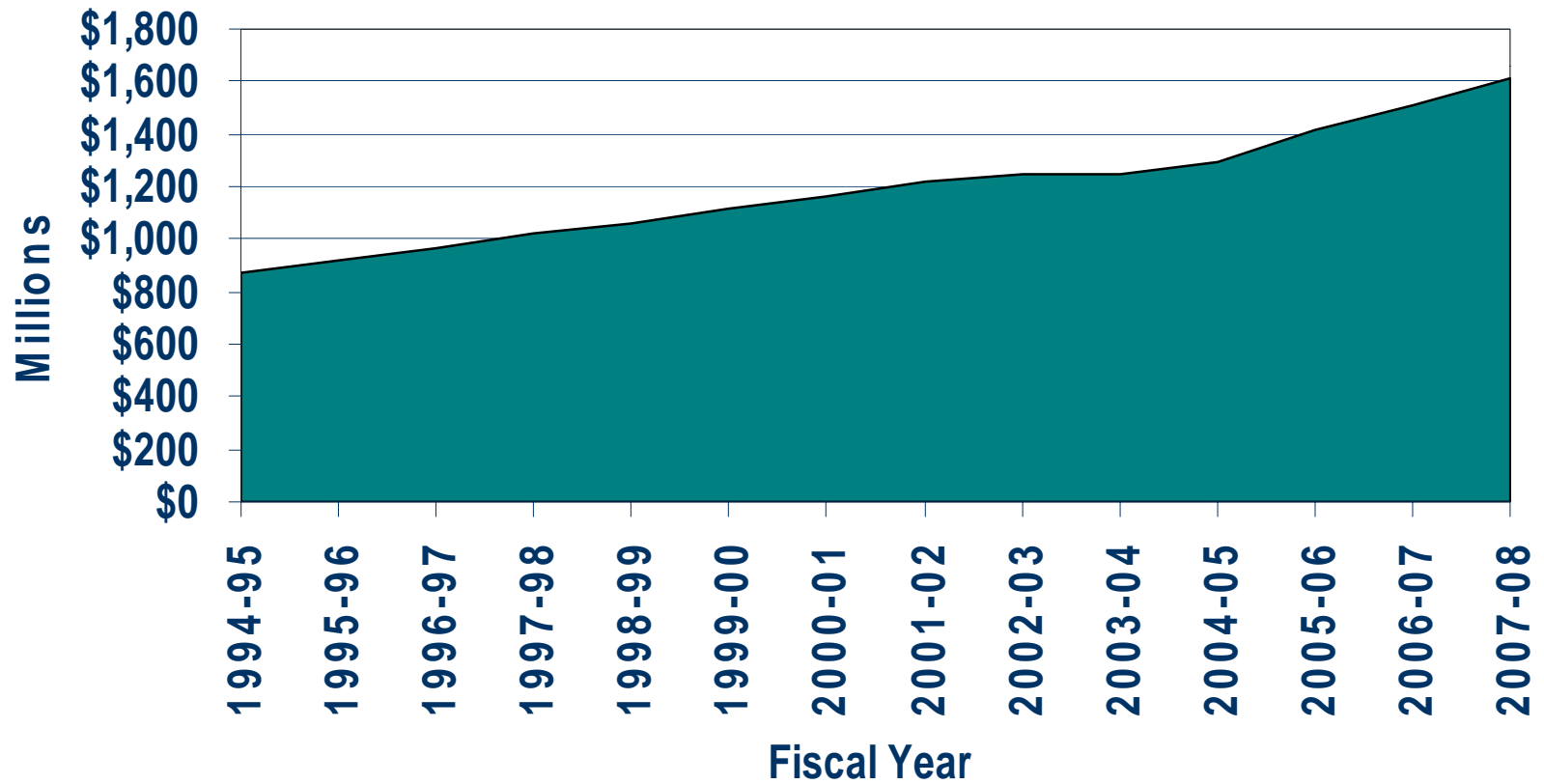


Mike Mauer
Chief Economist
Colorado Legislative Council
January 18, 2008

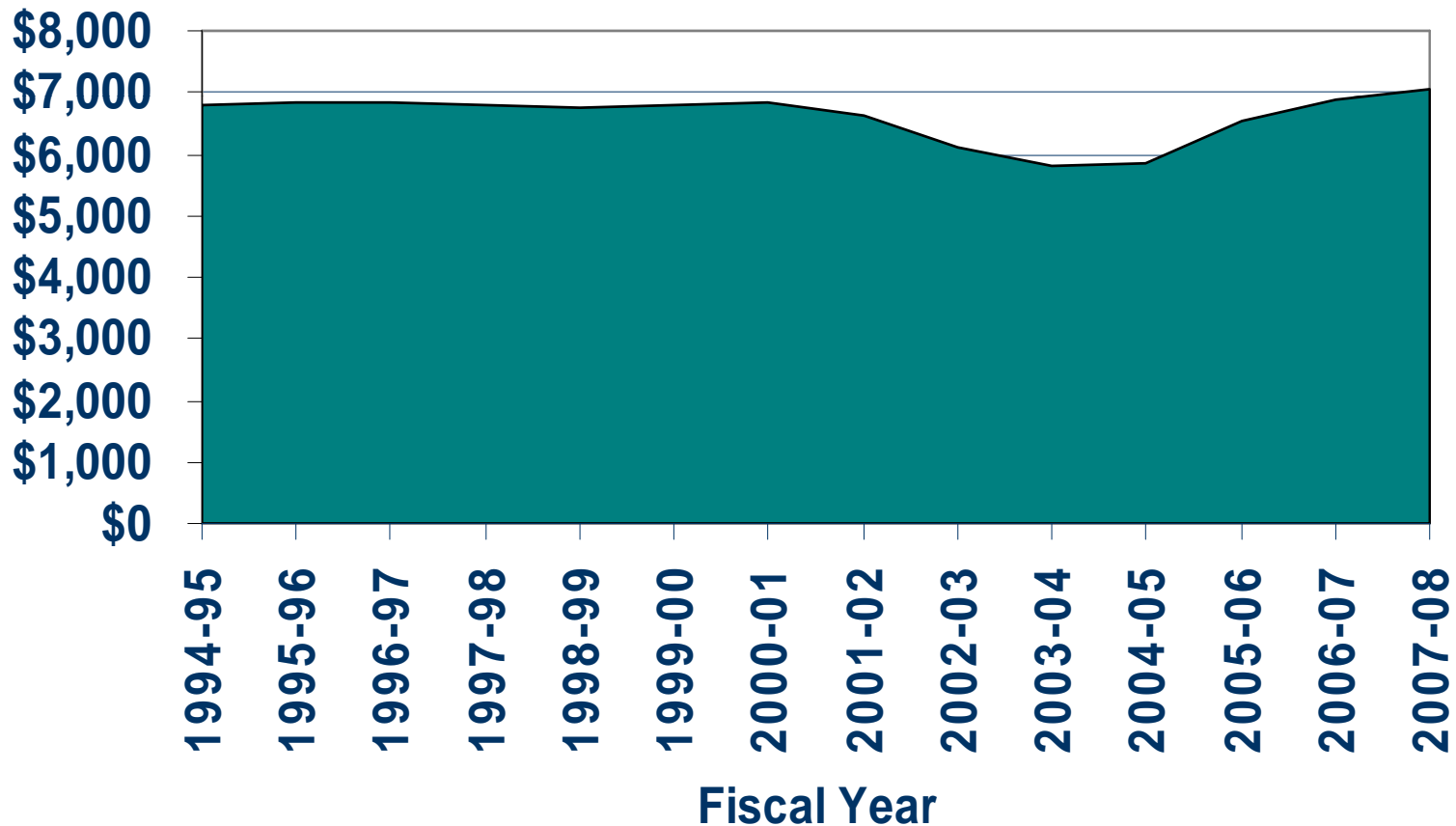
Higher Education General Fund Appropriations



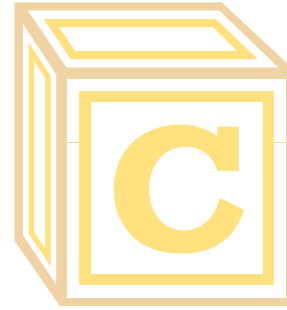
General Fund Plus Tuition



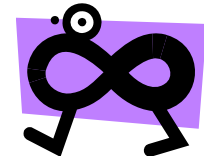
Inflation-Adjusted General Fund + Tuition per Student FTE



Referendum C



- Allows the state to retain all revenue through FY 2009-10.
- Creates a new revenue cap for retaining revenue after the 5 years. C Does Not End!
- Requires that the retained revenue be spent primarily on healthcare, K-12 education, and higher education.
- Allows revenue to be retained even if there is a TABOR “ratchet down”.
- New refund mechanism. There will be refunds again.



Referendum C: How Much

- \$6.3 Billion Over Five Year Time-Out.
- Original Calculation was \$3.7 Billion.
- What Happened?

Expenses \$9,000
Revenue \$10,000 Forecast
Profit \$1,000



Expenses \$9,000
Revenue \$10,500 Actual 5 Percent Change
Profit \$1,500 50 Percent Change

Referendum C Revenue and Spending

Millions of Dollars

Program	FY 2006-07
Preliminary Year-End Figure for Referendum C Revenue	\$1,311.6
Referendum C Spending by Program:	
Preschool through 12th Grade Public Schools	\$343.1
Health Care for Medical Services Premiums	\$343.1
Higher Education through College Opportunity Fund Stipends	\$322.4
Volunteer Firefighter Retirement Plans	\$3.8
Fire and Police Pension Association Old Hire Plans	\$34.8
Transportation Projects	\$15.0
Total Referendum C Spending	\$1,062.2
Amount Remaining to be Budgeted	\$249.4

Cash Funds and Ref. C

- Once Ref. C kicks in, increases in cash funds cause increased Ref. C amounts. The Unemployment Insurance Fund example.

General Fund = \$1,000 GFE = \$100
Cash Fund = \$200 GFNE = \$900

Cash Fund Revenue Increases \$50

General Fund = \$1,000 GFE = \$150
Cash Fund = \$250 GFNE = \$850



FISCAL YEAR 2008-09

Current Law
December 2007 Forecast

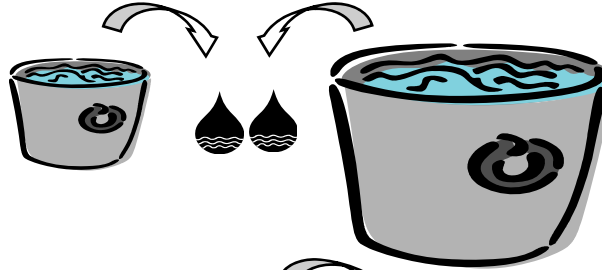
**General Fund Total
Funds Available (\$8,142
million)**



**General Fund Obligations
(Outside 6% Limit,
\$308.7 million)**



**General Fund 4%
Reserve (\$300.8 million)**



**General Fund 6%
Appropriations
(\$7,519.6 million)**

**SB 97-1 Diversion to
HUTF (\$253.3 million)**



**General Fund Excess Reserve
(1/3 to Capital Construction - \$33.1 million,
2/3 Transportation - \$66.2 million)**



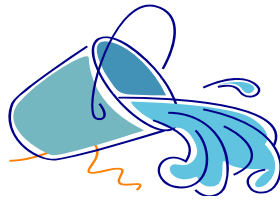
General Fund Comparison

- How the General Fund Overview Has Changed Since September 2005 With the Passage of Referendum C. FY 2009-10. Revenue Retained From C: \$1,353.9 Million

	September 2005	December 2007	Difference
GF Appropriation	\$7,083.5	\$7,970.8	\$887.3
Reserve	\$283.4	\$318.8	\$35.4
SB 97-1	\$0	\$265.3	\$265.3
HB 02-1310	\$0	\$67.9	\$67.9
Senior Property Tax Exemption	\$0	\$90.0	\$90.0
Other Misc. Changes	\$0	\$0	\$8.0
			Total \$1,353.9

Effects of Downturn

General Fund Total
Funds Available

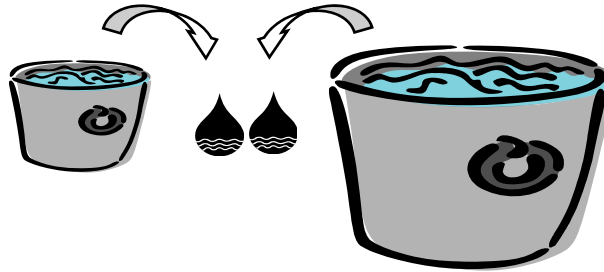


First: Excess Reserve Disappears

General Fund Obligations
(Outside 6% Limit)

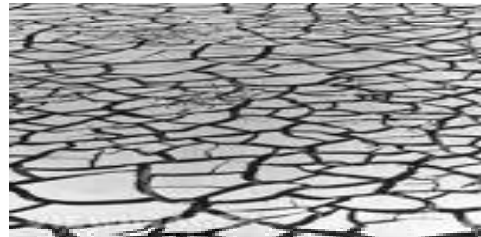


General Fund 4%
Reserve



General Fund 6%
Appropriations

SB 97-1 Diversion to
HUTF

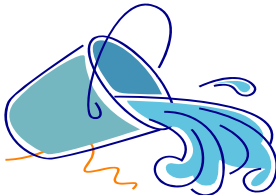


General Fund Excess Reserve
(1/3 to Capital Construction - \$0 million,
2/3 Transportation - \$0 million)

Effects of Downturn

Second: Senate Bill 97-1 Diversion to HUTF Disappears

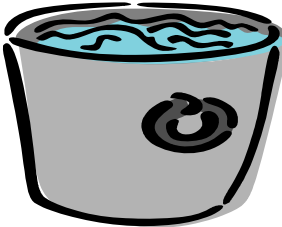
General Fund Total
Funds Available



General Fund Obligations
(Outside 6% Limit)

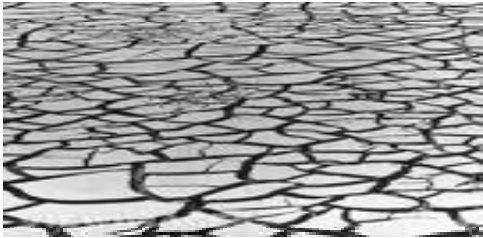


General Fund 4%
Reserve



General Fund 6%
Appropriations

SB 97-1 Diversion to
HUTF (\$0 million)

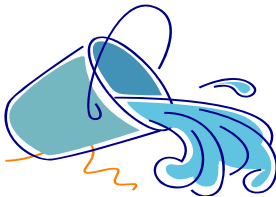


General Fund Excess Reserve
(1/3 to Capital Construction - \$0 million,
2/3 Transportation - \$0 million)

Effects of Downturn

Third: Other Buckets are Reduced

General Fund Total Funds Available



General Fund Obligations (Outside 6% Limit, possibly reduced)

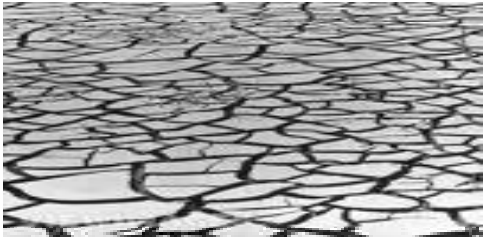


General Fund 4% Reserve (Reduced)



General Fund 6% Appropriations (Reduced)

SB 97-1 Diversion to HUTF (\$0 million)



General Fund Excess Reserve (1/3 to Capital Construction - \$0 million, 2/3 Transportation - \$0 million)