



Joint  
Budget  
Committee

# **JOINT BUDGET COMMITTEE**

## **Statutory Basis**

The Joint Budget Committee (JBC) and its statutory duties are established in Sections 2-3-201 through 2-3-207, C.R.S. These duties include analyzing the management, operations, programs, and fiscal needs of state departments. The JBC holds briefings and hearings to review the executive budget requests for each state agency and program, and makes recommendations on the annual budget and accompanying reserve requirements to the General Assembly.

## **Budget Process**

### **Information about the Joint Budget Committee:**

In most states, the executive branch initiates the main appropriation bill for the ongoing operations of state government. Colorado, however, has a strong legislative budget process. The General Assembly's permanent fiscal and budget review agency, the Joint Budget Committee (JBC), writes the annual appropriations bill - called the Long Bill - for the operations of state government. The JBC has six members: the Chairman and one majority and one minority member of the House Appropriations Committee, and the Chairman and one majority and one minority member of the Senate Appropriations Committee. Members serve two-year terms and are selected following the general election. Traditionally, the Senate elects its JBC members. In the House, the Speaker appoints the majority party members, and the Minority Leader appoints the minority party member. The chairmanship alternates between the Chairmen of the Senate and House Appropriations Committees. This year, it is the Senate's turn to chair the JBC. The JBC's hearing room and offices are on the third floor of the Legislative Services Building at 200 East 14<sup>th</sup> Avenue.

The JBC has a full-time, non-partisan staff which includes the staff director, 13 analysts, and two support staff. Each staff analyst is responsible for one or more departments, programs or issue areas (e.g. health care, corrections, education). To assist the JBC, the analyst reviews the pertinent statutes, budget requests, appropriations and audit reports, as well as other information, and meets with agency personnel and other individuals. The staff provide written and oral recommendations for funding and program changes to the JBC. They also staff the House and Senate Appropriations Committees, which includes preparing a fiscal analysis and any amendments related to the appropriations clause for each bill heard by those committees.

### **Executive Budget Process:**

The State Constitution requires a balanced budget (Article XI, Section 3). Colorado has an annual budget cycle; the fiscal year begins July 1 and ends June 30. During late summer and early fall, departments submit budget proposals to the Governor's Office of State Planning and Budgeting (OSPB) as part of the executive budget process. The Governor and his staff review the budget proposals and limit each department's budget request based on available revenues and the Governor's priorities, and they determine which new funding initiatives may be included in the request. Departments are required by statute to submit budgets to the JBC by November 1.

### **JBC Briefings and Hearings:**

As soon as practical after November 1, the JBC schedules hearings with the departments. The JBC's staff analysts brief the JBC on each budget request a few days prior to the hearing with a department. Briefings and hearings for most departments are scheduled in November and December before the General Assembly convenes in early January.

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 JBC members about each department's budget request, its operations, issues of efficiency and effectiveness, and plans for the future. After the briefing, the JBC members decide which issues they wish to discuss with the department. These may be topics presented by the JBC staff or topics the JBC members wish to pursue. JBC staff analysts prepare a detailed agenda of these topics for the hearing. During the hearing, the department is given time to discuss its priorities with the JBC. All briefings and hearings are open to the public and are also taped. However, the JBC does not accept public testimony on departmental budget requests at these hearings. Instead, the JBC meets Tuesdays and Thursdays with individuals and groups. The nature of these Tuesday/Thursday meetings is determined each year by a vote of the JBC.

### **Supplemental Process:**

In January, the JBC considers requests from departments for funding adjustments or changes, called supplementals, for the current fiscal year. Usually, these requests are for additional funds. JBC staff review these requests for funding changes and make recommendations to the JBC. In the past, the JBC has applied the following criteria to limit the number of supplemental requests:

- an emergency or act of God;

- a technical error in calculating the original appropriation;
- data which was not available when the original appropriation was made; or
- an unknown contingency, such as significant workload change.

In order for the State to have a balanced budget or to stay within the State's spending limits, the JBC may also need to find areas in the budget where funds can be reduced. When revenue shortfalls occur, the Governor must ask departments to restrict spending in order for the State to stay within projected revenues. The JBC staff review these restrictions and make recommendations to the JBC. The JBC then decides where funds can be reduced. The JBC's decisions may differ from the Governor's request or the JBC staff recommendations. The JBC's decisions are prepared and introduced as supplemental appropriation bills, and are acted on by the General Assembly. If necessary, each department will have a separate supplemental appropriation bill that is introduced around the first week of February. Typically, all of the supplemental bills are considered as a package.

### **Revenue Resolution:**

By February 1, the General Assembly is required to certify, by joint resolution, the amount available from the State's General Fund for appropriation for the next fiscal year. Typically, the JBC meets with House and Senate Finance chairmen to discuss what revenue amounts to include in the resolution. The resolution is usually introduced first in the House.

### **Figure Setting Process:**

During February and March, the JBC makes decisions on the level of funding for state government for the next fiscal year. The JBC is responsible for making recommendations for funding the operations of the State, as well as, the statutory reserve out of the available General Fund revenues.

During February and March, when the JBC makes funding decisions for the upcoming fiscal year, JBC staff analysts make and explain recommendations to the JBC on the number of employees, the level and type of funding, and footnotes for each department. This process is called "figure setting". Long Bill footnotes are added to some line items to explain the purpose of the appropriation. Additionally, the JBC may send a letter to the Governor requesting that a department submit specific information to the JBC. The JBC votes on each line item recommendation.

The Executive Branch, through OSPB, will present areas of disagreement or requests for reconsideration of decisions (called "comebacks") to the JBC in order to fund the Governor's priorities. The other elected officials and the Judicial Branch are also given the opportunity

to present comeback requests to the JBC. If applicable, JBC staff will recalculate the budget figures based upon the JBC's decisions. After the JBC has finished making all decisions, the JBC staff is given a few days to add up the total of the decisions. The JBC meets (if necessary) once the JBC staff has compiled the decisions to make any adjustments to stay within revenue or spending limits. The JBC has to consider other bills that may require General Fund appropriations in balancing to the amount of available revenues and the statutory limit. These bills include the School Finance Act, the Legislative appropriation bill, any bills creating new judges, etc.

### **Long Bill Process:**

Once the figure setting process is completed, JBC staff compile the decisions of the JBC into the budget bill (commonly referred to as the Long Bill). The departments are listed alphabetically in the Long Bill and each department is included in a separate part of the bill. The organization of a department's part of the Long Bill often follows the department's organizational structure. The number of individual line items and program lines (combination of personal services, operating expenses, and other special purpose functions into one line item) varies from department to department and within departments. Generally speaking, departments are restricted from spending funds appropriated for one line item for purposes funded in another line item. Therefore, program lines afford more flexibility for a department. At the end of each department there is a total for each department. The grand total for all the operating budgets of all the departments follows the last department's total.

After drafting the Long Bill, JBC staff analysts prepare a document to explain the decisions made by the JBC and to provide comparative information for the General Assembly during its subsequent deliberations. The **Long Bill Narrative** is written for the use of the members and to aid them in understanding the funding changes recommended by the JBC. The Narrative reflects the Long Bill as introduced and is not updated to reflect amendments that are adopted.

The Long Bill is introduced for consideration by both houses, as a House Bill when the JBC Chairman is a Representative, and as a Senate Bill when the JBC Chairman is a Senator. As a result, the Long Bill will be introduced first in the Senate in the upcoming session. The deadline schedule allows one week for consideration and adoption by the first house, the next week for consideration and adoption by the second house, and a third week for consideration and adoption of the conference committee report by both houses.

Over the past two years, legislative consideration of the Long Bill has been accomplished through a combination of committee of reference meetings and party caucuses. This discussion of the Long Bill typically lasts several days and is an opportunity for other

members to understand the recommendations from the JBC on the state's budget for the upcoming fiscal year and to consider changes in the funding levels being proposed. During this discussion, JBC members usually provide a brief overview of the major changes for each department and respond to questions about the funding recommended.

The JBC members, with assistance from JBC staff analysts, explain decisions made by the JBC and answer questions from their colleagues. If an immediate answer cannot be provided, JBC staff are expected to research these questions and provide a clear, concise response in a timely fashion. Typically these responses are provided in the form of a memorandum. Depending on the nature and timing of the question, the response may need to be distributed to multiple members. For instance, if the question was posed during a caucus meeting and many members of the caucus expressed interest, the response would be distributed to all members of that caucus. Responses to caucus questions are also provided to all JBC members and the JBC Staff Director.

While the Long Bill contains funding for the various departments of state government, other organizations (non-profit, governmental, or private) are also interested in the funding levels proposed. Those organizations may contract with departments to provide services or they may represent local governments or school districts which have an interest in the funding being proposed. Often departments and other organizations have liaisons or lobbyists representing their interests in the budget discussions. Department representatives (liaisons) and lobbyists for other organizations may approach members to support or change the recommended level of funding proposed in the Long Bill.

During the caucus process, members propose changes or amendments to the funding levels contained in the Long Bill. The House has a specific rule requiring that amendments to the Long Bill that propose to increase appropriations must identify a corresponding funding source. The caucuses will generally take a "sense of the caucus" vote on proposed amendments to give the sponsor an indication of how much support there might be for the amendment on Second Reading. The constitution prohibits any caucus votes that are "binding". During consideration of the Long Bill in the second house, members also discuss accepting or rejecting any amendments adopted by the first house.

The JBC staff drafts all changes requested by a legislator as amendments for consideration during floor debate. All the amendments that are to be offered as amendments on Second Reading are included in a packet that is distributed to all members prior to Second Reading. As these amendments are difficult to read, each amendment includes a brief explanation of the purpose which follows the amendment itself.

After both chambers pass the Long Bill, there are typically differences between the version that passed the Senate and the version that passed the House. JBC members have traditionally acted as the bill's conference committee in order to resolve differences between the two houses. At various points during the Conference Committee's deliberations on the Long Bill, the JBC members return to their caucuses to get feedback on whether the JBC recommendations to resolve the differences between the two houses are acceptable. This feedback from the caucuses gives direction to the JBC members as conferees on how best to proceed. After both chambers adopt the conference committee report, the bill is sent to the Governor.

Finally, unlike other bills, the Governor has **line item veto** power in acting on the Long Bill and supplemental bills. In other words, the Governor can veto a particular line item appropriation without having to veto the entire Long Bill. A two-thirds vote of each house is required to override a veto. As with any bill, if the Long Bill is not sent to the Governor with ten days remaining in the session, the Governor has thirty days in which to act on the bill and the General Assembly forfeits any opportunity to override any vetoes.

### **Appropriations Process:**

JBC staff serve as staff to the House and Senate Appropriations Committees. The JBC staff provide a fiscal analysis ("staff note") for all bills heard in the House or Senate Appropriations Committees. The JBC staff work with Legislative Council Fiscal Note Staff in this evaluation. This evaluation includes an analysis of the fiscal impact of any proposed sponsor amendments. In addition, the JBC staff will draft amendments to correct or add appropriations clauses to the bills being considered.

### **JBC Activities During the Interim:**

After the legislative session is over in early May, JBC staff analysts prepare the Appropriations Report, which explains funding decisions made by the General Assembly. The report is published by July 1 of each year. During the summer and fall, the JBC typically meets once a month for two to three days. Members may tour areas of the state to visit state facilities and meet with groups and individuals to receive input on budget and management issues. State agencies may also request to meet with the JBC to inform members of a problem or to seek direction on various matters.

Frequently, departments may submit requests for funding outside of the regular session. House Bill 98-1331 codified the requirements for approval of appropriation changes outside the session. These requests must be approved by the OSPB and a majority of the JBC prior to being authorized by the Controller. Requests concerning capital construction projects

must also be approved by the Capital Development Committee. Requests from the Departments of Law, Treasury, State, Judicial, and Legislature do not require the approval of the OSPB. Departments are required to submit formal supplemental requests to the JBC on January 1. If a department receives supplemental funding outside the session and the supplemental bill is not approved in the regular process, the Controller must restrict that department's appropriation by a like amount in the following fiscal year.

### **YOUR ROLE IN THE BUDGET PROCESS**

As a member, there are a number of opportunities to participate in the budget process.

#### **Participation in JBC Meetings:**

The JBC welcomes any legislator to attend and participate in their meetings. The JBC's briefing and hearing schedule was distributed to all members during the organizational caucuses that were held after the election. The JBC briefing and hearing schedule can also be viewed on the Internet and the General Assembly Intranet. During the legislative session, the JBC's schedule is printed in the House and Senate calendars. It is important to check with the JBC Offices to make sure there have not been any last minute changes in this schedule. If you are unable to come to these meetings, you can obtain any major staff documents on the JBC Home Page.

#### **Oversight Role of Committees of Reference:**

The various committees of reference have oversight responsibility for the departments of state government. Pursuant to the Joint Rules, the committees of reference are to keep themselves advised of the activities, functions, problems, new developments, and budgets of the principal departments which are within the subject matter jurisdiction of each committee. The joint rules also specify that within the first thirty days of the session, the committees of reference annually review the budget of all departments that are within their subject matter jurisdiction. Typically, the committees of reference schedule hearings with the departments to discuss the budget submissions. In addition to hearings with the departments, the JBC members are also to be available to meet with each committee of reference. Therefore, the JBC usually meets with the joint committees of reference in the first month of the session. Finally, after completion of these meetings with the departments and the JBC, the chairman of the committees communicate any concerns or comments regarding preparation of the Long Bill to the members of the JBC. Beginning with the 2011 Session, committees of reference are also required to hold hearings and discuss the performance based budgeting process with both departments and the JBC pursuant to Section 2-7-201 through 2-7-205, C.R.S.

The requirements in Section 2-7-201 through 2-7-205, C.R.S. were established in H.B. 10-1119 (Ferrandino/Shaffer). Pursuant to H.B. 10-1119, each state agency is required to present, on an annual basis, the department's strategic plan to the relevant committee of reference of the General Assembly. The presentation is to include a discussion of the department's goals and performance measures. Beginning with the 2012 legislative session, the chair of each committee of reference must appoint two committee members to serve as liaisons with the relevant departments concerning the budget process. The chair of the JBC also appoints a liaison from that committee for the same purpose. Within 30 days of the department's presentation to the committee of reference, the committee is to provide the department with written recommendations concerning the strategic plan. The JBC is also required to hold a joint hearing with the relevant committee of reference. The legislation also requires the Office of State Planning and Budgeting to publish an annual performance report. The report will include a summary of each department's strategic plan and must be written in an easily understood manner. The report is to be posted on the state website and the Governor's website. The JBC staff brief the JBC on the general strategic plans and respond to any questions from members that are raised during the process.

#### **Express Concerns to JBC Members:**

The members of the JBC are your representatives on the budget committee. It is important to let the JBC members know what issues are important to you and what funding priorities you would like them to establish for the various programs or services in state government. Remember that the JBC has to consider and balance all the funding needs of the programs of state government in order to comply with the various limits on state spending. It is important to make your views known to your JBC members before the Long Bill is introduced because it is harder to make funding changes by amendments after the Long Bill has been introduced.

#### **Utilize JBC Staff:**

The JBC Staff Director makes agency assignments with input from the analysts concerning their interests. These may be entire departments, divisions within a department, or specialty areas. Normally, assignments are not made in an area where a person might have preconceived ideas or a strong personal or professional interest. Staff are encouraged to maintain an assignment for a number of years to develop expertise. One staff analyst may have assignments that cut across department lines (e.g., Department of Corrections and Division of Criminal Justice in the Department of Public Safety) to provide a more comprehensive review of budgetary and policy issues. JBC staff analysts are expected to respond to questions regarding budgetary topics from all legislators. JBC members and other legislators can contact JBC analysts directly or request assistance through the JBC Staff

Director. The JBC staff assignment list has been provided to you in this notebook and is also available on the JBC home page.

## **Joint Budget Committee Documents**

The following documents and/or publications are compiled annually by the JBC staff and made available to the Committee, other legislators, and the public. These include:

- ✓ **Staff Budget Briefings and Hearing Agendas for each department**
- ✓ **Summary of Joint Budget Committee Budget Briefings**
- ✓ **Staff Analyses and Recommendations on Mid-Year Budget Adjustments (Supplementals)**
- ✓ **Supplemental Budget Bills and the Supplemental Budget Narrative**
- ✓ **Staff Figure Setting Analyses and Recommendations**
- ✓ **The Annual Budget Bill (Long Bill) and the Long Bill Narrative**
- ✓ **Appropriations Committee Staff Notes**
- ✓ **Appropriations Report and the Budget-in-Brief**
- ✓ **Interim Committee and JBC Presentations (as needed)**

## JBC STAFF ASSIGNMENTS

The Joint Budget Committee main office telephone number is 303-866-2061. Each staff analyst may be reached at the main number or by dialing 303-866- and the extension number shown below.

<b>Department/Division</b>	<b>Staff Analyst</b>	<b>Extension</b>	<b>Internet E-mail Address</b>
<b>Agriculture</b>	Joy Huse	4963	<a href="mailto:joy.huse@state.co.us">joy.huse@state.co.us</a>
<b>Corrections</b>	Steve Allen	4961	<a href="mailto:steve.allen@state.co.us">steve.allen@state.co.us</a>
<b>Education</b>	Craig Harper	3481	<a href="mailto:craig.harper@state.co.us">craig.harper@state.co.us</a>
<b>Governor</b>	Kevin Neimond	4958	<a href="mailto:kevin.neimond@state.co.us">kevin.neimond@state.co.us</a>
<b>Health Care Policy &amp; Financing</b>	Eric Kurtz	4952	<a href="mailto:eric.kurtz@state.co.us">eric.kurtz@state.co.us</a>
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<b>Higher Education</b>	Patrick Brodhead	4955	<a href="mailto:patrick.brodhead@state.co.us">patrick.brodhead@state.co.us</a>
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Executive Director's Office/Information Technology (includes CBMS)/ Mental Health & Alcohol & Drug Abuse Services/ Office of Operations	Kevin Neimond	4958	<a href="mailto:kevin.neimond@state.co.us">kevin.neimond@state.co.us</a>
County Administration/Self Sufficiency/Child Welfare/Child Care/Youth Corrections/Adult Assistance Programs (includes Old Age Pension Program)	Amanda Bickel	4960	<a href="mailto:amanda.bickel@state.co.us">amanda.bickel@state.co.us</a>
Services for People with Disabilities	Megan Davisson	2062	<a href="mailto:megan.davisson@state.co.us">megan.davisson@state.co.us</a>
<b>Judicial</b>	Carolyn Kampman	4959	<a href="mailto:carolyn.kampman@state.co.us">carolyn.kampman@state.co.us</a>
<b>Labor &amp; Employment</b>	Joy Huse	4963	<a href="mailto:joy.huse@state.co.us">joy.huse@state.co.us</a>
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Reclamation, Mining, & Safety/Geological Survey/Oil & Gas Conservation Commission/ State Board of Land Commissioners	Craig Harper	3481	<a href="mailto:craig.harper@state.co.us">craig.harper@state.co.us</a>
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This document is current as of August 6, 2012. It will be updated as changes occur.