



Memorandum

To: Joint Budget Committee Members
From: Craig Harper, JBC Staff (303-866-3481)
Date: March 23, 2026
Subject: Ref. C and General Fund Exempt Allocations for FY 2025-26 and FY 2026-27

Referendum C, approved by the voters in 2005, authorizes the State to retain and spend certain state revenues that exceed the limitation on state fiscal year spending in the Taxpayer's Bill of Rights (TABOR). The excess revenues the State is allowed to retain and spend are credited to the General Fund Exempt Account (GFE Account) within the General Fund. The General Assembly may only appropriate money in the GFE Account for purposes that are specified in statute, including: health care; education; retirement plans for firefighters and police officers; and strategic transportation projects. For further details, see the "Background Information" section at the end of this memorandum.

The actual amount of excess revenues that is credited to the GFE Account is not known until after the books for a fiscal year are finalized. Thus, initial Long Bill appropriations from the Account are based on projections from the revenue forecast selected by the Committee for balancing. Staff is offering recommendations to adjust appropriations from the GFE Account for FY 2025-26 and FY 2026-27 based on projections in the March 2026 forecast from the Office of State Planning and Budgeting.

Please note that the recommended amounts from the GFE Account for FY 2026-27 will remain unchanged if the Committee takes action to reduce or increase any of the appropriations listed in the following tables. Any adjustments will be made to the "regular" General Fund appropriation.

Both tables utilize the same allocation method that has been used for many years (see the Background Information section of this document for more information). In short, the revenue forecast identifies the *total* amount of GFE available for the fiscal year and this methodology allocates that amount among eligible uses.

Adjustments to FY 2025-26

Table 1 shows the recommended adjustments to the existing appropriations for FY 2025-26. The adjustments reflect a *decrease* in the amount of GFE projected to be available because the appropriation from the 2025 session assumed that the State would be above the TABOR/Ref. C limit in the current year. With the March 2026 OSPB forecast projecting collections \$229.0 million *below* the limit in the current year, the projected GFE collections must fall by that amount. In contrast, the forecast projects increased costs for the volunteer

firefighter pension plans in the Department of Local Affairs, so the recommendation provides an increase for that particular line item.

Table 1: Recommended Adjustments to Appropriations from the GFE Account for FY 2025-26

Department	General Fund	GFE Account	Sum
Health Care Policy and Financing - Medical Services			
Premiums			
Existing Appropriations	\$2,590,473,389	\$1,292,968,309	\$3,883,441,698
Recommended Adjustment	76,426,901	-76,426,901	0
Adjusted Appropriation	2,666,900,290	1,216,541,408	3,883,441,698
Education - State Share of Districts' Total Program Funding			
Existing Appropriations	3,095,718,552	\$1,292,968,309	4,388,686,861
Recommended Adjustment	76,426,901	-76,426,901	0
Adjusted Appropriation	3,172,145,453	1,216,541,408	4,388,686,861
Higher Education - Multiple line item appropriations			289,689,105
Existing Appropriations	245,008,540	1,232,865,809	1,477,874,349
Recommended Adjustment	76,320,176	-76,320,176	0
Adjusted Appropriation	321,328,716	1,156,545,633	1,477,874,349
Local Affairs - Volunteer Firefighter Retirement Plans; Volunteer Firefighter Death and Disability Insurance			
Existing Appropriations	30,000	4,295,000	4,325,000
Recommended Adjustment	0	213,449	213,449
Adjusted Appropriation	30,000	4,508,449	4,538,449
Transportation Projects			
Existing Transfers	0	500,000	500,000
Total Existing Appropriations	\$5,931,230,481	\$3,823,597,427	\$9,754,827,908
Total Adjustments	\$229,173,978	-\$229,173,978	\$0
Total Adjusted Appropriations from GFE Account		\$3,594,636,898	

Adjustments to FY 2026-27

Table 2 shows the recommended allocations for FY 2026-27, using the same methodology. Total appropriations for each department reflect the amounts approved by the JBC to date. **Consistent with prior years, staff has included the \$500,000 transfer to the Department of Transportation. The Committee could eliminate that transfer entirely – the GFE would be redistributed to HCPF and Education, allow their “regular” General Fund amounts to decrease for \$500,000 in General Fund savings.**

Table 2: Recommended Adjustments to Appropriations from the GFE Account for FY 2026-27

Department	General Fund	GFE Account	Sum
Health Care Policy and Financing - Medical Services			
Premiums			
Existing Appropriations	2,956,096,579	\$1,292,968,309	\$4,249,064,888
Recommended Adjustment	(41,214,836)	41,214,836	0
Adjusted Appropriation	2,914,881,743	1,334,183,145	4,249,064,888
Education - State Share of Districts' Total Program Funding			
Existing Appropriations	3,145,718,552	\$1,292,968,309	4,438,686,861
Recommended Adjustment	(41,214,836)	41,214,836	0

Department	General Fund	GFE Account	Sum
Adjusted Appropriation	3,104,503,716	1,334,183,145	4,438,686,861
Higher Education - Multiple line item appropriations			291,187,215
Existing Appropriations	246,506,650	1,232,865,809	1,479,372,459
Recommended Adjustment	(41,118,373)	41,118,373	0
Adjusted Appropriation	205,388,277	1,273,984,182	1,479,372,459
Local Affairs - Volunteer Firefighter Retirement Plans; Volunteer Firefighter Death and Disability Insurance			
Existing Appropriations	30,000	4,295,000	4,325,000
Recommended Adjustment	0	(192,926)	(192,926)
Adjusted Appropriation	30,000	4,102,074	4,132,074
Transportation Projects			
Existing Transfers	0	500,000	500,000
Total Existing Appropriations	\$6,348,351,781	\$3,823,597,427	\$10,171,949,208
Total Adjustments	(\$123,548,044)	\$123,548,044	\$0
Total Adjusted Appropriations from GFE Account		\$3,946,952,545	

Background information

Two statutory provisions that relate to Referendum C.

First, Section 24-77-103.6 (1) and (2), C.R.S., authorizes the State to “retain and spend all state revenues that are in excess of the limitation on state fiscal year spending, but less than the excess state revenues cap for the given fiscal year”. The General Fund Exempt Account, created within the General Fund, consists of an amount of General Fund revenue equal to the amount of revenues in excess of the limitation on state fiscal year spending that the state retains for a given fiscal year. Money in the Account “shall be appropriated or transferred by the general assembly for the following purposes:

- (a) To fund health care;
- (b) To fund education, including any capital construction projects related thereto;
- (c) To fund retirement plans for firefighters and police officers, so long as the general assembly determines that such funding is necessary; and
- (d) To pay for strategic transportation projects included in the department of transportation's strategic transportation project investment program.”

This first provision defines "education" to include public elementary and high school education, as well as higher education.

Second, Section 24-77-104.5, C.R.S., provides further direction about how money in the GFE Account shall be appropriated or transferred. Paragraph (a) of this provision indicates that available money in the Account shall be used as follows:

- If the voters approve Referendum D (a referred measure concerning transportation projects), the General Assembly may appropriate money from the Account to the Critical Needs Fund to make payments on principal and interest on critical needs notes issued.

- If the voters do not approve Referendum D, money in the Account shall be used in a manner consistent with section 24-77-103.6 (2).
- The amount appropriated or transferred pursuant to this provision shall be:
 - (1) \$55.0 million in FY 2005-06;
 - (2) \$95.0 million in FY 2006-07; and
 - (3) \$125.0 million in each subsequent state fiscal year.

Paragraph (b) of this provision states that if there is any money in the Account after the appropriations or transfers required by paragraph (a), then all moneys remaining in the account shall be split equally for the following three purposes:

- health care;
- preschool through twelfth grade education; and
- for the benefit of students attending community colleges and other institutions of higher education.

Voters did not approve Referendum D. Based on these two provisions, the money in the Account has been allocated annually as follows:

- The first \$125.0 million is allocated for transportation (\$500,000 has been the amount typically used) and for firefighter benefits (this appropriation fluctuates, but it's typically around \$4.3 million). The remainder is split evenly between health care and K12 education.
- Any amount in excess of \$125.0 million is split equally between health care, K12 education, and higher education.
- As a result, the allocation for higher education is typically about \$60.0 million lower than the allocations for health care and for K12 education.