

Proposed 5-year Spending Plan Amendment & Fiscal Year 2024 Spending Plan

Background

The GOCO board approved the five-year spending plan for FY 21-25 at its June 2020 meeting via Resolution 2020-16. The current five-year spending plan was designed to be dynamic, and the board anticipated several amendments to the spending plan throughout its life cycle to respond to partners' needs and to ensure that GOCO's funding aligns with the current strategic plan. Since June 2020, the board has approved five important amendments to the five-year spending plan.

The proposed sixth amendment to the five-year spending plan incorporates changes to integrate higher than expected increases to the consumer price index (CPI), which has impacts on GOCO's lottery cap and reserve. Additionally, as part of the flexible approach to the spending plan, the board agreed to set program allocations on an annual basis through annual spending plans instead of trying to detail every program's allocation at the beginning of the five years. This summary and attached FY 24 spending plan propose how GOCO will grant funds during FY 24, which begins July 1, 2023.

Proposed Amendment to the Five-Year Spending Plan

The attached draft five-year spending plan amendment has been modified in the following ways to adjust for historic inflation and accelerate much needed funding to our partners:

- 1) Constitutional Cap Adjustment – GOCO's portion of lottery proceeds is constitutionally capped based on CPI. When the five-year spending plan was adopted, the average CPI increase was 2.25% annually. However, the actual CPI increase for FY 24 is 8.01%, which is higher than originally anticipated and modeled in the plan, and we anticipate higher inflation throughout the duration of the spending plan. We have modified the CPI and cap assumptions in the five-year plan based on actual figures through FY 24 (cap increase of \$6,064,965 over FY 23) and estimated figures for FY 25.
- 2) Operating Costs Adjustment – The FY 24 & 25 estimated operating costs in the five-year spending plan have been updated in the amended spending plan for the current proposed operating budget.
- 3) FY 23 Carry Forward – Unspent funds from FY 23 will be carried forward into FY 24. Unspent funds include \$139,961 in Open Space Generation Wild funds and \$139,961 in Local Government Generation Wild funds. These funds will be carried forward into the FY 24 Generation Wild program.
- 4) Base Program Funding – The FY 23 spending plan has been modified to increase base program funds in the amount of \$81,272 for Local Government and \$1,890,757 for Open Space. This is necessary to cover the slate of programs being recommended for approval in the June 2023 board meeting, and we have available funds.

- 5) Centennial Program – The five-year spending plan amendment moves Centennial program funds in the Parks quadrant (\$3.9 million) and Wildlife quadrant (\$2,235,000) into FY 24 from FY 23.
- 6) Reserve Funds – The FY 24 portion of the spending plan proposes partially spending down the reserve by funding an additional \$1.5 million into the four quadrants' base programs. In total, \$6 million will come from GOCO's reserve funds, which will help GOCO address demand. GOCO will still maintain a healthy reserve balance of approximately \$7.1 million at the end of FY 25.

Proposed Fiscal Year 2024 Spending Plan

The FY 24 spending plan specifies the amount of Open Space and Local Government purpose funds and their associated grant programs. The highlights of the FY 24 spending plan include:

- Continued funding for the Generation Wild, Youth Corps (slight increase to maintain current level of impact considering historic inflation), RESTORE, and Emerging Conservation Opportunities (ECO) programs;
- Continued funding for the Centennial program (funds are dedicated to helping partners implement large-scale, transformational, multi-value projects in FY 24);
- Funding for base programs, which include the Community Impact, Planning and Capacity, Stewardship Impact, and Land Acquisition programs.

Regarding the additional base programs, and as we did for FY 22 & 23, we propose keeping funding for these programs lumped together to maintain flexibility so that projects inform how funding is allocated between programs. Base programs will be run simultaneously three times a year, and projects will be reviewed collectively. In any given cycle, we aim to fund the most compelling projects of the whole that closely align with GOCO's values as articulated in the strategic plan as opposed to funding the best of what is in front of us in a particular program just because there is funding available.

2021 - 2025 Spending Plan [DRAFT Amendment updated May-2023]

	FY 21*	FY 22*	FY 23	FY 24	FY 25	TOTAL
GOCO Constitutional Cap	71,718,841	73,117,767	75,706,639	81,771,604	84,741,123	387,055,974
Add: Deauthorizations from prior year	3,433,809	391,538	225,585	1,674,075	2,631,535	8,356,542
Less: Net amount to Reserve Fund (See detail below)	6,222,253	(2,539,230)	1,439,718	(2,890,493)	4,826,357	7,058,605
Less: Operating Expenses	3,000,000	3,067,380	3,830,003	3,938,848	4,057,013	17,893,244
Less: Generation Wild Communications Program	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	10,500,000
Total Available for Awards	63,430,397	70,981,155	68,662,503	80,397,324	76,489,288	359,960,667

Local Government Purpose	FY 21*	FY 22	FY 23	FY 24	FY 25	TOTAL
Base Programs	6,270,000	6,225,205	9,621,492	11,343,049	10,622,318	44,082,064
Generation Wild	2,300,000	2,500,000	2,360,039	2,639,961	2,500,000	12,300,000
Centennial Program	-	1,476,550	523,450	11,500,000	11,500,000	25,000,000
Community Impact Grant (from Reserve)	-	570,500	-	-	-	570,500
Regional Partnerships & Outdoors Strategy (from Reserve)*	-	875,000	200,000	175,000	-	1,250,000
Total Local Government	8,570,000	11,647,255	12,704,981	25,658,010	24,622,318	83,202,564

Open Space Purpose	FY 21	FY 22	FY 23	FY 24	FY 25	TOTAL
Base Programs	11,680,587	9,579,347	11,356,383	10,866,908	11,395,201	54,878,426
Generation Wild	500,000	2,553,775	2,360,039	2,639,961	2,500,000	10,553,775
Centennial Program	-	6,673,500	886,500	8,720,000	8,720,000	25,000,000
Community Impact Grant (from Reserve)	-	570,500	-	-	-	570,500
Regional Partnerships & Outdoors Strategy (from Reserve)*	-	875,000	200,000	175,000	-	1,250,000
Total Open Space	12,180,587	20,252,122	14,802,922	22,401,869	22,615,201	92,252,701

Outdoor Recreation Purpose	FY 21	FY 22	FY 23	FY 24	FY 25	TOTAL
Outdoor Rec Investment	15,720,132	15,133,122	14,965,626	17,257,665	15,455,656	78,532,201
Centennial Program	-	-	-	7,900,000	4,000,000	11,900,000
Community Impact Grant (from Reserve)	-	570,500	-	-	-	570,500
Regional Partnerships & Outdoors Strategy (from Reserve)*	-	875,000	200,000	175,000	-	1,250,000
Total Outdoor Rec	15,720,132	16,578,622	15,165,626	25,332,665	19,455,656	92,252,701

Wildlife Purpose	FY 21	FY 22	FY 23	FY 24	FY 25	TOTAL
Wildlife Investment	14,320,132	10,633,122	9,465,626	12,757,665	11,955,656	59,132,201
Centennial Program	-	1,564,500	6,200,000	12,235,500	11,300,000	31,300,000
Community Impact Grant (from Reserve)	-	570,500	-	-	-	570,500
Regional Partnerships & Outdoors Strategy (from Reserve)*	-	875,000	200,000	175,000	-	1,250,000
Total Wildlife	14,320,132	13,643,122	15,865,626	25,168,165	23,255,656	92,252,701

Total Awards All Four Purposes	50,790,851	62,121,121	58,539,155	98,560,709	89,948,831	359,960,667
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Reserve Calculation:	FY 21	FY 22	FY 23	FY 24	FY 25	TOTAL
Flexibility Fund - Cap Contingency	1,434,377	1,462,355	1,514,133	1,635,432	1,694,822	7,741,119
Flex Fund - Competitive Program Expected Deauthorizations	3,433,809	391,538	225,585	1,674,075	2,631,535	8,356,542
Increase in cap year over year	1,354,067	1,398,926	-	-	-	2,752,993
Consistency Adjustment	-	(10,049)	-	-	-	(10,049)
Cap Reserve Flat Amount	-	-	500,000	500,000	500,000	1,500,000
Reserve Used	-	(5,782,000)	(800,000)	(6,700,000)	-	(13,282,000)
Less: Net Change to Total Reserve	6,222,253	(2,539,230)	1,439,718	(2,890,493)	4,826,357	7,058,605

*formerly known as Regional Partnership Initiative

DRAFT FY 2024 Spending Plan

Local Government Purpose	
Generation Wild	2,639,961
Youth Corps	600,000
Centennial Program	11,500,000
Direct Expenditures	127,200
Colorado's Outdoors Strategy (Statewide Planning) - Direct Exp from Reserves	175,000
Base Programs	10,615,849
Total Local Government	25,658,010

Open Space Purpose	
Generation Wild	2,639,961
Youth Corps	600,000
RESTORE	1,200,000
Emerging Conservation Opportunities	900,000
Centennial Program	8,720,000
Direct Expenditures	382,200
Colorado's Outdoors Strategy (Statewide Planning) - Direct Exp from Reserves	175,000
Base Programs	7,784,708
Total Open Space	22,401,869

Outdoor Recreation Purpose [1]	
Colorado's Outdoors Strategy (Statewide Planning) - Direct Exp from Reserves	175,000
Total Outdoor Recreation - from Reserve	175,000

Wildlife Purpose [1]	
Colorado's Outdoors Strategy (Statewide Planning) - Direct Exp from Reserves	175,000
Total Wildlife - from Reserve	175,000

Total Awards	48,409,879
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Outdoor Recreation - Annual Investment	25,157,665
Wildlife - Annual Investment	24,993,165

98,560,709

[1] This spending plan does not include the Wildlife and Outdoor Recreation investments as these will be awarded and approved in the March 2024 board meeting.