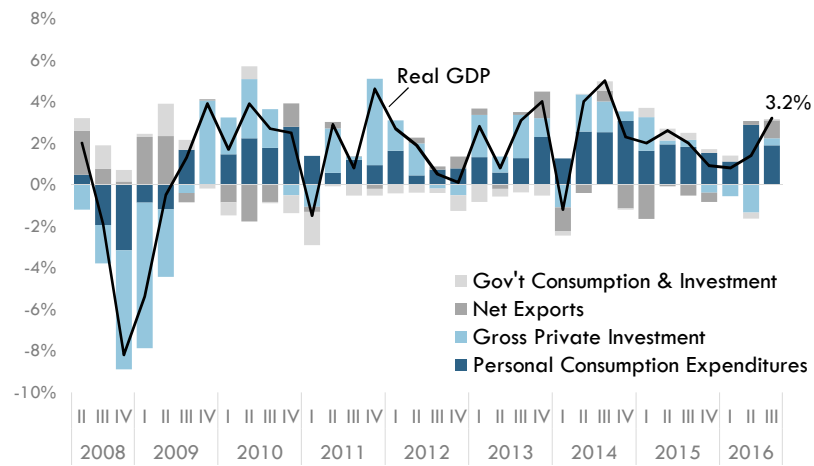


Economic Outlook



Economic activity continues to expand, though growth is expected to remain subdued.

Contributions to Real Gross Domestic Product (GDP)

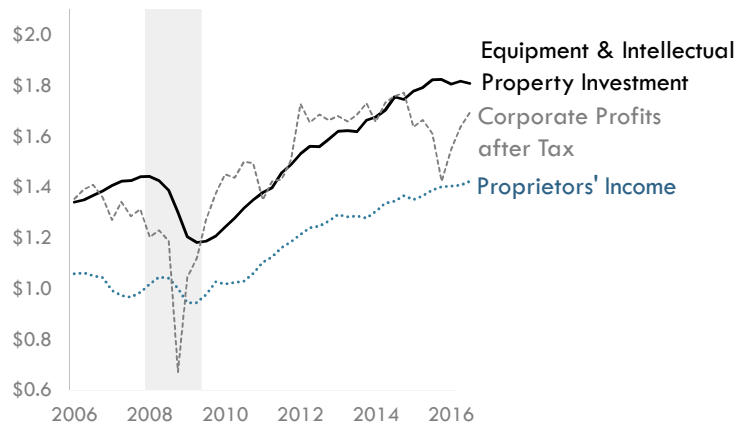


Source: Bureau of Economic Analysis. Seasonally adjusted annual rates.

Business indicators have generally improved over the past three months.

Business Investment, Income and Profits

Trillions of Dollars



Source: Bureau of Economic Analysis. Profits and income with inventory valuation and capital consumption adjustments.

Commodity prices have inched upward but remain low on excess supply and muted demand.

Crude Oil Price

Dollars per Barrel



Natural Gas Price

Dollars per Mcf



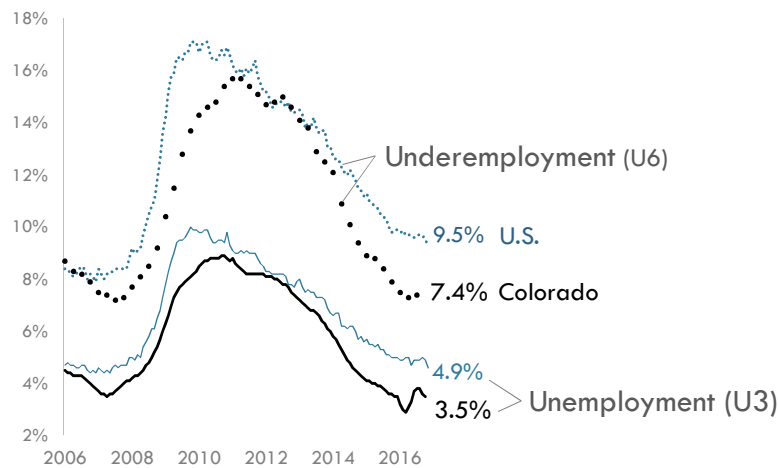
Source: Energy Information Administration (weekly average prices). Data show West Texas Intermediate crude oil prices and Henry Hub natural gas prices.

Several factors will continue to slow growth.

- 1) Full employment
- 2) Demographic change
- 3) Rising inflationary pressures and interest rates
- 4) Subdued global demand

Risks to the forecast are skewed to the downside on elevated global political uncertainty.

1 At full employment, labor shortages and rising wage pressure will slow business growth.

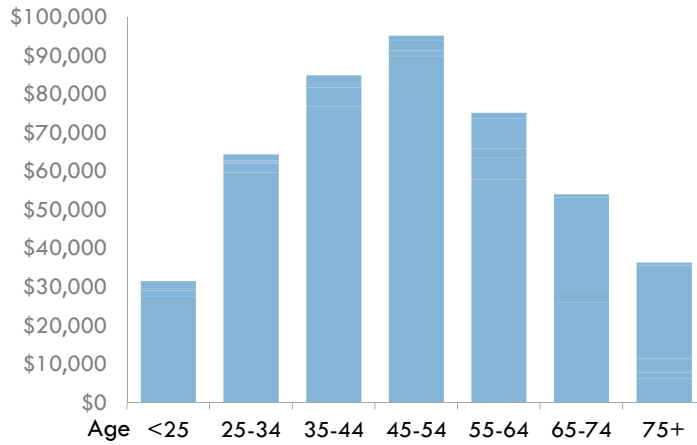


Source: Bureau of Labor Statistics. Seasonally adjusted. Colorado U6 rates shown as four-month moving averages. Colorado nonfarm employment data include Legislative Council Staff rebenchmark estimates.

2

The aging of the population is changing income and consumption patterns.

Average Income by Age, 2015

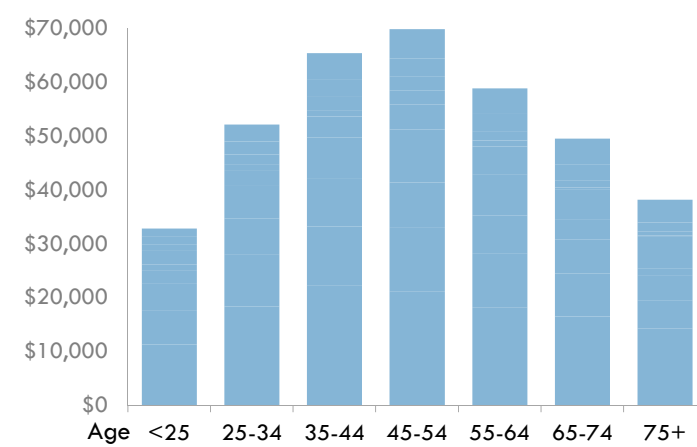


Source: U.S. Bureau of Labor Statistics, 2015 Current Expenditure Survey.

2

The aging of the population is changing income and consumption patterns.

Average Expenditures by Age, 2015

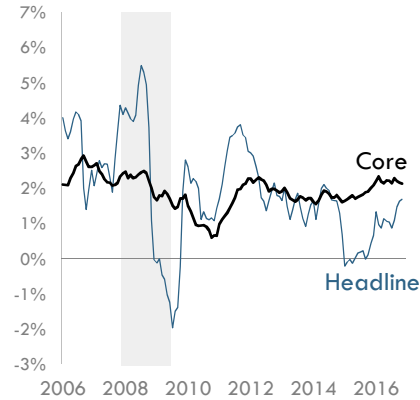


Source: U.S. Bureau of Labor Statistics, 2015 Current Expenditure Survey.

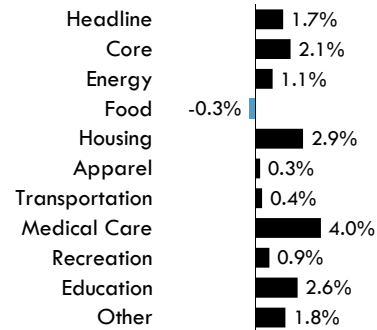
3 Inflationary pressures and interest rates are rising.

CPI-U Inflation

Year-over-Year Change in Prices



November 2016 over November 2015



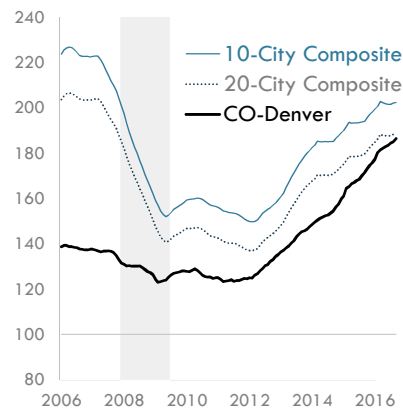
Source: U.S. Census Bureau. Seasonally adjusted.

9

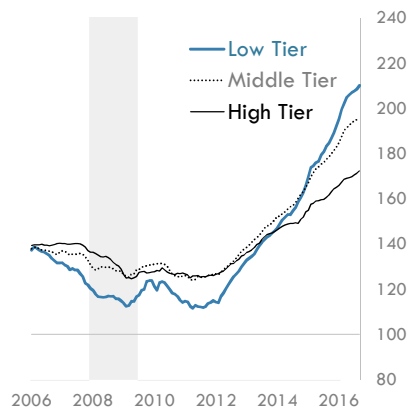
3 Higher housing costs are expected to weigh on consumer activity.

Case-Shiller Home Price Indices

Index 100 = January 2000



Denver Home Prices



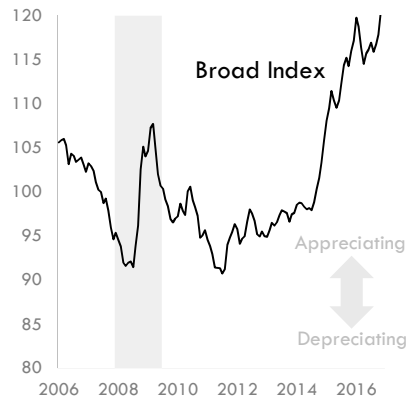
Source: S&P Dow Jones Indices, LLC.

10

4 The dollar has strengthened and global demand remains subdued.

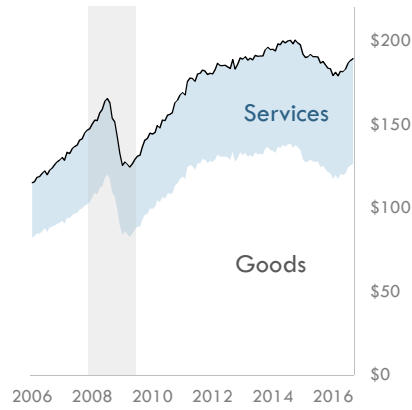
Trade-Weighted U.S. Dollar

U.S. Dollar Relative to Trade Partners



U.S. Exports

Millions of Dollars

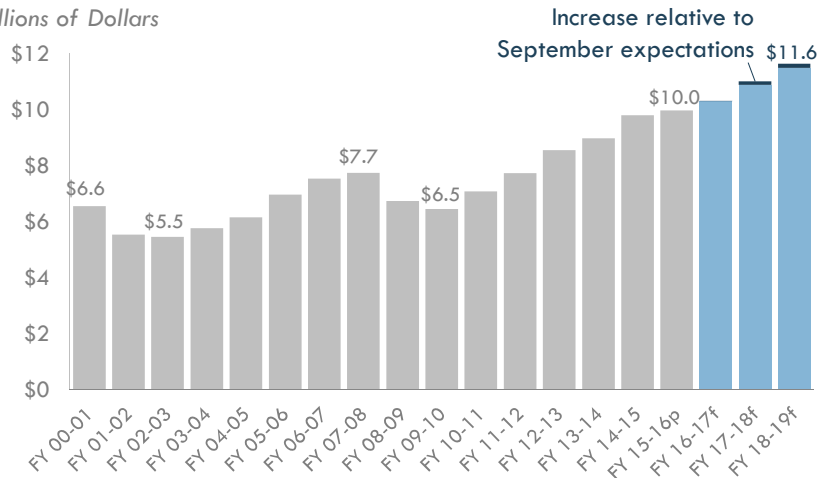


Source: Federal Reserve Board of Governors & Bureau of Economic Analysis (balance of payments basis). Seasonally adjusted. 11

Expectations for revenue were increased slightly relative to the September forecast.

General Fund Revenue

Billions of Dollars

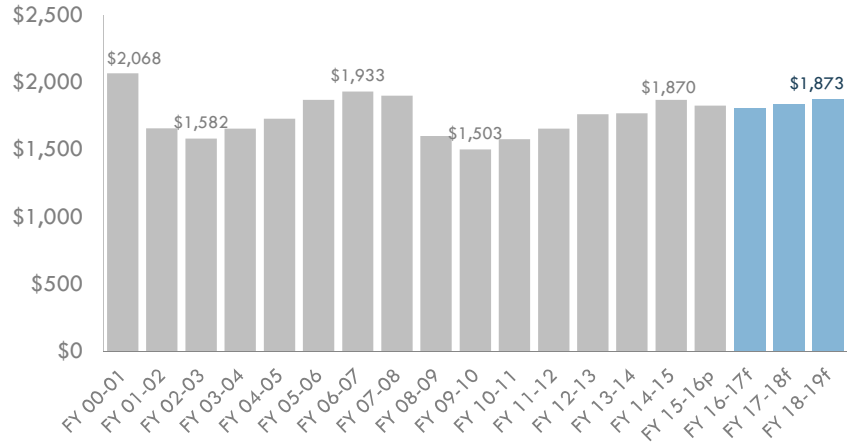


Source: Office of the State Controller and Legislative Council Staff December 2016 revenue forecast. 12

General fund revenue is projected to grow at a rate consistent with inflation and population growth.

General Fund Revenue

Inflation-Adjusted, per Capita



Source: Office of the State Controller and Legislative Council Staff December 2016 revenue forecast.

13

Adult Correctional Populations



Prison population fell significantly during FY 2015-16

Population fell by about 1,000 inmates, or 4.9 percent

- Reduced admissions from parole revocations
- Corresponding increase in parole population

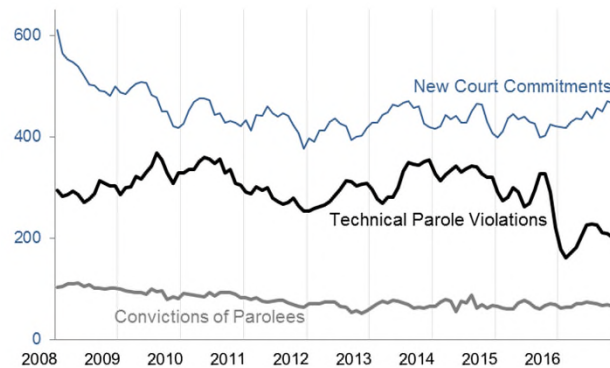
Population increasing thus far in FY 2016-17

- Admissions from revocations stabilizing
- Increasing admissions from court commitments
- Reduced releases

Revocations drove population in FY 2015-16

State Prison Admissions by Source*

Three-Month Moving Average

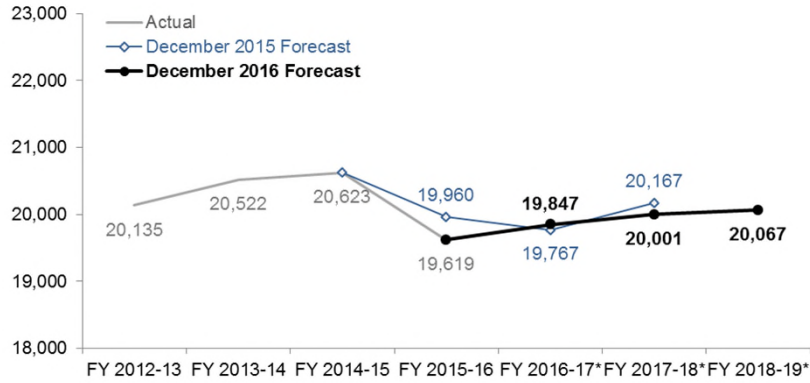


Source: Colorado Department of Corrections.

*Omits admissions for returns from prior releases to probation, court order discharge or appeal bond, interstate compact, and youthful offender system terminations. These streams produced a combined average of 10 admissions per month over the sample period.

Inmate growth slow, coming sooner than anticipated

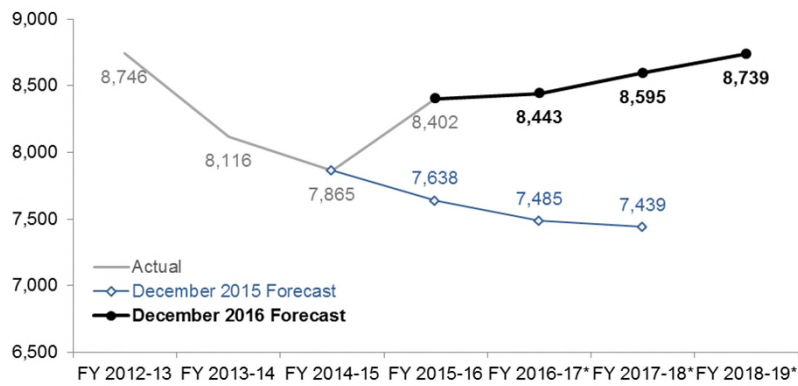
Adult Inmate Population Forecasts as of June 30



Source: Department of Corrections and *Legislative Council Staff forecast.

Parole caseload growing slowly from a high base

Adult Parole Caseload Forecasts as of June 30



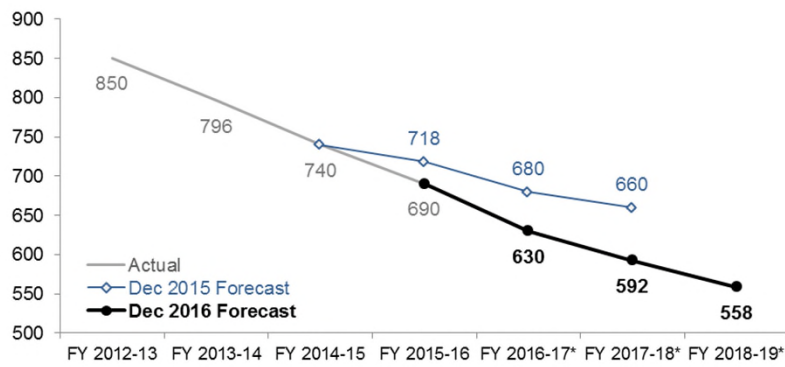
Source: Department of Corrections and *Legislative Council Staff forecast.

Juvenile Correctional Populations



Decreases in juvenile commitments are not slowing

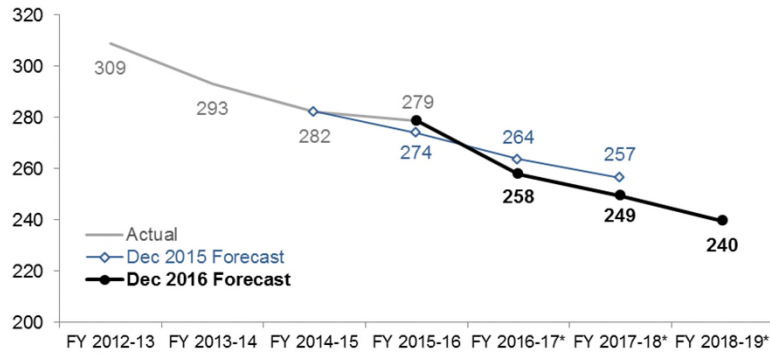
DYC Commitment Average Daily Population Forecasts



Source: Department of Human Services, Division of Youth Corrections and *Legislative Council Staff forecast.

Continued decreases in juvenile detentions...

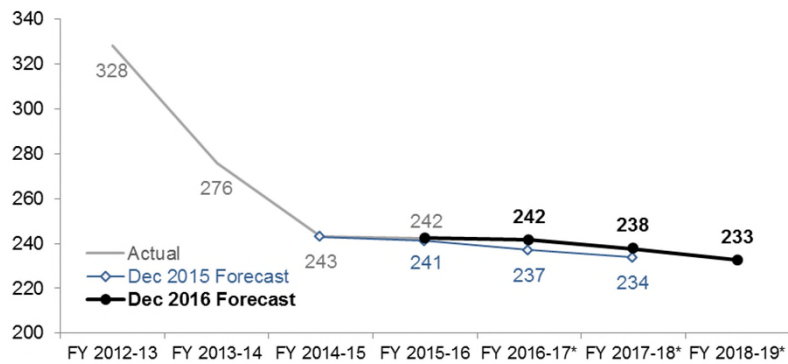
DYC Detention Average Daily Population Forecasts



Source: Department of Human Services, Division of Youth Corrections and *Legislative Council Staff forecast.

...and flat parole caseloads

DYC Parole Average Daily Caseload Forecasts

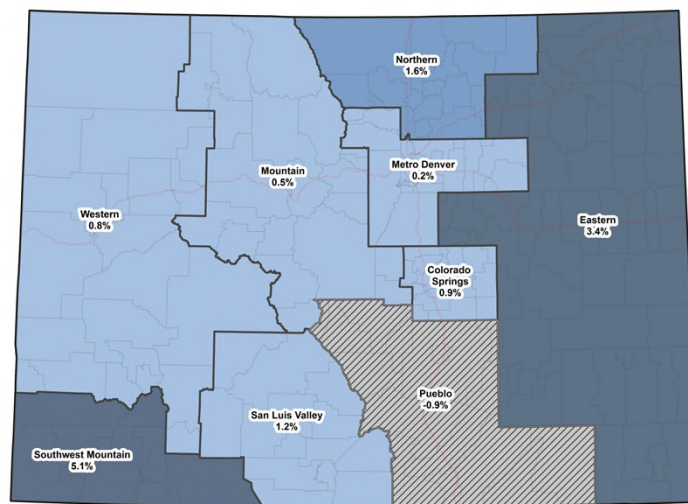


Source: Department of Human Services, Division of Youth Corrections and *Legislative Council Staff forecast.

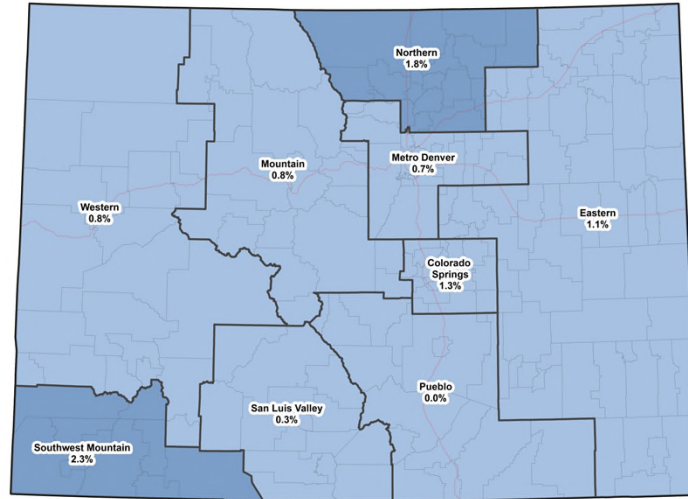
K-12 Enrollment



Percent Change in School Enrollment by Economic Region Current School Year, 2016-17



Percent Change in School Enrollment by Economic Region 2017-18 School Year





Assessed Value Forecast




Property Taxes in Colorado

Actual Values × **Assessment Rate** = **Assessed Values**

 × **Assessment Rate** = **Assessed Values** 

7.96% Residential*
29% Nonresidential


Assessed Values × **Local Mill Levy** = **Taxes Owed**

 × **Local Mill Levy** = **Taxes Owed**


*2016 Residential Assessment Rate

27

Market Value



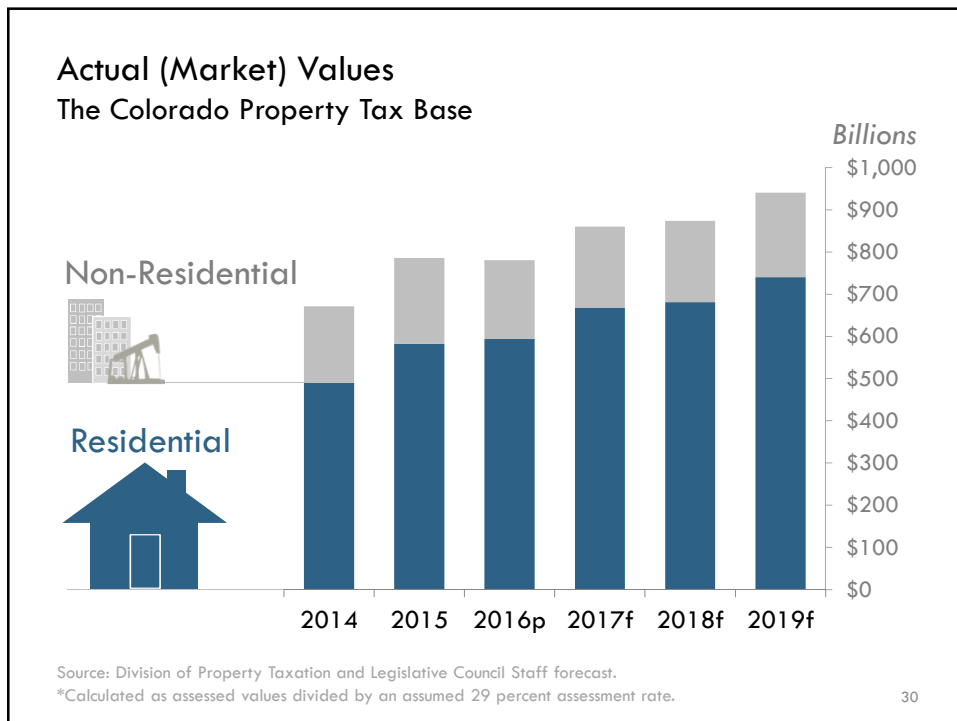
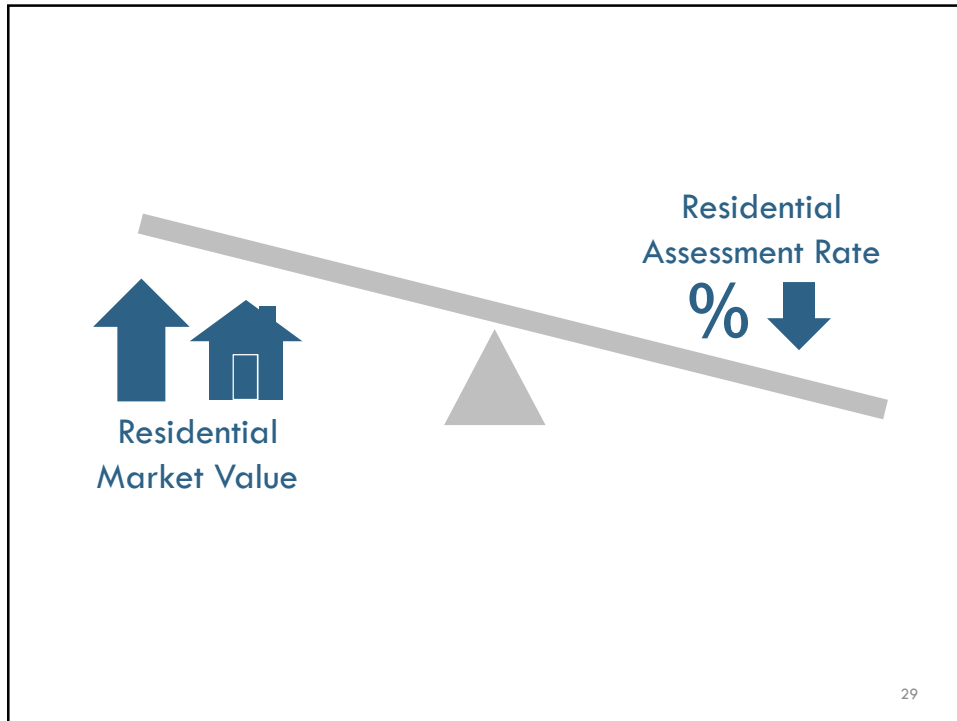
Residential 75%
Nonresidential 25%

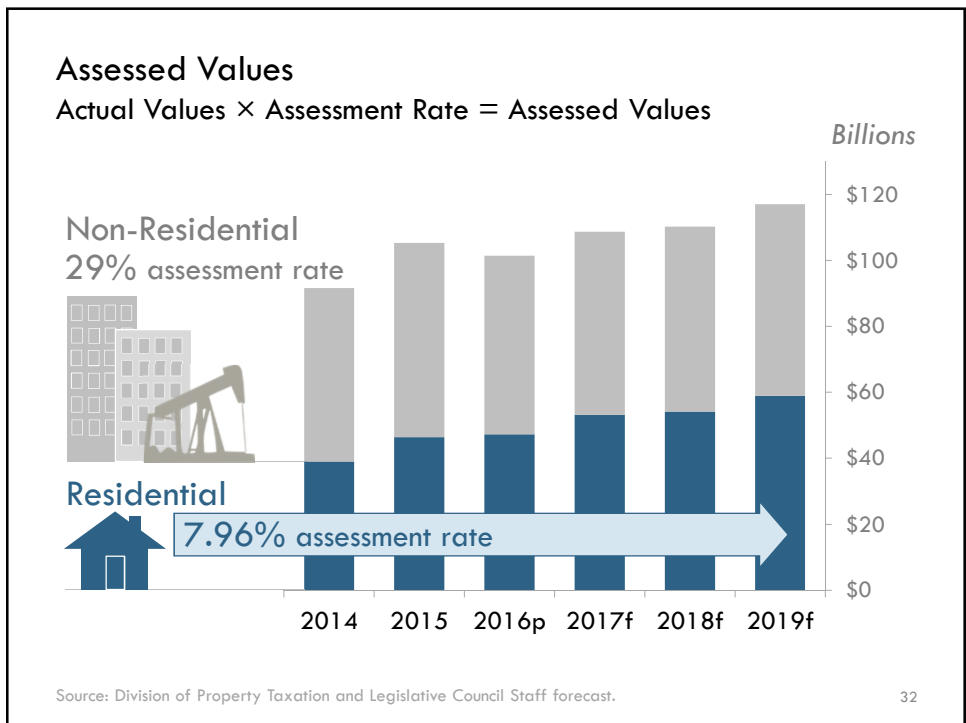
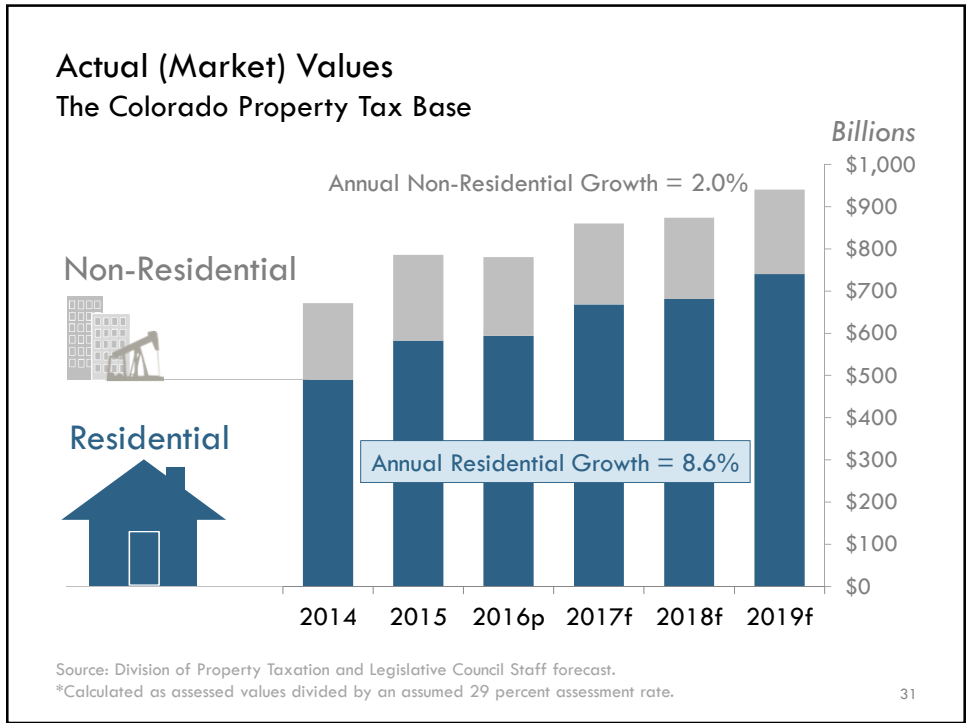


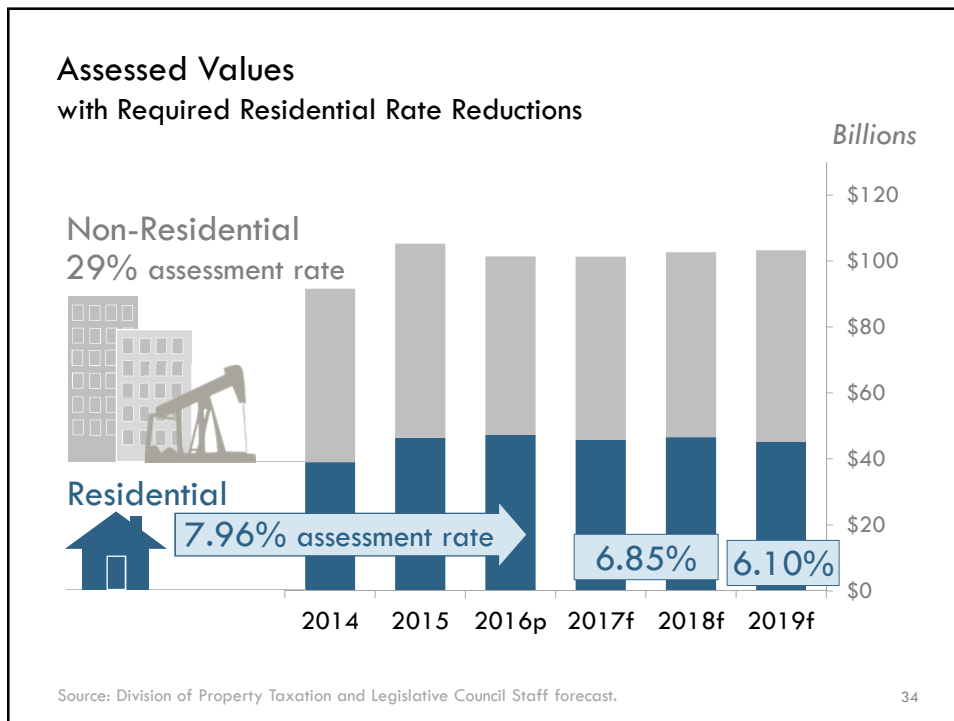
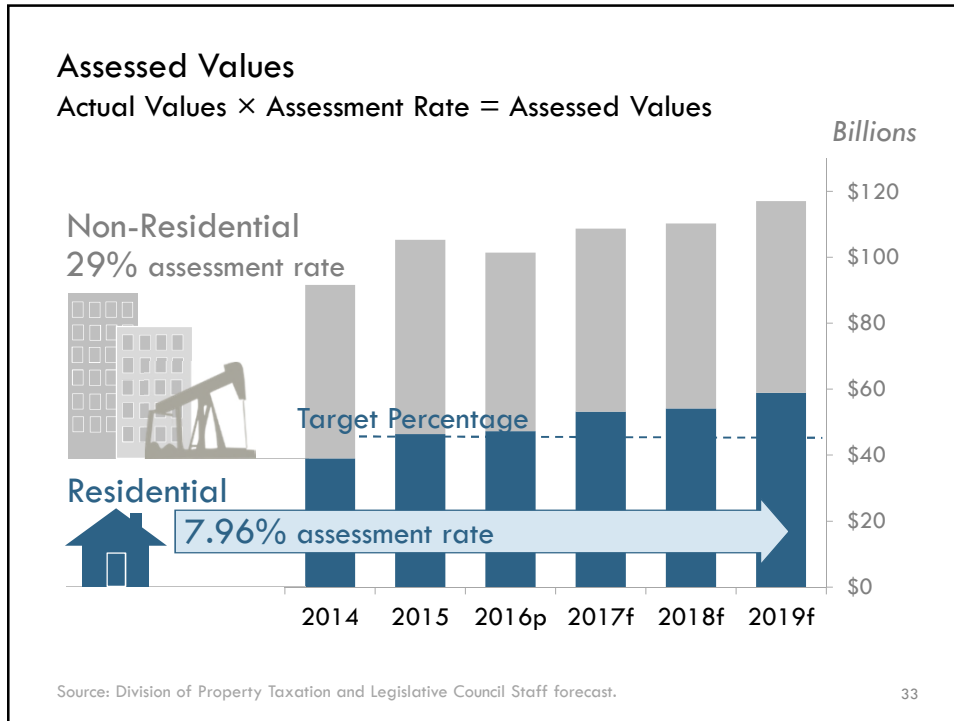
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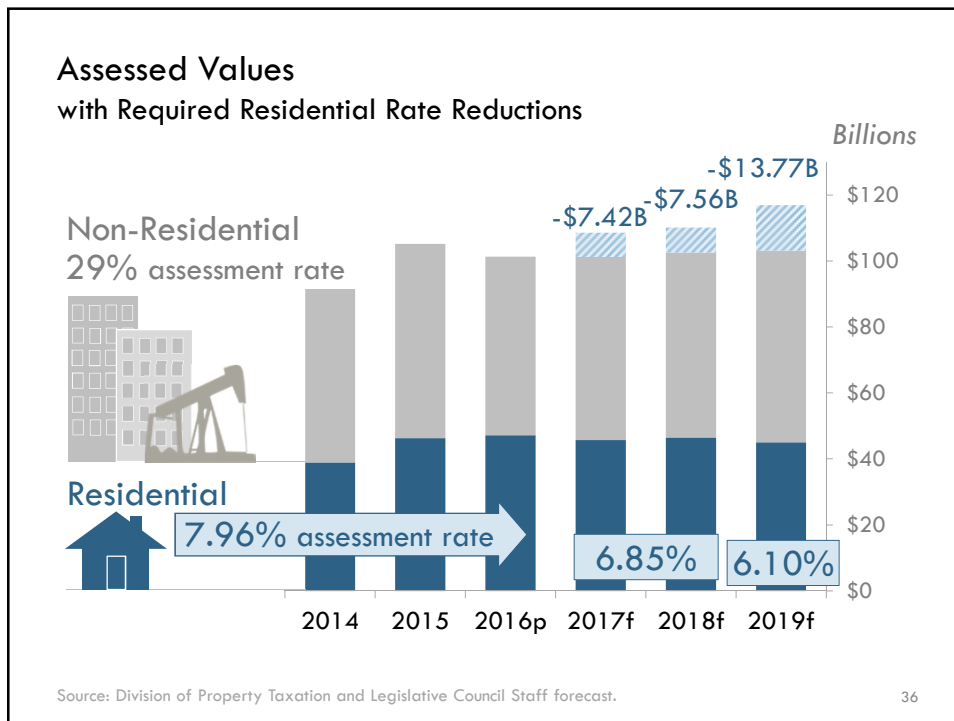
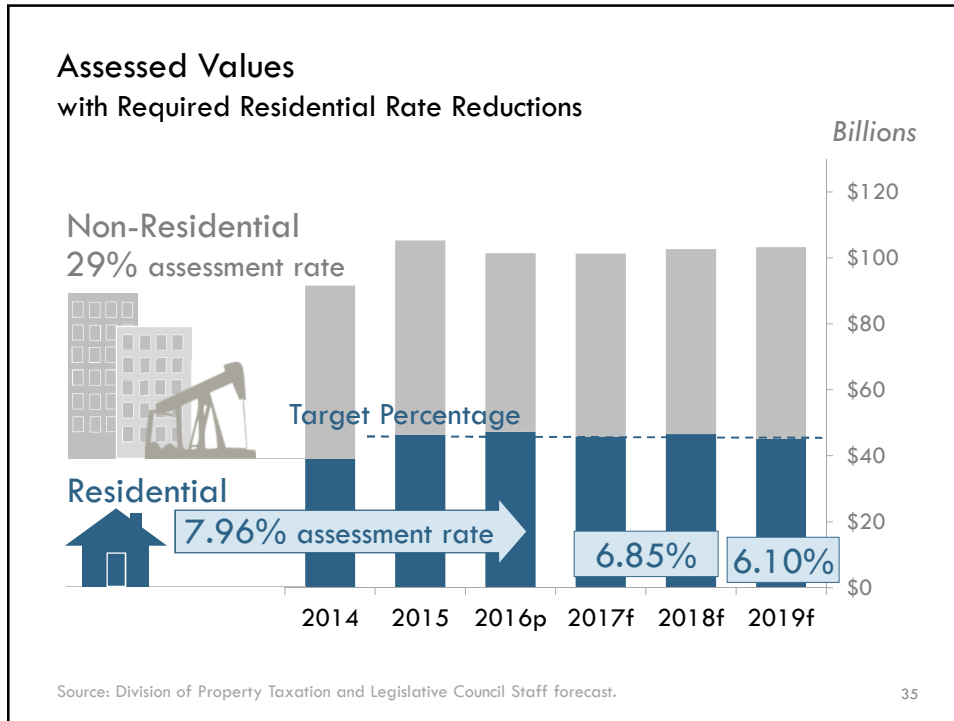
Target Share

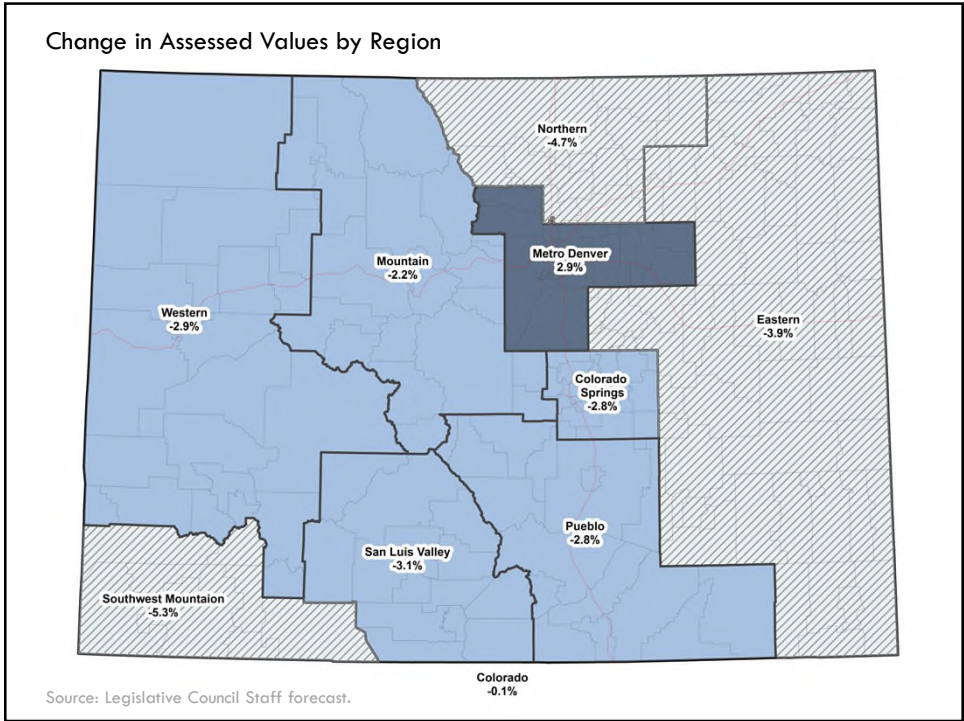
Residential 45%
Nonresidential 55%











School Finance Outlook



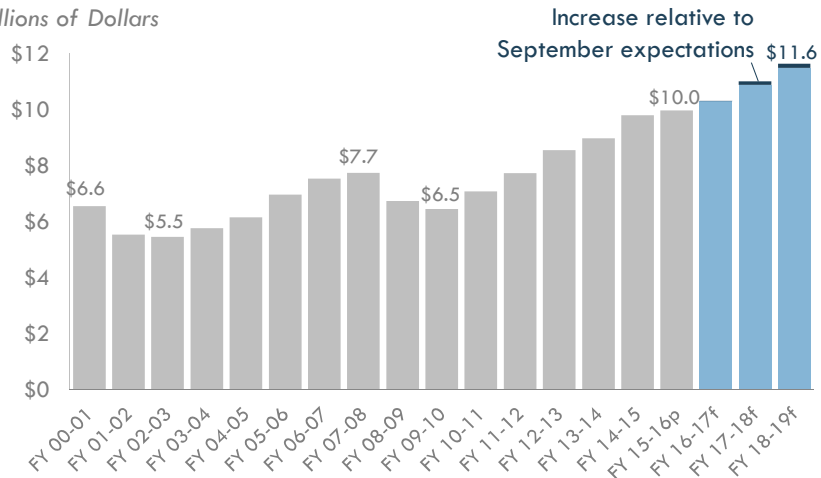
State Budget Situation



Expectations for revenue were increased slightly relative to the September forecast.

General Fund Revenue

Billions of Dollars



Source: Office of the State Controller and Legislative Council Staff December 2016 revenue forecast.

