



Colorado Economic and Fiscal Outlook

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The economic outlook has improved significantly since December

Improving Economic Outlook



Falling Caseloads

COVID case numbers peaked shortly before the December forecast



Vaccine Distribution

Vaccine rollout is progressing smoothly, more than 2M doses administered in CO

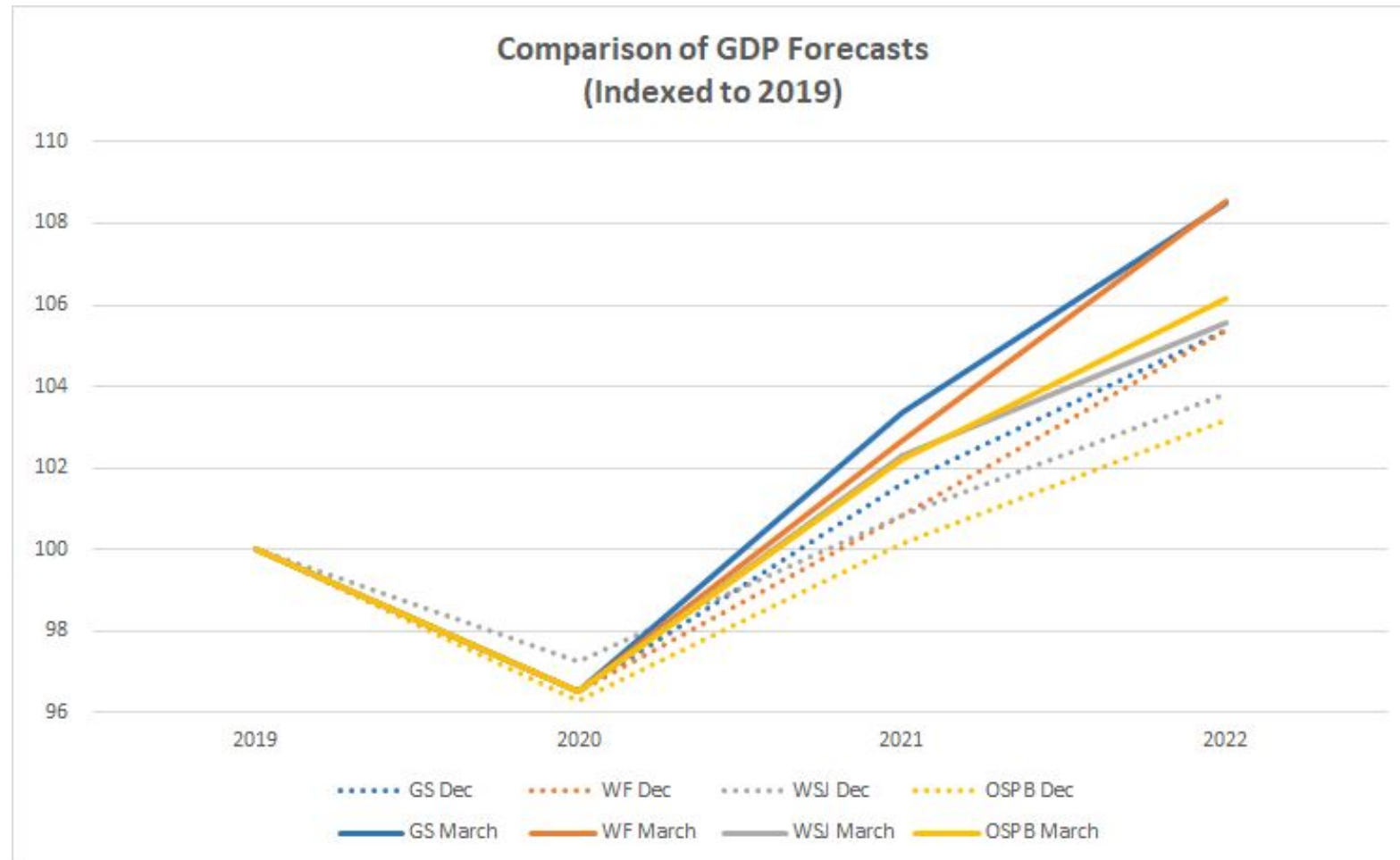


Federal Relief

Two major federal relief bills have become law since the December forecast, totaling nearly \$3 trillion



Forecasters are Revising Upwards



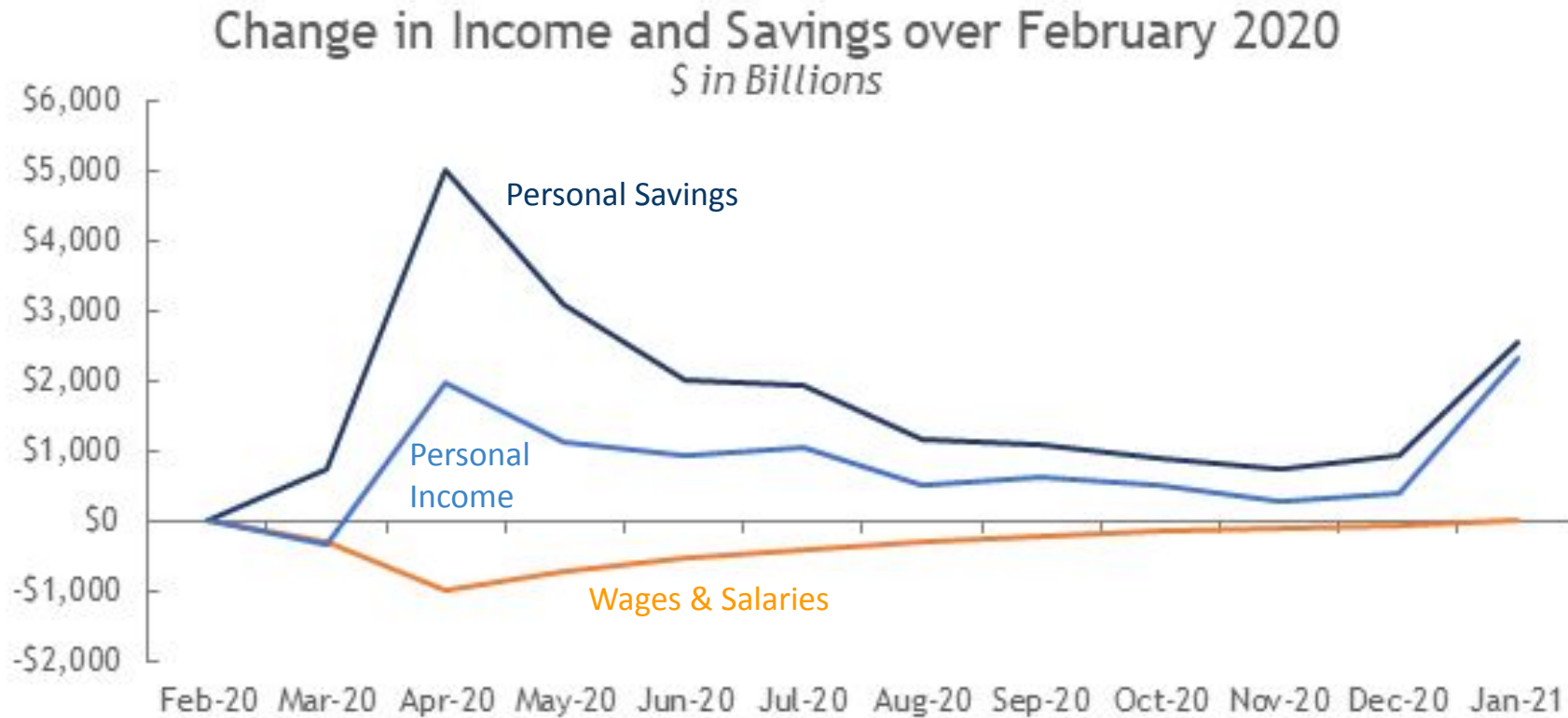
Two Federal Stimulus Packages

More Than 10% Colorado GDP

- H.R. 133 \$14B to Colorado
preliminary estimates
 - \$2.9 billion in stimulus checks
 - \$4.5 billion in PPP
 - \$1.5 billion in unemployment
 - \$440 million for housing/utility
 - \$400 million hiring/retention tax credit
 - \$400 million nutrition benefits
- American Rescue Plan \$27B to CO
preliminary estimates
 - \$6.7 billion in stimulus checks
 - \$6 billion for state and local aid
 - \$2.6 billion in unemployment \$300/week through September
 - \$2 billion in child tax credit expansion
 - \$700 million for restaurants and venues
 - \$500 million in child care
 - \$470 million for housing/utility



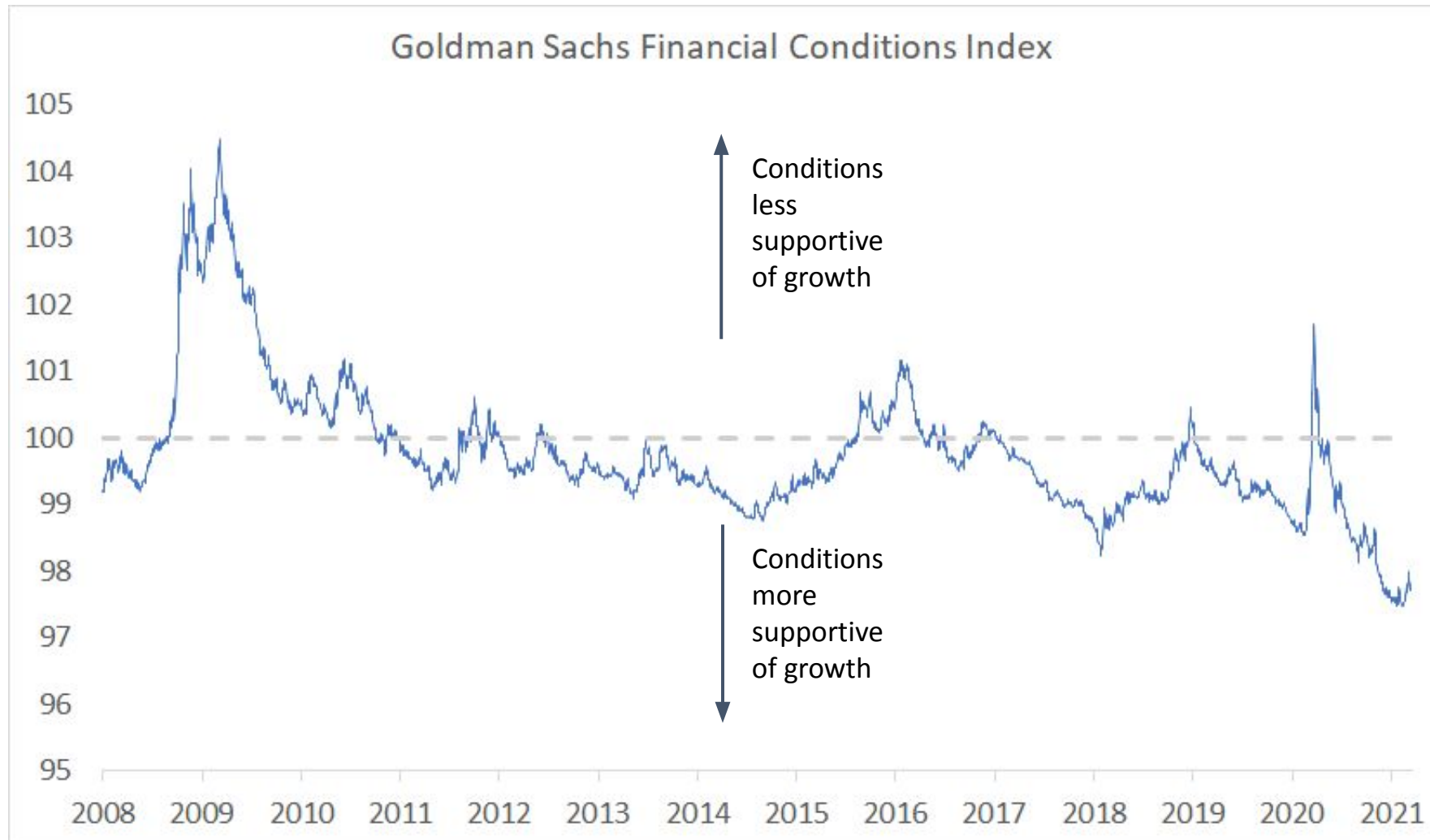
Aggregate Household Finances are Historically Strong



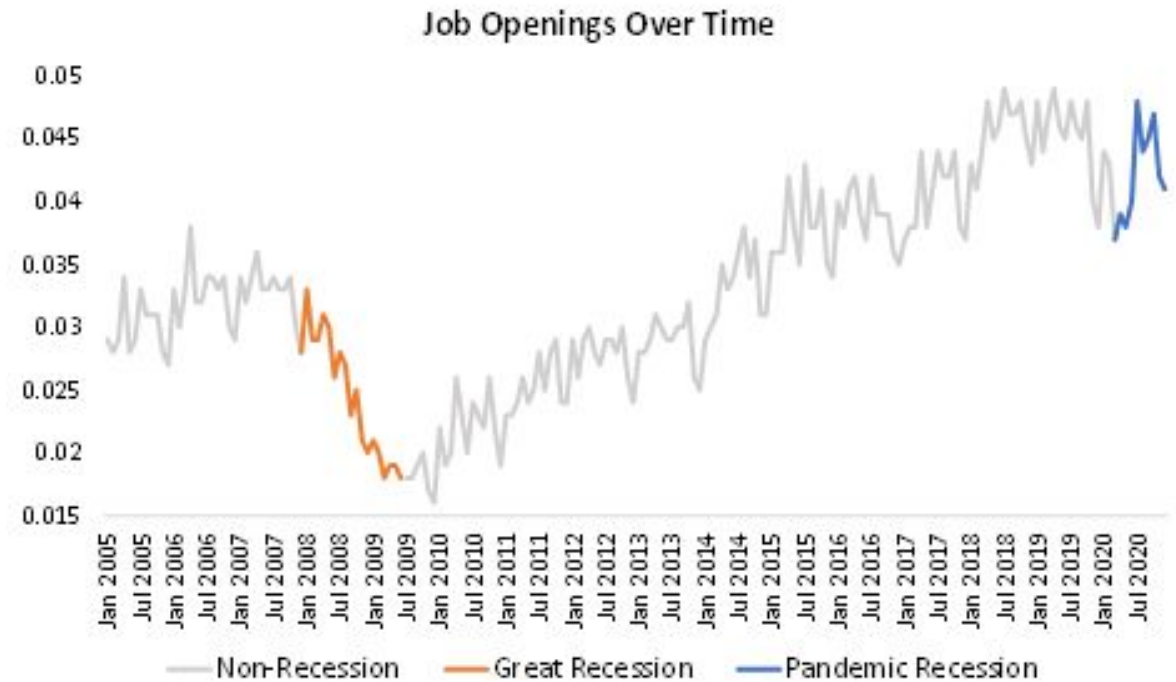
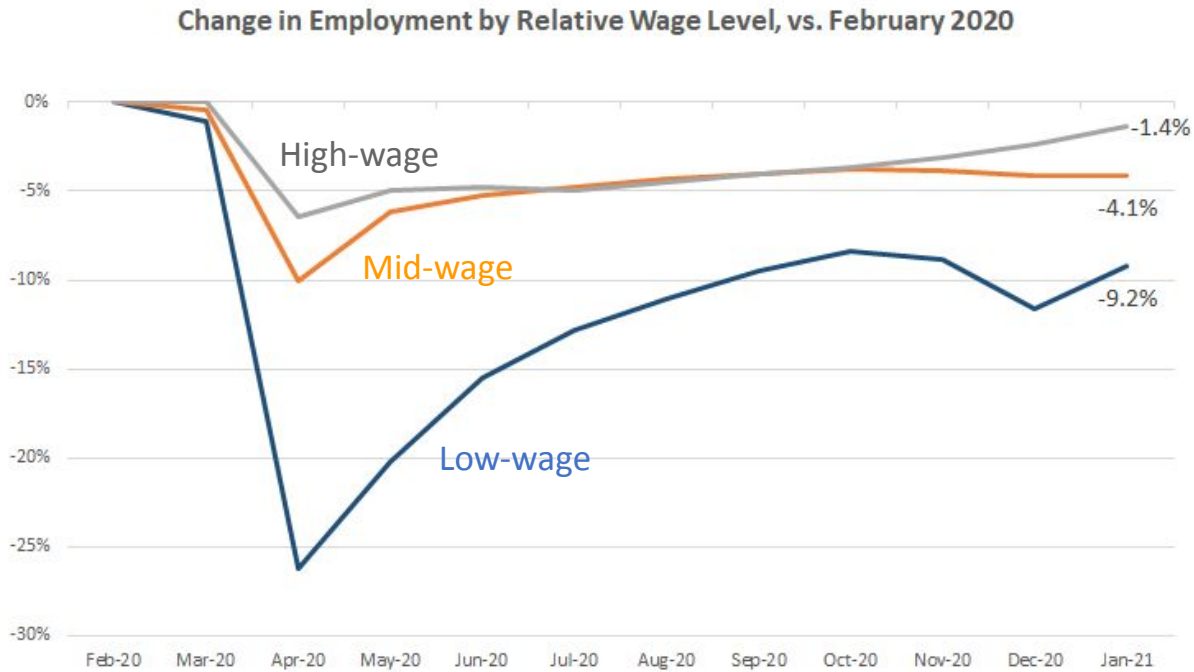
Source: Bureau of Economic Analysis.



Financial Conditions Supporting Recovery

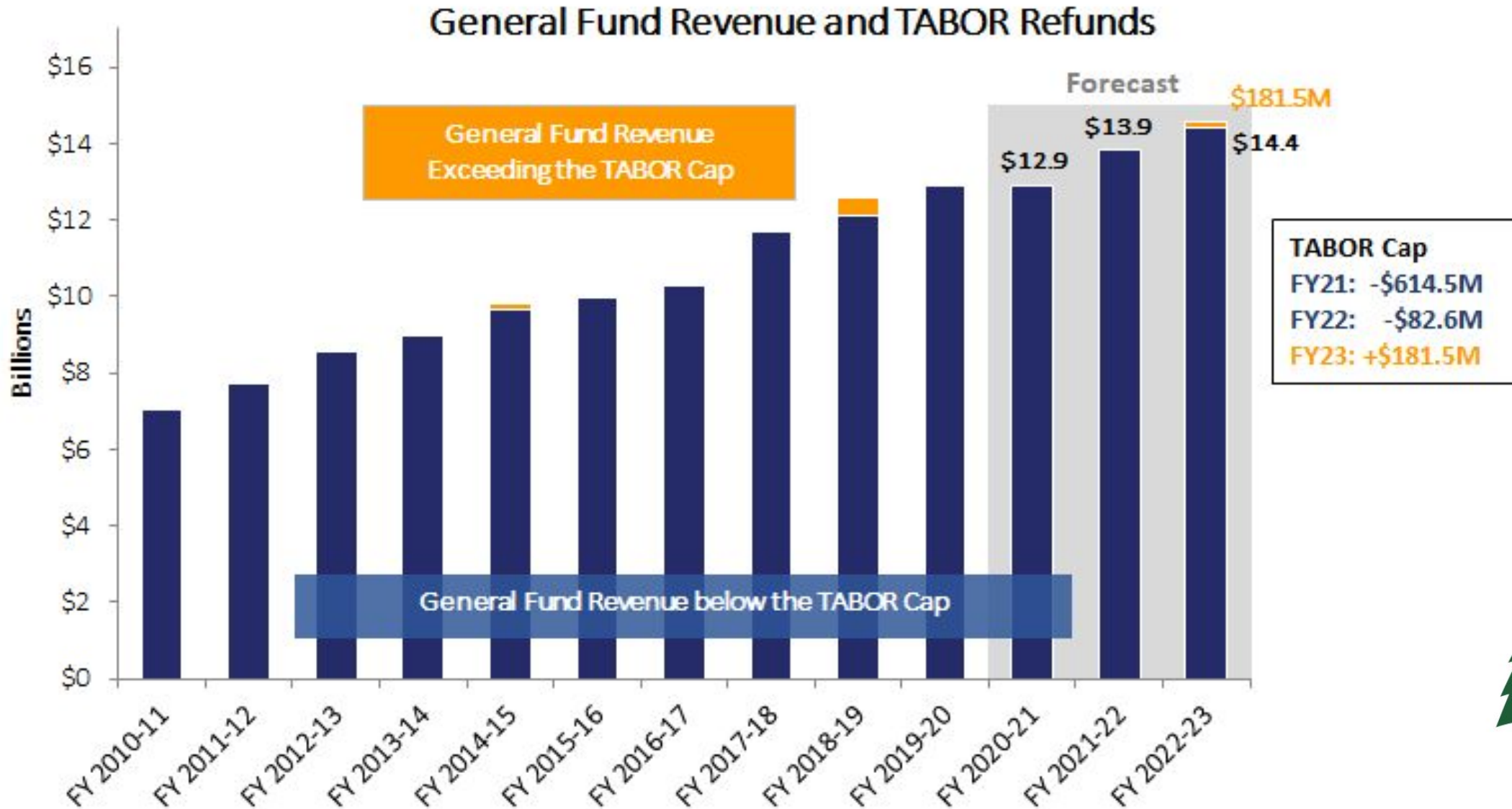


Disparate Labor Market Outcomes



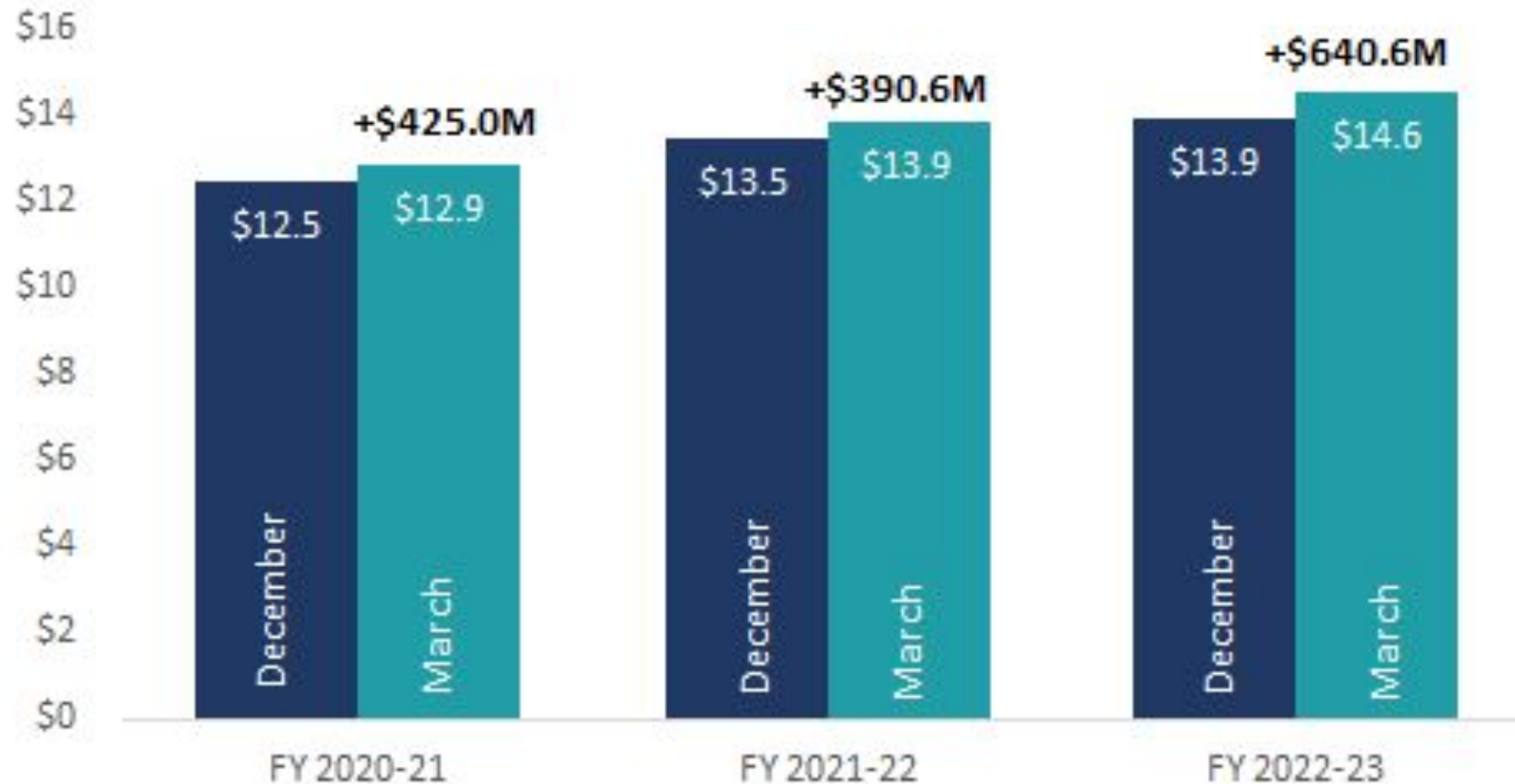
State revenues are approaching the TABOR cap

General Fund Revenue



General Fund Revenue Revised Higher

Changes in General Fund Revenue Forecast



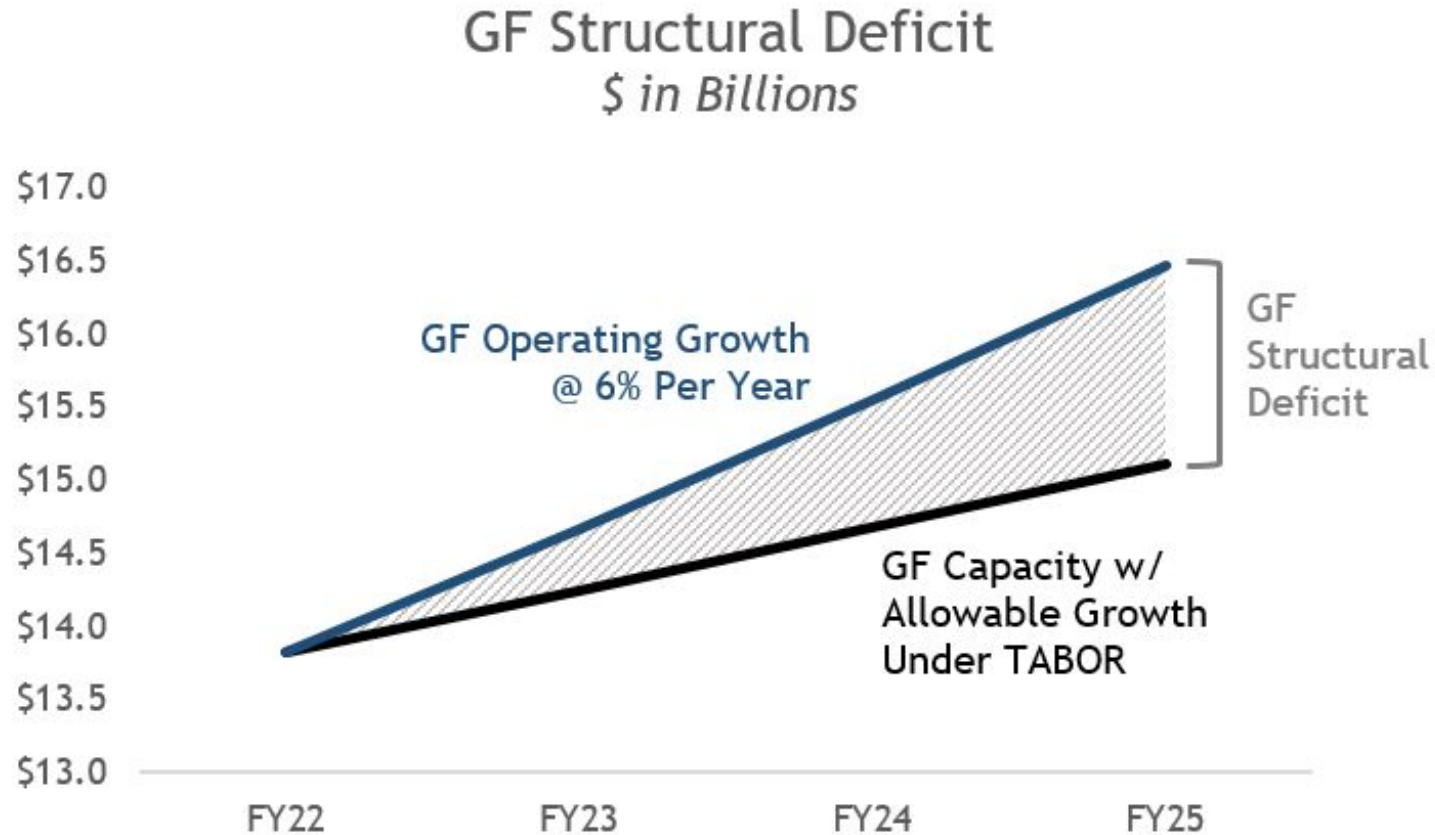
Tax Implications of HR 133 and ARP

Total Income Tax Effects <i>In \$ millions</i>			
	FY21	FY22	FY23
Individual	-\$220.3	-\$125.6	-\$41.6
Corporate	-\$109.0	-\$46.4	-\$20.4
Total	-\$329.3	-\$171.9	-\$61.9



Structural deficit persists
Revenues lag expenses AND hit TABOR cap

Despite Higher Revenues, a Structural Deficit Remains



New General Fund Available above Budget Request

General Fund Revenue above the Governor's Request (amd Jan)			
<i>In \$ millions</i>			
	FY21	FY22	Total
New revenue	\$425	\$391	\$816
Other adjustments	\$0	\$193	\$193
			\$1,009



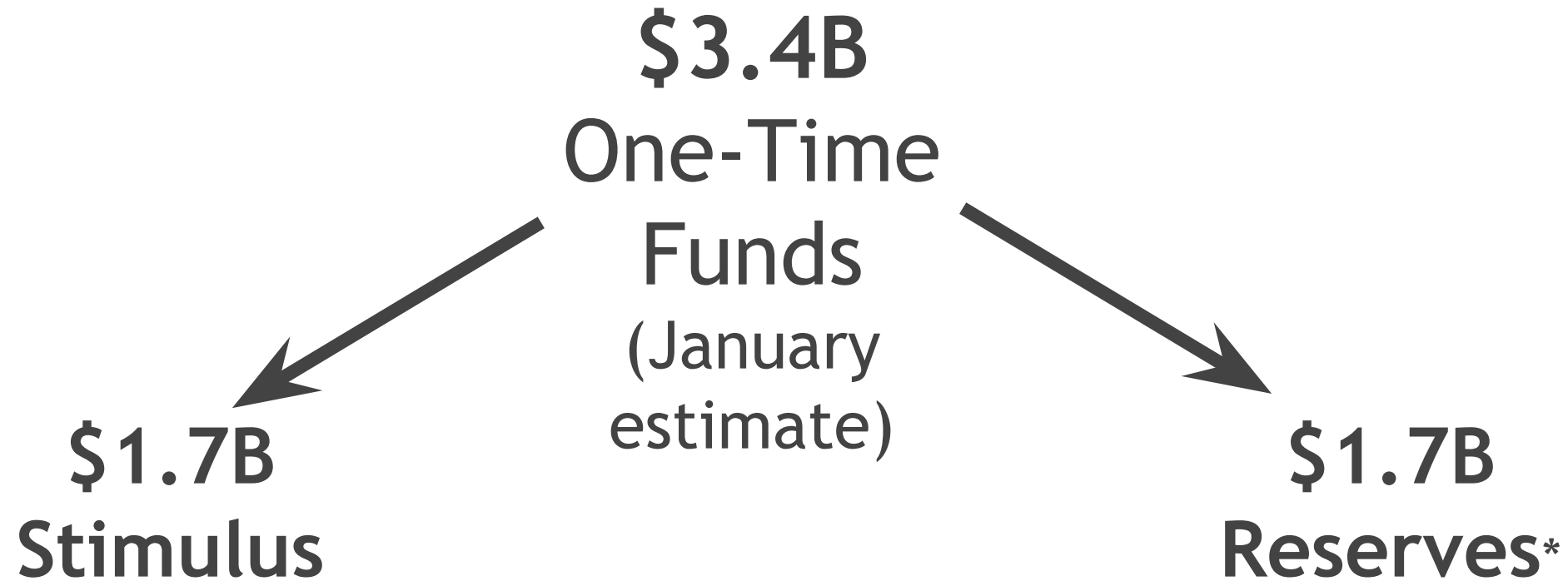
New Revenue Can Bring Fiscal Flexibility

Fiscal Flexibility Program

		<i>Estimates in \$ millions*</i>					
Prepay Item	Description	FY23	FY24	FY25	FY25	FY26	5-yr total
PERA contributions	Prepay the state's General Fund contributions to PERA (includes estimate for both SB18-200 payments and payroll-based contributions)	\$280	\$280	\$280	\$280	\$280	\$1,400
Controlled Maintenance	Set-aside for capital controlled maintenance Levels 1-2	\$60	\$60	\$60	\$60	\$60	\$300
National Western COPs	Prepay General Fund required contribution for National Western COPs	\$20	\$20	\$20	\$20	\$20	\$100
Old Age Pension Fund	Set-aside funds for the constitutionally required payments to the Old Age Pension Fund	\$80	\$80	\$80	\$80	\$80	\$400
Total		\$440	\$440	\$440	\$440	\$440	\$2,200
*Does not include inflationary estimates. Amounts are scaleable.							



Importance of Reserves Remains



*Proposed General Fund reserve. The Governor also proposed a \$460 million reserve for the State Education Fund, for a total of \$2.1 billion in reserves.

Emergency Funds update

Upcoming Briefings: March 29th (Executive Committee + JBC) and March 31st (JBC) pursuant to HB20-1426

Upcoming Reports: March 22nd OSPB Emergency Funds and Federal Funds reports pursuant to HB20-1426

Get the Latest Here

www.colorado.gov/ospb/emergency_funds





Questions?
