



FY 2021-22 BUDGET REQUEST

Governor Jared Polis

Presentation to the Colorado School Finance Project
November 13, 2020

KEY ELEMENTS OF BUDGET FY 2021-22

This budget includes **three key elements** that will boost Colorado's economy and invest in our state's future.

1

Restoring major reductions made to key areas in FY20-21 and ensuring essential services across government

2

Economic stimulus that will bridge us to recovery and helps us build back stronger -- investing in jobs and growth

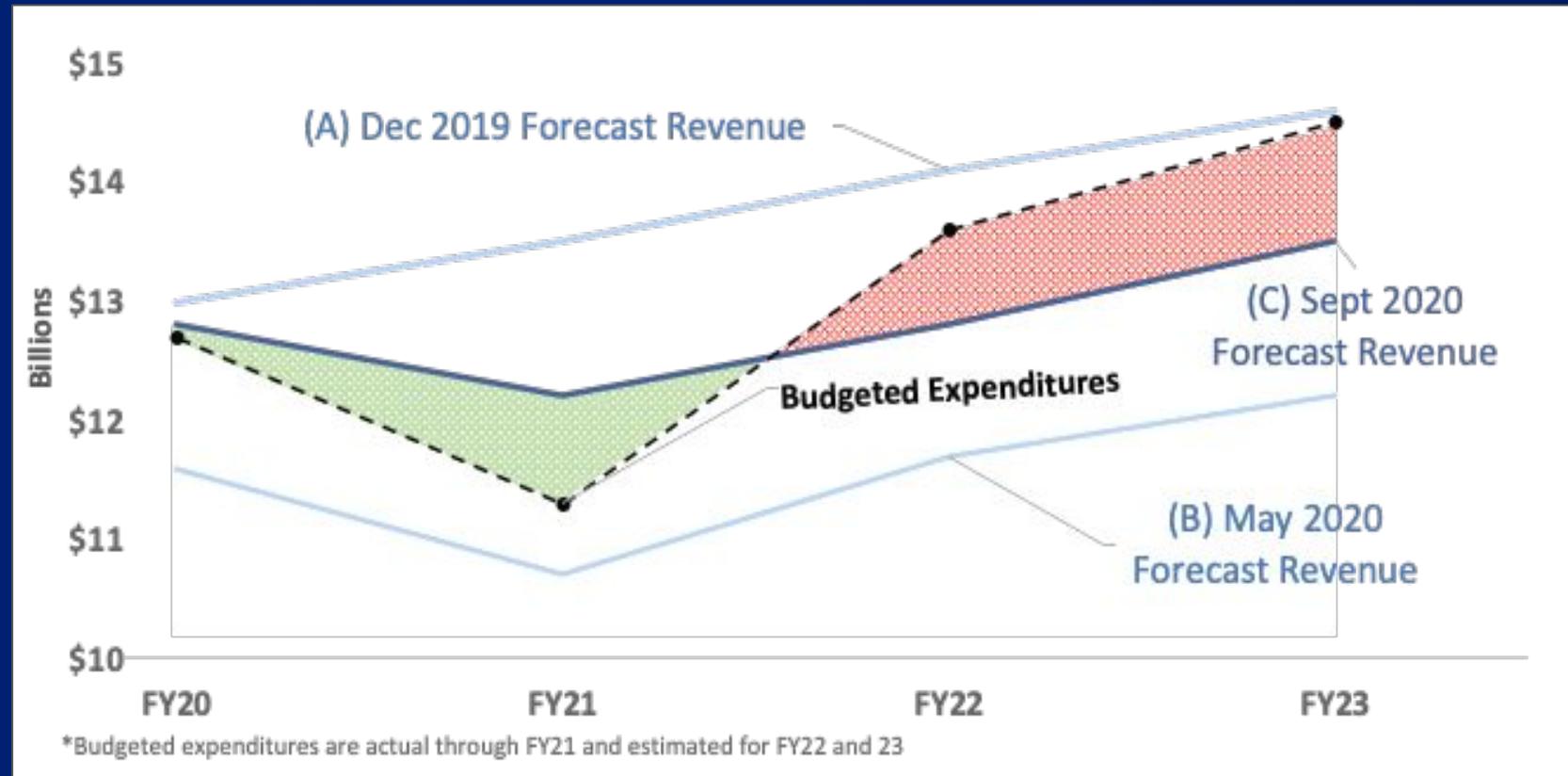
3

Saving for the future



REVENUE UP, BUT DEFICITS REMAIN

- Colorado's economy is improving but the forecast projects an annual operating deficit through FY23 (in red)
- One-time funds carried forward (in green) can be used to reduce deficits and stimulate the economy to help Colorado recover faster and better



1

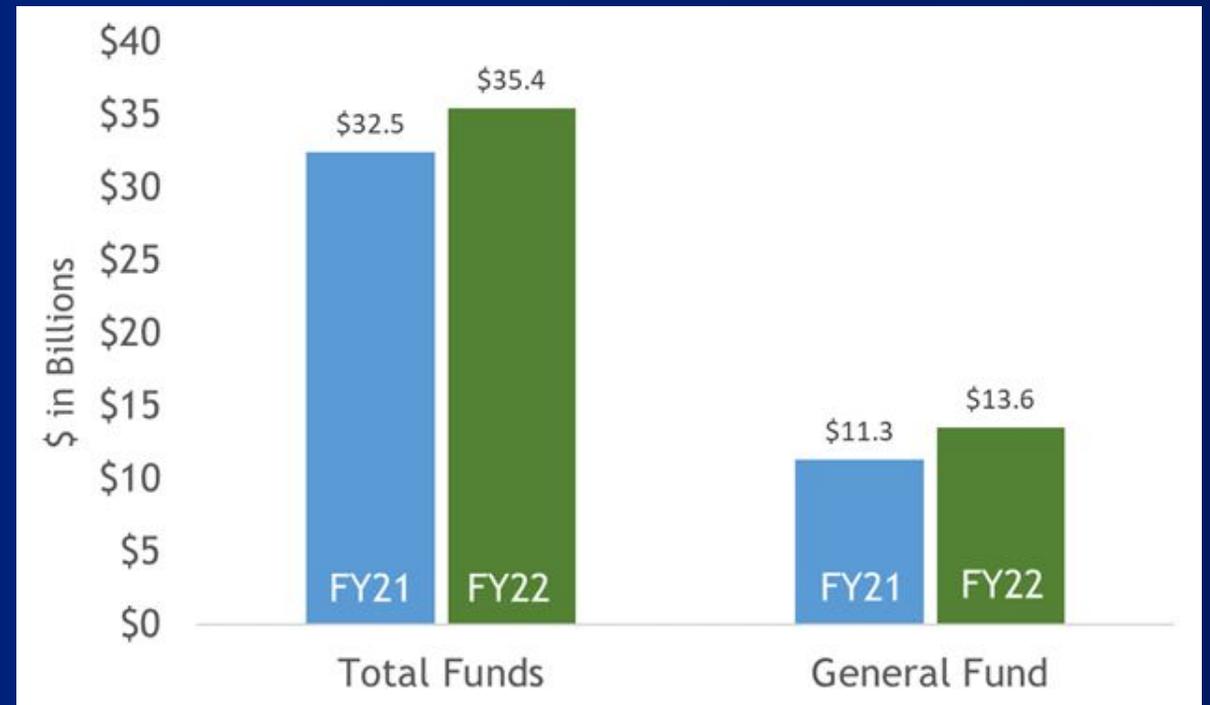
Restoring major reductions made to
key areas in FY20-21 and ensuring
essential services across government



MAINTAIN ESSENTIAL SERVICES

The Budget maintains essential services

- Total Funds: \$35.4 Billion
 - +\$3B / +9% above enacted
- General Fund: \$13.6 Billion
 - +\$2.3B / +20% above enacted
- Agency operating budgets +7.3% above FY 2019-20



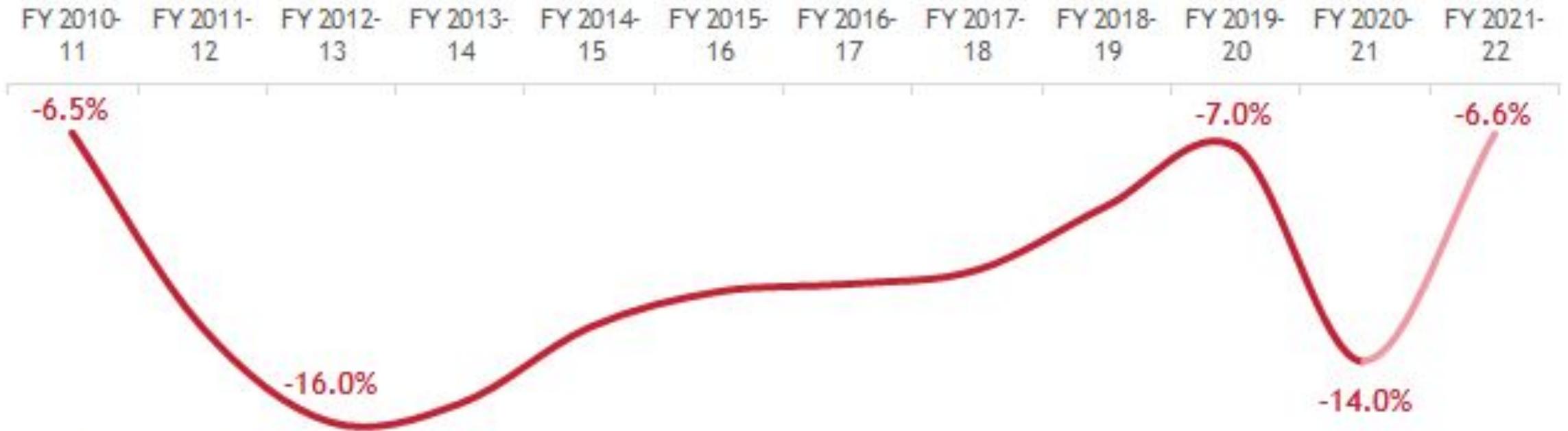
RESTORE MAJOR REDUCTIONS

- Restores and increases per pupil funding for education by \$902 and returns the Budget Stabilization Factor to the FY 2019-20 level of \$572M, leaving the funding gap at a nearly 11-year low of 6.6%
- Restores funding for higher education institutions to FY 2019-20 level and maintains financial aid for students who need it
- Restores funding for the PERA direct distribution to protect pensions for public servants
- Funds caseload needs in Medicaid and human services
- Invests in high need capital projects



RESTORE FUNDING FOR K-12

K-12 Budget Stabilization Factor reduced to nearly an 11-year low



Source: Colorado Department of Education



2

Economic Stimulus that will bridge us
to recovery and helps us build Back
Stronger -- investing in jobs and growth

\$1.3 BILLION IN ECONOMIC STIMULUS

Economic Stimulus and Recovery Package (\$ in millions)		
Bridge to Recovery	Benefits for low- and mid-income earners with job loss	\$168
	Winter support for small businesses hit by capacity restrictions	\$105
	Housing and rental assistance, direct benefits	\$50
	Sustainability payments for early childhood centers during low capacity	\$50
Building Back Stronger	Create jobs by investing in shovel ready public works and infrastructure projects, including transportation, new "outdoor" economy	\$220
	Package of broadband investments for our new normal to give Colorado a competitive edge, including telehealth and education investments	\$160
	Upskilling and investment	\$140
	Strengthen wildfire response and reduce risks of climate change	\$78
	Investing in Behavioral Health, Promoting Social Equity, and Disease Response	\$38
	Capital	\$48
Other Stimulus in FY 2021-22 budget		\$23
Funding for one-time stimulus legislative priorities		\$200
TOTAL		\$1,280

- Package targeted to proposals with a high economic multiplier effect to strengthen economy
- Puts Coloradans back to work and invests in our state’s competitive advantage
- Not a given Colorado will remain a top economy, action needed
- We need to make strategic investments to recover quicker and build back stronger



PRIORITIZE HIGH ECONOMIC IMPACT

Criteria for stimulus investments

- Is one-time spending that does not add to future deficits
- Spends out quickly in 12 to 18 months
- Has a high multiplier to stimulate the economy
- Makes an investment in the new economy of the future
- Shores up a challenge brought on by the crisis, with immediate relief for people and Colorado businesses



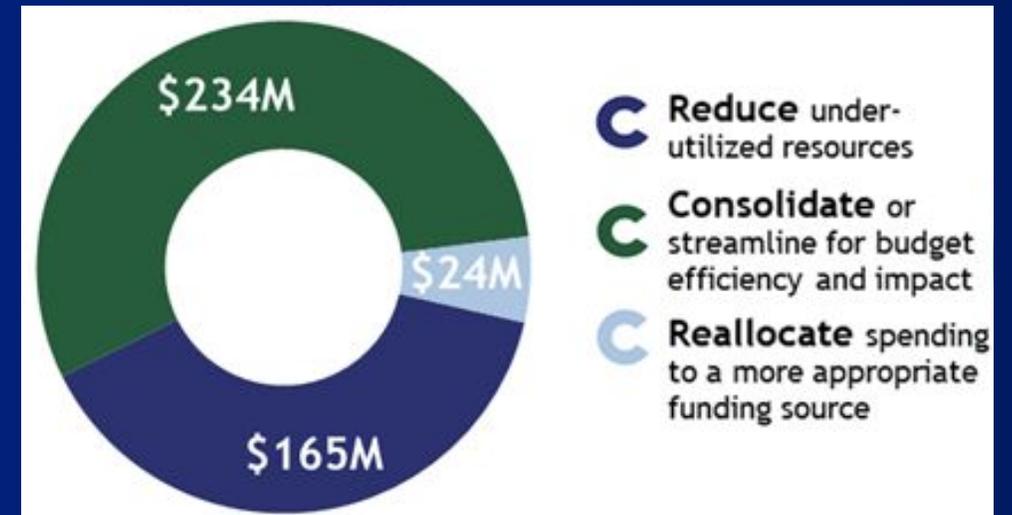


Saving for the future



INCREASE RESERVES TO 10%

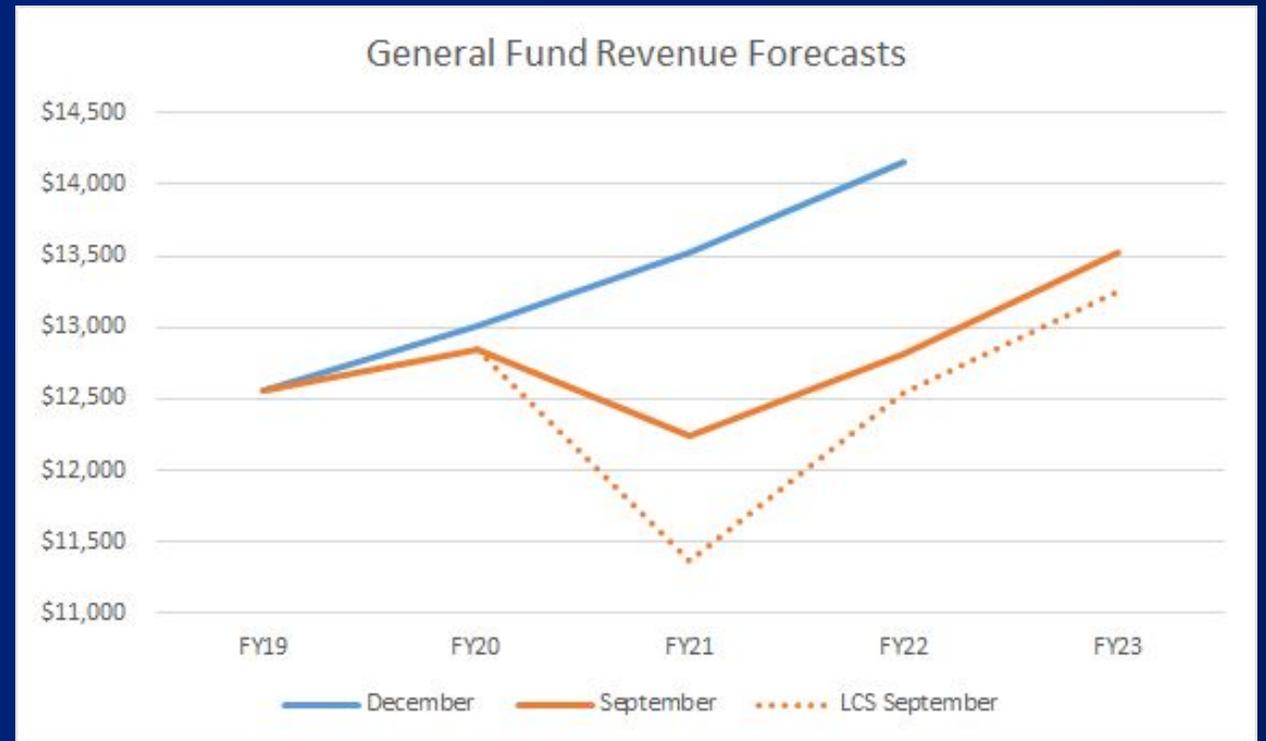
- This recession will put pressure on our budgets for years to come
- Budget increases the State's reserves to highest level on record (back to 1985)
 - General Fund reserves from 2.86% to 10% for FY 2021-22
 - Carries forward \$1.26 billion to reduce the forecasted deficit in FY 2022-23 and protect against future uncertainty
 - Proposes a responsible savings package of \$422 million (\$272 million General Fund)



BOTH FORECASTS SHOW SLOW RECOVERY

Stimulus is needed to recover lost economic growth

- Although Colorado's economy is recovering, we have lost ground relative to where we were pre-recession
- Trajectory under both forecasts is a long haul to converge with where we were pre-recession
- Immediate stimulus is necessary to restart the growth of our economy and recover lost growth



Estimated impacts of \$1.3 billion stimulus package

Even under conservative assumptions, a \$1.3 billion stimulus package likely to yield:

- more than 10% boost in growth
- 10,000-15,000 jobs**

	2020	2021
GDP estimate	-4.9%	+3.7%
Stimulus impact*		<u>+0.4%</u>
Total		+4.1%
% growth rate increase		11%

*based on Congressional Budget Office and Council of Economic Advisors multiplier estimates

**based on estimates from multiple sources including CBO, CEA, and IMPLAN



BUDGET NAVIGATOR

STRATEGIC INVESTMENTS AND STIMULUS	
BRIDGE TO RECOVERY	
INDIVIDUAL ASSISTANCE FOR LOW- AND MID-INCOME EARNERS	EO D 2020 230
WINTER SUPPORT FOR SMALL BUSINESSES HIT BY CAPACITY RESTRICTIONS	OEDIT S-04: Restaurant, Bar, and Small Business Relief Package
HOUSING AND INDIVIDUAL RELIEF	DOLA S-01: COVID-19 Emergency Housing and Direct Cash Assistance
GRANTS FOR CHILD CARE PROVIDERS	CDHS S-01: Early Childhood Stimulus
BUILDING BACK STRONGER INVESTMENTS	
REDUCE WILDFIRE RISK CAUSED BY CLIMATE CHANGE	DPS S-01: Wildfire Stimulus Package DNR S-01 Wildfire Risk Mitigation and Watershed Restoration
INVEST IN BROADBAND INFRASTRUCTURE TO MOVE US BOLDLY FORWARD	OIT S-01: Statewide Broadband Initiatives
CREATE JOBS BY INVESTING IN SHOVEL READY PUBLIC WORKS AND TRANSPORTATION PROJECTS, INCLUDING ROADS AND BRIDGES	DNR CC-S-01: Increase State Parks Access CDOT S-01: COPs and Funds to Accelerate High-Priority Shovel Ready Projects CDOT S-01: Funds to Accelerate High-Priority Shovel Ready Projects CDOT S-02: Revitalization of Colorado's Main Streets
INVEST IN WORKFORCE AND INCENT BUSINESS FORMATION AND GROWTH IN COLORADO	DOLA S-02: Create RENEW Initiative Grants Funding Line Item OEDIT S-02: One-Time Infusion to Advanced Industries Accelerator Grant Program OEDIT S-03: One-Time Infusion to Strategic Fund CEO S-01: Clean Energy Finance Stimulus CDLE/CDHE S-01: Colorado's Plan for Workforce and Economic Recovery OEDIT S-01: Creation of Colorado Startup Loan Fund
IT INVESTMENTS TO STRENGTHEN OUR RESPONSE TO DISEASE OUTBREAKS AND BEHAVIORAL HEALTH NEEDS	CDPHE CC-IT-01: Colorado Electronic Disease Reporting System CDHS CC-IT-01 Behavioral Health Infrastructure Investments HCPF R-23: Behavioral Health Claims and Eligibility Processing
CREATING A MORE EQUITABLE COLORADO FOR ALL	OEDIT R-01: Increase Support to Minority Owned Businesses DPS R-03 Increase Body-worn Cameras Grant Funding HCPF R-24 Addressing Health Care Disparities

EDUCATION AND WORKFORCE

RESTORE FUNDING FOR K-12	CDE R-01 State Share of Total Program Increase
RESTORE AND TRANSFORM HIGHER ED	CDHE R-01 State Operating Funding for Public Higher Education CDHE R-08 RISE Higher Education Innovation Fund
EXPAND ACCESS TO EDUCATION	CDE R-03 State Match for Colorado Imagination Library CDHE R-07 Continue Open Educational Resources
EXPAND EDUCATION LOAN FORGIVENESS	CDHE R-10 Loan Forgiveness for Early Childhood Educators
ENHANCE SUPPORT FOR EARLY CHILDHOOD EDUCATORS	CDHS R-03 Supports for Early Childhood Educator Workforce CDHS R-12 CCCAP Early Childhood Educator Salary Increase

ENERGY AND RENEWABLES

REDUCE WILDFIRE RISK	DNR R-01 Wildfire Risk Mitigation and Watershed Restoration
PROTECTING PUBLIC SAFETY AND WILDLIFE	DNR R-08 Habitat Connectivity and Transportation Coordinator
HELPING IMPACTED COMMUNITIES	CDLE R-01 Launching Colorado's Just Transition
ADAPTING TO CLIMATE CHANGE	CDA R-01 Agriculture Climate Resilience Office
ACCELERATE ELECTRIC VEHICLE USE IN STATE FLEET	DPA R-06 Annual Fleet Request

ECONOMIC DEVELOPMENT & TAX REFORM

CAPITAL INVESTMENTS	For complete list, please see the capital submission to the CDC
	DOR R-01 Lottery Re-imagined for Beneficiaries OEDIT R-02 Cannabis Opportunity Program CDA R-02 Industrial Hemp Enforcement FTE

HEALTH

SAVING PEOPLE MONEY ON HEALTHCARE	DORA R-01 Colorado Option Health Insurance DORA R-02 Prescription Drug Affordability HCPF R-07 Nurse Advice Line
INVESTMENTS IN BEHAVIORAL HEALTH	CDHS R-01 Behavioral Health Services for Children in Crisis
RURAL COLORADO ACCESS TO HEALTHCARE	GOV/OeHi/HCPF CC-IT-02 Colorado Rural Connectivity
SERVING VULNERABLE COLORADANS	HCPF R-08 Supported Living Services Flexibility

 <p>Tax Reform & Economic Development</p> <p>Fiscal reform that serves hard-working Coloradans</p>	 <p>Energy & Renewables</p> <p>Set Colorado on a path to 100% renewable energy by 2040</p>
 <p>Health</p> <p>Reduce the cost of healthcare</p>	 <p>Education & Workforce</p> <p>Implement free full-day kindergarten for all and expand preschool</p>





GOVERNOR
JARED POLIS

#DoingMyPartCO