Looking Toward 2013: The Budget and the Economy

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COFPI is a project of the Colorado Center on Law and Policy

A Little Economic Data

The Economy is in Transition

Not very optimistic outlook for dramatic improvement

The election may mean something
Recession comparison

CO jobless rate remains elevated well after official end of recession


Large Job Gap

Large job shortfall remains in Colorado

### Medicaid Caseload

Source: Colorado Department of Health Care Policy and Financing (data through August 2012)

### SNAP Enrollment

Source: U.S. Department of Agriculture Monthly State Level Participation Report (data through June 2012)
September Budget Estimates

- No need for additional mid-year cuts in funding for state services in FY2012-13.
- Modest increases in revenue for this year (FY2012-13) and next year (FY2013-14) combine for a projected increase of $163.2 million above the June revenue forecast.

Revenue Outlook

- The General Assembly will have $589.8 million, or 7.0 percent, more to spend in FY2013-14 than the amount budgeted for FY2012-13.
- 2014 shows Gen Fund growth of 4.9%
- $678.5 million surplus will be transferred to the State Education Fund at the end of fiscal year 2013.
Revenue Outlook

- The **Referendum C Cap** will equal $11.4 billion in FY 2012-13, and revenue subject to TABOR will be $1.0 billion below the cap.
- The reserve increase and transfers authorized by **Senate Bill 09-228** are not expected to occur during the forecast period.

Effects of Past Policy Changes

Federal Policy Impact

- Health reform
- Tax Policy
- Sequestration

What does sequestration mean for Colorado?

Total Colorado State Budget

- Gen funds
- Cash funds
- Federal funds

27%
### What are the estimated impacts in Colorado?

<table>
<thead>
<tr>
<th>Defense</th>
<th>Non defense</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 cuts estimated at $1.1 billion</td>
<td>2013 cuts estimated at $61 million</td>
</tr>
<tr>
<td>Estimated job loss: for every $1 million cut, 11 jobs lost</td>
<td>Estimated job lost: for every $1 million cut, 27 jobs lost</td>
</tr>
</tbody>
</table>

### What are the estimated impacts on services?

<table>
<thead>
<tr>
<th>SERVICES CUT (ten highest reductions)</th>
<th>AMOUNT (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WIC</td>
<td>$ 5.434</td>
</tr>
<tr>
<td>DOE—Title 1 Grants to local districts</td>
<td>$11.569</td>
</tr>
<tr>
<td>DOE ---Vocational Rehabilitation</td>
<td>$ 3.163</td>
</tr>
<tr>
<td>DOE—Special Education</td>
<td>$12.030</td>
</tr>
<tr>
<td>Head Start</td>
<td>$ 6.322</td>
</tr>
<tr>
<td>Low-Income Home Energy Assistance Program (LIHEAP)</td>
<td>$ 3.690</td>
</tr>
<tr>
<td>Unemployment Insurance—State Administration</td>
<td>$ 3.729</td>
</tr>
<tr>
<td>Child Support Enforcement</td>
<td>$ 2.646</td>
</tr>
<tr>
<td>Child Care and Development Block Grant</td>
<td>$ 2.219</td>
</tr>
<tr>
<td>Social Services Block Grant</td>
<td>$ 2.148</td>
</tr>
</tbody>
</table>
FEDERAL DEFICIT REDUCTION LOOMING

SEQUESTRATION OR SOMETHING ELSE

BUSH TAX CUTS EXPIRE

Revenue Policy Changes

Legislative

Ballot
Stretch Goal?