Colorado Economic and Fiscal Outlook

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The forecast was revised slightly downward from June
General Fund Revenue Forecast

General Fund Revenue and TABOR Refunds

Billions


Forecast

General Fund Revenue

General Fund Revenue Exceeding the TABOR Cap
Forecast Revisions

- Corporate income tax -- small downward revision to last year’s collections
- Slightly lower cash fund revenue this summer
- Economic risks increased this quarter -- not in revisions but watching closely
Consumer spending is supporting continued economic expansion
Production vs. Consumption Indicators

U.S. Retail Sales

Industrial Production Index
Leading economic indicators suggest continued expansion, but at a slower rate
Leading Economic Indicators

- Initial Jobless Claims
- Consumer Expectations
- Housing Permits
- Vehicle Sales
- ISM New Orders Index
- Temporary Staffing Services
- Commercial Lending Standards
- Risk Premium
This forecast is conservative and comparable to independent benchmarks
Benchmarks

![Chart showing real GDP growth projections for different agencies and forecasts for 2018 to 2021]
Budget capacity is limited by the TABOR cap
FY21 Budget Implications

- Revenue is above the TABOR cap, limiting budget growth.
- This means less available in new funds for next year’s budget (FY 2020-21) compared with prior two years.
- Although last year’s topline growth also was limited by TABOR, the net new money available was much higher due in part to the local share for school finance being stronger.
  - This took an expenditure off our books and freed up more than $350 million in the FY 2019-20 budget.
Questions?