The short-term economic outlook has weakened, while the medium/long-term outlook has improved.
Changing Economic Expectations

September - November 2020
The economy has performed better than expected since the last forecast

December 2020 - March 2021
High COVID caseloads worsen the outlook for the winter months

April - June 2021
Vaccine rollout improves expectations for spring/summer months
Household Finances are Strong
Labor Market Remains Weak
Upside Risks
Downside Risks

Change in Employment by Relative Wage Level, vs. February 2020

- High-wage sectors
- Medium-wage sectors
- Low-wage sectors

CO Initial Unemployment Claims
Forecast Comparison

Comparison of GDP Forecasts (Indexed to 2019)
General Fund revenue projections are higher than in September
General Fund Revenue
General Fund Revenue Revised Higher

Changes in Revenue Forecast

- **FY 2020-21**
  - September Forecast: $12.3 Billion
  - December Forecast: $12.5 Billion
  - Increase: $222 Million

- **FY 2021-22**
  - September Forecast: $12.8 Billion
  - December Forecast: $13.5 Billion
  - Increase: $626 Million

- **FY 2022-23**
  - September Forecast: $13.5 Billion
  - December Forecast: $13.9 Billion
  - Increase: $393 Million
Additional revenue helps the budget, but a significant shortfall remains
Increase in Funds above Nov 2nd Budget Request

$2.6B One-Time Funds (Nov 2)

$1.3B Stimulus

+$553M additional funds

$1.26B Reserve
Federal Stimulus Update--Still Tentative

Possible items with high economic impact

- PPP second round
- UI enhanced benefit $300/week (for up to 16 weeks)
- Stimulus checks ~$600-700
- Broadband expansion up to $180M for CO
Other updates

1. Pursuant to HB20-1426: Emergency response briefing, and OSPB will be posting this quarter’s Emergency Funding and Federal Funding reports.

2. OSPB webpage for Emergency Funds reporting--
   www.colorado.gov/ospb/emergency_funds

3. OSPB can provide interim economic updates.
Questions?