



COLORADO FISCAL  
POLICY INSTITUTE

## NEWS RELEASE

June 21, 2010

**Contact: Terry Scanlon, fiscal policy analyst, 303-957-8137**  
**Perry Swanson, communications director, 303-573-5669 ext. 306**

# New projections show more cuts to public services are likely, threatening the state's most vulnerable

Colorado's legislative and executive branches offered independent projections for state finances today that, in general terms, revealed the same two challenges facing Colorado — continuing unease about the stability of the budget that begins next month and even greater concerns about a likely revenue shortfall in the following year.

Both the Colorado Legislative Council, the nonpartisan staff for the General Assembly, and the Governor's Office of State Planning and Budgeting, project that tax revenues for the fiscal year that begins July 1 have declined enough that Gov. Bill Ritter will need to offer a plan for closing a budget hole of between \$75 million and \$320 million.

If Congress fails to approve additional Medicaid funding it would create a hole in the state budget of between \$212 million and \$245 million. That could cause problems for a wide array for state services.

“Colorado's severe budget restrictions means that the loss of the additional Medicaid money could very well result in another round of cuts for Colorado's classrooms,” said Terry Scanlon, a policy analyst with the Colorado Fiscal Policy Institute. “It could also mean cuts to services for abused children or families of people with developmental disabilities.”

Looming as an even larger problem is a seemingly unavoidable revenue shortfall for the 2011-12 budget. The state is expected to come up \$687 million shy of the tax revenue needed to continue operations at the current level and cost that they are provided now, said Natalie Mullis, the legislative council's chief economist. Factor in expected increases in demand and inflation and the shortfall probably exceeds \$1 billion, Mullis said.

“It seems clear that next year will be the third straight year of severe spending cuts for services that Colorado families depend on,” Scanlon said. “It also seems clear that Colorado has a dire revenue problem that can be sufficiently addressed only by a vote of the people.”

The Colorado Fiscal Policy Institute is a project of the Center on Law and Policy, a nonprofit, nonpartisan research and advocacy organization seeking justice and economic security for all Coloradans.