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POLICY INSTITUTE

Justice and Economic Security for all Coloradans

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## **COFPI Statement on December Revenue Forecast**

Denver, CO –The Colorado Legislative Council announced today that the state faces a \$631 million shortfall—or about 9 percent of the General Fund—in the Fiscal Year 2008-2009 budget that was approved by the 2008 legislative session. The severity of any cuts to the FY 2008-2009 budget would be magnified because the timeline is compressed into the final six months of this fiscal year, which ends June 30, 2009. **The Colorado Fiscal Policy Institute (COFPI) released the following statement from Kathy White, Program Director at COFPI, on the December state revenue forecast announced today:**

“Cuts in state services have a negative effect on the economy and a very real impact in the lives of Coloradans. People lose jobs, people lose benefits like health care and child care, people struggle even more to buy and access goods and services, and more and more families struggle to make ends meet. If the legislature chooses to cut the state budget by \$631 million, the people of Colorado must brace themselves for an additional economic shock.

We hope to work with the legislature to come up with one-time revenue and strategic revenue enhancements that help protect Coloradans and avoid further reductions in our revenue base. The legislature must work to avoid cuts that will drive lower-income Coloradans deeper into poverty. We also hope state leaders work to maximize the benefits of any federal economic stimulus package that comes out of Congress. We must leave nothing on the table. Lastly, we hope state lawmakers have learned from past mistakes at the federal level, when long-term growth and stability was sacrificed for short-term, politically-popular tax cuts.

Yesterday, we released the State of Working Colorado 2008 report that painted a picture of working families in peril, entering this economic downturn in vulnerable circumstances, with rising unemployment and poverty and decreasing wages and health care coverage.

Today, not only do we hear news of this growing budget shortfall, but it was also reported that the unemployment rate in Colorado has increased again, to 5.8 percent, with 8,900 more Coloradans without work in November.

The revenue projections confirm that Colorado is in a recession now and that families will certainly face greater hardships ahead. This is not a time for timid, piecemeal approaches. This is a time for real leadership from the statehouse.”