

STATE OF COLORADO

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JOINT BUDGET COMMITTEE

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Denver, CO 80203
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<http://leg.colorado.gov/agencies/joint-budget-committee>

DRAFT

January 27, 2025

Hon. Jared Polis
Governor
State of Colorado
State Capitol Building
Room 136
200 East Colfax Ave.
Denver, CO 80203

Hon. Monica Marquez
Chief Justice
Colorado Supreme Court
Ralph L. Carr
Judicial Center
2 East 14th Ave.
Denver, CO 80203

Hon. Dave Young
Colorado State Treasurer
State Capitol Building
Room 140
200 E. Colfax Ave.
Denver, CO 80203

Hon. Jena Griswold
Secretary of State
Colorado Dept. of State
1700 Broadway, Suite 550
Denver, CO 80290

Hon. Phil Weiser
Colorado Attorney General
Carr Judicial Center
1300 Broadway, 10th Floor
Denver, CO 80203

Hon. Rebecca McClellan
Chair
State Board of Education
Colorado Department of
Education
201 East Colfax Ave.
Denver, CO 80203

Ms. Susana Cordova
Commissioner of
Education
Colorado Department of
Education
201 East Colfax Ave.
Denver, CO 80203

Dear Governor Polis, Chief Justice Marquez, Treasurer Young, Secretary of State Griswold, Attorney General Weiser, Chair McClellan, and Commissioner Cordova:

Thank you for your collaboration as we tackle the challenging project of balancing the State's budget this year. As you know, we are addressing a budget deficit of approximately \$1.0 billion for FY 2025-26, even in the absence of an economic recession. The FY 2025-26 budget challenges are exacerbated by unexpectedly high Medicaid expenditures in FY 2023-24 and FY 2024-25 and voters' adoption of Proposition 130, which requires that funds be set aside for peace officer training and support.

Given this situation, and the powers available to the Executive and Judicial Branches in administering appropriations, we would appreciate your assistance in reducing certain FY 2024-25 expenditures and delaying activities that make it more difficult to scale-back FY 2025-26 spending.

In the current fiscal year, we request that agencies refrain from end-of-year spending on items that are not essential. Under normal circumstances, there is an expectation that agencies will attempt to fully spend all appropriations and avoid reversions. This year, we request the opposite: if agencies have vacancies, projects, or grants that are not being expended as anticipated, we request that those funds be allowed to revert if feasible, rather than being repurposed. If you see an opportunity for a particularly significant end-of-year FY 2024-25 reduction in appropriations, please inform us as soon as possible so that we can account for this in budget balancing.

Consistent with the above, we request that agencies consider whether any of the one-time funds they were allocated by the State in the aftermath of the COVID-19 pandemic are less essential and could be repurposed as the General Assembly works to step-down state expenditures. While one-time funds will not address our current structural budget deficit, they can assist the State in transitioning to a lower level of ongoing spending.

We acknowledge that as recently as last year we expressed a strong preference for the Executive Branch to fully expend one-time funds consistent with the General Assembly's intent as reflected in law and appropriations. However, the fiscal picture for this year looks very different. We still expect the Executive Branch to comply with existing law. However, we suspect that there are some short-term programs that, no matter how valuable they appeared when created, look less valuable in the context of a structural budget deficit. In particular, we encourage programs to revert funds where this is relatively painless. For example, if not all grants are used in a first round of awards, we encourage programs to revert the balance rather than make new awards.

The Executive Branch submitted information on January 15 about some programs that it believes can be scaled back that were originally supported with federal State and Local Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) funds. Please let us know if you are aware of other opportunities involving programs created using ARPA funds or one-time General Fund so that we can initiate necessary transfers and use these funds to help balance the budget.

Finally, we request that grant programs and other programs that could potentially be eliminated or scaled back in late FY 2024-25 or in FY 2025-26 delay actions that could make it more difficult to implement budget cuts. In particular, we request that, to the extent feasible, administrative activities such as announcing grant awards or finalizing contracts for end of year FY 2024-25 and new FY 2025-26 expenditures be delayed until the budget package is introduced in late March 2025. At that point, it will be more clear which programs are likely to be continued. This request applies particularly, but not exclusively, to programs that agencies and JBC staff have already identified for potential cuts.

Thank you for your assistance on these matters. While we do not believe there is an easy path to balance the state budget, the steps above will make this process easier for us, you, and the people of Colorado.

Sincerely,

Jeff Bridges
Chair

cc:

Craig Harper, Director, Joint Budget Committee Staff
Mark Ferrandino, Director, Governor's Office of State Planning and Budgeting
Executive and Judicial Branch Chief Financial Officers