Where Things Stand

Late last Saturday, May 9, leadership of the House and Senate issued a joint press release announcing that they are postponing the reconvening of the General Assembly. The body was previously expected to take up its work again on May 18. However, in light of ongoing health concerns (including an extended stay-at-home order for the City and County of Denver); the inability to reach agreement on how best to proceed upon returning to the Capitol; and the challenges facing the Joint Budget Committee (JBC) in drafting a balanced budget — leadership determined that it would be most prudent to delay reconvening for an additional week. They are now set to reconvene on May 26, following the Memorial Day weekend.

The Executive Committee, made up of leadership from both parties in the two chambers, continues to meet and work through safety protocols in order to ensure the safety of people working inside the Capitol. To date, the Capitol remains closed to the public. Only elected officials and their essential staff may enter. That is expected to change when the General Assembly reconvenes. There is disagreement between the two parties as to how much, if any, of the legislature’s work can be done remotely. The JBC has been meeting for 10 days, receiving multiple updates from staff who have presented recommendations from their remote workspaces. When the Executive Committee met on Monday, May 11, they postponed taking any official action, but did discuss some members’ concerns about the procedural hurdles of taking remote testimony, participating in floor debates remotely, or creating socially-distanced seating for legislators. (One thought is to place legislators in the gallery and close public access to the gallery). The committee will meet again this Monday, May 18, with the hope of finalizing some of their procedures. As they do, they’ll need to figure out how to conduct business in a way that is both accessible to the public and safe for those required to be present and represent their constituencies.

Budget

Last Saturday, May 9, the JBC met to discuss the Department of Human Services budget. While the committee continues to postpone some larger decisions, they did take some actions regarding the DHS budget. Those included:

- Family First implementation cuts;
- Cuts to parts of the Division of Youth Services budget;
• Cuts to county welfare staffing and the provider rate increase, Temporary Assistance for Needy Families (TANF) subsidized work program, childcare quality initiatives, aid to the needy disabled and early intervention services; and
• Several cash fund transfers.

The committee will continue to consider whether additional funds can or should be cut in each department. They currently plan to revisit the Department of Human Services budget on Monday, May 18.

On Tuesday, May 12, the committee heard updated revenue forecast reports from Legislative Council Staff (LCS) and the Office of State Planning and Budgeting (OSPB). Both forecasts reported unprecedented declines in General Fund (GF) revenue compared to the March forecasts and significant shortfalls in the revenue available to cover current state obligations. LCS is projecting a significantly larger budget gap in the 2020–21 budget year ($3.3 billion) than is OSPB ($2.7 billion). Both offices stressed there are lots of uncertainties in the forecasts, both up and down, because of unknowns about what will happen both with the economy and the pandemic. In several areas, we are seeing a combination of decreasing revenues and increasing demands on the state budget. The committee concluded their morning with a presentation from the state property tax administrator who walked through the constraints on tax collection that will lead to a greater need for general fund dollars to be spent on K–12 education.

What Comes Next

Cash fund collections from things like gaming, fuel, and severance taxes are expected to decline dramatically in the next fiscal year. At the same time, periods of economic downturn generally lead to an increased need for safety-net services, creating greater pressure on state spending. It is precisely this conundrum that the JBC is tasked with addressing over the next nine days. The state constitution requires the General Assembly to adopt a balanced budget by the beginning of the next fiscal year, on July 1. When they return to the Capitol, legislators will have just a few short weeks to pass what will no doubt widely be considered the most challenging (and heartbreaking) budget in recent history.

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