

News Release

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DU research center compares December state forecasts

DENVER— Recent forecasts of Colorado’s economy and revenue collections issued by Legislative Council Staff economists and the staff of the Governor’s Office of State Planning and Budgeting (OSPB) differ sharply. With only half of the state’s fiscal year left, the Legislative Council forecast calls for \$604 million in budget cuts before June 30, 2009, while the OSPB forecast envisions that cuts of only \$42.5 million will be necessary.

A new CCEF report, available for download at www.du.edu/economicfuture, compares the two forecasts and reports on revenue collections received by the state so far this fiscal year.

“In our March, 2008 forecast comparison, we noted that forecasters typically underestimate how far the economy and revenue will slow or shrink” said Tom Dunn, a CCEF economist. “And we noted that it seems likely that future revenue forecasts will be reduced below current predictions until the economy improves. Unfortunately, it appears that these observations are proving accurate”

“Cutting the state’s General Fund budget is difficult because the majority of it is either constitutionally mandated, as is the case with public school funding required by Amendment 23, mandated by the federal government, as is the case with Medicaid funding, or driven by caseloads, as is the case with growing prison populations” said Charlie Brown, Director of the Center for Colorado’s Economic Future. “The problem is even more acute when state budgeters must make the reductions with only six months remaining before the end of the state’s fiscal year on June 30, 2009.”

The center was created in 2007 after DU’s Colorado Economic Futures Panel (CEFP) completed its work in January 2006. The panel spent more than a year examining the fiscal health of Colorado’s state and local governments and their ability to sustain fundamental public investments appropriate to the state’s long-term economic vitality. Establishing a permanent center to study the state’s economic future was a recommendation from the CEFP.