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## **Colorado Economic and Fiscal Outlook**

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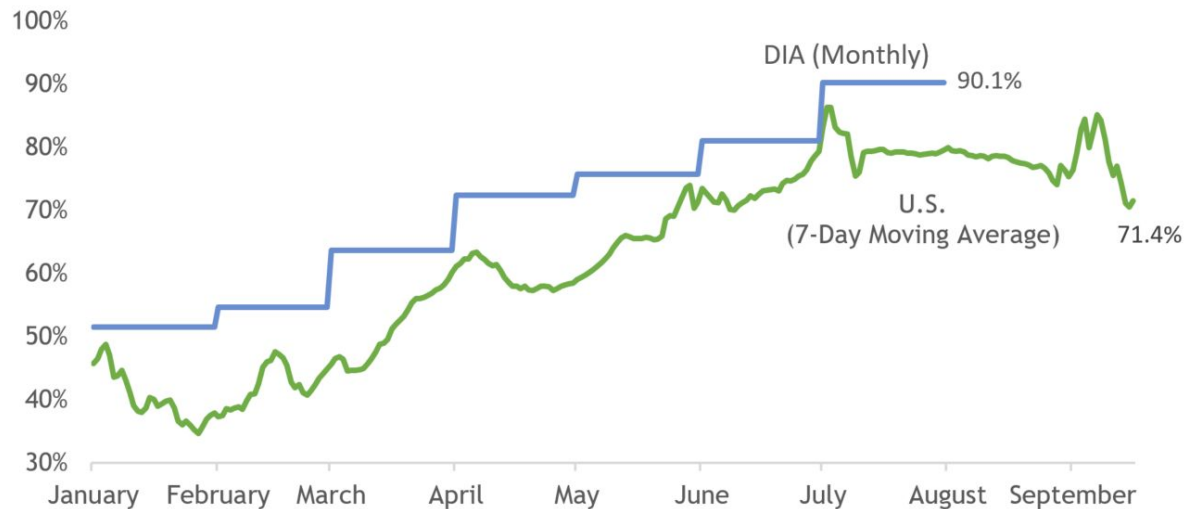
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September 21, 2021

The economic recovery is slowed by Delta,  
but strong household finances support  
continued growth

# Economic recovery slows with Delta

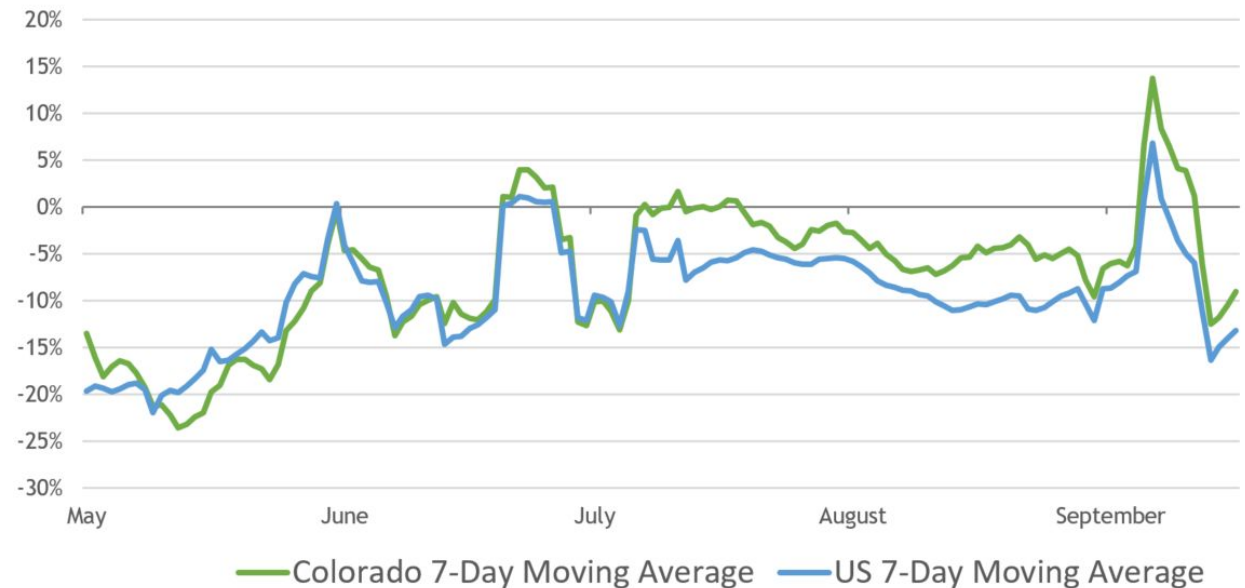
2021 Traveler Throughput as Compared to 2019  
*DIA vs. U.S. Total*



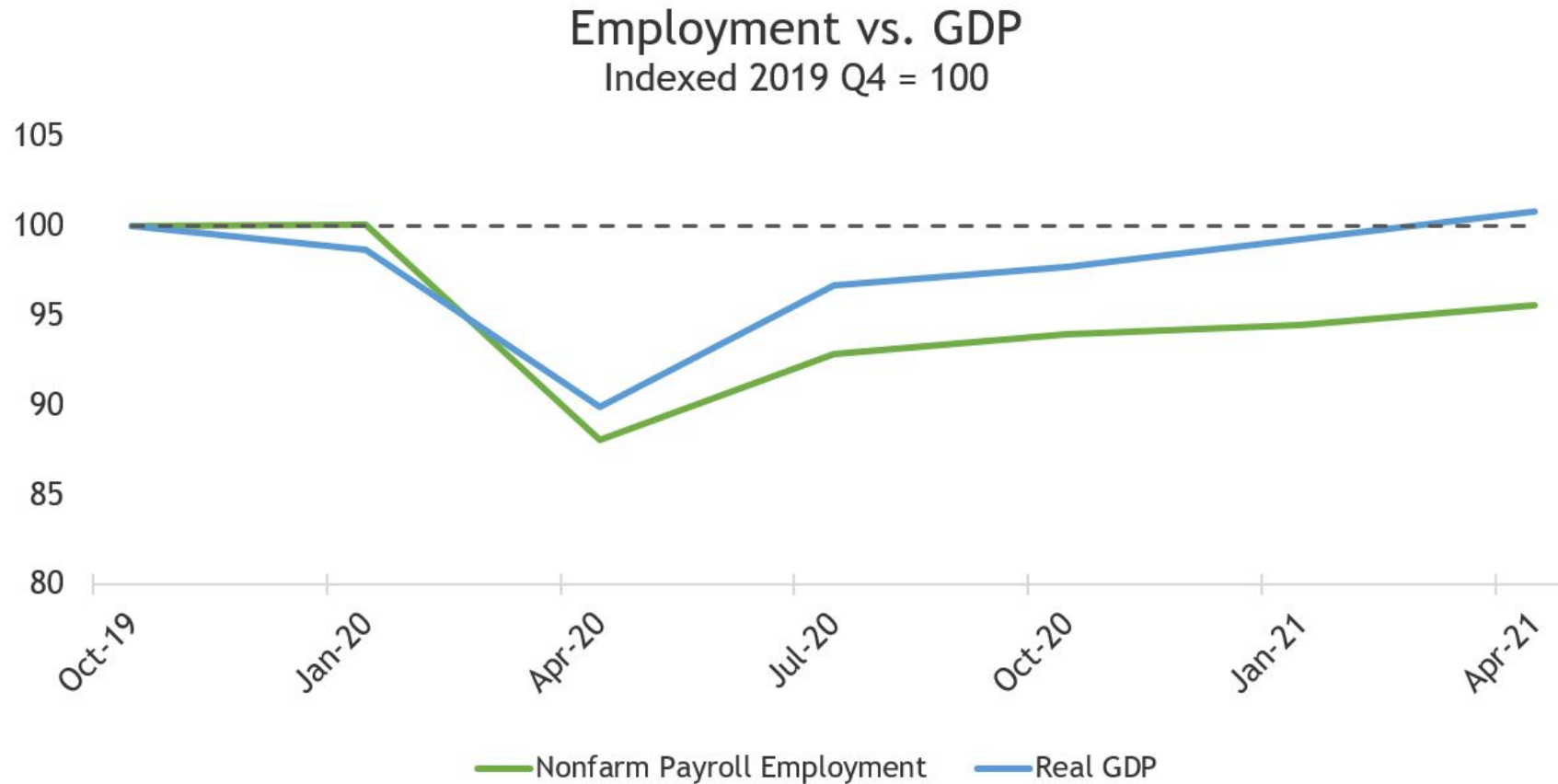
Source: TSA Traveler Throughput Data; DIA Monthly Passenger Reports.

*Note* - U.S. Travel Association estimates that approximately 24% of total domestic trips (50+ miles) in 2019 were from business travel.

Open Table Seated Diners in Restaurants Summer 2021  
*Percentage Change from 2019*



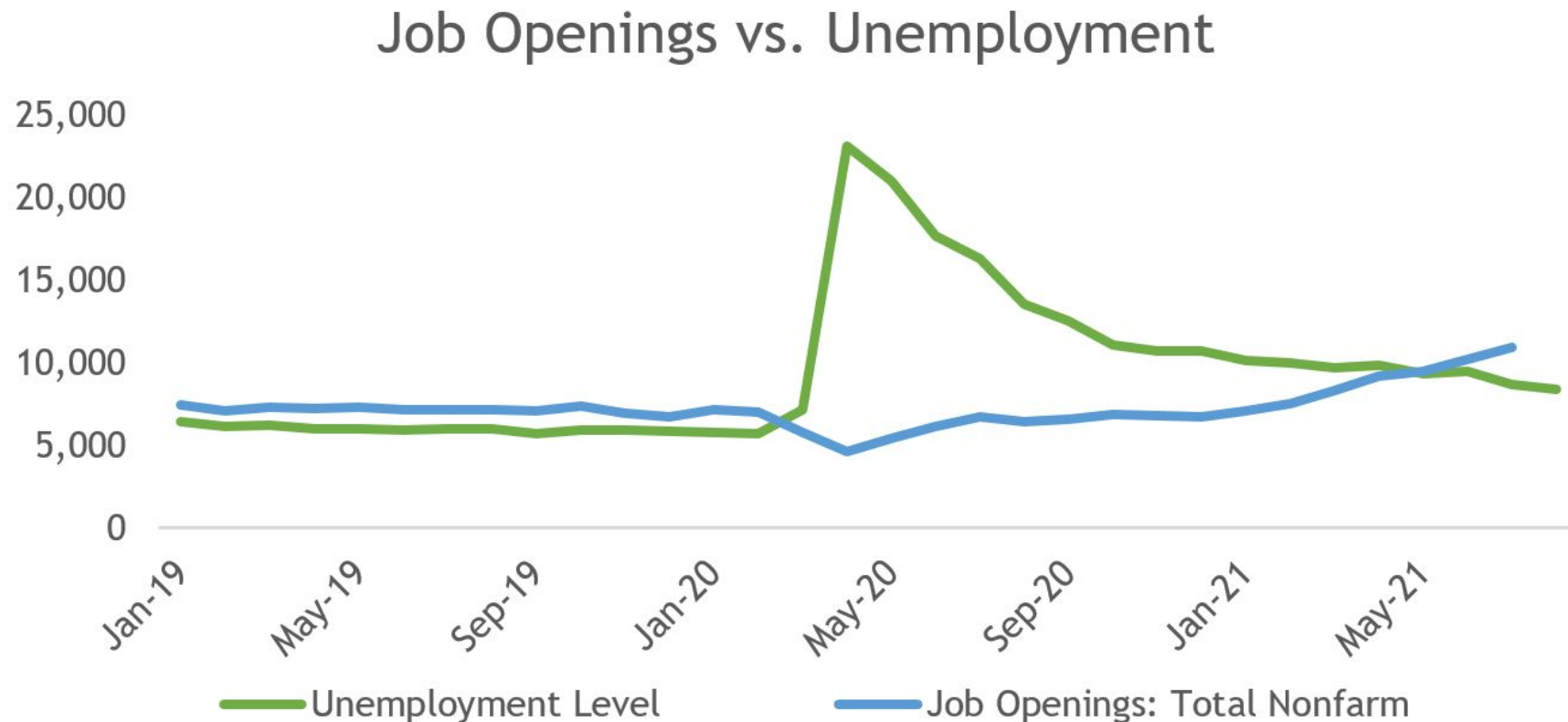
# GDP has recovered, employment has not



Source: Bureau of Labor Statistics.



# Unemployment and job openings are elevated

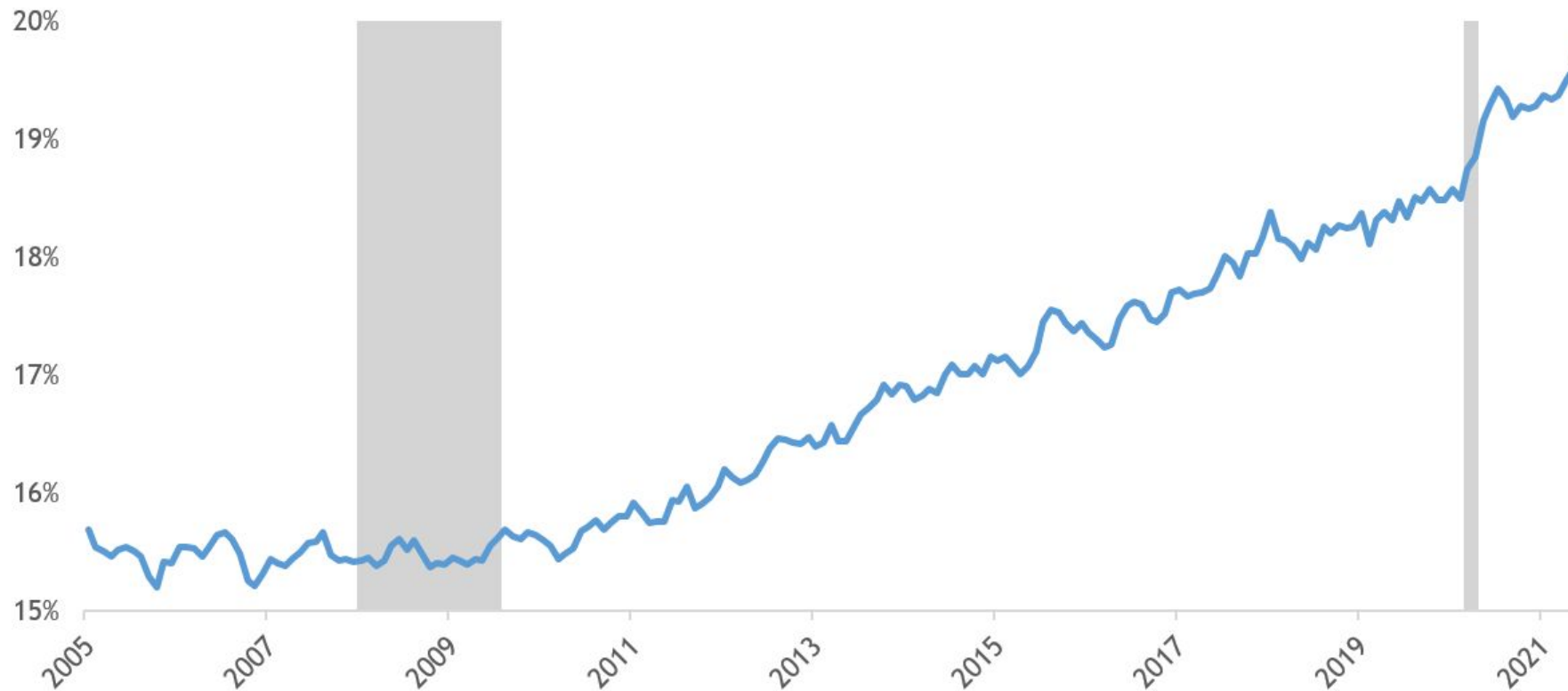


Source: Bureau of Labor Statistics.



# More older workers are in retirement

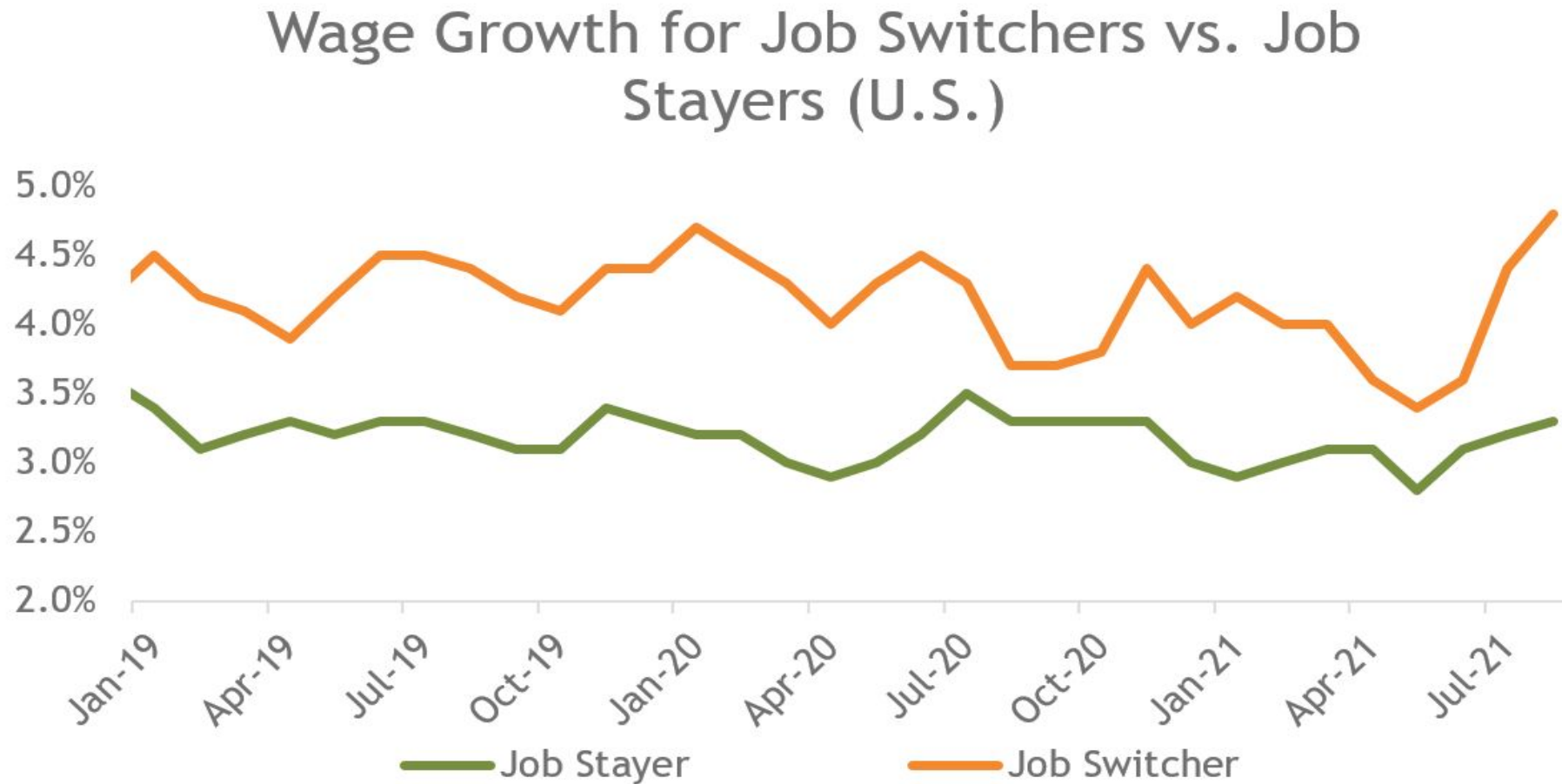
Share of Retirees in U.S. Population



Source: Current Population Survey, retrieved from IPUMS; Author's calculations



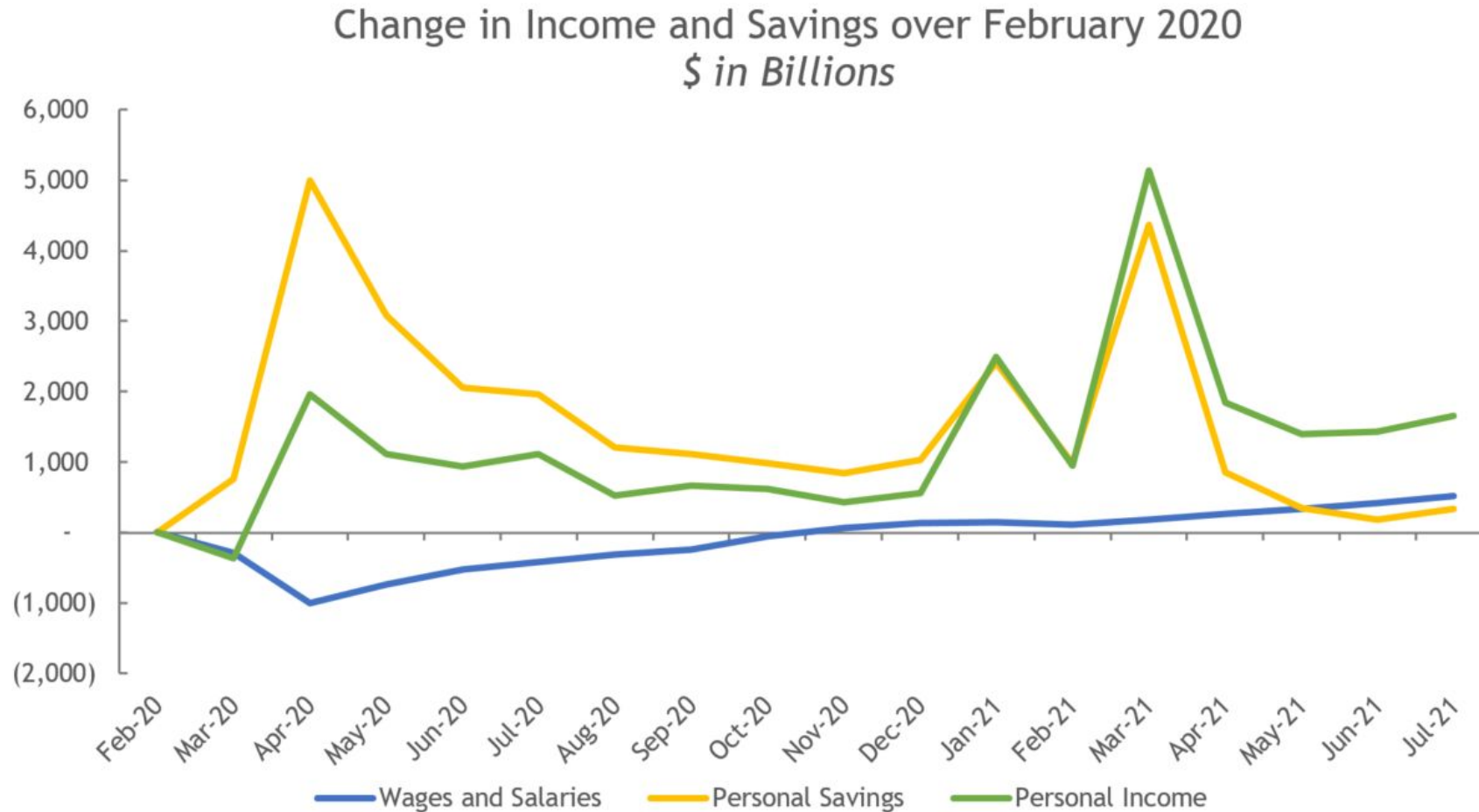
# Wage growth is accelerating



Source: Atlanta Fed Wage Growth Tracker



# Household finances are strong

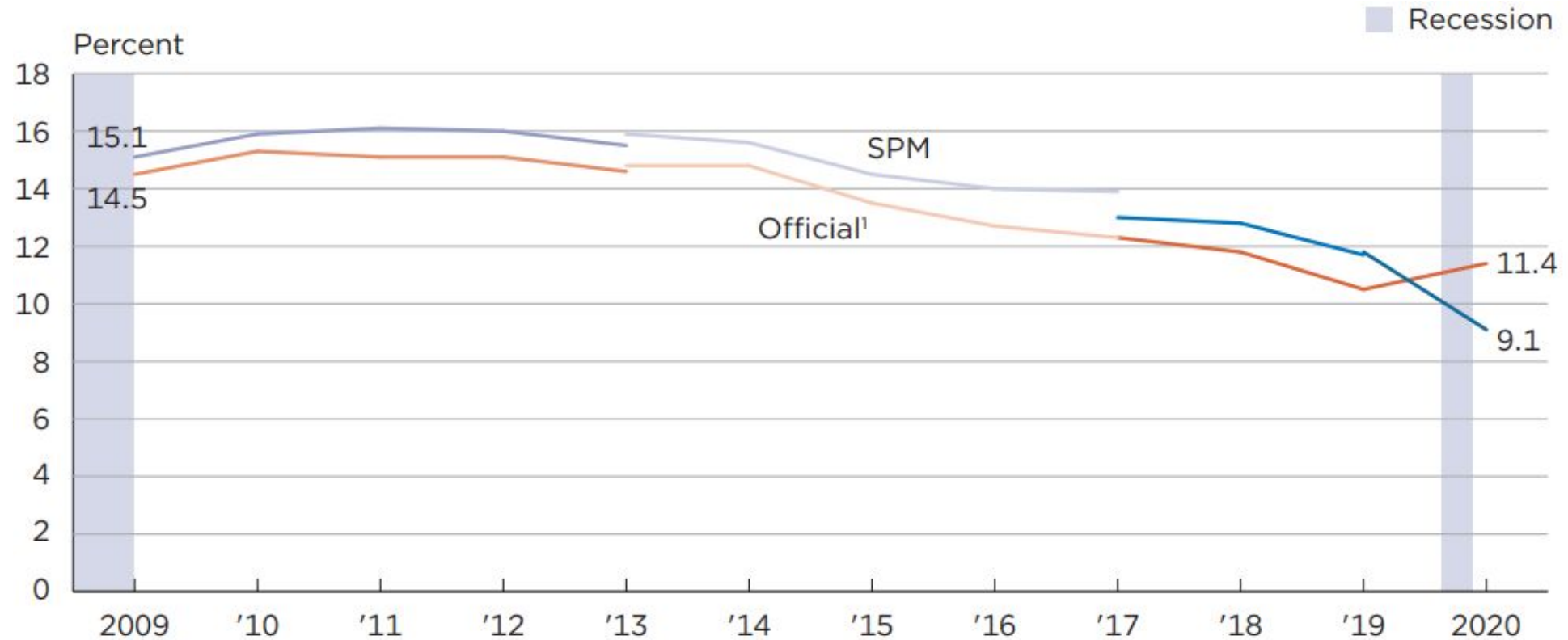


Source: Bureau of Economic Analysis.





# Despite recession, poverty declined in 2020 due to government aid

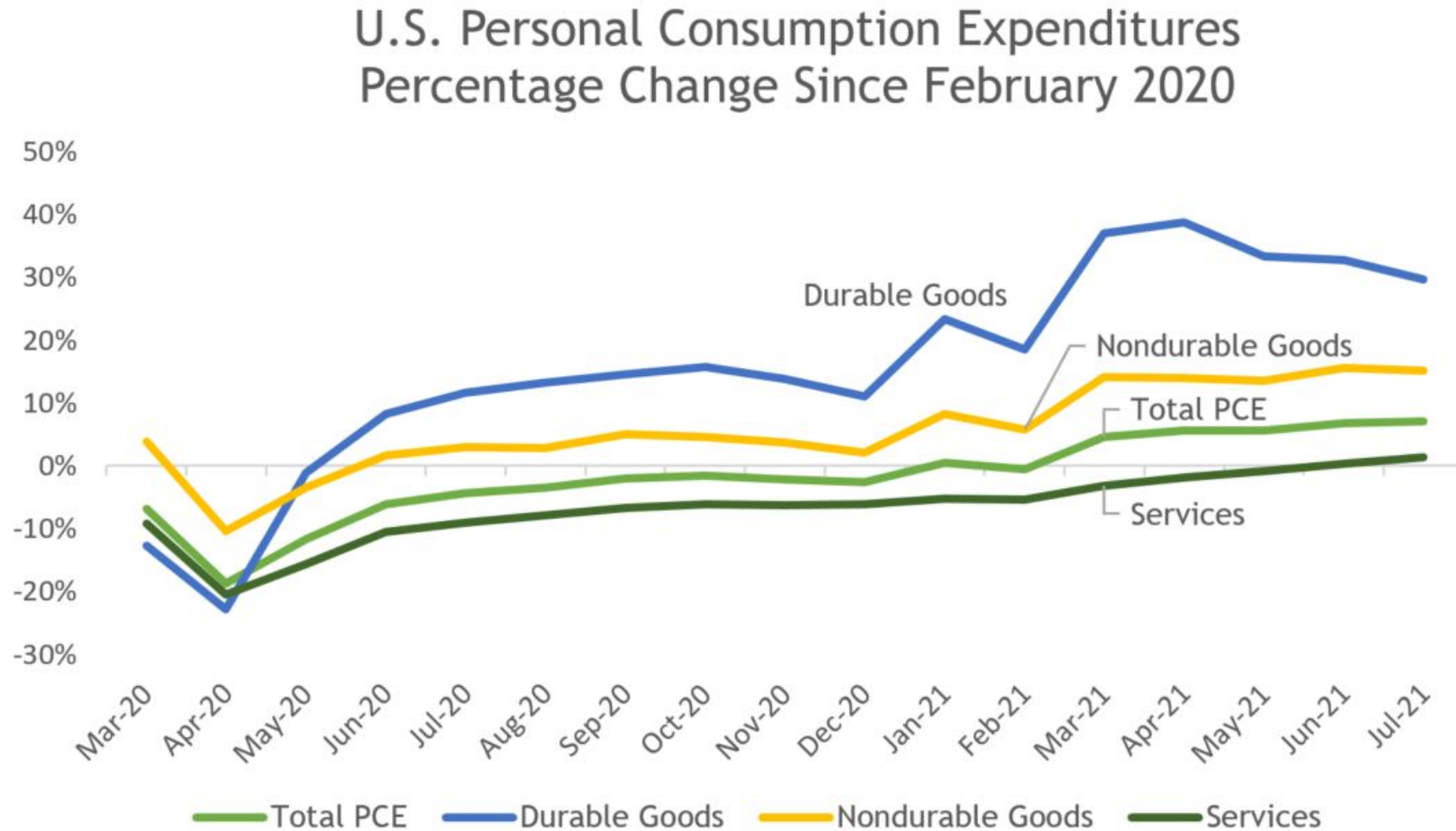


Source: U.S. Census Bureau

SPM = Supplemental Poverty Measure



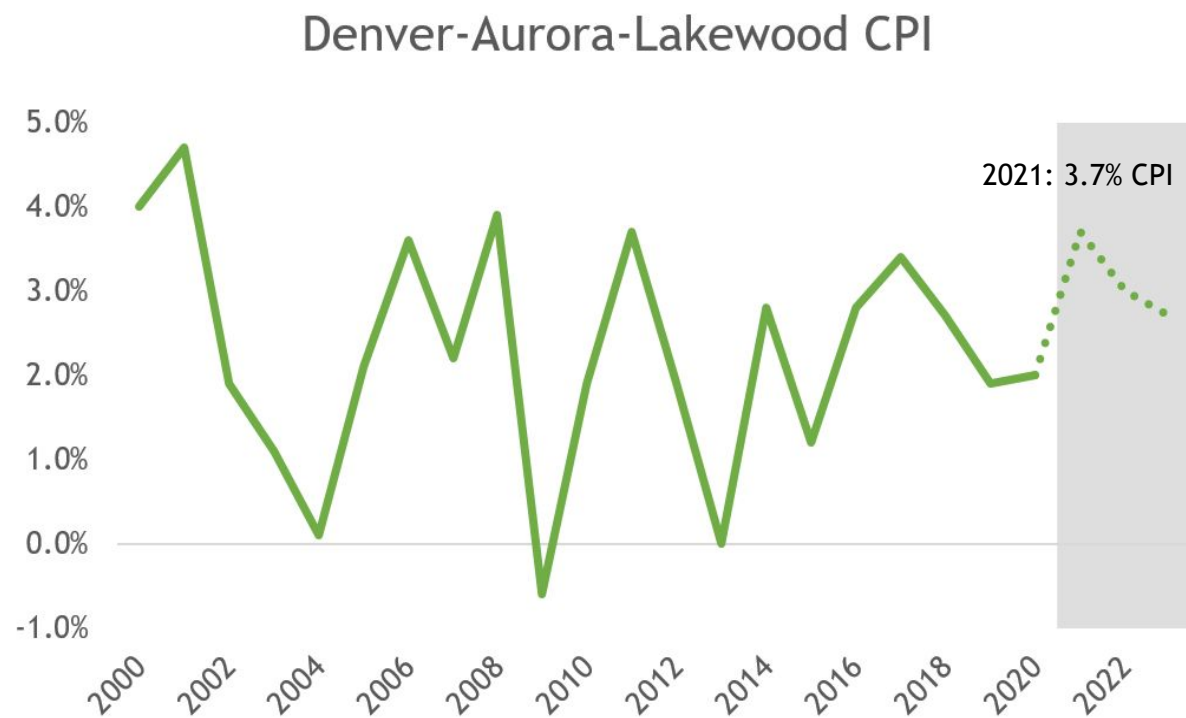
# Consumer spending remains elevated



Source: Bureau of Economic Analysis.



# Inflation is high, but expectations are anchored



Source: Bureau of Labor Statistics; OSPB Forecast

## 5-Year Forward Inflation Expectation Rate



Source: Federal Reserve Bank of St. Louis.



# Forecast uncertainty is elevated

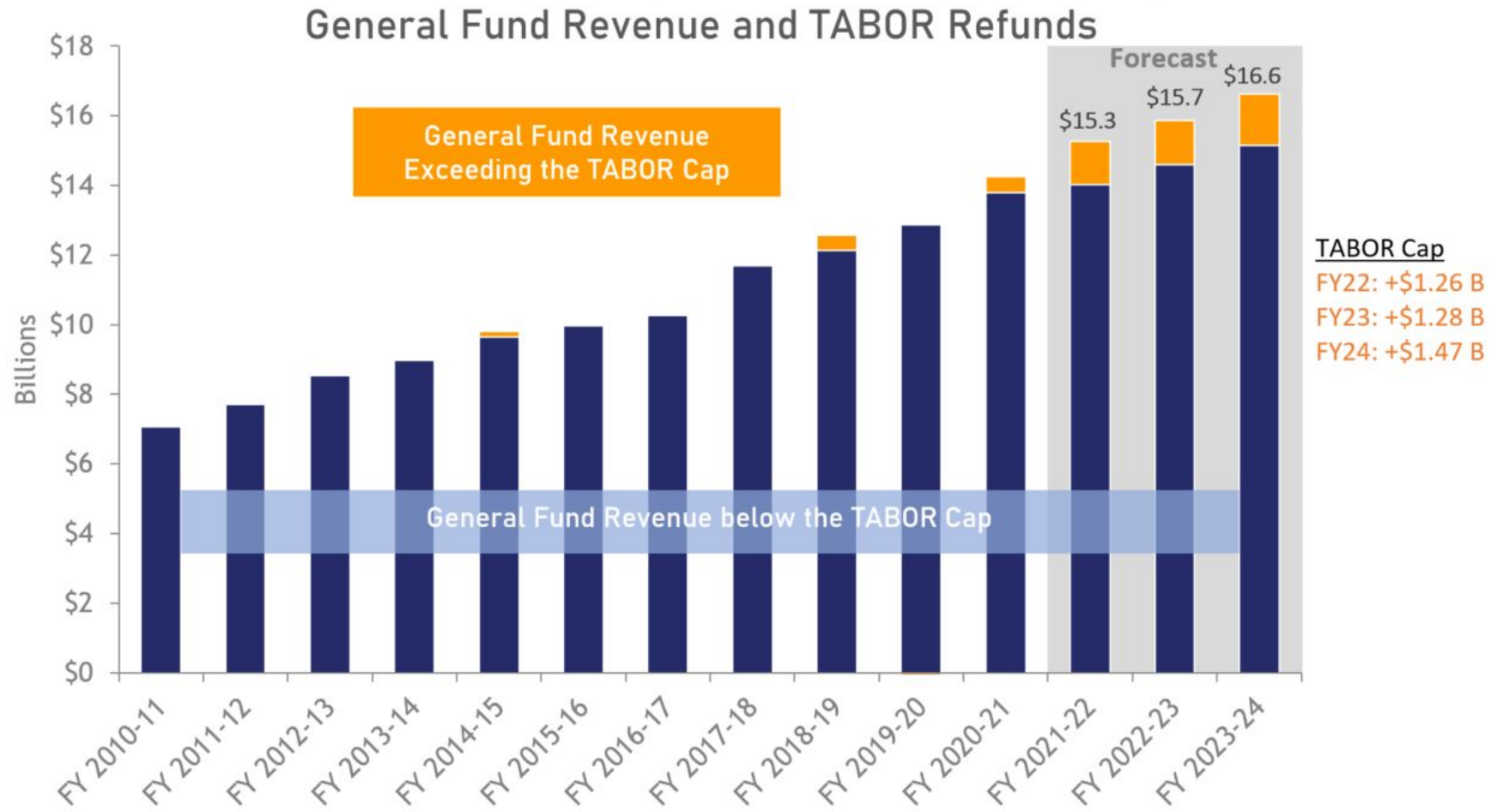
- How long will supply chain disruptions last?
- Will labor supply return to pre-pandemic levels? When?
- Will additional COVID waves have significant economic impacts?
- Will consumer spending slow down?
- Will inflation remain high? How will the Federal Reserve react if it does?
- To what extent will business travel return? When?
- How will federal policy changes affect the outlook?

What will “normal” look like?

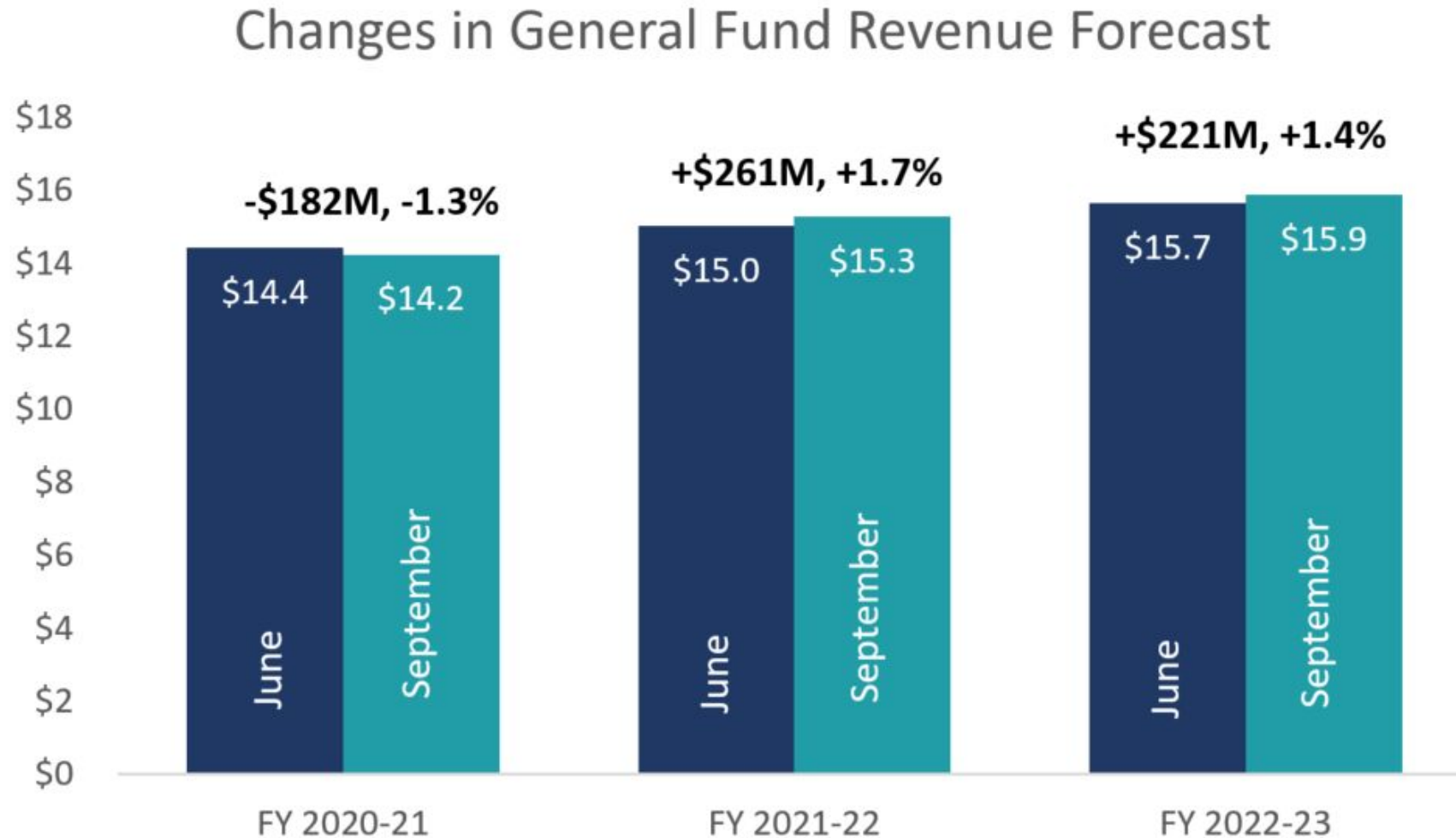


Revenue projections exceed the TABOR cap  
throughout the forecast period

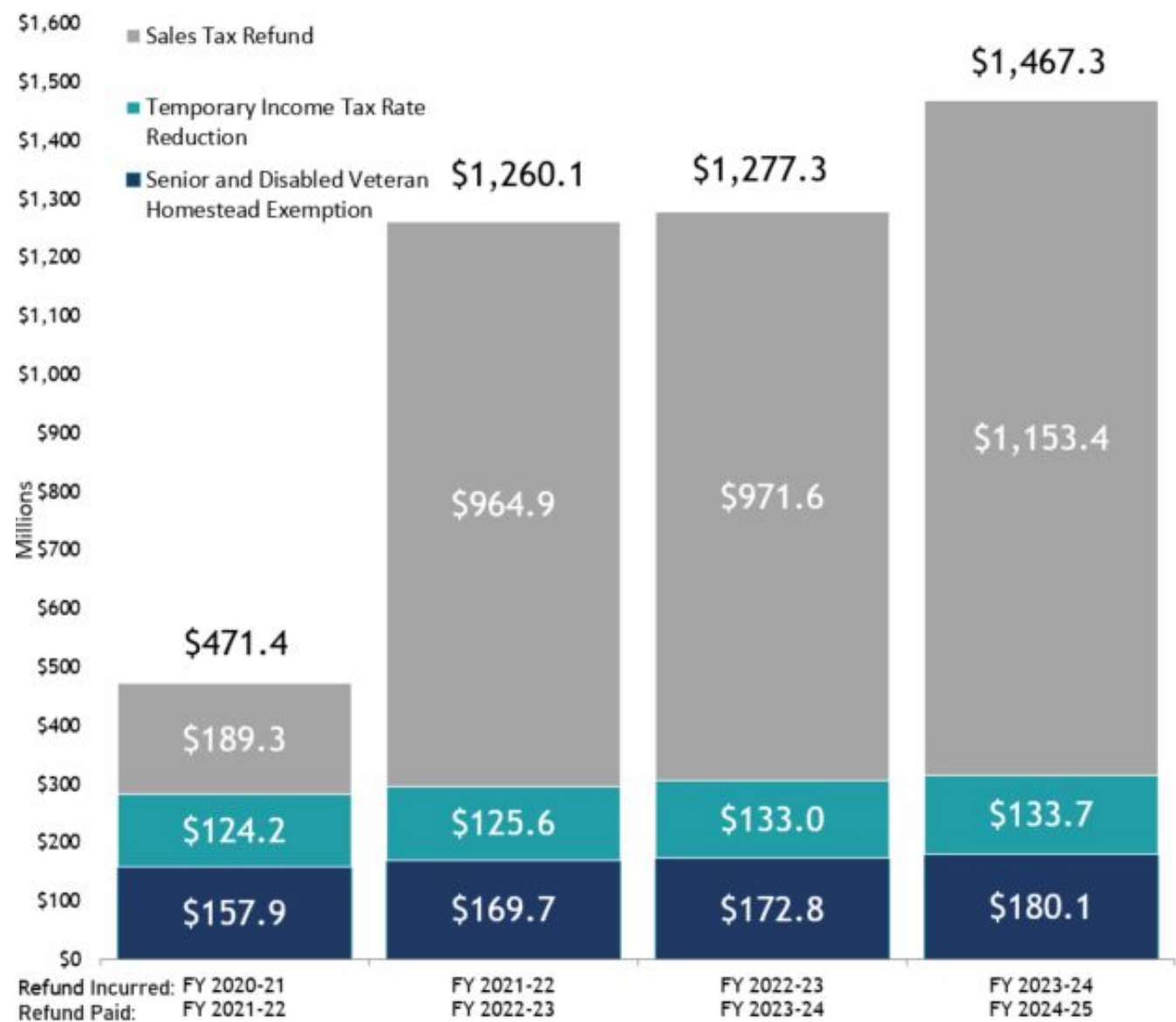
# General Fund Revenue



# General Fund Revenue Revised Higher in Outyears



# TABOR Refund Mechanisms





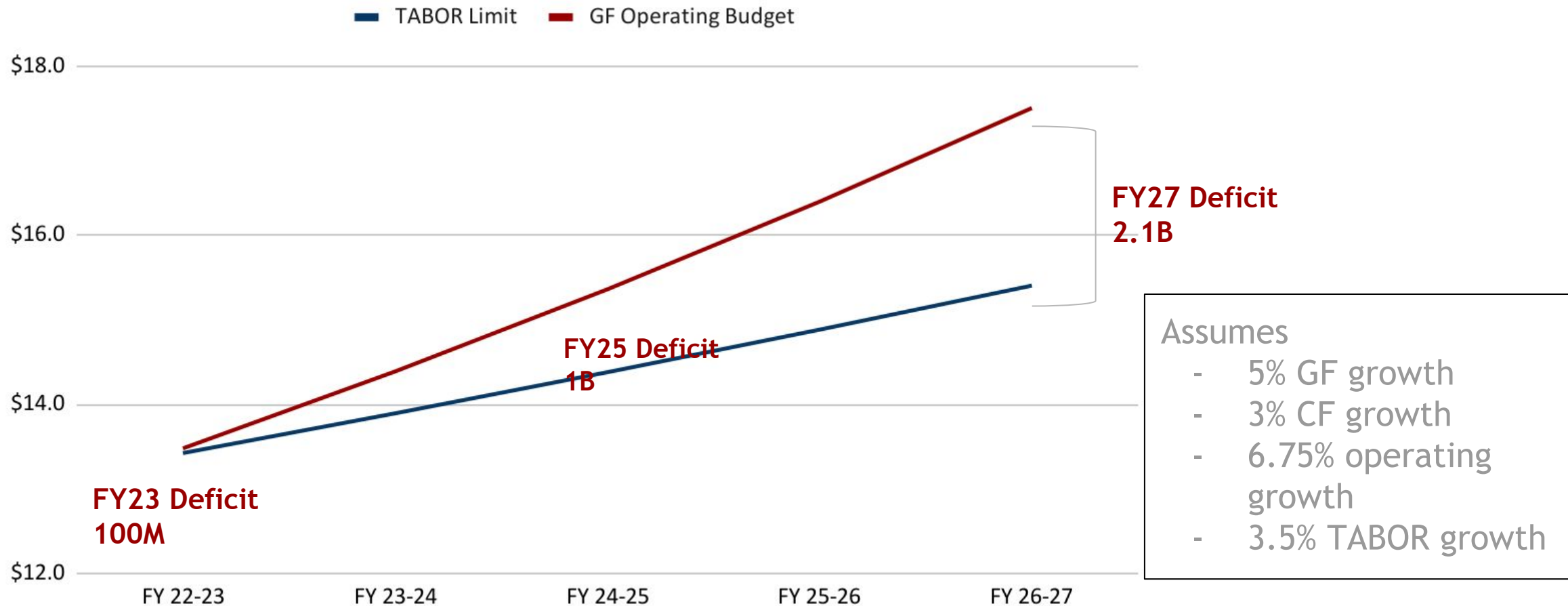
Revenue increase does not translate to  
more budget room

# Revenue Increases Not Available to Spend

- Revenue increases this forecast are all above the TABOR cap
- Annual revenue growth available to spend in next budget remains roughly unchanged
- Other one-time funds available must be considered over a multi-year period to address structural deficit
- [OSPB Long Range Financial Plan](#) demonstrates average annual operating growth exceeds TABOR formula growth

# Multi-Year Budget Outlook Is Needed

## TABOR Limit and GF Operating Budget



# State Education Fund - Projected Deficit Starting in FY25

	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Expected State Share increase	\$200M	\$280M	\$260M	\$260M
Total SEF Expenditure for State Share of Total Program	\$930M	\$1,220M	\$1,410M	\$1,750M
New SEF Revenue*	\$670M	\$710M	\$700M	\$690M
Change	(\$270M)	(\$510M)	(\$720M)	(\$1,050M)
SEF Ending Balance**	<b>\$510M</b>	<b>\$10M</b>	<b>(\$690M)</b>	<b>(\$1,740M)</b>

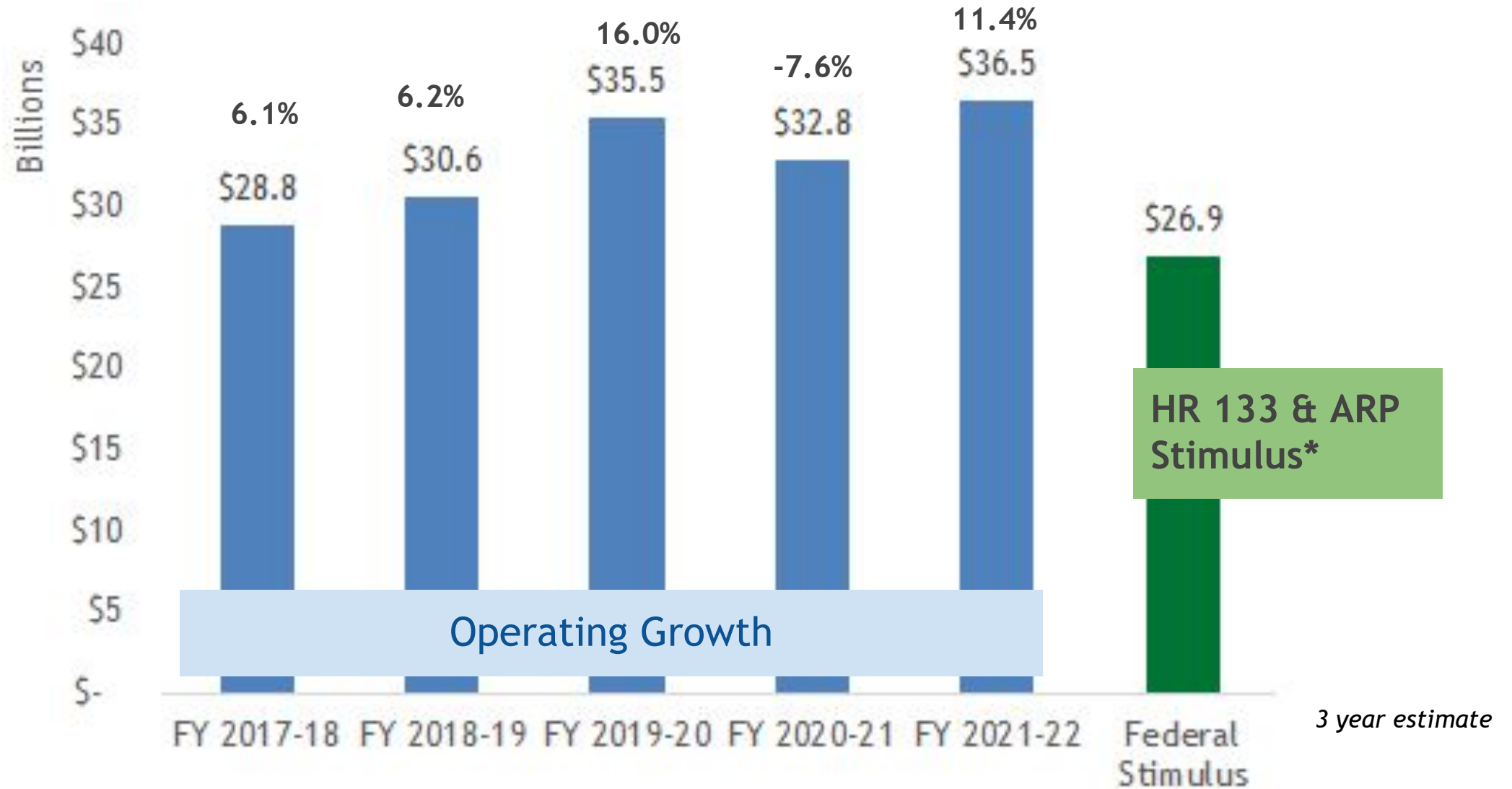
\*new revenue does not include funding devoted to categoricals or various other expenditures

\*\*Assumptions include no change to the BSF, no additional GF contribution to Total Program, annual Pupil Growth of 0.1%, and holding income, inflation, FML and other revenue expectations flat beyond the OSPB forecast period

OSPB notes that the projections for State Share will continue to change as they are dependent on a number of factors that have yet to be determined, including the rate of inflation, at-risk pupil count, fluctuations in local property and specific ownership tax revenues, and pupil count.



# Federal Stimulus Funds Near Pre-Pandemic Operating Levels





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# Questions?

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# Appendix



## FORECAST TABLES & MISC.

## History And Forecast For Key Colorado Economic Variables

Line No.		Actual						September 2021 Forecast		
		2015	2016	2017	2018	2019	2020	2021	2022	2023
	<b>Income</b>									
1	Personal Income (Billions) /A	\$284.8	\$290.7	\$312.0	\$335.2	\$352.2	\$369.5	\$392.7	\$403.7	\$423.5
2	Change	5.0%	2.1%	7.4%	7.4%	5.1%	4.9%	6.3%	2.8%	4.9%
3	Wage and Salary Income (Billions) /A	\$146.6	\$151.1	\$160.8	\$170.3	\$182.1	\$185.0	\$196.2	\$206.4	\$216.3
4	Change	5.8%	3.1%	6.5%	5.9%	6.9%	1.6%	6.1%	5.2%	4.8%
5	Per-Capita Income (\$/person) /A	\$52,372.0	\$52,624.0	\$55,783.0	\$59,097.0	\$61,400.0	\$63,904.0	\$67,389.6	\$68,546.0	\$71,038.7
6	Change	3.3%	0.5%	6.0%	5.9%	3.9%	4.1%	5.5%	1.7%	3.6%
	<b>Population &amp; Employment</b>									
7	Population (Thousands)	5,438.4	5,523.5	5,593.9	5,671.9	5,735.9	5,782.0	5,827.5	5,889.6	5,961.4
8	Change	1.7%	1.6%	1.3%	1.4%	1.1%	0.8%	0.8%	1.1%	1.2%
9	Net Migration (Thousands)	68.5	55.4	42.8	52.5	40.1	25.5	30.0	40.0	50.0
10	Unemployment Rate	3.8%	3.1%	2.6%	3.0%	2.7%	7.3%	5.9%	4.4%	3.8%
11	Total Nonagricultural Employment (Thousands)	2,541.0	2,601.7	2,660.3	2,727.3	2,790.1	2,644.6	2,719.2	2,812.5	2,871.1
12	Change	3.1%	2.4%	2.3%	2.5%	2.3%	-5.2%	2.8%	3.4%	2.1%
	<b>Construction Variables</b>									
13	Total Housing Permits Issued (Thousands)	31.9	39.0	40.7	42.6	38.6	40.5	47.1	49.9	51.2
14	Change	11.0%	22.3%	4.4%	4.8%	-9.4%	4.8%	16.5%	5.9%	2.7%
15	Nonresidential Construction Value (Millions) /B	\$4,990.8	\$5,987.8	\$6,154.9	\$8,146.4	\$5,101.3	\$5,482.4	\$5,333.0	\$5,511.7	\$5,635.7
16	Change	14.7%	20.0%	2.8%	32.4%	-37.4%	7.5%	-2.7%	3.4%	2.3%
	<b>Prices</b>									
17	Retail Trade (Billions)	\$182.8	\$184.7	\$194.6	\$206.1	\$224.6	\$228.8	\$259.2	\$270.9	\$279.9
18	Change	0.1%	1.0%	5.4%	5.9%	9.0%	1.9%	13.3%	4.5%	3.3%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-	240.0	246.6	255.0	262.0	267.0	272.2	282.3	290.7	298.6
20	Change	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%	3.7%	3.0%	2.7%



## History And Forecast For Key National Economic Variables

Line No.		Actual						September 2021 Forecast		
		2015	2016	2017	2018	2019	2020	2021	2022	2023
	<b>Inflation-Adjusted &amp; Current Dollar Income Accounts</b>									
1	Inflation-Adjusted Gross Domestic Product (Billions) /	\$17,390.3	\$17,680.3	\$18,079.1	\$18,606.8	\$19,032.7	\$18,384.7	\$19,469.4	\$20,345.5	\$20,793.1
2	Change	2.8%	1.7%	2.3%	2.9%	2.3%	-3.4%	5.9%	4.5%	2.2%
3	Personal Income (Billions) /B	\$15,685.2	\$16,096.9	\$16,850.2	\$17,706.0	\$18,424.4	\$19,627.6	\$20,821.6	\$21,196.4	\$22,107.8
4	Change	4.6%	2.6%	4.7%	5.1%	4.1%	6.5%	6.1%	1.8%	4.3%
5	Per-Capita Income (\$/person)	\$48,903	\$49,825	\$51,827	\$54,174	\$56,115	\$59,571	\$62,965	\$63,741	\$66,106
6	Change	3.8%	1.9%	4.0%	4.5%	3.6%	6.2%	5.7%	1.2%	3.7%
7	Wage and Salary Income (Billions) /B	\$7,859.5	\$8,091.2	\$8,474.7	\$8,900.5	\$9,323.5	\$9,444.1	\$10,010.8	\$10,481.3	\$10,914.5
8	Change	5.1%	2.9%	4.7%	5.0%	4.8%	1.3%	6.0%	4.7%	4.1%
	<b>Population &amp; Employment</b>									
9	Population (Millions)	320.7	323.1	325.1	326.8	328.3	329.5	330.7	332.5	334.4
10	Change	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%	0.6%	0.6%
11	Unemployment Rate	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.5%	4.3%	3.9%
12	Total Nonagricultural Employment (Millions)	141.8	144.3	146.6	148.9	150.9	142.2	146.3	150.9	153.2
13	Change	2.1%	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	3.2%	1.5%
	<b>Other Key Indicators</b>									
14	Consumer Price Index (1982-84= 100)	237.0	240.0	245.1	251.1	255.7	258.8	270.2	277.4	283.5
15	Change	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.4%	2.7%	2.2%
16	Pre-Tax Corporate Profits (Billions)	\$2,060.5	\$2,037.7	\$2,128.9	\$2,305.0	\$2,367.8	\$2,243.8	\$2,587.1	\$2,686.7	\$2,804.9
17	Change	-2.8%	-1.1%	4.5%	8.3%	2.7%	-5.2%	15.3%	3.9%	4.4%
18	Housing Permits (Millions)	1.183	1.207	1.282	1.329	1.386	1.471	1.756	1.850	1.890
19	Change	12.4%	2.0%	6.3%	3.6%	4.3%	6.1%	19.3%	5.4%	2.2%
20	Retail Trade (Billions)	\$5,352.2	\$5,506.1	\$5,732.9	\$5,985.1	\$6,184.6	\$6,215.1	\$7,224.5	\$7,537.6	\$7,726.0
21	Change	2.6%	2.9%	4.1%	4.4%	3.3%	0.5%	16.2%	4.3%	2.5%

## General Fund Revenue Estimates by Tax Category (\$ Millions)

Line No.	Category	Preliminary		September 2021 Estimate by Fiscal Year					
		FY 2020-21	% Chg	FY 2021-22	% Chg	FY 2022-23	% Chg	FY 2023-24	% Chg
	Excise Taxes:								
1	Sales	\$3,419.5	7.0%	\$3,745.5	9.5%	\$3,939.6	5.2%	\$4,077.3	3.5%
2	Use	\$214.2	1.8%	\$227.9	6.4%	\$235.0	3.1%	\$240.3	2.2%
3	Retail Marijuana Sales - Special Sales Tax	\$288.2	17.4%	\$271.8	-5.7%	\$285.4	5.0%	\$296.8	4.0%
4	Cigarette	\$30.1	-7.5%	\$28.5	-5.3%	\$27.6	-3.0%	\$26.8	-3.0%
5	Tobacco Products	\$29.0	19.1%	\$25.6	-11.7%	\$26.9	4.7%	\$26.5	-1.2%
6	Liquor	\$53.4	6.6%	\$55.2	3.4%	\$56.8	3.0%	\$58.3	2.7%
7	Proposition EE/Nicotine	\$49.0	N/A	\$200.8	309.6%	\$197.4	-1.7%	\$200.8	1.8%
8	Total Excise	\$4,083.5	8.6%	\$4,555.3	11.6%	\$4,768.7	4.7%	\$4,927.0	3.3%
	Income Taxes:								
9	Net Individual Income	\$9,482.7	9.7%	\$10,021.8	5.7%	\$10,449.9	4.3%	\$11,005.1	5.3%
10	Net Corporate Income	\$1,183.7	62.5%	\$931.6	-21.3%	\$941.3	1.0%	\$994.5	5.7%
11	Total Income	\$10,666.3	13.8%	\$10,953.5	2.7%	\$11,391.2	4.0%	\$11,999.7	5.3%
12	Less: State Education Fund Diversion	\$950.2	46.9%	\$745.9	-21.5%	\$854.3	14.5%	\$900.0	5.3%
13	Total Income to General Fund	\$9,716.2	11.3%	\$10,207.5	5.1%	\$10,536.9	3.2%	\$11,099.7	5.3%
	Other Revenue:								
14	Insurance	\$336.3	-0.3%	\$438.5	30.4%	\$495.4	13.0%	\$520.2	5.0%
15	Interest Income	\$50.0	60.9%	\$42.4	-15.3%	\$34.0	-19.8%	\$36.8	8.2%
16	Pari-Mutuel	\$0.3	-21.2%	\$0.5	66.2%	\$0.5	-2.0%	\$0.5	-2.0%
17	Court Receipts	\$3.5	-9.8%	\$3.8	8.7%	\$3.7	-2.6%	\$3.7	0.0%
18	Other Income	\$50.6	422.4%	\$28.7	-43.4%	\$33.0	15.0%	\$35.7	8.2%
19	Total Other	\$440.8	15.2%	\$513.8	16.6%	\$566.6	10.3%	\$596.9	5.3%
20	GROSS GENERAL FUND	\$14,240.4	10.7%	\$15,276.7	7.3%	\$15,872.1	3.9%	\$16,623.5	4.7%



## General Fund Overview (\$ Millions)

Line No.		Preliminary FY 2020-21	September 2021 Estimate by Fiscal Year		
			FY 2021-22	FY 2022-23	FY 2023-24
Revenue					
1	Beginning Reserve	\$1,825.2	\$3,150.2	\$3,508.9	\$2,263.0
2	Gross General Fund Revenue	\$14,240.4	\$15,276.7	\$15,872.1	\$16,623.5
3	Transfers to the General Fund	\$335.3	\$30.0	\$28.6	\$30.8
4	TOTAL GENERAL FUND AVAILABLE	\$16,400.8	\$18,456.8	\$19,409.7	\$18,917.3
Expenditures					
5	Appropriation Subject to Limit	\$10,978.9	\$12,281.9	\$15,086.9	\$14,586.3
6	Dollar Change (from prior year)	-\$826.2	\$1,303.0	\$2,805.0	-\$500.7
7	Percent Change (from prior year)	-7.0%	11.9%	22.8%	-3.3%
8	Spending Outside Limit	\$2,271.7	\$2,666.0	\$2,059.7	\$2,143.1
9	TABOR Refund under Art. X, Section 20, (7) (d)	\$471.4	\$1,260.1	\$1,277.3	\$1,467.3
10	Homestead Exemption (Net of TABOR Refund)	\$157.9	\$0.0	\$0.0	\$0.0
11	Other Rebates and Expenditures	\$137.9	\$140.5	\$142.1	\$143.4
12	Transfers for Capital Construction	\$43.0	\$348.9	\$50.0	\$50.0
13	Transfers for Transportation	\$30.0	\$294.0	\$115.0	\$0.0
14	Transfers to State Education Fund	\$113.0	\$123.0	\$0.0	\$0.0
15	Transfers to Other Funds	\$1,318.5	\$499.4	\$475.3	\$482.4
16	TOTAL GENERAL FUND OBLIGATIONS	\$13,250.7	\$14,947.9	\$17,146.6	\$16,729.4
17	Percent Change (from prior year)	4.2%	12.8%	14.7%	-2.4%
18	Reversions and Accounting Adjustments	\$0.0	\$0.0	\$0.0	\$0.0
Reserves					
19	Year-End General Fund Balance	\$3,150.2	\$3,508.9	\$2,263.0	\$2,187.9
20	Year-End General Fund as a % of Appropriations	28.7%	28.6%	15.0%	15.0%
21	General Fund Statutory Reserve	\$314.0	\$1,645.8	\$2,263.0	\$2,187.9
22	Above/Below Statutory Reserve	\$2,836.2	\$1,863.2	\$0.0	\$0.0

## General Fund Overview Including State Education Fund (\$ Millions)

Line No.		Preliminary FY 2020-21	September 2021 Estimate by Fiscal Year		
			FY 2021-22	FY 2022-23	FY 2023-24
Revenue					
1	Beginning Reserves	\$1,991.8	\$3,818.3	\$4,249.2	\$2,774.0
2	State Education Fund	\$166.7	\$668.1	\$740.3	\$511.0
3	General Fund	\$1,825.2	\$3,150.2	\$3,508.9	\$2,263.0
4	Gross State Education Fund Revenue	\$1,128.6	\$1,008.3	\$985.2	\$1,030.8
5	Gross General Fund Revenue /B	\$14,575.7	\$15,306.7	\$15,900.7	\$16,654.3
6	TOTAL FUNDS AVAILABLE FOR EXPENDITURE	\$17,696.1	\$20,133.2	\$21,135.1	\$20,459.1
Expenditures					
7	General Fund Expenditures /C	\$13,250.7	\$14,947.9	\$17,146.6	\$16,729.4
8	State Education Fund Expenditures	\$627.2	\$936.1	\$1,214.5	\$1,530.5
9	TOTAL OBLIGATIONS	\$13,877.8	\$15,884.0	\$18,361.1	\$18,259.9
10	Percent Change (from prior year)	3.5%	14.5%	15.6%	-0.6%
11	Reversions and Accounting Adjustments	\$0.0	\$0.0	\$0.0	\$0.0
Reserves					
12	Year-End Balance	\$3,818.3	\$4,249.2	\$2,774.0	\$2,199.2
13	State Education Fund	\$668.1	\$740.3	\$511.0	\$11.3
14	General Fund	\$3,150.2	\$3,508.9	\$2,263.0	\$2,187.9
15	General Fund Above/Below Statutory Reserve	\$2,836.2	\$3,726.3	\$0.0	\$0.0

## Cash Fund Revenue Subject to TABOR (\$ Millions)

Line No.	Category	Preliminary FY 2020-21	September 2021 Estimate by Fiscal Year		
			FY 2021-22	FY 2022-23	FY 2023-24
1	<b>Transportation-Related /A</b>	<b>\$1,155.8</b>	<b>\$1,195.8</b>	<b>\$1,275.2</b>	<b>\$1,372.5</b>
2	Change	-3.5%	3.5%	6.6%	7.6%
3	<b>Limited Gaming Fund /B</b>	<b>\$101.5</b>	<b>\$129.0</b>	<b>\$131.0</b>	<b>\$132.5</b>
4	Change	46.8%	27.1%	1.5%	1.2%
5	<b>Capital Construction - Interest</b>	<b>\$2.8</b>	<b>\$3.7</b>	<b>\$4.2</b>	<b>\$4.2</b>
6	Change	-55.5%	30.0%	15.0%	0.0%
7	<b>Regulatory Agencies</b>	<b>\$89.1</b>	<b>\$90.1</b>	<b>\$92.8</b>	<b>\$95.8</b>
8	Change	9.9%	1.1%	3.0%	3.3%
9	<b>Insurance-Related</b>	<b>\$20.3</b>	<b>\$21.8</b>	<b>\$21.0</b>	<b>\$21.2</b>
10	Change	-18.6%	7.4%	-3.7%	1.0%
11	<b>Severance Tax</b>	<b>(\$15.3)</b>	<b>\$106.1</b>	<b>\$140.2</b>	<b>\$148.7</b>
12	Change	-110.3%	-794.1%	32.2%	6.0%
13	<b>Other Miscellaneous Cash Funds</b>	<b>\$854.2</b>	<b>\$891.0</b>	<b>\$926.7</b>	<b>\$957.8</b>
14	Change	17.8%	4.3%	4.0%	3.4%
15	<b>TOTAL CASH FUND REVENUE</b>	<b>\$2,208.6</b>	<b>\$2,437.5</b>	<b>\$2,591.1</b>	<b>\$2,732.7</b>
16	Change	-2.0%	10.4%	6.3%	5.5%



## TABOR Revenue & Referendum C Revenue Limit (\$ Millions)

Line No.		Preliminary FY 2020-21	September 2021 Estimate by Fiscal Year		
			FY 2021-22	FY 2022-23	FY 2023-24
	<b>TABOR Revenues:</b>				
1	General Fund /A	\$13,860.2	\$14,811.1	\$15,394.2	\$16,127.6
	Percent Change from Prior Year	9.7%	6.9%	3.9%	4.8%
2	Cash Funds /A	\$2,237.7	\$2,437.5	\$2,591.1	\$2,732.7
	Percent Change from Prior Year	-0.3%	8.9%	6.3%	5.5%
3	<b>Total TABOR Revenues</b>	<b>\$16,097.9</b>	<b>\$17,248.6</b>	<b>\$17,985.3</b>	<b>\$18,860.3</b>
	Percent Change from Prior Year	8.2%	7.1%	4.3%	4.9%
	<b>Revenue Limit Calculation:</b>				
4	Previous calendar year population growth	1.2%	0.3%	0.8%	1.1%
5	Previous calendar year inflation	1.9%	2.0%	3.7%	3.0%
6	<b>Allowable TABOR Growth Rate</b>	<b>3.1%</b>	<b>2.2%</b>	<b>4.5%</b>	<b>4.1%</b>
7	TABOR Limit /B	\$12,628.1	\$12,905.9	\$13,486.7	\$14,039.6
8	General Fund Exempt Revenue Under Ref. C /C	\$3,016.3	\$3,082.6	\$3,221.3	\$3,353.4
9	<b>Revenue Cap Under Ref. C /B /D</b>	<b>\$15,644.3</b>	<b>\$15,988.5</b>	<b>\$16,708.0</b>	<b>\$17,393.0</b>
10	<i>Amount Above/Below Cap</i>	\$453.6	\$1,260.1	\$1,277.3	\$1,467.3
11	<i>Revenue to be Refunded including Adjustments from Prior Years /E</i>	\$471.4	\$1,260.1	\$1,277.3	\$1,467.3
12	TABOR State Emergency Reserve Requirement	\$469.3	\$479.7	\$501.2	\$521.8