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Legislative Update: Dec. 22, 2011



December Revenue Estimates Bring Good News

On Tuesday, the Governor's Office of State Planning and Budgeting (OSPB) and the legislature's economists presented their quarterly revenue estimates to the Joint Budget Committee (JBC). Both sets of economists agree that Colorado's economy is slowly improving. After a slowing of the economy during the summer, the fall and early winter months seem to indicate there is more momentum in the economy than was projected in September.

What does this mean for K-12?

In his press release, the governor stated that he would like to restore the proposed \$89 million cut to K-12 for the 2012-13 fiscal year, holding funding steady. The OSPB also indicated that the governor will submit a positive supplemental of \$22 million for the current fiscal year that includes funding for K-12 enrollment increases. That amount is considerably less than the \$67.5 million approved in the School Finance Act last year, but the \$22 million does not include dollars for at-risk student growth or back-filling lower-than-expected local property tax revenues. Hickenlooper's initial budget proposed moving the \$67.5 million for this fiscal year into the 2012-13 budget. The legislature will have to act on the proposed supplemental after they convene in January. It's important to note that although the governor is going to make a request for mid-year supplementals, it is the job of the JBC and legislature to determine whether funding is sufficient to fulfill such request.

Further, there are still issues of disagreement between the governor's office and some legislators, particularly on whether to restore the senior homestead exemption. Republicans would like to restore the tax credit, which costs the state about \$100 million a year, while the governor recommends that the program continue to be suspended. The governor proposes assisting the neediest elderly through additional funding for the Colorado Property Tax/Rent/Heat Rebate program.

Although it was great to have good news regarding state revenues, both the OSPB and the legislature's economists did note that there is much instability in the world economy, which of course can impact Colorado's rebound. This leads economists to project slow growth for the coming year, but should conditions of the European and global markets improve, Colorado's recovery may accelerate as well.

Before the General Assembly adopts a 2012-13 budget, there will be one more forecast update in March. We will await the March revenue numbers that hopefully will continue to show growth and thus improve the outlook for K-12 budgets.

Lobato case appealed by governor

As anticipated, Gov. Hickenlooper announced Wednesday an appeal of the *Lobato v. State of Colorado* school funding adequacy lawsuit. He's asking the Colorado Supreme Court to review the District Court's Dec. 9 ruling in favor of the Lobato plaintiffs. The State Board of Education postponed its decision on appealing until a Dec. 27 meeting. Be looking for a CASB Legal Update on the Lobato case after the first of the year.

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