

May 12, 2020

Dear Members of the Colorado Congressional Delegation,

We, the undersigned organizations, urge you to pass new federal relief legislation that addresses the needs of state and local governments. While the CARES Act passed in March 2020 was a good start in regard to states and municipalities, much more needs to be done. The National Governors' Association has asked for a total of \$500 billion for state governments and local governments, and we are here to echo that call and urge you to help your constituents.

With the economy on pause as we all commit to social distancing to stop the spread of COVID-19, it is incumbent on the federal government to help states weather the economic downturn. The increase in costs to states and local governments combined with the significant decrease in tax revenue — especially sales and use taxes and income taxes — has created a massive hole in budgets across the country that can only be filled with the federal government's help.

Colorado was fortunate enough during a good economic period over the last several years to build up its reserves for use during tough times. As of the end of fiscal year 2019, Colorado has \$1 billion in reserves — enough to run our state for 28 days, according to the Pew Charitable Trust. That outpaces the national median, but it is not nearly enough to withstand the damage brought on by the pandemic.

Without the federal government's continued support, Colorado will have to shed over \$3.3 billion in budgetary obligations, according to recent projections, that could easily include cuts to education, health care, child care assistance, environmental monitoring, agricultural support, transportation, food resources, and other areas Coloradans rely on. That would include jobs loss along the way, increasing already sky-high unemployment. Now is not the time to cut assistance to Coloradans in need.

We do not want to repeat the mistakes of the past. We remember during the Great Recession that cuts to state and local governments only prolonged the recovery and increased the pain felt by millions of Coloradans. For example:

- **Postsecondary Education:** As a result of cuts during the Great Recession, the costs of postsecondary education shifted to students in the form of tuition increases and student debt. While Colorado has made significant strides the last two years in alleviating some of the burdens on students by investing during good economic times, those gains are in jeopardy of being reversed and worsened.
- **K-12 Education:** The average statewide funding per pupil dropped 10 percent between fiscal year 2008 and fiscal year 2011 — from \$7,225 per pupil to \$6,468. Education funding became so dire during this time we created the “budget stabilization factor number” or the amount of money the state owed to education in order to meet the constitutional commitments of [Amendment 23](#), which required education funding grow at the size inflation plus 1 percent. The

budget stabilization factor rose to \$1 billion in fiscal year 2012, and it wasn't until 2014 the state was able to start reducing this large IOU to education.

- **Transportation:** During strong economic years, the state legislature has typically been able to dedicate funding for transportation projects. In 2006 and 2007, those transfers were over \$400 million each year. During the Great Recession, the legislature was not able to dedicate any discretionary funding for transportation projects.

The federal government is uniquely positioned to fill state and local budget holes because of its ability to deficit borrow, and the current low interest rates make it an ideal time to help the economy. Colorado will have to balance its budget, so without federal dollars, Colorado will have to make tough choices that will hurt working families. Those cuts could include:

- Less funding for K-12 education hurting our children's ability to make up lost classroom time, possibly including rolling back full-day kindergarten;
- Child care assistance which means less availability for children across the state to get quality and affordable child care;
- The Children's Health Program, imperiling the health care of over 76,000 Colorado children and 900 pregnant women;
- State funding for senior services, which would put at risk community-based services that keep nearly 57,000 older Coloradans safer and healthier in their residences, something especially important during the pandemic.

Finally, funding specific to supporting state and local governments' shortfalls should be flexible and allow us to respond to our state and local budget crisis, as Colorado knows best what to do with its dollars and the needs of its people. Aid should also be conditioned based on the economic recovery, not on dates prescribed by a calendar.

Thank you for your attention and work during this difficult time in our state's history. We urge you to help state and local governments as soon as possible, so that we may start the economic recovery together.

Sincerely,

A+ Colorado
AdvocacyDenver
AFSCME
AFT Colorado
All Families Deserve a Chance Coalition
Arc of Colorado
Arc of Southwest Colorado
Bell Policy Center
Center for Health Progress
Center for Work Education and Employment

Clean Energy Action
COLOR
Colorado AFL-CIO
Colorado Center on Law and Policy
Colorado Children's Campaign
Colorado Consumer Health Initiative
Colorado Cross Disability Coalition
Colorado Fiscal Institute
Colorado PTA
Colorado School Finance Project

Colorado Working Families Party
Golden Action for Public Safety
Good Business Colorado
Great Education Colorado
Hunger Free Colorado
Lutheran Advocacy Ministry-Colorado
Mi Casa Resource Center
MyVillage
New Era Colorado
Padres & Jovenes Unidos

Parent Possible
Philanthropiece Foundation
ProgressNow Colorado
Senior Lobby
Stand for Children
Teen Parent Collaborative
VFW Post 1
Warren Village
Wheeler Advisory Group, LLC
Young Invincibles