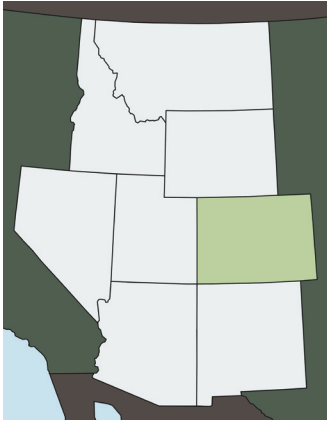


## COLORADO Budget Report Card



COLORADO RECEIVED a D average—the second-lowest mark possible—in legacy costs for fiscal 2016 through 2018. This was largely because it had set aside only 47.1 percent of the assets needed to meet public employee pension obligations while failing to make actuarially recommended contributions to the retirement system. The state’s pension funded ratio was the fifth worst in the US and about 21 percentage points below the total for all states as of 2017. Colorado was saved from getting an even lower grade in legacy costs by making its actuarially recommended contributions for other postemployment benefit costs—principally health care—the other component in the category.

Colorado received an average of B in reserve funds, a notable achievement in that, unlike many other states, it lacks a designated rainy day fund. Even so, the state has policies for the use and replenishment of its general fund balance, which indicates that it possesses a budgeting tool strongly resembling a traditional rainy day fund for emergencies.

In budget maneuvers, Colorado scored a three-year average of C but showed an improving trend: It registered a B for fiscal 2018 because it ceased deferring recurring expenditures. Specifically, it stopped shifting payroll costs for the state university system to the first day of the next fiscal year. Absorbing the full 2018 payroll in the same year created a budget that better reflected the state’s actual financial condition.


### MOUNTAIN STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Arizona	B	C	D	A	B
Colorado	C	C	D	B	B
Idaho	D	A	A	A	B
Montana	D	B	C	C	B
Nevada	C	B	C	B	B
New Mexico	B	C	D	B	B
Utah	C	A	A	A	C
Wyoming	B	B	D-	C	C
US AVERAGE	C	B	C	B	B


**NOTE** States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at [VolckerAlliance.org](http://VolckerAlliance.org).


## COLORADO Budget Report Card

BUDGET FORECASTING						
		2016	2017	2018		
	CATEGORY GRADE	C	C	C		
	Consensus Revenue Forecasts	X	X	X		
	Multiyear Expenditure Forecasts	✓	✓	✓		
	Multiyear Revenue Forecasts	X	X	X		
	Revenue Growth Projections	✓	✓	✓		
3-YEAR AVERAGE			C	3-YEAR TREND		—

BUDGET MANEUVERS						
		2016	2017	2018		
	CATEGORY GRADE	C	C	B		
	Deferring Recurring Expenditures	X	X	✓		
	Revenue and Cost Shifting	X	X	X		
	Funding Recurring Expenditures with Debt	✓	✓	✓		
	Using Asset Sales and Up-Front Revenues	✓	✓	✓		
3-YEAR AVERAGE			C	3-YEAR TREND		↗

LEGACY COSTS						
		2016	2017	2018		
	CATEGORY GRADE	D	D	D		
	Public Employee OPEB Funding	✓	✓	✓		
	Public Employee Pension Funding	X	X	X		
	Public Employee Pension Funded Ratio*	46%	47%	47%		
3-YEAR AVERAGE			D	3-YEAR TREND		—

RESERVE FUNDS						
		2016	2017	2018		
	CATEGORY GRADE	B	B	B		
	Positive Reserve or General Fund Balance	✓	✓	✓		
	Reserve Funds Disbursement Policy	✓	✓	✓		
	Reserve Funds Replenishment Policy	✓	✓	✓		
	Reserves Tied to Revenue Volatility	X	X	X		
3-YEAR AVERAGE			B	3-YEAR TREND		—

TRANSPARENCY						
		2016	2017	2018		
	CATEGORY GRADE	B	B	B		
	Consolidated Budget Website	✓	✓	✓		
	Provides Debt Tables	✓	✓	✓		
	Discloses Deferred Infrastructure Replacement Costs	X	X	X		
	Discloses Tax Expenditures	✓	✓	✓		
3-YEAR AVERAGE			B	3-YEAR TREND		—

### KEY

✓	Followed best practice
X	Did not follow best practice

**BUDGET FORECASTING** evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

\* **SOURCE** Bloomberg; 2017 data also used for 2018.