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EDITORIAL

Not a budget crisis, just a slight tightening of growing belt

We'd like to correct the record. Colorado is not facing a financial crisis. Rather, the state government is growing at a good pace, fueled by a healthy economy, a financially prudent governor who saved during years of plenty and sound tax policy decisions.

However, our government has grown by leaps and bounds in recent years and it's time to take a step back.

Sen. Barbara Kirkmeyer is correct that lawmakers can't fuzzy math their way out of the roughly $700 million shortfall projected for the 2025-26 budget.

The prudent way to handle this shortfall isn't by selling off a state asset — Pinnacol Assurance — and using the proceeds to pay off a state-debt owed to the Public Employee's Retirement Association. No, the healthy way forward is to trim fat.

Some of the state's growth has been brilliant. Gov. Jared Polis has managed to fully fund education for the first time in decades, while also expanding early childhood education through a statewide preschool program. However, both are now costing us money during a tight budget.

And some of the growth has been driven by voters. Voters approved a tax to help pay for the universal preschool program, a tax for free school lunches for all children and a tax for a paid family leave program.

However, the administration of those programs has also taxed the General Fund, requiring state investments on top of the new tax revenue to keep these programs running at full capacity. They are important programs and we are glad the state is investing in our next generation, however, maintaining these and other new services requires belt tightening if revenue doesn't keep up with growth.

The other great expansion is a proposed increase in how much the state's health insurance safety net — Medicaid — reimburses doctors and hospitals for the care they provide to Colorado's low-income residents and children. Even with the increase, Medicaid is still paying doctors less than private insurance companies, so we understand why the change was needed, but the timing was bad. At the same time as the proposed increase in payments, the utilization rate of Medicaid has increased, meaning more eligible Coloradans are seeking medical care.

This strain may require a rolling back of provider fees if the state can't cut from other places. *

Another strain is that some of the state's increased revenue must be returned to taxpayers under the Taxpayer's Bill of Rights. Lawmakers wisely increased the Earned Income Tax Credit by an estimated $200 million to make sure that a good chunk of the TABOR refund money would go to Coloradans most in need of stimulus, but even after that tax expenditure — and many other new tax credits were approved — the state still will return about $500 million to taxpayers.s

This is all good news. Our economy is growing, taxpayers are getting money back, and our programs to help our kids grow, learn and thrive are receiving more state investment.

All of this means that Kirkmeyer is right. State agencies must present recommended 10% cuts in their departments. This will be hard work and we understand there will be tradeoffs. Hopefully there won't be any job losses, just job reassignments and empty positions remaining unfilled.

Sen. Jeff Bridges told The Denver Post that cutting $700 million from a $17.2 billion budget that had grown by 3% over the previous year would mean "cutting muscle, bone and limbs."

Parsing through the state budget to find $100,000 here and there to trim will probably feel like losing a limb, but it won't actually be that bad. Just last year lawmakers easily identified $1.8 million in obsolete tax credits to eliminate from the budget, and then turned around with at least $42.6 million in new tax credits (in addition to the Earned Income Tax Expansion) and a $300,000 per year increase to lawmaker's per-diem payments for living in Denver during the legislative session.

We are confident this $700 million can be found one rounding error at a time.