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EXECUTIVE ORDER

Directing Agencies of State Government to Assist in Meeting the Constitutional Requirements of a Balanced Budget

Pursuant to the authority vested in the Office of the Governor of the State of Colorado and in particular Colorado Revised Statute § 24-2-102(4), I, Bill Owens, Governor of the State of Colorado, hereby issue this Executive Order directing agencies of state government to assist in meeting the constitutional requirements of a balanced budget, including the suspension of certain provider rates.

1. Background and Purpose.

Similar to most states throughout the country, the State of Colorado is facing a substantial revenue shortfall. In fiscal year 2001-02, most General Fund expenditures were preserved through \$1.2 billion of one-time revenues. Because these were one-time revenue sources, they maintained a revenue base in FY 2002-01 that was not sustainable in the future. Nonetheless, the fiscal year 2002-03 budget passed by the General Assembly increases expenditures by 7.3 percent from this unsustainable base.

The Office of State Planning and Budgeting's June 2002 revenue forecast shows that in fiscal year 2002-03 the State of Colorado will need to reduce General Fund expenditures by \$335.5 million given the appropriations level set by the General Assembly. This reduction is necessary in order to maintain the required reserve of two percent of appropriations. This \$335.5 million takes into account my line items vetoes and the full amount of the transfer authority allowed by the General Assembly.

To date, efforts to reduce general fund expenditures are not sufficient to satisfy the total reductions necessary to comply with the requirement of a balanced budget in Article X, Section 16 of the Colorado Constitution for fiscal year 2002-03. As Governor, I am responsible for restricting the expenditure of state funds if it appears that a revenue shortfall may occur. Colorado Revised Statute § 24-2-102(4) provides: "If, during any fiscal period, there are not sufficient revenues available for expenditure during such period to carry on the functions of the state government and to support its agencies and institutions and such fact is made to appear to the governor, in the exercise of his discretion, by executive order, he may suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau, or agency of the state government..."

2. Mission.

I find that there are not sufficient revenues available for expenditure making it necessary to take the cost saving measure of suspending certain functions of state government. Pursuant to C.R.S. § 24-2-102(4), I direct all agencies of state government to assist in meeting the constitutional requirements of a balanced budget, including the suspension of certain contractual terms regarding provider rates due to the fact that funds are not available.

3. Duration.

This Executive Order shall remain in force until October 1, 2002 unless modified or terminated by further executive order of the Governor. Pursuant to § 24-2-102(4), I may extend this order by finding that a deficiency of revenues persists.

GIVEN under my hand and
the Executive Seal of the
State of Colorado, this 28th day
of June, 2002.

Bill Owens
Governor