

D 031 02

EXECUTIVE ORDER

EXTENSION OF 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. This order extends Executive Order D 024 02 as permitted by Colorado Revised Statute § 24-2-102(4).

1. Background and Purpose.

The State of Colorado is facing a revenue shortfall, as are most states in the nation. 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, the General Assembly maintained a revenue base in FY 2001-02 that is not sustainable. Nonetheless, the General Assembly's fiscal year 2002-03 budget increases expenditures by 7.3 percent.

The Office of State Planning and Budgeting's December 2002 revenue forecast shows that in fiscal year 2002-03 the State of Colorado will need to reduce General Fund expenditures by a total of \$733 million to maintain the required reserve of two percent of appropriations. The revenue forecast is considerably lower than the previous forecast of September 2002, primarily due to lower income tax and sales tax forecasts.

Since June 2002, I have taken action to reduce expenditures by \$698 million. The state now must find a way to reduce spending by another \$80 million in order 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 the deficiency of revenues addressed in Executive Order D 024 02 still persists and is growing. Without sufficient revenues available for expenditure, it is 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 continue to assist in meeting the constitutional requirements of a balanced budget. I authorize the suspension or discontinuation, in whole or in part, of certain functions or services of any state department, board, bureau or agency of the state government as determined necessary by the executive director of the affected principal department to comply with Article X, Section 16 of the State Constitution for fiscal year 2002-2003. This order includes 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 April 1, 2003, 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 24th day
of December, 2002.

Bill Owens
Governor