

Impacts on DWR's Budget What Challenges Lie Ahead

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The “Great Recession”

The Economic Recession that began in December 2007 required state-wide spending cuts and actions to fill a revenue gap of \$4.4 billion. This was accomplished by:

- Use of Federal Stimulus Funds
- Use of Cash Fund Reserves
- New fees and fee increases
- Reductions in personnel expenses with
 - A hiring freeze
 - Suspension of salary increases
 - Furloughs
 - Reduction of State contributions to the pension program, by requiring employees to provide an additional contribution of 2.5% of salary to P.E.R.A.
 - Staff reductions
- Targeted and across-the-board reductions in operating expenses

Recession Impact on DWR during FY 2010

\$1,034,000 General Fund Reduction

- Eight furlough days \$549,000
- Elimination of 6 vacant positions \$413,000
- Reduction in training budget \$ 8,000
- Reduction in IT budget \$ 24,000
- Water users provided replacement financing for operation of the satellite monitoring system \$ 40,000

Recession Impact on DWR during FY 2011

\$1,166,000 General and Cash Fund Reduction

- Continuation of some reductions from FY 2010
 - Elimination of 6 vacant positions \$413,000
 - Reduction in Training Budget \$ 8,000
 - Reduction in IT budget \$ 24,000
 - Annualize water user financing of satellite monitoring system \$ 60,000
- Implementation of additional reductions
 - Reduction in operating expense \$ 31,000
 - Approximate 50% reduction in overtime for field personnel \$178,000
 - Reduction in pension contributions, as employees contribute 2.5% of salary to P.E.R.A. \$352,000
 - Reduction in financing by CWCB of Satellite Monitoring Maintenance Program \$100,000
- Awaiting new budget balancing plan on Oct. 18 ???????

Recession Impact on DWR during FY 2012 ??

The September 2010 Economic Forecast predicts a General Fund revenue shortfall of an additional \$1.1 billion.

- Although the economy continues to recover, revenue growth for Colorado is slow due to sluggish consumer consumption in an environment where our citizens are struggling with high debt levels, and
- Banks have tightened credit standards as they attempt to repair their balance sheets and build capital reserves
- Beginning in 2012, the State does not expect to have access to additional Federal Stimulus funds, and cash reserves have been tapped out following corrective actions taken in the last two fiscal years.
- The Governor has committed to submitting a balanced budget to the JBC on Nov. 1, 2010.
- Impact on DWR is unknown for several more weeks, but we should probably expect at least a continuation of budget reductions similar to FY 2011.

“The reason people find it so hard to be happy is that they always see the past better than it was, the present worse than it is, and the future less resolved than it will be.” –Marcel Pagnol



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