



Colorado WINS Statement of Principals

Budgeting to Protect All Workers

The COVID-19 crisis has taught Coloradans once again that we are all in this together. No matter where we come from, where we work, or the color of our skin, we want to live our best lives, make a decent living, have time to enjoy the company of family and friends and give our kids a great start in life. This crisis has also shown us we can change to meet the moment - if we can build testing sites for the virus in the matter of days, we can change other things about how we organize our society to benefit everyone.

Right now, Coloradans are responding to the biggest crisis our country has seen in years. Like health care workers and first responders who care for and nursing people back to health, state employees are also on the front lines of this crisis. Essential workers are putting their lives on the line and risking the health and wellness of their families to provide desperately needed care and services to Coloradans during this crisis. State employees are processing hundreds of thousands of unemployment claims, carrying for those in mental health facilities, veterans' homes, public health settings, and state prisons; providing testing people for the virus; and providing public health information just to name a few contributions.

Colorado WINS members are committed to ensuring that every Coloradan gets on the other side of this health and economic crisis safely so that we can all thrive.

Colorado WINS is committed to working collaboratively with elected officials and government agencies to find solutions to the state's current budget shortfalls.

Colorado WINS is committed to ensuring that state workers can continue to help families get back on their feet and that the public services communities rely on are there to meet what are growing needs.

Colorado WINS is committed to addressing the adverse impact this crisis has had on low-income Coloradans and communities of color, who are already hardest hit both by the disease and by the recession. We cannot exacerbate persistent employee turnover, or inflict more pain on state employees, who have already risked themselves and their families as part of the COVID response.

This document lays out a set of principles that should guide fiscal decisions:

Principles:

Principle #1:

To chart a path forward, we must honor the heroes and essential workers on the frontlines of this crisis, not balance budgets on the backs of those who have worked hard to contain the spread of the virus while others have stayed at home. We must ensure that preserving vital services for Coloradans is a priority in the FY 2021 budget and hold our families and communities harmless from public service cuts.

Analysis:

a. We must not repeat the mistakes of the Great Recession. Cutting public sector jobs will only deepen the

recession, increase unemployment, and slow the recovery. Public spending will ensure that the economy keeps going during a recession and will help the state recover more quickly from a recession -- cuts will only lengthen the recession.

b. State and local government employment have still not recovered to pre 2008 Great Recession levels, in fact it took the state fund 11 years to recover. Cutting state workers has a multiplier effect on overall employment Stiglitz 2020. Economists agree that our slow recovery from the Great Recession was due, in part, to government spending contracting rather than increasing, which in turn dragged down the economy.

Principle #2:

Bring state employees to the table to help address the crisis. Commit to measures that will allow state employees to work in partnership with the state and identify savings that will not adversely impact public services and state jobs.

Analysis:

a. Passing HB1153 will allow state employees to collectively bargain and provide critical input on ways in which the state can save money without negatively impacting vital public services.

Principle #3:

Eliminate corporate tax breaks before considering any cuts to state employment or services. State employees are providing critical services at a time the residents of Colorado need it the most. Colorado should not consider cuts to services or employment until all other options, including cuts to private contracts and eliminating tax incentives, are exhausted.

Analysis:

a. Declare a fiscal emergency to divert existing tax collections to pay for services and approve tax increases on the wealthy. In a fiscal emergency, TABOR allows for emergency tax increases.

b. Go after the windfall tax savings that corporations received from the 2017 tax act by passing an emergency tax increase targeted at wealthy individuals who can afford to pay more. The largest, wealthiest, and most powerful corporations and industries must show leadership by looking past their bottom line to do what is right for workers. No blank checks for corporations if they refuse to act in the best interests of working people

c. Place fines, surcharges, on corporations that receive stimulus money and provide bonuses, dividends, or stock buybacks.

d. The Enterprise Zone program cost Colorado some \$71 million in foregone corporate income taxes in FY 2019¹. Recent recipients of enterprise zone tax credits include Amazon; utility giant Xcel Energy; and Petro-Canada's oil sands extraction subsidiary Suncor².

Principle #4:

No cuts shall be made to state employee jobs until all liquid assets in the reserve accounts, including the TABOR emergency fund, are first allocated to closing the shortfall. Making up lost revenue through cutting expenses would only serve to further devastate the economy and hurt low income Coloradans.

Analysis:

a. Colorado has a reserve fund of \$1.2 billion -- \$824 million plus \$448 million unspent from 2019³. The purpose of this fund is to serve as an economic cushion.

b. The COVID Epidemic has been declared an emergency allowing the legislature to tap into the TABOR Emergency Reserve which currently holds \$271 million in cash⁴.

¹State of Colorado, *Comprehensive Annual Fiscal Report, year ending June 30, 2019*, pp. 149-150. Retrieved on March 17, 2020 from <https://drive.google.com/file/d/1d4G76Tubl9unW5xX3P4YMQNbdd1JWed9/view>

²Colorado Office of Economic Development and International Trade, "EZ Business Tax Credit Certification Disclosure (FY18 & 19) (spreadsheet)", retrieved March 17, 2020 from

<https://choosecolorado.com/wp-content/uploads/2019/08/EZ-Business-Tax-Credit-Certification-Disclosure-FY18-19-1.xlsx>

³John Frank, "Colorado lawmakers are looking at how to close a \$3 billion budget shortfall. Here's the roadmap," *Colorado Sun*, April 27, 2020. <https://coloradosun.com/2020/04/27/colorado-state-budget-shortfall-coronavirus/>

Principle #5:

Cuts to workers must be restored when federal funds are secured.

Analysis:

- a. The US Congress is considering \$500 billion in state relief. Colorado's share should be allocated to offset any cuts in state services and jobs.
- b. Backload cuts to provide time to win federal relief to offset cuts

Principle #6:

Public services should not be privatized.

Analysis:

- a. Privatization does not save taxpayers money⁵, in fact in many cases the private contractor costs the government more.



⁴Denver Sun, 4/27/2020 "Colorado State Budget Shortfall - Coronavirus"

⁵https://www.washingtonpost.com/blogs/ezra-klein/post/study-privatizing-government-doesnt-actually-save-money/2011/09/15/gIQA2rpZUK_blog.html