



## TABOR Issue Brief

The Taxpayer's Bill of Rights (TABOR) restricts the amount of revenue that can be spent on state and local services—from health care to transportation to education. In the 1990's, TABOR forced reductions in many state services, and since 2000 the revenue situation has become especially dire. TABOR's ratchet effect won't let services recover, even when the economy rebounds, so the cuts caused by revenue shortages remain in place. Services will never be able to catch up or keep pace with real economic growth—and will, in fact, continue to shrink—unless we change TABOR's spending limits and eliminate the ratchet effect.

According to Legislative Council's Dec. 2004 forecast, under current revenue projections, the General Assembly will have to reduce FY 2005-06 expenditures by approximately \$230 million to accommodate allowable General Fund growth as prescribed by TABOR, while simultaneously giving back nearly \$385 million in refunds. Colorado's improving revenue environment means that programs supported by either General Fund or cash funds will compete against each other under TABOR spending restrictions.

### TABOR Briefs:

- Agriculture
- Art and Culture
- Colorado's Economy
- Colorado's Rankings
- Community Colleges
- Higher Education
- Judiciary
- Medicaid and Health
- Mental Health
- Public Health
  - Public Libraries
  - Rural Colorado
  - State Parks
- Transportation

## Colorado's Rankings

### COLORADO

√ The state's total population in 2003 was more than 4.5 million, almost 80% of whom live along the Front Range. Colorado's population grew more than 30% between 1990 and 2000, compared to the national average of 13%. By 2030, the state's population is estimated to be nearly 7.1 million, with the Western Slope and Mountain region experiencing the greatest growth rates.<sup>1</sup>

√ Colorado ranked 1<sup>st</sup> in the nation for the percentage of residents between the ages of 25 and 45, according to the 2000 Census.<sup>2</sup>

√ In 2003, Colorado ranked 7<sup>th</sup> highest in the nation in personal income per capita, approximately \$34,510. Between the second and third quarter of 2004, the state ranked 37<sup>th</sup> nationally in growth of personal income per capita.<sup>3</sup>

### PUBLIC EDUCATION

√ Colorado's high school graduation rate fell from 79% in 1991, to 72% in 2002, according to the Manhattan Institute. The state's graduation rate of Hispanic students was 47%, down from 50% five years before. A 2004 study by Harvard University found that only 69% of Colorado students completed high school within four years. A 2003 report from the Colorado Children's Campaign found that only 58% of students starting high school in 1997 graduated in 2001. The Colorado Department of Education computes 2002 state graduation rates of 82%.<sup>4</sup>

√ Colorado ranked 48<sup>th</sup> worst nationwide in 2001 for high school dropout rates. The percent of teens (aged 16-19) that dropped out of high school in that year was 13%. In 1990, the state ranked 26<sup>th</sup> nationally with a dropout rate of just 10%.<sup>5</sup>

## TABOR ISSUE BRIEF: COLORADO'S RANKINGS

√ In 2000, spending on K-12 education in Colorado was \$500 less than in 1988, in terms of real dollars per pupil. In 2005, after five years of Amendment 23 mandates, spending is still \$331 below the 1988 level.<sup>6</sup>

√ Education Week's ninth annual national report card on public education spending ranks Colorado 40<sup>th</sup> in K-12 funding—\$700 less per student than the national average. Our state spends \$1,165 less per student than Kansas, \$1,700 less per student than Nebraska and \$2,398 less per student than Wyoming.<sup>7</sup>

√ In fiscal year 2002-2003, the percentage of total public school revenue from local governments was 52.9%, the 11<sup>th</sup> highest in the nation. The percentage of public school revenue from the state government in the same year was 41%, the 37<sup>th</sup> lowest in the nation.<sup>8</sup>

√ Total Colorado state expenditures for public education in 2000-2001 were the 36<sup>th</sup> lowest in the nation.<sup>9</sup>

√ From 1991 to 2000, state and local per pupil funding of public schools fell from \$299 above the national average in 1991, to \$697 below the national average in 2000. Colorado's decline in rank from 26<sup>th</sup> to 32<sup>nd</sup> was the fourth largest drop among the 50 states.<sup>10</sup>

### HIGHER EDUCATION

√ In fiscal year 2004-2005, Colorado ranks 50<sup>th</sup> for the percentage increase of state funding for higher education over the last two years; 47<sup>th</sup> in the percentage increase over five years; 46<sup>th</sup> in the percentage increase over ten years; and ranks 48<sup>th</sup> in per capita state funding for higher education.<sup>11</sup>

√ Colorado's universities and colleges experienced the largest decrease in general fund appropriations for higher education in the nation over the past two years as state support declined over 14%.<sup>12</sup>

√ Colorado ranks 45<sup>th</sup> in the nation in providing opportunities for low-income students to attend college and 48<sup>th</sup> in postsecondary enrollment rates for minority young adults (aged 18-24). Only 11% of Colorado's Hispanic young adults enroll in institutions of higher education.<sup>13</sup>

√ Colorado ranks 47<sup>th</sup> in the nation for state tax funds in support of higher education, per \$1,000 of personal income. This is the lowest level of state investment in over 40 years. Colorado now invests \$3.96 per \$1,000 of personal income in higher education, compared to \$8.89 in 1992, when the state ranked 34<sup>th</sup> in the nation.<sup>14</sup>

√ From 1991 to 2005, total state support to colleges and universities in Colorado grew at the second-slowest rate in the nation—averaging just one percent annually, far below rates of inflation and growth in college-age population.<sup>15</sup>

### HEALTH

√ In 2004, Colorado ranked 36<sup>th</sup> nationwide for the percent of its population without health insurance. In 1990 only 12.8% of Coloradans were without insurance compared to 17.2% in 2004.<sup>16</sup>

√ State funding for mental health services has shrunk to an all-time low. In 2001, before more recent cutbacks, Colorado ranked 31<sup>st</sup> nationally for public funding of mental health care. We spend just over \$64 per capita—21% below the national average of \$81 per person.<sup>17</sup>

√ In 2004, Colorado ranked 36<sup>th</sup> in the percentage of health expenditures used to maintain public health. A year earlier the state ranked 33<sup>rd</sup>.<sup>18</sup>

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√ From 1990 to 2004, access to adequate prenatal care in the state has declined from 71.2% of pregnant women receiving adequate prenatal care to just 67.3%. Colorado's ranking for adequate prenatal care has dropped sharply from 23<sup>rd</sup> in the nation in 1990 to 48<sup>th</sup> in 2004.<sup>19</sup>

√ Colorado's share of low-income individuals enrolled in Medicaid was lower than in all but five other states during 2003.<sup>20</sup>

√ In Colorado, the percentage of low-income children who lack health insurance rose from 15% in 1991-92 to 27% in 2002-03. During the same period, the national proportion of low-income children lacking insurance declined three percentage points. Among Colorado low-income adults, the state's uninsured rate rose 10 percentage points while the national rate rose only one point.<sup>21</sup>

√ Colorado is 50<sup>th</sup> in the nation in provision of on-time immunizations for children. The percentage of children receiving regularly scheduled vaccinations was only 65% in 2002, compared to the national average of 79%. In 1995, the state was well above the national average.<sup>22</sup>

√ Colorado ranks 49<sup>th</sup> in per capita spending on substance abuse and treatment programs. Yet, it is 1<sup>st</sup> in the nation for cocaine use, 4<sup>th</sup> in use of any illegal drug, 1<sup>st</sup> for any drug other than marijuana and 8<sup>th</sup> for marijuana use alone. Additionally, 47% of persons aged 18-25 acknowledged binge drinking—this in a state where 44% of traffic fatalities are alcohol-related. Colorado state funding for substance abuse treatment programs in 2004 was just \$27 million, after budget reductions of more than \$2 million over the last several years.<sup>23</sup>

### **PUBLIC SERVICES**

√ In 2004, the HAPLR Index, a state-by-state ranking of public libraries, ranked Colorado 9<sup>th</sup> in the nation for the quality of public library services—down from 5<sup>th</sup> in 2003. Denver Public Library was the 3<sup>rd</sup> best of the largest libraries in the nation after falling from the number one position it had held since 2001. Douglas County public library was ranked the 7<sup>th</sup> best in its population class, down from 3<sup>rd</sup> a year earlier.<sup>24</sup>

√ In 2003, the American Society of Civil Engineers gave Colorado a D+ for the condition of the state's roads and highways and a C+ for the condition of the state's bridges.<sup>25</sup>

√ The Surface Transportation Policy Project notes that roads throughout the nation are in need of repair. In 1994, 65% of Colorado's roads were in poor condition, by 2001, that percentage had risen to 73%. Colorado ranked 6<sup>th</sup> worst nationally for average annual spending on road repairs per mile of roadway not in good condition.<sup>26</sup>

√ Colorado is the 46<sup>th</sup> lowest state in the welfare spending; 26<sup>th</sup> lowest for prison spending, 31<sup>st</sup> lowest for hospital expenditures and 35<sup>th</sup> lowest for funding roads and highways.<sup>27</sup>

√ The 2004 Corporation for Economic Development report shows the state's performance dropping a full grade point for the second year in a row. Colorado's performance and future economic development prospects are getting weaker. The state earned a straight A in 2002 but has since dropped to a C grade in 2004.<sup>28</sup>

√ Colorado's total population grew 59% from 1980 to 2004. During the same period, long-term policy decisions such as sentencing laws and parole practices grew the state's prison population by 590%. Colorado ranked 3<sup>rd</sup> among peer states for growth in Corrections appropriations in 2002. Since TABOR was enacted in 1992, prison population grew 105%, or nearly four times the overall growth rate of the state population.<sup>29</sup>

## GOVERNMENT PERFORMANCE

√ In 2005, the Government Performance Project awarded Colorado an overall grade of C+ for performance and a C- for its budget process. This annual report identified weaknesses in the state's budget process, structural balance, employee retention, infrastructure maintenance and strategic direction of government information and technology.<sup>30</sup>

√ In 2002, Colorado received less federal funding, per dollar of federal taxes paid, than the national average. The federal government returned approximately \$0.78 in federal spending for every dollar collected. In 1992 the state received \$1.06 per federal tax dollar and ranked 26<sup>th</sup> in the nation in federal funding per tax dollar. Ten years later in 2002, the state is now the 42<sup>nd</sup> lowest recipient in the country of federal funding.<sup>31</sup>

√ In 2003, Colorado received only \$931 in federal aid to state and local governments per capita, the 48<sup>th</sup> lowest in the nation.<sup>32</sup>

√ According to the Center for Tax Policy, Colorado is one of the most fiscally decentralized states in the nation. Of the total state and local tax burden 54% was collected by the state government—the 46<sup>th</sup> lowest. The remaining 46% percent was collected by local governments—including county, municipal and special taxing districts—the 5<sup>th</sup> highest in the nation. Per capita state government taxes were 20% below the national average and local taxes were 13% higher.<sup>33</sup>

√ Four hundred and seventy-nine ballot issues addressing TABOR revenue and spending changes went before voters in municipal elections between 1993 and 2004—87.9% of those were successful. A total of 762 municipal elections with ballot issues addressing changes in local tax rates or voter approval of bonding authority have been held—59% have been successful.<sup>34</sup>

√ In 2004, Colorado local government units included 64 counties, 269 municipalities, 178 school districts and 1,944 special or other districts.<sup>35</sup>

√ In fiscal year 2000-2001, Colorado spent \$3,092 per capita on general expenditures for all state government functions, the 41<sup>st</sup> lowest in the nation. The state ranked 49<sup>th</sup> lowest in general government expenditures per \$1,000 of personal income.

- Expenditures for public welfare by state and local government totaled \$635 per capita, the 41<sup>st</sup> lowest in the nation.
- Expenditures for health and hospitals by state and local government totaled \$312 per capita, the 39<sup>th</sup> lowest in the nation.
- Expenditures in the corrections budget by state and local government totaled \$191 per capita, the 12<sup>th</sup> highest in the nation.<sup>36</sup>

## TABOR ISSUE BRIEF: COLORADO'S RANKINGS

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- <sup>1</sup> [US Census Bureau, State Quick Facts.](#)
- <sup>2</sup> [Census 2000](#), quoted in “A Colorado Test: How do we measure up?” Denver Business Journal. March 18-24, 2005.
- <sup>3</sup> [Bureau of Economic Analysis, Regional Annual Estimates.](#)
- <sup>4</sup> [The Center for Civic Innovation at the Manhattan Institute; Civil Rights Project at Harvard University and the Urban Institute](#); “State's Grad Rate Down.” Holly Yettick, Rocky Mountain News, February 15, 2005.
- <sup>5</sup> [Annie E Casey Foundation, Kids Count 2004.](#)
- <sup>6</sup> [“Stepping Up or Bottoming Out: Funding Colorado’s Schools.” Teske, Paul. CU Denver Health Sciences, The Center for Education Policy Analysis, The Donnel-Kay Foundation, January, 2005.](#)
- <sup>7</sup> [Colorado Protectors of Public Schools.](#)
- <sup>8</sup> [National Education Association, Rankings & Estimates, May 2004.](#)
- <sup>9</sup> [National Education Association, Rankings & Estimates, May 2004.](#)
- <sup>10</sup> [“Public Services and TABOR in Colorado”, Nicholas Johnson and David H. Bradley, Center on Budget and Policy Priorities.](#)
- <sup>11</sup> [Center for the Study of Education Policy, Illinois State University.](#)
- <sup>12</sup> [The Bell Policy Center, Higher Education Tabor Brief, 2005.](#)
- <sup>13</sup> [The Bell Policy Center, staff research.](#)
- <sup>14</sup> [Center for Higher Education and Educational Finance at Illinois State University.](#) “State and Local Tax Fund Appropriations for Higher Education per \$1000 of State Personal Income FY 1961 to FY 2004.”
- <sup>15</sup> “Public Services and TABOR in Colorado.” Nicholas Johnson and David H. Bradley, [Center on Budget and Policy Priorities](#). (Calculations from data collected by the Center for the Study of Education Policy, Illinois State University.)
- <sup>16</sup> [United Health Foundation, America’s Health State by State Rankings 2004.](#)
- <sup>17</sup> [Colorado Trust, The Status of Mental Health Care in Colorado, 2003](#)
- <sup>18</sup> [United Health Foundation, America’s Health State by State Rankings 2004.](#)
- <sup>19</sup> [United Health Foundation, America’s Health: State Health Rankings – 2004.](#) (The National Center for Health Statistics defines “adequate” care as having one’s first prenatal visit with a health professional within the first trimester of pregnancy and subsequent visits at regular intervals.)
- <sup>20</sup> [Center on Budget and Policy Priorities analysis of U.S. Census Bureau Current Population Survey Data, Annual Demographic Supplement, 1992-2004.](#)
- <sup>21</sup> [Center on Budget and Policy Priorities analysis of U.S. Census Bureau Current Population Survey Data, Annual Demographic Supplement, 1992- 2004.](#)
- <sup>22</sup> [Annie E Casey Foundation, Kids Count 2004](#); On-time vaccination rates 2003, Centers for Disease Control, National Center for Health Statistics, *Health, United States, 2004*, Table 73; [Colorado Immunization Coalition.](#)
- <sup>23</sup> [“Colorado's Rate of Drug Use Sobering,” Denver Post, February 18<sup>th</sup>, 2005; U.S. Substance Abuse and Mental Health Services Administration, State Estimates of Substance Use from the 2002–2003 National Surveys on Drug Use and Health.](#)
- <sup>24</sup> [Hennan’s American Public Library Rankings.](#)
- <sup>25</sup> [ASCE, Colorado’s 2003 Infrastructure Report Card.](#)
- <sup>26</sup> [Surface Transportation Policy Project.](#)
- <sup>27</sup> [Center For Tax Policy](#) quoted in, “Colorado Lags Nation on Tax Front”, The Denver Business Journal, December 20<sup>th</sup>, 2004.
- <sup>28</sup> [Corporation for Enterprise Development](#), State Development Report Cards.
- <sup>29</sup> [Bell Research.](#) “10 Years of TABOR.” 2002; “A Colorado Test: How do we measure up?” Denver Business Journal. March 18-24, 2005.
- <sup>30</sup> [Government Performance Project, Governing Magazine and Campbell Public Affairs Institute.](#)
- <sup>31</sup> [Tax Foundation.](#)
- <sup>32</sup> [U.S. Census Bureau, State Rankings. Statistical Abstract of the United States.](#)
- <sup>33</sup> [Center for Tax Policy.](#)
- <sup>34</sup> [Colorado Municipal League.](#)
- <sup>35</sup> “A Colorado Test: How do we measure up?” Denver Business Journal. March 18-24, 2005.
- <sup>36</sup> [National Education Association, Rankings and Estimates Report, 2004.](#)