



## 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 1990s, 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 \$244.9 million to accommodate allowable General Fund growth as prescribed by TABOR, while simultaneously giving back \$459.2 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.

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## Higher Education

- In constant dollars, state general fund appropriations for higher education have reached their lowest level in over 20 years. In the past four years, the Department of Higher Education saw a decrease of 21.3% in state funding – the largest decrease among all areas of the state budget.
- Over the past two years, Colorado suffered the largest decrease in general fund appropriations for higher education in the nation, reducing its support by 14%. It ranks 47<sup>th</sup> in the 5-year percent change of higher education state funding (-18%) and 46<sup>th</sup> in the 10-year percent change (8.7%).
- Funding for higher education in Colorado declined from a total of 19% of the state budget in 1992, to a total of 10% in 2004—even while enrollment and demands on the system have increased. In the past three years, the state has under-funded actual enrollment increases by \$107 million.
- Colorado ranks 48<sup>th</sup> in the nation in the amount of state tax funds devoted to 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, compared to \$8.89 in 1992 when the state ranked 34<sup>th</sup> in the nation.
- Colorado ranks 35<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 Hispanic young adults enroll in higher education. Colorado ranks 37<sup>th</sup> in the nation for the rate at which high school students continue directly to college.
- CU-Boulder lost 16 tenured professors in 2003 because they were recruited by schools offering higher salaries. Since 2002, CU has closed six academic programs and has lost 286 faculty and staff. CSU lost 54 faculty last year due to budget cuts. Since 1990, 80 faculty positions at CSU have gone unfilled as enrollment has grown 20%.

TABOR ISSUE BRIEF: HIGHER EDUCATION

**Public higher education is at a critical juncture. A combination of recent budget cuts and increasing costs has put all of our budgets in serious jeopardy...there is a very real threat that Colorado will not be able to provide any public funding for higher education by the end of this decade...**

**Elizabeth Hoffman, President, University of Colorado  
March 3, 2004. College Opportunity Fund Speech**

- Since 2001, state tax funds for higher education per \$1,000 of personal income have declined more than 32% and state general funds for higher education have been reduced by over 21%. Colorado ranks 48<sup>th</sup> in the nation in per capita funding for higher education.
- General Fund appropriations per resident student have decreased 35% since 2002—their lowest level in over 20 years.

**Average Annual State Funding per Resident (in-state) College Student**

	2002	2005	Change
<b>State Average</b>	\$5,365	\$3,511	-35%
<b>Colorado State University</b>	\$6,983	\$4,840	-30%
<b>University of Colorado</b>	\$7,204	\$4,310	-40%
<b>Colorado School of Mines</b>	\$8,599	\$6,464	-25%
<b>University of Northern Colorado</b>	\$4,769	\$3,422	-28%
<b>Community Colleges</b>	\$3,565	\$2,306	-35%

- As enrollment grows, and state funding and financial aid shrink, students and their families are facing higher rates for tuition and fees, making college increasingly unaffordable:

**Average Annual Resident Full-Time Student Tuition Increases**

	2000	2001	2002	2003	2004
<b>University of Colorado at Boulder</b>	2.3%	3.0%	4.0%	6.2%	15.0%
<b>Colorado State University</b>	2.4%	2.9%	3.9%	6.1%	9.5%
<b>Average 4-Year Colleges</b>	3.6%	1.7%	3.9%	5.0%	5.2%
<b>Average 2-Year Colleges</b>	2.3%	2.6%	4.0%	4.8%	5.0%

- Student financial need exceeds the amount of financial aid available. The Colorado Commission on Higher Education estimates that state need-based financial aid programs cover less than 7% of students' demonstrated financial need. In the past two years, state funding for financial aid was cut 16.2%.
- In the past two years, funding for need-based grant aid programs that serve the vast majority of low-income students in Colorado has been cut 13%. These reductions significantly reduced funding for almost 10,000 students. In 2000, state need-based financial aid equaled about 13% of total resident tuition revenue; by 2005, it has fallen to 9%--the lowest level in 10 years.
- State construction funding has been cut by \$121 million for projects already underway at the University of Colorado and maintenance funding requests are backlogged by \$400 million.
- In May 2004, the student government council at CU-Boulder approved an additional \$400 in fees to the \$423 students already pay in order to cover the costs new building projects. Specifically, this included the construction of a new law school building, after the law program was threatened with losing its accreditation by the American Bar Association if it didn't construct a new building.

(SOURCES: Data from Colorado Commission on Higher Education (CCHE); Colorado General Assembly, Joint Budget Committee; Center for the Study of Education Policy, Illinois State University; Postsecondary Education Opportunity; U.S. Census Bureau; and U.S. Department of Education.)

*For more information on efforts to reform TABOR, visit [www.thebell.org](http://www.thebell.org) or call 303.297.0456  
Prepared by The Bell Policy Center 3/10/2005*