



The Bell Policy Center

Research • Advocacy • Opportunity

1801 Broadway, Suite 280
Denver, Colo. 80202
(303) 297-0456 metro Denver
(866) 283-8051 statewide
(303) 297-0460 fax

www.thebell.org

FOR IMMEDIATE RELEASE

Contact: Carrie Harmon

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BELL POLICY CENTER WARNS THAT STATE BUDGET HAS GONE FROM "LEAN TO ANOREXIC" AND IS NOT LIKELY TO RECOVER WITHOUT SIGNIFICANT CHANGES IN FISCAL POLICY

DENVER, CO.....Colorado's state budget has gone from lean to anorexic and is not likely to recover without major changes in the way the state raises and spends money, warned a local public policy group today.

The Bell Policy Center, a nonprofit organization committed to programs that help open gateways to opportunity and promote self-sufficiency, today released a report that tracks current budget cuts in the context of long-term impact on Colorado's citizens.

"This is not just a temporary challenge, but a full-blown crisis," said Bell President Wade Buchanan. "We want people to understand that the \$850 million in cuts from the current budget and the anticipated \$870 million in cuts to next year's budget are not temporary. The State Legislature has little choice but to make these cuts in the short-term, and lawmakers are doing the best they can under very difficult circumstances. But because of the way we raise and spend tax money in this state, these cuts are essentially permanent and will have a huge negative impact on the future of opportunity in Colorado."

"Unless we find a way to significantly change course, we have permanently reversed critical state commitments to programs that help individuals and families become self-sufficient-programs that have garnered broad, bipartisan support over the years," added Andy Hartman, Ph.D., director of policy and research and author of the Bell's just-released *Colorado: The State of Opportunity Budget 2003*. Hartman pointed to cuts in the FY 02-03 budget in programs that support prenatal and infant health, child care, literacy, access to higher education, and assistance to first-time homebuyers.

According to the Bell report, Colorado has traditionally been a fiscally conservative state and has had a lean set of state services. Even before the current downturn, Colorado was seriously under-investing in areas critical to opportunity - from healthcare to public education, to access to higher education and adult basic education.

Troubling indicators include:

OVERALL SPENDING:

Statistics from the state controller show that state expenditures, as a percentage of gross state product, dropped by almost 20% during the last decade--from 10% of gross state product in 1992-93 to roughly 8% in 2000-2001.



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Many states are facing budget crises. Few of them went into the downturn with as lean a budget as Colorado did. Fewer still, according to the National Conference of State Legislators (NCSL), have to cut as deep as we do. (In November 2002, NCSL ranked Colorado third in the gap between our 2003 budget and revenue). And none of the other states has the Taxpayer's Bill of Rights (TABOR), which means that we will still be struggling with this crisis long after other states have recovered.

In 2000, Colorado ranked 41st among all states in per capita state spending-\$3,238. To put this in perspective, Mississippi spends \$3,860 per person and ranks 27th in the nation, which puts it just about at the national average.

HEALTH:

Even before the economic downturn, Colorado had one of the leanest Medicaid programs in the country, covering just 5.1% of the non-elderly population (the average for all states is 12.1%).

EDUCATION:

While education has been a consistent priority for voters and both major political parties, Colorado received a grade of "C" on the adequacy of its K-12 education funding-and was ranked 42nd among all states-in Education Week's 2002 annual review of education.

Colorado was already in the bottom ten states for providing access to higher education for its students, and it was already the only state not providing direct funding for Adult Basic Education and English as a Second Language (ESL) services.

"Many of the cuts in these and other critical programs are not as deep as they might have been, but they move us in the wrong direction," Dr. Hartman said. "While legislators have found ways to avoid excessive cuts this year, it has been done at the cost of the long-term investment in these programs. For example, the Tobacco Settlement Trust Fund, which was created as an endowment for key programs such as the Child Health Plan, the Read to Achieve Program, and smoking cessation programs, has been reduced to zero."