


AIMING FOR THE MIDDLE
 Benchmarks for Colorado's Future
full report at www.ccponline.org



Carol Hedges, Senior Fiscal Analyst, chedges@ccponline.org, 303-573-5669 ext.309

Aiming for the Middle

The Colorado Fiscal Policy Institute calculated how much more Colorado would have to invest in its public institutions and services just to reach the national average:

\$3.331 B to reach National Average in per Capita total state spending

\$4.9 B to reach National average in Spending per \$1000 of income

c

TOTAL EXPENDITURES			
State Spending per \$1000 of personal Income	RANK	49	Additional State funds needed
	US	\$144.30	
	25th	\$156.21	
	CO	\$107.30	
	<small>Amt below US average</small>	\$37.00	\$4.918 B*
	<small>Amt below 25th</small>	\$48.90	\$6.501 B*

c

TOTAL EXPENDITURES			
		44	Additional State funds needed
State spending per capita	US	\$4,959.28	
	25th	\$5,055.80	
	CO	\$4,024.96	
	Amt below US average	\$934.32	\$3,311b*
	Amount below 25th state	\$1,030.84	\$3,853b*

K-12			
State Spending per \$1000 of personal Income	RANK	49	Additional State funds needed
	US	\$50.53	
	25th	\$49.98	
	CO	\$41.27	
	Amt below US average	\$9.26	\$1.524B
	Amt below 25th	\$8.71	\$1.433B

K-12			
State Spending per capita	RANK		Additional State funds needed
	US	\$1393.46	
	25th	\$1335.46	
	CO	\$1,245.68	
	Amt below US average	\$148.78	\$672.5 M
	Amt below 25th	\$89.78	\$408.6 M

Patience is Needed

Long journey to get where we are, a long journey to make a real difference.
Mustn't jeopardize progress.
Leadership requires commitment and patience.
All change is incremental.

LOOK HOW FAR WE'VE COME

c

Looking Forward

Colorado's fiscal prospects after Ref C

Preliminary findings • August 2007



COLORADO CHILDREN'S CAMPAIGN
WORKING WITH GOVERNMENTS TO IMPROVE THE LIVES OF COLORADO CHILDREN

Looking Forward | Colorado's fiscal prospects after Ref C

Four goals for our fiscal work

1. Inform and help shape the debate over Colorado's fiscal prospects after Ref C.
2. Conduct research to identify where current fiscal trends will take us.
3. Share these preliminary findings with community leaders throughout Colorado.
4. Gather feedback and input to produce a final report by December 2007.

THE BELL POLICY CENTER | COLORADO CHILDREN'S CAMPAIGN | COLORADO FISCAL POLICY REPORT

Looking Forward | Colorado's fiscal prospects after Ref C

Study overview:

- For fiscal years 2007-08 through 2012-13 we:
 - Estimated state revenues under current tax rates and limitations
 - Estimated future appropriations needed to maintain current state services
- Used the Legislative Council staff's June 2007 revenue estimates through FY 2010-11. Extended these trends to FY 2012-13.
- Identified the major factors driving the budgets for those agencies that make up 90% of general fund appropriations.
- Gathered data to extend future trends for these budget drivers and estimated future appropriations.
- Used data from the Joint Budget Committee, Legislative Council staff, state agencies and other reputable sources.

THE BELL POLICY CENTER COLORADO CHILDREN'S CAMPAIGN COLORADO FISCAL POLICY INSTITUTE

Looking Forward | Colorado's fiscal prospects after Ref C

Preliminary findings

- Projected General Fund revenues exceed estimated current services General Fund appropriations over the study period by an average of \$454 million a year.
- However, estimated current services General Fund appropriations exceed the 6 percent spending limit in each fiscal year studied.
- This means we will have to cut estimated current services General Fund appropriations to meet the 6 percent spending limit.
- Total TABOR revenue will be *slightly* below the TABOR limit (as amended by Ref C) when it is reset in FY 2010-11 through FY 2012-13.
- However, projected revenue will likely result in TABOR rebates starting in FY 2013-14.

THE BELL POLICY CENTER COLORADO CHILDREN'S CAMPAIGN COLORADO FISCAL POLICY INSTITUTE

Looking Forward | Colorado's fiscal prospects after Ref C

Projected General Fund revenues and current services appropriations
(in millions)

Fiscal Year	General Fund Revenue	Total Current Services of Appropriations	GF Limit 6%
FY 07-08	\$7,800	\$7,200	\$7,680
FY 08-09	\$8,110	\$7,400	\$7,866
FY 09-10	\$8,324	\$7,500	\$8,052
FY 10-11	\$8,460	\$7,600	\$8,238
FY 11-12	\$8,594	\$7,700	\$8,424
FY 12-13	\$8,728	\$7,800	\$8,610

THE BELL POLICY CENTER COLORADO CHILDREN'S CAMPAIGN COLORADO FISCAL POLICY INSTITUTE

Lobato v. State Board of Education

- On appeal with Colorado Court of Appeals
- **Critical issues:**
 - Constitutionality of current finance system
 - Thorough and uniform
 - Local control

Children's Voices ©

Analysis of current system

- Three legged stool:
 - Equity
 - Adequacy
 - Efficiency
- Current system fails all three tests

Children's Voices ©

Other States:

■ Alaska	■ Maryland
■ Arizona	■ Missouri
■ Arkansas	■ North Dakota
■ California	■ South Dakota
■ Connecticut	■ Texas
■ Kansas	■ Washington

Children's Voices ©

What's Next?

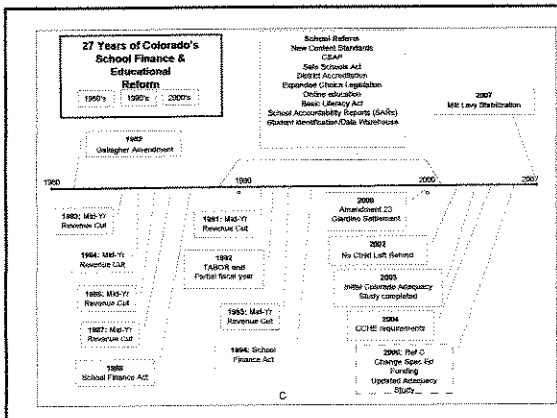
- Public Engagement
- Support of P-20 Council
- Potential tax equity suit?
- Stay engaged

Children's Voices

CASE Conference August 1, 2007

Tracie Rainey
Director
Colorado School Finance Project

C



**Colorado Tax system
complicated and complex**

- How much?
- Who pays?
- What effort?
- How much local?
- How to get there?
- How informed is the public?
- What does the public want to pay for?

Colorado School Finance Project

What might you hear?

- Are you being *efficient* with your dollars?
 - Who decides?
 - Is it the primary goal?
 - Economies of scale?
 - Choice?
 - An array of offerings?
 - Throwing money at the problem?

Colorado School Finance Project

**What "evidence" do you have for
your decisions?**

- Is there an exact formula?
- Can success be measured in one way?
- Is research a variable or an absolute when creating a new finance formula?
- What is research?
- Research or ideology?

Colorado School Finance Project

Equity-Adequacy +

- What does a P-20 finance system look like?
- Is time fixed or a variable?
- Are learning opportunities expanded?
- Who has access?
- What should the facility look like?

Colorado School Finance Project

Concerns:

- Reform without assessing cost and providing adequate resources to implement.
- Ideology driving the process
- Politics vs. Policy
- Piecemeal
- Assessments won't measure the goals

Colorado School Finance Project

What is next?

- Pockets of excellence – tell your story.
- Wholesale change or a “bite” at a time?
- Be part of the “conversations.”

- Be a spokesperson for **reform and finance** so an education system can be implemented for success.

Colorado School Finance Project
