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

TOTAL EXPENDITURES

<table>
<thead>
<tr>
<th>State Spending per $1000 of personal Income</th>
<th>RANK</th>
<th>49</th>
<th>Additional State funds needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td></td>
<td></td>
<td>$144.30</td>
</tr>
<tr>
<td>25th</td>
<td></td>
<td></td>
<td>$156.21</td>
</tr>
<tr>
<td>CO</td>
<td></td>
<td></td>
<td>$107.30</td>
</tr>
<tr>
<td>Just below US average</td>
<td></td>
<td></td>
<td>$37.00</td>
</tr>
<tr>
<td>Add just below 25th</td>
<td></td>
<td></td>
<td>$48.90</td>
</tr>
<tr>
<td>Add just below 50th</td>
<td></td>
<td></td>
<td>$4.918 B*</td>
</tr>
<tr>
<td>Add just below 75th</td>
<td></td>
<td></td>
<td>$5.501 B*</td>
</tr>
</tbody>
</table>
### TOTAL EXPENDITURES

<table>
<thead>
<tr>
<th>State spending per capita</th>
<th>44</th>
<th>Additional State funds needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>$4,959.28</td>
<td></td>
</tr>
<tr>
<td>25th</td>
<td>$5,055.80</td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>$4,024.96</td>
<td></td>
</tr>
<tr>
<td>And below US average</td>
<td>$934.32</td>
<td>$3,311b*</td>
</tr>
<tr>
<td>Amount below 25th state</td>
<td>$1,030.04</td>
<td>$3,050b*</td>
</tr>
</tbody>
</table>

### K-12

<table>
<thead>
<tr>
<th>State Spending per $1000 of personal income</th>
<th>RANK</th>
<th>Additional State funds needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>49</td>
<td>$50.53</td>
</tr>
<tr>
<td>25th</td>
<td>$49.98</td>
<td></td>
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<tr>
<td>CO</td>
<td>$41.27</td>
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<tr>
<td>And below US average</td>
<td>$9.26</td>
<td>$1.524B</td>
</tr>
<tr>
<td>And below 25th</td>
<td>$8.71</td>
<td>$1.433B</td>
</tr>
</tbody>
</table>

### K-12

<table>
<thead>
<tr>
<th>State Spending per capita</th>
<th>RANK</th>
<th>Additional State funds needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>$1393.46</td>
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<tr>
<td>25th</td>
<td>$1335.46</td>
<td></td>
</tr>
<tr>
<td>CO</td>
<td>$1,245.68</td>
<td></td>
</tr>
<tr>
<td>And below US average</td>
<td>$148.78</td>
<td>$672.5 M</td>
</tr>
<tr>
<td>And below 25th</td>
<td>$89.78</td>
<td>$408.6 M</td>
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</tbody>
</table>
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

Looking Forward

Colorado's fiscal prospects after Ref C

Preliminary findings - August 2007

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.
Looking Forward

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

Preliminary findings
1. Projected General Fund revenues exceed estimated current services General Fund appropriations over the study period by an average of $1.54 billion a year.
2. However, estimated current services General Fund appropriations exceed the 6 percent spending limit in each fiscal year studied.
3. This means we will have to cut estimated current services General Fund appropriations to meet the 6 percent spending limit.
4. 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 2020-21.
5. However, projected revenue will likely result in TABOR revenue starting in FY 2019-20.
Looking Forward: General's final prospects after Ref C

**Estimated SP Revenue, Current Services of Appropriations and the SG Limit**

- **Millions:**
  - FY 2011: $480
  - FY 2012: $430
  - FY 2013: $360
  - FY 2014: $247
  - FY 2015: $501

Looking Forward: General's final prospects after Ref C

**Estimated Total TABOR Revenues and Limits**

- **Millions:**
  - FY 2008: $480
  - FY 2009: $491
  - FY 2010: $505
  - FY 2011: $505
  - FY 2012: $357
  - FY 2013: $545

**Observations**

1. Maintaining the status quo current services budget will be a challenge.
   - Is this where we want to be?
   - Does this provide sufficient funding for important investments in K-12 education, higher education, early childhood education and transportation?

2. The 6 percent spending limit will be an impediment to funding our estimated current services General Fund appropriations, even though there are sufficient revenues to do so.
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

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

Other States:
- Alaska
- Arizona
- Arkansas
- California
- Connecticut
- Kansas
- Maryland
- Missouri
- North Dakota
- South Dakota
- Texas
- Washington
What's Next?

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

**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?

**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?
**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?

**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

**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.