

*January 13, 2005*

## **PUBLIC SERVICES AND TABOR IN COLORADO**

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Colorado's Taxpayer Bill of Rights, or TABOR, is a 1992 constitutional amendment that sharply restricts the state's ability to finance public services such as education, health and public safety. Now some national anti-tax activists are touting TABOR as a model for other states. As part of their justification, these activists are selectively citing national statistics by which Colorado compares favorably to other states. For example, they cite the large tax rebates that Colorado has distributed due to TABOR requirements.

Not surprisingly, pro-TABOR activists fail to note the many measures by which Colorado is falling behind other states in education, health, public safety and other areas, in part as a result of TABOR-driven reductions in public services. Listed below are comparisons that present the other side of TABOR — negative consequences that have occurred in Colorado in the twelve years since TABOR's enactment. To be sure, not all of these consequences are attributable solely to TABOR; for instance, per-pupil K-12 expenditures, which declined relative to the national average from 1992 to 2000, were on a downward path even before 1992. Nor can it be said that the decline in K-12 spending is solely to blame for Colorado's falling high-school graduation rate. Nonetheless, the stringency of TABOR limits did remove the option of halting the decline in these services or of improving them. These comparisons should give pause to other states considering enacting a TABOR-like measure. (Sources are listed in the Appendix.)

### **After 12 Years of TABOR, Colorado Has Among the Nation's Poorest Public Services**

Although it has the nation's seventh-highest per-capita personal income, Colorado performs poorly on key measures of public service provisions and outcomes.

- Teacher pay in Colorado is seven percent below the national average. The ratio of teacher salaries to average private-sector earnings is lower in Colorado than any other state.
- Colorado ranks 47<sup>th</sup> in K-12 education funding as a share of state income.
- Colorado ranks 50<sup>th</sup> in the nation in on-time immunization rates.
- The share of low-income individuals enrolled in Medicaid is lower than in all but five other states.

- Because Medicaid reimbursement rates have failed to keep pace with medical inflation, the percent of Colorado pediatricians reporting that they treat children enrolled in Medicaid has declined from 41 percent in 2000 to 24 percent in 2003.
- Colorado has eliminated the mental health program in youth corrections.
- Colorado has eliminated its affordable housing loans and grants program.
- Probation officers in Colorado carry an average of 238 cases — nearly double the national average of 130. Due to funding decreases, nearly 50 probation officers were laid off between 2002 and 2004.
- Due to underfunding, court hearings that are required by statute to occur within two days of a filing routinely take 30 days.

### **Since TABOR Passed in 1992, Public Services and Outcomes Have Worsened in Colorado**

- From 1991 to 2000 — when an amendment passed to protect K-12 education funding from TABOR cuts — K-12 funding per pupil in Colorado fell from 94 percent of the national average to 90 percent. In dollar terms, Colorado fell from \$299 below 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 50 states.
- The high school graduation rate in Colorado fell from 76 percent in 1990 to 70 percent in 2004.
- From 1991 to 2005, total state support to colleges and universities in Colorado grew at the second-slowest rate in the nation — averaging one percent annually, far below rates of inflation and growth in college-age population.
- Colorado ranks 48<sup>th</sup> in the nation for state funds for higher education per \$1,000 of personal income. Colorado now invests \$3.96 per \$1,000 of personal income, compared to \$8.89 in 1992. If this trend continues, it is estimated that there will be no state support for higher education by 2010.
- The percentage of low-income Colorado children who lack health insurance rose from 15 percent in 1991-92 to 27 percent in 2002-03. (During the same period, the national proportion who lack insurance declined from 21 percent to 19 percent.) Among Colorado low-income adults, the rate rose from 22 percent to 32 percent while the national rate rose from 26 percent to 27 percent.

- From 1990 to 2004, access to adequate prenatal care has declined from 71.2 percent to 67.3 percent of pregnant women receiving adequate prenatal care. Colorado's ranking on adequate prenatal care has dropped sharply from 23<sup>rd</sup> in 1990 to 48<sup>th</sup> in 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.)
- In 1995, Colorado's on-time vaccination rate was above the national average. By 2002 and 2003, it had fallen to the nation's lowest level.

### **Because of Budget Cuts since 2001, Outcomes Are Likely to Worsen in Colorado**

TABOR magnified the effect of the recession on the Colorado budget, forcing more than \$1 billion in cuts. Since 2001, Colorado legislators have:

- Reduced general fund support for alcohol and drug abuse by 15 percent.
- Eliminated funds for full-day kindergarten in low-performing schools and pre-school for 2,000 at-risk four-year olds.
- Eliminated all state support to local and regional health agencies.
- Cut Medicaid hospital reimbursement by nearly 5 percent.
- Decreased mental health funding, leading to a 14 percent loss in overall state mental health hospital capacity.
- Transferred the entire principal and interest — \$257.6 million — from the Controlled Maintenance Trust Fund, which is used to maintain existing capital investments, to help alleviate general fund shortfalls.
- Cut transfers from the General Fund to the Capital Construction Fund to only \$9.5 million in fiscal year 2004 — a 95 percent cut from the average annual funding for the previous 15 years.

At the same time, Colorado is required to refund \$459 million to taxpayers this year while planning an additional \$263 million in budget cuts for the coming fiscal year.

## **The Failure of Colorado Legislators to Address TABOR's Damage Has Had Political Consequences for Elected Officials**

- Colorado legislators spent much of the 120-day session in 2004 discussing reform measures for TABOR. But despite widespread agreement that TABOR was causing major fiscal problems, the legislature came up with no solutions.
- In the November 2004 election, the Republicans lost control of both chambers of the General Assembly for the first time since 1960. Commentators generally attribute the loss in part to the inability of the legislature to craft a solution to TABOR.
- Democrats went from a 28-37 minority in the House to a 35-30 majority. In the Senate, Democrats picked up a net of one seat, going from a 17-18 minority to an 18-17 majority.
- Nonetheless, it is unclear whether a true solution can be crafted that would pass the legislature (or garner necessary signatures) and win a popular vote. A competitive ballot initiative is estimated to cost at least \$6 million — with no guarantee of success. This illustrates the difficulty of fixing problems once fiscal constraints have been enshrined in a state's constitution.

## APPENDIX Sources of Data

- Per capita personal income (2003) — Bureau of Economic Analysis, Regional Economic Accounts, <http://www.bea.doc.gov/bea/regional/spi/>.
- Teacher pay in Colorado (2002-03) — American Federation of Teachers 2003 Survey & Analysis of Teacher Salary Trends, <http://www.aft.org/salary/2003/download/2003Table1.pdf>.
- Ratio of teacher salary to average private-sector earnings — AFT survey and U.S. Bureau of Labor Statistics, Current Employment Statistics, <http://www.bls.gov/sae/home.htm>.
- State and local public K-12 education funding as a share of state income (2000-01) — National Education Association, *Rankings & Estimates*, May 2004, Table H-13, <http://www.nea.org/edstats/images/04rankings.pdf>, rankings computed from U.S. Census Bureau data and BEA data.
- On-time vaccination rates (2003) — Centers for Disease Control, National Center for Health Statistics, *Health, United States, 2004*, Table 73.
- Share of low-income individuals enrolled in Medicaid (2003) — CBPP analysis of U.S. Census Bureau Current Population Survey Data, Annual Demographic Supplement, 2004.
- Colorado pediatricians treatment of children enrolled in Medicaid — The Children's Hospital, *State of the Health of Colorado's Children*, August 2004, Table 1.
- Colorado budget actions — John Ziegler, Colorado Joint Budget Committee (JBC) Staff, Memorandum to Members of the JBC, "Summary of Actions Taken to Balance Prior Year Budgets," September 20, 2004.
- Probation officer caseloads and court hearings — Colorado Judicial Department Fact Sheet: Colorado Judicial Layoffs and Realignment to Meet FY 2003-04 Funding Levels, June 18, 2003, cited in The Bell Policy Center, "Colorado TABOR Watch: Judicial Branch."
- Per pupil funding for K-12 education — CBPP calculations of data from the National Center for Education Statistics
- High school graduation rate — United Health Foundation, *America's Health: State Health Rankings – 2004 Edition*, <http://www.unitedhealthfoundation.org/shr2004/states/Colorado.html>
- State support to colleges and universities in Colorado — CBPP calculations from data collected by the Center for the Study of Education Policy, Illinois State University.
- State funds for higher education per \$1,000 of personal income — Colorado Commission on Higher Education (CCHE) and the U.S. Department of Education.
- Colorado uninsurance rate among low-income children and adults — CBPP analysis of U.S. Census Bureau Current Population Survey Data, Annual Demographic Supplement, 1992, 1993, 2003, 2004.
- Access to adequate prenatal care — United Health Foundation, *America's Health: State Health Rankings – 2004 Edition*, <http://www.unitedhealthfoundation.org/shr2004/states/Colorado.html>.

On-time vaccination rate — Centers for Disease Control, National Center for Health Statistics, *Health, United States, 2004*, Table 73.

Reduced general fund support for alcohol and drug abuse, eliminated funds for full-day kindergarten, eliminated all state support to local and regional health agencies & cut Medicaid hospital reimbursement — John Ziegler, Colorado Joint Budget Committee (JBC) Staff, Memorandum to Members of the JBC, “Summary of Actions Taken to Balance Prior Year Budgets,” September 20, 2004.

Decreased mental health funding — TriWest Group, *The Status of Mental Health Care in Colorado*, 2003,

<http://www.thecoloradotrust.org/repository/publications/pdfs/MHCC/MHCCfinalreport.pdf>.

Funding for the Controlled Maintenance Trust Fund and the Capital Construction Fund — State of Colorado, Legislative Council Staff, *House Joint Resolution 03-1033 Study: TABOR, Amendment 23, the Gallagher Amendment, and Other Fiscal Issues*, Chapter 6, [http://www.state.co.us/gov\\_dir/leg\\_dir/lcsstaff/2003/research/FinalReport.pdf](http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2003/research/FinalReport.pdf).