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TABOR HAS HAMPERED ECONOMIC GROWTH AND REDUCED QUALITY OF LIFE IN COLORADO

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On October 12, the Maine Heritage Policy Center released a report that touted Colorado's prosperity and claimed that its prosperity was the result of TABOR – ostensibly “refuting” the Center on Budget and Policy Priorities work showing that TABOR has been detrimental to Colorado. (Question 4, a TABOR nearly identical to Colorado's, is on the ballot this November in Maine.)

The Maine Heritage report is misleading in several respects, both on data about the Colorado economy relative to Maine's, and with respect to the quality of life in Colorado.

Income Growth Since 2001 Has Been Higher in Maine than Colorado

Colorado's economy, hamstrung with TABOR, was not able to recover strongly from the last recession. Although one would not know it from the Maine Heritage report, the incomes of Maine residents actually have been growing faster than the incomes of Colorado residents since 2001.

The Maine Heritage Policy Center uses a highly misleading “index” to portray personal income and population growth in Colorado and Maine. The use of the index implies that growth was the same in 1990 and then took off more quickly in Colorado because of TABOR. As explained in Center on Budget and Policy Priorities reports, Colorado's economy was particularly strong in the 1990s because of heavy investment by the military and the federal government in the state, and the high level of education of its residents.¹ Both of those conditions pre-existed TABOR and boosted economic growth. A careful economic study showed that TABOR did not cause Colorado's economic success in the 1990s.²

¹ See Karen Lyons and Nicholas Johnson, “Education and Investment, Not TABOR, Fueled Colorado's Economic Growth in 1990s,” Center on Budget and Policy Priorities, March 2006 and “Fact Sheet: TABOR Will Not Improve Maine's Business Climate,” Center on Budget and Policy Priorities, October 2009.

² See Therese J. McGuire and Kim S. Rueben, “The Colorado Revenue Limit: The Economic Effects of TABOR,” Economic Policy Institute, March 2006, <http://www.epi.org/publications/entry/bp172/>.

AVERAGE ANNUAL PER CAPITA PERSONAL INCOME GROWTH IN COLORADO AND MAINE			
	1992 - 2000	2000-2005	2005 – 2008
Colorado	5.89	2.43	4.06
Maine	4.51	3.47	4.73

TABOR has, however, harmed Colorado’s economy since 2001, when TABOR prevented the state from recovering adequately from the recession. Incomes grew more slowly in Colorado than in Maine during the first half of the decade. Coloradans voted to suspend TABOR in 2005, but the state still has had trouble recovering. **Overall, per capita personal income growth has been higher in Maine than in Colorado since 2000 – both in the post-recession period during which Colorado’s TABOR was in effect, and after its suspension.**

Health, Education, and Child Well-Being Are Stronger in Maine than Colorado

The Maine Heritage Policy Center asks, “What do Mainers get for...higher government spending [than Colorado]?” There is a simple answer. Mainers get a state in which the well-being of all residents is important.

Maine’s government spending is particularly important to the children of the state.

- KIDS COUNT, a national survey of the well-being of children supported by the Annie E. Casey Foundation, ranks Maine 12th in the country in child well being. Colorado is ranked 22nd.
- Some 7 percent of Maine’s children under age 18 lack health insurance, as compared to nearly twice as high a share, 14 percent, in Colorado. In Maine, there is a priority on using public funds to ensure that children have access to affordable, quality health care.³ Access to early and continuous health care plays a vital role in children’s healthy development, as well as in the amelioration of physical and behavioral health conditions that can impair children’s passage through infancy, childhood, and adolescence.⁴ Public insurance covers only 19 percent of children in Colorado but 33 percent of children in Maine.
- In Colorado, K-12 student to teacher ratio is nearly 50 percent larger than Maine’s K-12 schools.⁵ Evidence shows that reducing class size, particularly for younger children, has a positive effect on student achievement and an especially strong impact for disadvantaged children.⁶

³ Based on 2008 data from the U.S. Bureau of the Census, American Community Survey.

⁴ Sara Rosenbaum and Paul Wise, Crossing The Medicaid–Private Insurance Divide: The Case Of EPSDT, *Health Affairs* 26:2 (March-April 2007) pp. 382-393.

⁵ National Center for Education Statistics, 2008 tables and figures, Table 66. Data is for 2006.

⁶ For a brief review of the literature see <http://www.aft.org/topics/classsize/>

- In 2006, Colorado ranked 50th in the country in state per pupil support for higher education. Maine ranked 23rd.⁷
- Some 17.2 percent of all Colorado residents lacked health insurance coverage, compared to 10.9 percent in Maine.

If, as the Maine Heritage Policy Center claims, Colorado's government spending is growing at reasonable rate, one has to ask why Colorado is serving its citizens so poorly.

⁷ Congressional Quarterly, *State Fact Finder*, 2007.