Our economy is growing and state revenues are growing with it. As a result, Colorado has started to restore some of the deep cuts made to vital services during the Great Recession.

Still, Colorado faces a growing structural imbalance between the revenues it collects and the services it provides. The causes are complex and will persist even after the economy fully recovers. Even so, the state has begun to rebate some revenues as a result of TABOR.

The Bell Policy Center offers these 14 Charts to help Coloradans better understand how the budget works, what causes the imbalance and where current trends are taking us.
The General Fund: How much and from where

Revenue comes overwhelmingly from individual income and sales taxes

Revenue per Coloradan adjusted for inflation is now slightly above pre-recession levels

At $9.9 billion, Colorado’s General Fund is about 3.6 percent of the state’s $275 billion economy.

- Individual Income Tax (60.4%)
- Sales and Use Tax (29.7%)
- Corporate Income Tax (5.6%)
- Other (4.3%)

For sources and more information go to: www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
Where General Fund spending goes
Six departments receive 94% of the General Fund

The state constitution and statutes dictate that most of the General Fund go to just 6 departments. The other 17 departments receive the remaining 6% of the budget.

- K-12 Education (37%)
- Health (26%)
- Human Services (9%)
- Corrections (8%)
- Judicial (5%)
- Higher Ed (9%)
- Everything Else (6%)

For sources and more information go to:
www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
Two examples of structural problems with Colorado's taxes

Sales tax covers fewer purchases

Not Taxed

Taxed

Coloradans buy fewer goods (to which sales taxes apply) and more services (to which they mostly do not). Result: sales tax revenues do not keep pace with our state's needs.

Colorado's gas tax was set at 22 cents per gallon in 1991. It has not changed since then, though inflation has grown more than 80 percent and more efficient cars use less gas. Result: much less money to fix roads.

For sources and more information go to:
www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
Colorado taxes and spends less than most other states

State taxes per $1,000 of personal income are very low

- Colorado ranks 44th in per capita personal income but we pay less in state taxes than all but 6 other states. This provides less revenue to support essential services.

State spending near the bottom for vital services

- K-12: 43rd
- Higher Ed: 49th
- Highways: 37th

For sources and more information go to: www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
Funding for education not keeping pace

K-12 Funding falls below Amendment 23 goal

About $855 million short in FY 15-16

For sources and more information go to: www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
Higher education cuts shift costs to students and families

Student share of college costs increased as state share declined

- $3,668/resident student
- $7,683/resident student
- $7,608/resident student
- $3,954/resident student

In 15 years, the contribution of the state has been cut in about half while the price for Colorado's students and families has more than doubled.

For sources and more information go to: www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
Aging population is driving Medicaid costs higher than any other state expense

General medical costs projected to increase more than 200% by 2024-25, far outpacing General Fund growth

Colorado's senior population will grow by almost 50% by 2024-25. After people with disabilities, seniors are the most expensive demographic group to serve.

At the projected rate of increase, seniors could consume almost half the Medicaid budget by 2024-25.

For sources and more information go to: www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
TABOR rebates have begun before cuts have been fully restored

TABOR revenue exceeded cap in FY14-15 and is projected to exceed it again in the future

For sources and more information go to: www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
TABOR rebates take several forms

Amount and kind of TABOR rebates

The Earned Income Tax Credit for low-income workers is the first TABOR rebate. Once it is triggered, it becomes permanent, which is why it does not show up as part of future TABOR rebates.

Once the TABOR surplus reaches a certain threshold, income tax rates will be temporarily reduced from 4.63% to 4.5% for all taxpayers. In 2017-18, 61% of the rebate is projected to come in the form of this temporary tax reduction.

For sources and more information go to:
www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
Other ways rebates could be used to fund state priorities

TABOR rebates compared to state priorities (based on FY15-16 spending)

- Reduce the underfunding (negative factor) in K-12 education by 22%.
- Increase state funding for higher education by 30%.
- Increase the amount used for road and bridge safety projects by 81%.
- Increase need-based college aid by 154%.

FY16-17 Total TABOR Rebate: $855 m
Underfunding in K-12 Education (Negative Factor): $192 m
College Opportunity Fund: $648 m
State Funded Need Based College Aid: $125 m
Road and Bridge Safety Surcharges: $236 m

For sources and more information go to: www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
Future of Colorado's budget if nothing changes

At current rates, almost all of General Fund revenue will go to three departments by 2030

2015
K-12 Education, Health Care and Human Services and Prisons
Everything Else

2030

For sources and more information go to: www.bellpolicy.org/research/colorados-fiscal-challenges-14-charts-sources-7
We hope these charts help to inform the conversation about Colorado's future. At the Bell, we believe the structural imbalance in our state fiscal system threatens our future quality of life in Colorado. It jeopardizes the effectiveness of critical public systems — schools, healthcare, public safety, the social safety net, and more. Please contact the Bell Policy Center with any questions or comments and join other Coloradans in this statewide conversation.

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