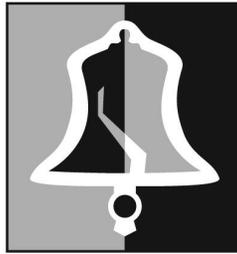




**COLORADO FISCAL  
POLICY INSTITUTE**

Justice and Economic Security for all Coloradans



**The Bell  
Policy Center**

Research • Advocacy • Opportunity



**COLORADO  
CHILDREN'S  
CAMPAIGN**

CREATING HOPE AND OPPORTUNITY  
IN COLORADO, MORE THAN  
ONE MILLION KIDS AT A TIME

FOR IMMEDIATE RELEASE  
December 18, 2007

Contact: Heather McGregor, Bell Policy Center  
(303) 297-0456 • (866) 283-8051

## **New report examines Colorado's fiscal prospects after Referendum C** **A resource for Coloradans as they debate the future of critical services**

Three Colorado nonprofits today released *Looking Forward: Colorado's fiscal prospects after Referendum C*, a new report that gives Colorado citizens a baseline about future fiscal conditions for state government.

"We want this report to serve as a resource to Coloradans as they discuss where to go from here," said Wade Buchanan, president of the Bell Policy Center. "It compiles a reliable set of projections about future fiscal conditions and provides the context in which future decisions need to be made."

A team of eight analysts from the Bell Policy Center, Colorado Children's Campaign and Colorado Fiscal Policy Institute focused on the six-year study period of FY 2007-08 through FY 2012-13 — the last three years of the Referendum C time-out and the first three years of the new Ref C revenue cap.

*Looking Forward* projects revenues and expenditures for the five largest state agencies, assuming a continuation of 2007 levels of service. It analyzes the effects of TABOR, the Arveschoug-Bird 6 percent spending formula and the varying forces that drive spending, agency by agency. It also looks at the future needs of the state's capital budgets, including transportation and capital construction.

"This report shows us where Colorado is headed over the next six years," said Buchanan. "The bottom line is that 2007 is probably as good as it's going to get for state services. Services aren't back to the levels they were at before the recession, and yet the challenge now is to prevent falling behind again."

"The question is whether 2007 is good enough," said Maureen Farrell, executive director of the Colorado Fiscal Policy Institute. "Are 2007 levels of service adequate? Will they meet the needs of a growing state in the 21st Century?"

"What we need now is a serious, informed, statewide discussion about the kind of state we want our children to grow up in," said Megan Ferland, president of the Colorado Children's Campaign. "If we aspire to higher goals for our schools, colleges and universities, health care, transportation systems and more, then we need to start a conversation in Colorado about how we get there."

Under TABOR, decisions affecting state revenues in Colorado are made by the state's 2.5 million registered voters rather than the 100 state legislators. "That is a unique challenge," said Farrell. "We can't just take this information up to the Capitol and think we've done our job. This is something we need to take to Coloradans throughout the state. This is a conversation we all need to participate in."

### **The Looking Forward report makes four key observations:**

- **Colorado state services have only partially recovered from the economic downturn.** Ref C has allowed the state to retain more than \$1 billion in revenues each year. Even so, most major state programs have not returned to the levels of service attained immediately prior to the 2001-03 downturn.

— more —

- **Nevertheless, 2007 is probably as good as it gets.** There will be no further recovery of service levels under Referendum C. In fact, it will be a challenge for the state to maintain 2007 levels of service into the future, and we project there will not be enough left over to maintain the state's roads, bridges and buildings in their current conditions.
- **It is the Arveschoug-Bird formula that will mostly determine how revenues are allocated in the future.** This formula largely dictates how General Funds are allocated between the state's operating budgets and capital budgets, and it will continue to do so throughout the study period.
- **Budgets for the major areas of state government are interrelated.** Because all General Fund revenues are fully allocated, any further increases in state services can come only through new revenues or at the expense of service cuts elsewhere. That means none of these critical issues can be addressed in isolation. The state needs to act only from a comprehensive understanding of how all these pieces fit together.

**These key observations are the result of seven findings:**

1. Colorado's schools, colleges and universities, health care safety net, human service programs, prisons, transportation system, and building maintenance all depend on General Fund revenues for much of their funding.
2. General Fund appropriations will need to grow by a compound average rate of 6.3 percent annually to maintain 2007 levels of service through 2013.
3. The 6 percent Arveschoug-Bird General Fund growth formula could force some cuts in the projected appropriations needed to maintain 2007 levels of service through the six-year study period. It will certainly not allow any further increase in services.
4. Assuming continued economic growth, state General Fund revenues are projected to grow by a compound average annual rate of 5.2 percent through 2013.
5. Projected revenues will not be sufficient, even with the increased dependence on General Fund revenues, to maintaining the state's buildings, roads and bridges in their current condition.
6. The new state revenue limit imposed by Referendum C, which takes effect in FY 2010-11, is not likely to limit spending during the study period.
7. Projected revenues will not be sufficient to accommodate new or expanded services.

*Looking Forward* is published as a 24-page report, which is available on the Bell Policy Center website, [www.thebell.org](http://www.thebell.org). Hard copies are available on request. A package of detailed appendices on revenues and expenditures in key areas of the state budget are also posted on the Bell website.

**About the three organizations:**

**The Bell Policy Center** is a nonprofit nonpartisan research and advocacy organization focused on fiscal and social policy issues facing the state of Colorado. More information at [www.thebell.org](http://www.thebell.org).

**The Colorado Children's Campaign** works to create hope and opportunity in Colorado - one million children at a time. The campaign is a nonpartisan, nonprofit organization focusing on expanding access to quality health care, K-12 education and early childhood experiences. More information at [www.coloradokids.org](http://www.coloradokids.org).

**The Colorado Fiscal Policy Institute**, a nonprofit, nonpartisan project of the Colorado Center on Law and Policy, promotes justice and economic security for all Coloradans. As both a resource and catalyst, the institute works for changes in public policy through timely, credible and accessible fiscal policy analysis, education, advocacy and coalition building. More information at [www.cclponline.org](http://www.cclponline.org).

Colorado Fiscal Policy Institute  
The Cairn Building • 727 E. 16th Ave.  
Denver, Colorado 80203  
(303) 573-5669  
[www.cclponline.org](http://www.cclponline.org)

The Bell Policy Center  
1801 Broadway, Suite 280  
Denver, Colo. 80202  
(303) 297-0456 metro Denver  
(866) 283-8051 statewide  
[www.thebell.org](http://www.thebell.org)

Colorado Children's Campaign  
1580 Lincoln St., Suite 420  
Denver, Colorado 80203  
[www.coloradokids.org](http://www.coloradokids.org)