



Colorado
NONPROFIT
Association

Fiscal Education Network

**A Project of the
Colorado Nonprofit Association**

Our Purpose

- 1. Build network of organizations and individuals committed to helping Coloradans understand the state's fiscal challenges.**
- 2. Provide guest speakers to groups that would like to convene conversations in their communities.**
- 3. Recruit, train and support *Local Conversation Leaders*.**
- 4. Provide fiscal education content and materials to the network.**

Colorado's Fiscal Reality: A Long-term Structural Deficit

Colorado is facing an unprecedented fiscal challenge.

The costs to maintain public services exceed the revenues to pay for them.

There is consensus that this is a persistent gap due to long-term structural problems. It will not go away even after the economy recovers.

Colorado must implement policy changes that address the structural nature of the problem.

Colorado's Political Reality: The Voters Decide

Coloradans have a unique responsibility to make decisions at the ballot box.

As voters, it's our duty to make choices about how to balance low taxes *and* maintain public services.

Requires robust conversations about the kind of state we want Colorado to be.



Voters Chose

Strict limits on homeowner property tax.

(Gallagher)

Strict limits on state sales & income tax revenue.

(TABOR)

Require more state funds for K-12 education.

(Amendment 23)

Voter approval of any new tax increase.

(TABOR)

Legislators Chose

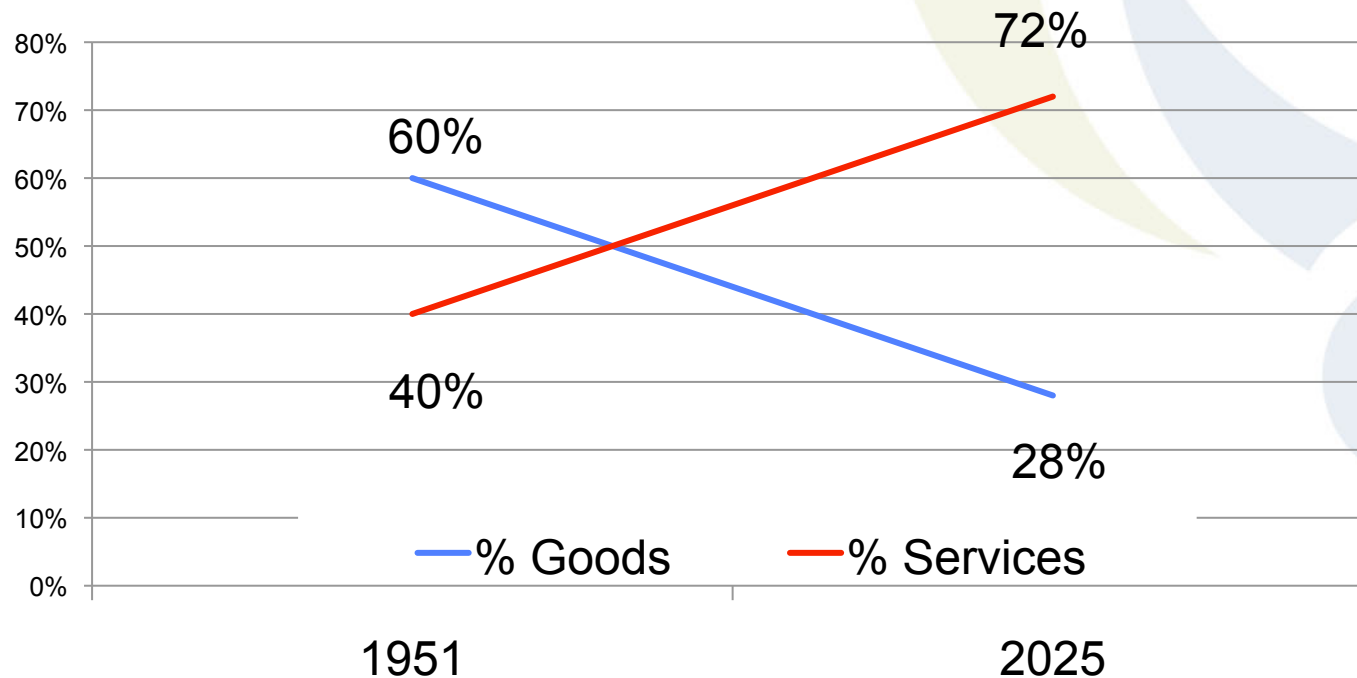
Sales tax cut from 3% to 2.9%

Income tax from 5% to 4.6%

Estimated at more than \$500 million in
annual revenue.

The Economy Is Changing

Long Term Shift from a Goods-Based Economy to a Services-Based Economy



Recessions, Population and Inflation

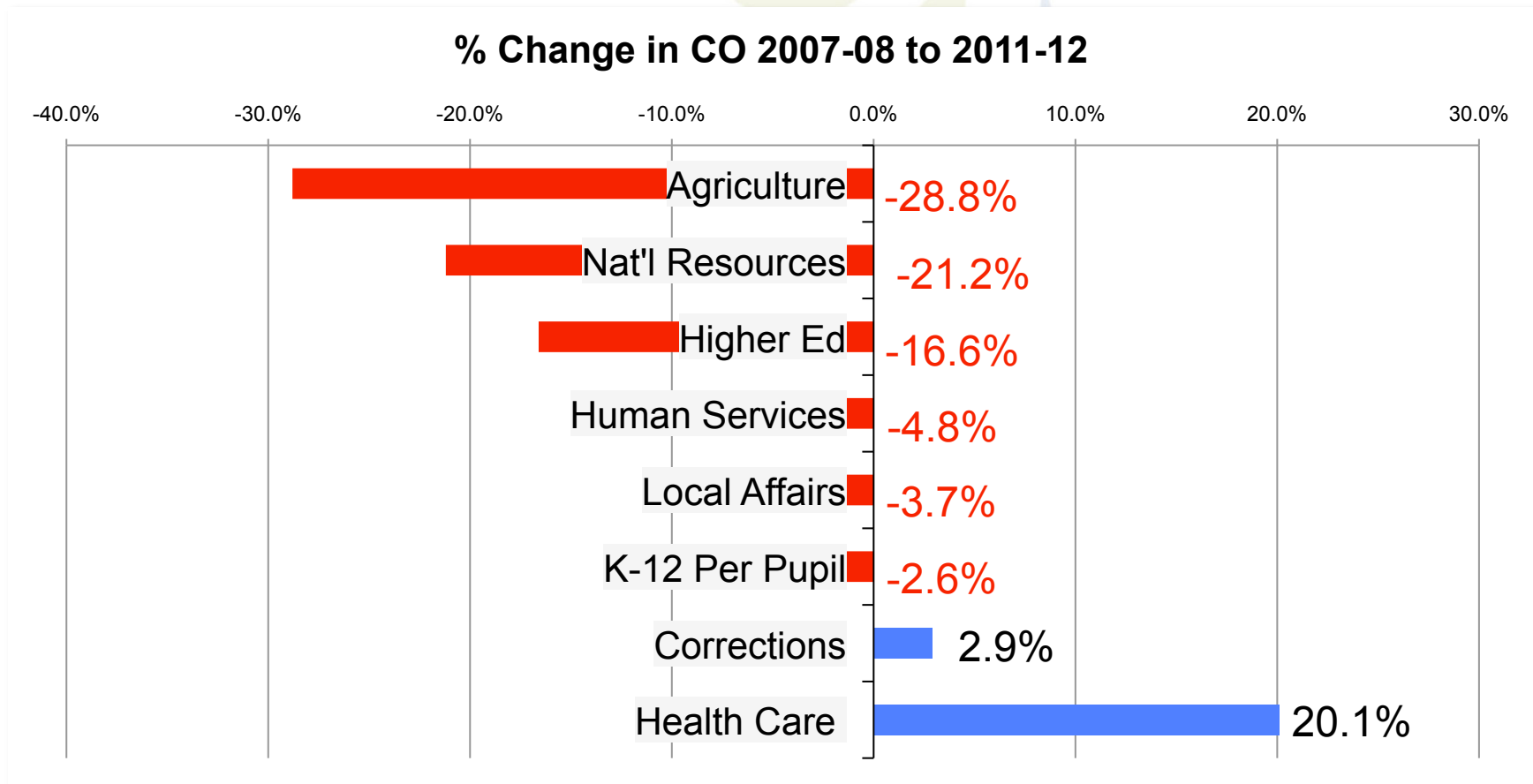
40% health care inflation over past decade

Aging population with more health care needs

Two recessions



Public Services Must Be Cut



What's The Right Thing to Do?

We're not sure more taxes need to be a part of the solution:

55% to 67% of voters are opposed to new taxes to balance state budgets.

We oppose more spending cuts:

67% to 80% oppose any cuts to higher education, health care, roads and transportation, K-12 education.

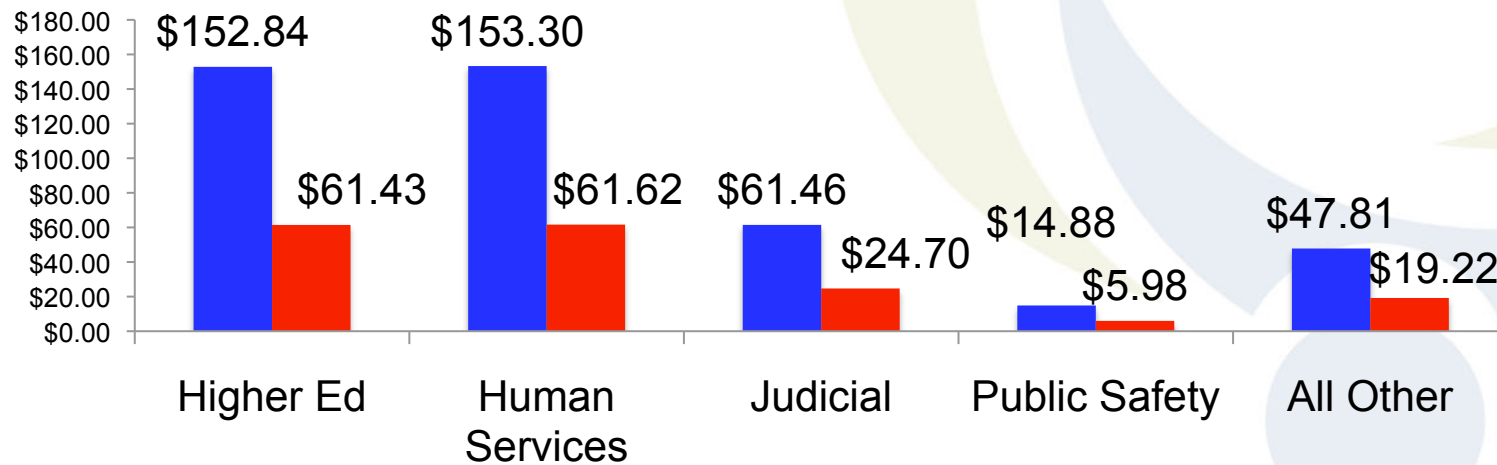
Waste, Fraud & Abuse?

“Focusing on trimming the fat fails to address Colorado’s systemic budgetary problems.”

– Independence Institute, *Citizens’ Budget*

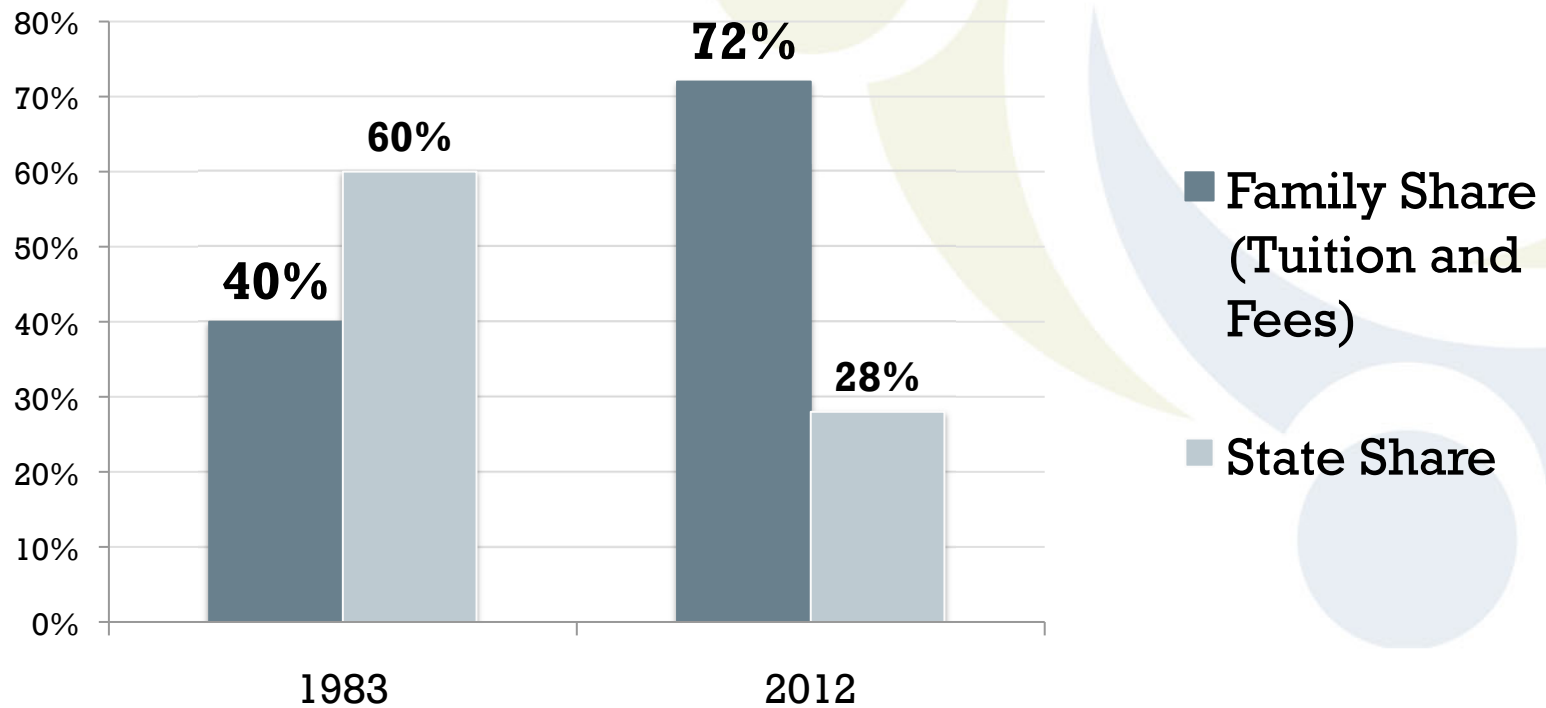
Funds for Public Services Will Continue to Decline

**FY08 and FY 25 Projected
Per Capita Spending**



- 2008 Per Capita Spending (2010 dollars)
- 2025 Projected Per Capita Spending (2010 dollars)

Students pay a higher share in tuition and fees



SOURCE: Bell Policy Center



Two Numbers to Consider

18%

(Increase in Median Household Income)

154%

(Increase in College Tuition)

Changes 1999-2009

“Expect more cuts.”

“The state budget should expect cuts of the same magnitude in 2012, although not necessarily to schools.”

- Gov. Hickenlooper’s budget director, Henry Sobanet
Durango Herald, February 16, 2011

How do we balance demand for low taxes...

- **Combined state and local tax burden compared to other states = 39th**
(Tax Foundation)
- **Best states for retiree taxes = 5th**
(MSN Money)
- **Business tax climate = 15th**
(Tax Foundation)

...With demands to maintain vital public services?

- **Total spending compared to other states = 45th**
- **K-12 spending = 32nd**
- **Higher Education spending = 48th**
- **Medicaid spending = 49th**
- **Highway spending = 48th**

“Bright Colorado” Initiative

(Initiative 25 Proposed by State Senator Rollie Heath)

Restore state income, corporate and sales taxes to their 1999 levels primarily for the benefit of education:

- Corporate income tax and personal income tax rates would increase from 4.63% to 5%.
- The state sales tax rate would increase from 2.9% to 3%.
- The initiative would raise an anticipated \$532 million per year.
- The new rates would be in effect temporarily for five years, beginning in January 2012.

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Estimated Tax Impact

	Annual Income \$50,000	Annual Income \$100,000	Annual Income \$200,000
Ave Increase Income Tax	\$130	\$259	\$518
Ave Increase Sales & Use Tax	\$14	\$23	\$46

Colorado Voters must Decide

“[T]he ball is back in the voters’ court. It now is up to the people of Colorado to decide what kind of place they want their state to be.”

- **Durango Herald, February 16, 2011**

Learn More

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