

Issue Brief

Taxpayer Bill of Rights

3/31/05

What some people say:

TABOR has been good for Colorado.

Voters added the Colorado Taxpayer Bill of Rights (TABOR) to the Colorado constitution in November 1992. It applies to all levels of government, including school districts, and is both a revenue and a spending limitation. Under TABOR, the maximum that state government (and school district revenue) can grow is the rate of inflation plus population growth, or the 6% statutory limit, whichever is less. Revenue collected in excess of that amount (the “Tabor Surplus”) must be refunded to the taxpayers. A special provision allows PreK-12 school revenues from local property taxes to grow at a rate equal to the rate of inflation plus the increase in student population in each district.

All increases in taxes and new debt must have voter approval. TABOR also includes a spending limitation that creates a “ratchet effect.” When a state’s revenues decline, legislators cannot return to pre-recession levels of spending as the economy recovers. Instead, spending may only increase incrementally from the prior year’s level. This ratchet effect keeps government spending from keeping up with economic growth and limits the government’s ability to fund necessary infrastructure and services.

While TABOR has kept taxes low, and even resulted in tax refunds for Colorado residents, restrictions on revenue have created some dire consequences for public services including public schools.

Facts:

1. Colorado ranks 47th in K-12 education funding as a share of state income.

Source: National Education Association, Rankings and Estimates, May 2004, Table H-13

2. Colorado ranks 48th in K-12 spending per \$1,000 of personal income.

Source: Colorado Legislative Council Issue Brief 03-06, “How Colorado Compares in K-12 Education Funding” April, 2003

3. Colorado has eliminated all funds for full-day kindergarten in low-performing schools and cut funding for 2,000 pre-school slots for at-risk four-year-olds.

Source: John Ziegler, Colorado Joint Budget Committee-JBC-staff, Memorandum to Members of the JBC, “Summary of Actions Taken to Balance Prior Year Budgets”, Sept., 2004

4. The ratio of teacher salaries to average private-sector earnings is lower in Colorado than any other state.

Source: AFT Survey and US Bureau of Labor Statistics, Current Employment Statistics

In addition:

1. Per capita personal income has fallen 3.7% after inflation, a sharper drop than in any other state.

Source: Center on Budget Policies and Priorities (CPBB), "Is Colorado's TABOR Creating Jobs", January, 2005

2. Colorado has been among the lowest states in job growth and, in fact, has lost 68,000 jobs in the last 44 months.

Source: Center on Budget Policies and Priorities (CPBB) "Is Colorado's TABOR Creating Jobs", January, 2005

3. Colorado has declined to 48th in the nation for state funds for higher education per \$1,000 of personal income. If this trend continues, K-12 graduates will see our colleges and universities with no state support for higher education by 2010, resulting in dramatically higher costs for students to attend an institution of higher education in Colorado.

Source: Center for Budget Policies and Priorities (CPBB) calculations of data from the National Center for Education Statistics

Challenge(s):

Educating all students to higher levels of achievement requires more resources than are currently allotted to K-12 education. The costs of educating students with special needs (e.g. English language learners, special education students, and at-risk students) are rising faster than our funding levels. Colorado citizens continue to demand more services from government and education with ever-shrinking resources to pay for those services.

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