

Is Ref. C cash being spent as promised? Yes

Referendum C is a down payment on Colorado's future and has done what it was intended to do. The bigger question is: What's next?

By Wade Buchanan

Article Last Updated: 09/14/2007 03:16:35 PM MDT

Referendum C, passed by voters in 2005, was a major step forward for Colorado. Whether you care most about our public schools, our colleges and universities, health care for hard-working families, our roads and bridges or other important services, Ref. C was by far the most significant policy achievement in Colorado in more than a decade.

Without Ref. C, a provision in our state constitution would have prevented these essential public structures and services from recovering from the deep cuts made during the severe recession that hit our state and nation from 2001 to 2003.

These are the public structures that, along with businesses and well-functioning markets, underpin prosperity and opportunity in Colorado by ensuring a competitive and healthy work force. Without Ref. C, we would instead be slashing them by more than \$1 billion this year alone.

That's why an Independence Institute report, "State Budget Scrutiny Reveals Ref. C Shuffle" (www.i2i.org), is disappointing. It uses simplistic analysis to rehash the 2005 Ref. C campaign and faults the state legislature for spending too much and not spending enough at the same time. It offers no meaningful solutions for the real challenges facing Colorado as we move forward.

Here are the facts:

- The Colorado legislature has followed the law in spending the revenues from Ref. C. In real dollars, our schools, colleges and universities, and health-care safety net received the largest increases, as voters intended.
- The rules governing the budget process are complex, in part due to conflicting ballot measures passed over the last 25 years. There is an absolute 6 percent cap on annual growth in the general fund. As a result, when revenues increased with a strong economy, more money than was anticipated spilled over into other areas of the budget. That wasn't a deceptive move by the legislature — it follows the rules set by voters.
- Even so, the major beneficiaries of the spill-over of revenues above the 6 percent limit have been the state's roads and bridges, among the items Ref. C was designed to help. Yes, they have received more than was anticipated in 2005. But this is the way the budget rules work.
- Finally, nothing in Ref. C was intended to imply other state programs and services could not grow if needed. The priority has gone to the areas emphasized during the campaign. But we elect our state representatives to make budget decisions based on changing needs and new challenges. Is the Independence Institute report suggesting we should abandon representative democracy altogether and budget only by voter-approved formulas?

Nothing is perfect. Even during the campaign, we pointed out Ref. C would only restore some of the cuts. We said it would stop the bleeding and stabilize the patient, but not allow for a full recovery. The Independence Institute report underlines that fact by pointing out the budget for state colleges and universities still is below where it was before the recession — even while inflation and enrollment have continued to grow.

Imagine where the higher education budget would be today if Ref. C had failed, as the Independence Institute wanted. As Gov. Bill Owens' budget director pointed out at the time, legislators would have had no option but to cut millions more from colleges and universities.

Ref. C has helped our school kids, our college students, our businesses and our families. The money has been used wisely to help essential services recover, as voters intended.

We could argue these points all day. But the way forward is not to rehash the 2005 Ref. C campaign. The way forward is to acknowledge Ref. C helped our critical public structures begin to recover from a recession, but that it was only a partial and temporary solution.

The current state budget (which runs through June 2008) is the third of five the legislature will write under Ref. C's so-called "timeout." It is time to focus on what happens next.

A study to be released next month by the Bell Policy Center — in partnership with the Colorado Children's Campaign and the Colorado Fiscal Policy Institute — will show that Ref. C has already done all that it can. This study will show that even under the best-case scenario, revenues in the future will barely cover modest growth in current levels of state services driven by increasing numbers of students, prisoners and families eligible for medical assistance.

The real challenge is to have a serious discussion about the kind of state we want Colorado to be. Our report will tell us where our budget is headed over the next six years. Only when we know where we want to go can we tell whether we are headed in the right direction.

That is the discussion we need to have, and soon.

Wade Buchanan (Buchanan@thebell.org) is president of the Bell Policy Center (www.thebell.org), a nonpartisan research and advocacy organization focused on social and fiscal policy issues affecting Colorado.