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**Report on Referendum C Revenue and Spending
FY 2005-06 through FY 2008-09**

October 15, 2009

This report contains the final audited numbers for the amount of money Referendum C provided for the state in the 2005-06 through 2007-08 state fiscal years and preliminary numbers for the 2008-09 state fiscal year. It also reflects the actions of the General Assembly and Governor in spending the money. This report is prepared in accordance with the requirements of Referendum C passed by the voters in 2005.

Revenue and Spending. The state did not retain any money under the provisions of Referendum C in state fiscal year 2008-09. The state retained \$1,116.1 million in state fiscal year 2005-06, \$1,308.0 million in state fiscal year 2006-07, and \$1,169.3 million in state fiscal year 2007-08. By law, the first \$55 million in state fiscal year 2005-06, \$95 million in state fiscal year 2006-07, and \$125 million in state fiscal years 2007-08 and 2008-09 could be spent on any of the following areas: K-12 education, higher education, health care, firefighter and police retirement plans, and transportation. The remaining amount is required to be split one-third each between health care, K-12 education, and higher education. Table 1 shows the distribution of the retained money.

Table 1
Referendum C Spending by Program
Millions of Dollars

Program	2005-06	2006-07	2007-08	2008-09
Preschool through 12th Grade Public Schools	\$361.7	\$425.1	\$381.3	\$0
Health Care for Medical Services Premiums	\$361.6	\$425.1	\$381.3	\$0
Higher Education	\$353.7	\$404.3	\$348.1	\$0
Volunteer Firefighter Retirement Plans	\$3.8	\$3.8	\$3.8	\$0
Fire and Police Pension Association Old Hire Plans	\$25.3	\$34.8	\$34.8	\$0
Transportation Projects	\$10.0	\$15.0	\$20.0	\$0
Total Referendum C Spending	\$1,116.1	\$1,308.0	\$1,169.3	\$0

FY 2005-06. The first \$55 million was spent on the volunteer firefighter retirement plans payment (\$3.8 million); the fire and police pension association old hire plans payment (\$25.3 million); transportation projects (\$10.0 million); K-12 schools (\$8.0 million); and health care (\$7.9 million). A total of \$1,061.1 million (\$1,116.1 - \$55.0) was allocated one-third each (\$353.7 million) to K-12 education, health care, and higher education.

FY 2006-07. The first \$95 million was spent on the volunteer firefighter retirement plans payment (\$3.8 million); the fire and police pension association old hire plans payment (\$34.8 million); transportation projects (\$15.0 million); K-12 schools (\$20.8 million); and health care (\$20.8 million). A total of \$1,213 million (\$1,308.0 - \$95.0) was allocated one-third each (\$322.4 million) to K-12 education, health care, and higher education.

FY 2007-08. The first \$125 million was spent on the volunteer firefighter retirement plans payment (\$3.8 million); the fire and police pension association old hire plans payment (\$34.8 million); transportation projects (\$20.0 million); K-12 schools (\$33.2 million); and health care (\$33.2 million). A total of \$1,044.3 million (\$1,169.3 - \$125.0) was allocated one-third each (\$348.1 million) to K-12 education, health care, and higher education.

Other issues for consideration. Two issues should be noted when evaluating this report. First, the state would have faced a significant budget shortfall had Referendum C not passed. Therefore, in many instances the Referendum C money that has been spent is not new money to the programs, rather it maintained the programs and prevented them from undergoing cuts. It is money the programs may not have received without Referendum C, but it is not additional money when compared with the prior year. It is impossible to enumerate this impact because it would require knowledge of what budgetary actions the state would have taken had Referendum C failed.

Second, passage of Referendum C did not amend other requirements in law that limited the spending of state money during state fiscal years 2005-06 through 2008-09. The most relevant of these was the six percent Arveschoug-Bird spending limit. This limit prohibited General Fund appropriations growth of greater than six percent in any given year. Therefore, no matter how much additional money was provided through Referendum C, any money above the six percent limit was forced into other areas. The beneficiaries of those laws were transportation and state capital construction projects. While these areas may have received money that would not have otherwise been available, they did not receive funding directly from Referendum C.