

Long Term Fiscal Stability Commission

Minority Report

November 2009

Contributors:

Senator Greg Brophy

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“And this isn't some temporary hiccup. We're living in a new economic reality, where flat is the new up, or at least the new normal. This is a long-lasting correction, a massive shift.”

-Gov. Bill Ritter, in a prepared statement about the current economic climate, Oct. 22, 2009

Introduction

Despite coming together on a few limited proposals, the minority felt compelled to write a report because of the disappointing overall result of the commission's work.

It is the view of the minority that the commission failed to live up to its charge by not developing a plan for long-term fiscal stability. Its approach indulged those who simply want to expand government spending, and the main proposal – to empower a non-elected and unaccountable commission to circumvent the constitution - in the end was passed on a party-line vote. The commission should have developed a long-term plan for the benefit of Colorado's people. Instead, it focused on expanding government in an effort that is likely to be continued by the outside commission it seeks to create.

While Republican legislators on the committee showed good faith in working with the Democrats on their proposals, not a single Democrat vote was cast in favor of a Republican-sponsored bill, despite broad support for the measures by citizen commissioners. This was particularly concerning in regard to the creation of a substantive Rainy Day Fund

Background

For most of the last two years, Colorado, along with the rest of the country, found itself in the grips of the nation's worst recession since the Great Depression. With declining revenues and increasing spending obligations, especially for K-12 education and Medicaid, Colorado

lawmakers raided cash funds and relied on the federal government to backfill other programs. Unfortunately, this situation is likely to repeat itself.

In an Issue Brief titled "*Colorado's State Budget Tsunami*," the University of Denver's Center For Colorado's Economic Future explained:

"The legislature's difficulties in balancing the books for fiscal years 2009 and 2010 will likely be repeated in the following year as law-makers are compelled to find additional money for public schools and Medicaid, and they struggle to replace one-time money used to prop up current spending. Other General Fund programs will suffer as a result."

As a response to the current and future economic climate, the Colorado state legislature established a commission to study the long-term stability of the state. SJR 09-044 created the Long-Term Fiscal Stability Commission. The commission was charged with studying the "state's fiscal environment and developing a strategic plan for future fiscal stability." The commission consists of 16 members appointed by legislative leadership.

Legislative:

- Senator Rollie Health (D-Boulder), Chairman
- Representative Mark Ferrandino (D-Denver), Vice Chairman
- Senator Greg Brophy (R-Wray)
- Senator John Morse (D-Colorado Springs)
- Representative Lois Court (D-Denver)
- Representative Cheri Gerou (R-Evergreen)

Non-Legislative:

- Denver City Councilwoman Carol Boigon
- Weld County Commissioner Sean Conway
- Director Colorado Transparency Project Amy Oliver Cooke
- Director CoorsTek Jonathan Coors
- President Colorado Non-profit Association Renny Fagan
- Farmer and Rancher Tim Hume
- Former Vice Provost and Dean CSU Kirvin Knox
- CEO Kaiser Permanente Donna Lynne
- President Colorado Union of Taxpayers Marty Neilson
- COO Colorado Housing and Finance Authority Chris White

General Observations

The commission met 11 full days from July to November. Early in the process, it became clear that the commission had a predetermined outcome to grow government spending. Rather than examining Colorado's long term fiscal stability and conflicting constitutional spending mandates, the commission focused on the current economic situation. Commissioners spent three full days listening to the department directors for the "big six" budget items – K-12 Education, Health Care Policy and Financing (HCPF), Corrections, Human Services, Higher Education, and Judiciary – that make up the state's general fund, 39.5 percent of the total budget.

Too much time was spent listening to those who spend money, and precious little time spent listening to those whose money government spends. Citizens and taxpayers were relegated to one afternoon of public comments. The result was a Christmas wish list for government spending.

On October 30, commissioners received a chart summarizing expanded funding desires of the "big six," plus capital construction. The total for "ideal" funding is an additional \$9.271 billion, or roughly an additional \$1,854 per year for every man, woman and child in Colorado, \$7,416 for a family of four.

The breakdown of additional funding:

- Transportation: \$1.527 billion
- Capital Construction: \$353 million
- K-12 Education: \$2.815 billion
- Judiciary: \$84 million
- Higher Education: \$981 million
- Corrections: \$198 million
- Human Services: \$813 million
- Health Care: \$2.5 billion (includes some federal dollars)

As part of the strategy to develop a consensus for the predetermined outcome to increase government, the majority focused on the overreaching discussion question: "What kind of Colorado do we want?" The minority strongly disagreed with the question and instead, tried to move the conversation toward a discussion on the core functions of Colorado state government.

Minority Interpretation of Core Functions:

- Public safety – law enforcement, civil and criminal courts, corrections and public health
- Infrastructure – transportation, water, sewer
- Education
- Social safety net, including health care, for those truly in need

Majority Interpretation of Core Functions:

- Public Safety
- P-20 Education
- Health Care
- Infrastructure
- Economic Development
- State Parks

The commission was also authorized to approve five bills for the 2010 legislative session. The commission spent most of October 15 developing ideas, which resulted in nine suggested pieces of legislation, of which, seven bills were drafted.

While the proposal is not included here, it is important to note that the proposal for the elimination of the Commission of Higher Education was agreed upon by the whole group. However, without notice or consensus, the majority decided it was not to be forwarded for legislative drafting.

Conclusion

As a result of the approach taken by the commission, which appeared to purposefully sideline conservative perspectives, no consensus was reached on the main proposal approved by the Commission, or on the proposals presented by conservative members on the commission.

The commission agreed on policy changes for higher education, on the need for a rainy day fund and a study of Colorado's tax structure, as well as the benefit of public/private partnerships. However, a substantive group of commissioners strongly opposed empowering a non-elected and unaccountable outside commission to circumvent the referendum and initiative process to alter our state constitution.

Again, we believe that while the bi-partisan proposals moved forward from the commission are of value, the overall work of the commission does not fulfill the duties with which it was charged. The commission failed to develop a plan for long-term fiscal stability.

It missed a golden opportunity to build consensus behind a plan to secure fiscal stability for future generations.