



COLORADO FISCAL
POLICY INSTITUTE

Support SB 228 Sponsored by Sen. Morse and Rep. Marostica **How Can Colorado Maximize Federal Stimulus Dollars?** **Eliminate the 6%**

Making this Change Now Maximizes the Effects of Federal Stimulus Dollars

Congress just passed a large economic recovery plan that could mean nearly \$3 BILLION for Colorado over two years. As we face a \$1 billion budget shortfall over that same period, we have to ask how our state can maximize that federal investment in Colorado? The answer: eliminate the 6%.

If the 6% provision stays in place, using federal recovery dollars to replace general fund spending on programs will make the cuts permanent. Since the 6% formula is based on annual general fund spending, it contains a ratchet similar to the one in TABOR. If unchanged, the 6% will mean that when the economy recovers the general fund dollars cut from the budget during the recession cannot be used to restore program cuts and instead will be available only for capital investments forcing health care, higher education, K-12 education and safety net program spending to remain at recession levels.

Making this Change will Help Make Government Work for Coloradans

Eliminating the 6% formula would give the Legislature the tools to invest based on the total amount of general fund available, which would better suit the priorities and needs of the state, instead of complex formulas and arbitrary constraints. Getting rid of the 6% formula would level the playing field for public investments in operating (program spending for health care, higher education, K-12, etc) and capital (transportation and building) spending.

The General Assembly would still have authority to fund transportation, health care, higher education and reserves at the level appropriate for economic conditions—without cannibalizing one priority for another. This change would also retain current rules for funding tax credits that are currently contingent on the 6% strategy, current allocation formulas for general fund transfers to the Highway Users Tax Fund, and current general fund reserve requirements.

This Change Does Not Require Voter Approval

TABOR requires voter approval for a “weakening” of “other limits on district revenue, spending, and debt”. The 6% formula is not a “limit” on spending since it allows the General Assembly to spend all the general fund revenue collected by the State. This statute limits how the general fund can be spent but not how much. The General Assembly has the exclusive constitutional authority to appropriate funds and therefore retains the ability to set and change its own rules for appropriations.

This legislation will not increase spending or taxes, but it will increase accountability of legislators by allowing them the opportunity to fund priorities and not be constrained by formulas.

The Bottom Line

Getting rid of the 6% would maximize federal stimulus dollars in Colorado, and strengthen Colorado’s long-term ability to invest in key priorities both in both good and bad economic conditions.

Supporters of SB 228

Statewide Policy Groups

Colorado Center on Law and Policy
Colorado Fiscal Policy Institute
Colorado Common Cause
League of Women Voters of Colorado
Bell Policy Center
AARP
Colorado Children's Campaign
Rocky Mountain Farmers Union
Housing Colorado

Education

Colorado Education Association
Colorado Association of School Boards (CASB)
Every Child Matters
Colorado Association of School Executives
Great Education Colorado Action
Parent to Parent of CO
Associated Students of Colorado
Crested Butte Community School PTA
The Partnership for Families & Children
Independent Higher Education of Colorado
American Federation of Teachers Colorado,
Affiliated with the AFL-CIO
Metropolitan State Faculty Federation
Douglas County Federation of Teachers and
Classified Employees
Coalition for a Thorough & Uniform
Colorado Public Education System
Colorado Congress of Foreign Language
Teachers
Colorado Council on High School/College
Relations
Colorado School Counselors Association
Colorado Classified School Employees Association

Working Families

Colorado WINS
FRESC Good Jobs, Strong Communities
CAPE Retirees (Colorado Association of Public
Employees)
AFSCME

Faith Organizations

Interfaith Alliance of Colorado
Colorado Council of Churches

Disability Community

The ARC of Arapahoe and Douglas County
The ARC of Colorado
The ARC of Jefferson County
The ARC of Denver
CCB Partners
Parents of Adults with Disabilities - CO (Colorado)
Colorado Developmental Disability Council
Colorado Cross-Disability Coalition

Health Care

Colorado Medical Society
Colorado Consumer Health Initiative
Colorado Voices for Coverage
Health Care for All Coloradoans
THRIVE!: Persons Living with HIV/AIDS Initiative
of Colorado
Colorado Diabetes Association
Colorado Association of Medical Equipment Services
Colorado Organizations Responding to AIDS
Autism Society of Colorado
Colorado AIDS Project
Colorado Academy of Family Physicians
Health District of Northern Larimer County
Colorado Community Health Network
All Kids Covered by 2010
Colorado Coalition for the Medically
Underserved
Public Health Directors of Colorado
Colorado Public Health Association
Colorado Society for Public Health Education
Public Health Nurses Association of Colorado
National Association of Social Workers, Colorado
Chapter
Colorado Association of Family & Children's
Agencies
Colorado Association of Homes & Services for
the Aging

Statewide Advocacy Groups

Latina Initiative
All Families Deserve A Chance Coalition
Colorado ACORN
Colorado Environmental Coalition
Colorado Progressive Coalition
New Era Colorado