Executive Summary

TBD Colorado engaged more than 1,200 Coloradans in an unprecedented effort to learn about, discuss and provide input on some of the most important issues facing this state. Fortified by clear, accurate data vetted by diverse panels of subject matter experts and supported by a process designed to foster discussion and identify ways forward, Coloradans engaged in a process to determine the future of their state.

Like most important conversations, TBD Colorado started with values. Even in a state as diverse as ours, there are fundamental principles that transcend geography, political party, race and ethnicity, and income status. Coloradans hold education, the outdoors and environment, efficiency and effectiveness, diversity, community and family, and personal responsibility as shared values.

The 2012 phase of TBD Colorado focused on five issues: education, health, transportation, state budget and state workforce. For each, participants reviewed data, considered a variety of options, and then worked to identify those they considered to be the highest priority. Some of the highlights include:

- Supporting expanded access to kindergarten and preschool
- Improving healthcare for those on Medicaid by making the program more flexible and effective
- Building a better transportation system to support our lifestyle and to promote economic growth
- Finding new ways to ensure that the state’s budget is aligned with priorities and that there is adequate revenue to provide the services residents want
- Recognizing the hard work of state employees and rewarding their performance

In its Core Finding, the board of directors concurs with participants and analysts who conclude that Colorado’s current fiscal situation is unsustainable and calls upon Coloradans to continue to participate in determining a pathway to realize our vision for Colorado.
Core Finding: Colorado's Path Unsustainable Without Major Fiscal and Constitutional Reforms

TBD Colorado participants, following many hours of informed conversation over the year, arrived at an important conclusion: the state is on an unsustainable fiscal course.

Of particular concern are three relatively recent Constitutional amendments—TABOR, Gallagher and Amendment 23—whose combined effects have created an unsustainable fiscal structure. These measures have constrained the flexibility of elected officials to adjust the state’s tax structure to respond to revenue needs for essential, highly valued services. For example, the measures have:

- Created an imbalance between commercial and residential property taxes, which has had the effect of shifting the responsibility for funding K12 education from local school districts to the state, diminishing local control of school districts;
- Made it difficult to fund transportation options so that the infrastructure can be maintained and expanded to serve a growing state; and
- Required the impossible—increased spending (Amendment 23) while reducing revenue (Gallagher and TABOR).

Our state has endless positive potential. Important, forward-facing actions and decisions must be made to ensure a vibrant future. Analysts from across the political spectrum may disagree on the proper course for the state, but they agree that the current fiscal structure is unsustainable.

In recent years, the state’s revenues have not kept pace with the underlying growth in the Colorado economy because many of the fastest-growing sectors are either exempt from tax or are taxed at a lower rate than other sectors. Even though Colorado’s revenues are now increasing as the economy begins to recover, the state will be unable to grow its way out of the coming fiscal gridlock unless structural changes are made. Projected demographic shifts, such as an aging population and the increased medical costs that flow from that, will only accelerate the stresses on the state’s budget.

Respecting the role of Colorado voters, who have ultimate authority on increasing taxes, revenue options must be weighed against public services Coloradans wish to receive.

Coloradans need to have an honest, informed conversation about what its future should look like and how to realistically achieve it. TBD Colorado’s 2012 initiative offers a foundation upon which Coloradans can undertake a process to sync Colorado’s public policies with Coloradan’s values and aspirations.
Recommendations

Education
Full-Day Kindergarten and Preschool

- **Recommendation:** Legislation should be considered to expand the number of children in the Colorado Preschool Program so that all families with at-risk children have the option to participate.
  - The Colorado Preschool Program provides 10 hours per week of preschool to qualified, low-income families. Right now, 20,160 4-year-old children qualify and are enrolled in the program in 170 of Colorado’s 178 districts, but an additional 7,000 to 14,000 children may be eligible were the program not capped due to state budget constraints.
  - Currently, children from 0-3 years old who have higher risk may also use the Colorado Preschool Program, but there is insufficient funding for eligible children.
  - The Governor’s FY 2013-14 proposed budget request reflects this recommendation.

- **Recommendation:** Legislation should be considered to increase the availability of full-day kindergarten for those parents who want it.
  - Currently, Colorado funds only half-day kindergarten and in most cases parents who enroll their children in full-day kindergarten must pay additional tuition.
  - The Governor’s FY 2013-14 proposed budget request reflects this recommendation.

K-12 Education Funding

- **Recommendation:** Policymakers and Coloradans should continue a conversation that focuses on how additional revenue could be targeted to improve outcomes for students. A revenue increase should be pursued only if these additional dollars come with complete transparency, accountability and are linked to improved outcomes for students.
  - The Governor’s FY 2013-14 proposed budget request reflects this recommendation.

Higher Education Funding

- **Recommendation:** Coloradans must choose how best to finance substantial investments in Colorado’s system of higher education. Options such as mill levy increases, special districts, sales and severance taxes should be considered.
  - The Governor’s FY 2013-14 proposed budget request reflects this recommendation.

Increasing Efficiency of Administration

- **Recommendation:** School districts should consider consolidation to improve efficiency and responsiveness to local students’ needs.

Recommendations for Health

Medicaid

- **Recommendation:** Legislation should be considered to support the expansion of home and community-based services to increase patient satisfaction, create value and save money for elderly and people with disabilities.
  - Colorado is a leader among the states in testing alternatives for people in need of substantial services.
Support for independent living allows elderly and people with disabilities to stay at home and near loved ones as long as possible.

A national study has found that 22 out of 23 states that have implemented programs to support home and community-based services have reduced costs.

In July 2012, the Governor created the Office of Community Living to help elderly and people with disabilities to remain in the community.

**Recommendation:** Legislation should be considered to support additional utilization of managed care approaches in Medicaid to better coordinate care and control costs.

- One of the few areas that commands bipartisan support is reforming provider payments to promote integrated-care delivery models.
- Colorado Access’ Depression in Primary Care Project showed a 12.9 percent reduction in costs among high-cost, high-risk patients.
- Ohio’s PremierCare program found a 27 percent decrease in costs for inpatient care.
- Colorado has tested some managed care approaches within Medicaid, such as medical homes and Accountable Care Collaboratives (ACC) with good results. ACCs have already reduced Medicaid health expenditures by $20 million and returned nearly $3 million to state and federal taxpayers.

**Prevention and Children’s Health**

- **Recommendation:** Opportunities for youth physical activity should be encouraged, including physical education in schools, extracurricular and after-school activities, community programs, and outdoor recreation. Providing opportunities for physical activity is a shared responsibility with families.
- **Recommendations:** Access to healthy foods should be expanded, including meals served in schools, vending machines, neighborhood grocery stores, public food programs such as SNAP (Supplemental Nutrition Assistance Program) and community gardening opportunities. Providing access to healthy foods is a shared responsibility with families.

**Recommendations on State Budget**

- **Recommendation:** The Governor and members of the General Assembly should continue working with private organizations that are studying and developing options to address long-term spending and revenue issues, including the projected structural budget shortfall.
- **Recommendation:** Continue to undertake initiatives to create cost savings and increase efficiency such as combining the Colorado Division of Wildlife and Division of Parks and Outdoor Recreation.
- **Recommendation:** Consider specific, targeted revenue increases, for purposes such as those discussed in the recommendations on education and transportation.
  - Continue to vigorously assess whether services funded by the state are the right priorities and match Coloradans’ values and vision for their state. All revenue options should be reviewed to determine if they are appropriately set to meet Colorado’s current and future needs.
  - Develop solutions with the long-term revenue stream in mind.
• **Recommendation**: Consider changes to the tax code so that it more accurately reflects Colorado’s underlying economy. Some of the fastest growing sectors of the economy are either exempt or taxed at a lower rate than others. Changes to the tax system that are revenue neutral on a current basis, reduce marginal rates, exemptions and deductions, but simplify the tax code and broaden the tax base should be considered.

• **Recommendation**: Encourage efficiency among local governments, such as consolidation of administration for local districts, including school, fire and police.

**Recommendation for State Workforce**

• **Recommendation**: The state’s existing merit pay system should be funded to provide meaningful incentives and to reward performance.
  - The Governor’s FY 2013-14 proposed budget request reflects this recommendation.

**Recommendations for Transportation**

• **Recommendation**: Coloradans must choose how best to finance substantial investments in Colorado’s transportation system, including how best to maintain existing roads and bridges and to undertake new projects that help relieve congestion in urban and suburban areas and to improve safety and reliability in rural areas.

• **Recommendation**: Public/private and public/public (intra-governmental) should be pursued to relieve congestion and provide better travel time reliability on congested corridor. Toll, managed lanes, such as HOV, should be implemented to offset a portion of the cost.

• **Recommendation**: Non-governmental transportation stakeholders should continue to conduct research and develop options to fund maintenance and expansion of the transportation system and make proposals in the near term to keep the state transportation system competitive.

• **Recommendation**: The Colorado Department of Transportation (CDOT) should continue to educate the public about the status of transportation funding in Colorado and the current condition of the state’s aging infrastructure, as well as the consequences on our existing infrastructure if we continue to fund transportation at the current rate.

• **Recommendation**: In the longer run, new transportation funding mechanisms should be explored as alternatives or additions to the current system that relies heavily on gasoline tax. Options should include a vehicle miles traveled (VMT) fee, indexing the gas tax to inflation and greater regional funding authority.

• **Recommendation**: The state should play an enhanced role in helping to catalyze and secure funding for transit projects, such as inter-regional bus service.

**State Constitution Recommendations**

• **Recommendation**: Additional public engagement should be undertaken with the goal of identifying a package of reforms to the state Constitution that will keep faith with Colorado’s tradition of direct democracy but also recognize the unique importance of the Constitution.
  - Civic groups across Colorado have been convening conversations and educating residents about some provisions in the Constitution for many years. These efforts have led to awareness among tens of thousands of residents that the state’s Constitution contains some
troubling provisions. Due to the importance duly accorded to constitutional amendments, even more public education and discussion is needed to identify the wisest course forward.

- **Recommendation:** A process, such as a newly created review commission, to periodically review the Constitution and recommend changes to voters should be explored.

- **Recommendation:** After the above recommendation is carried out, the process for amending the Constitution should be changed so that a higher bar must be met for new amendments.
  - The number of signatures required for ballot access should be increased.
  - A supermajority of voters should be required for changes to the Constitution.

**Additional Information**

On December 3, 2012, TBD Colorado will release its final report, which will include the recommendations included in this document.

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