

## **Longmont Times Call**

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### **Study explores state budget-cut scenarios**

***By John Fryar  
The Daily Times-Call***

DENVER — The Legislature could wipe out general-fund tax support for 13 state departments and still not close the hundreds of millions of dollars in budget gaps facing state government during the coming five years, a taxpayers watchdog group reported this week.

Under that scenario, six state departments — Education, Higher Education, Corrections, Judicial, Human Services and Health Care Policy and Financing — would continue to have part of their expenses covered from the budget's \$6.2 billion general fund, according to an analysis from the Center for Tax Policy.

Thirteen other departments — including Public Safety, Public Health and Environment, Regulatory Affairs and Natural Resources — would lose general-fund support and would have to rely solely on revenues they get from other sources, such as user fees, special-purpose taxes and federal funds.

The Center for Tax Policy report noted, however, that eliminating general fund contributions to those 13 departments would cover only about 73 percent of the nearly \$400 million in deficits that state officials expect by the end of the 2006-07 budget year.

Because of mechanisms in the Taxpayer's Bill of Rights, the general fund, which gets most of its revenue from sales and income taxes, faces sizable deficits over the next five years at the same time it has to refund money collected above TABOR's annual revenue-growth caps.

Under Referendums C and D on the Nov. 1 election ballot, Coloradans are being asked to forgo five years of refunds, allowing the state to keep a projected \$3.7 billion. That would allow the state to avoid the projected deficits, and part of the money would back bonds being proposed for such projects as highway, school and college improvements.

The Center for Tax Policy, which identifies itself as a nonpartisan, independent organization whose research is intended to assist business and government leaders, is not taking a stand on Referendums C and D.

"Our report is not meant to advocate one way or the other regarding changes to TABOR," said Bud Hover, the tax-policy center's president.

Hover said in a statement, however, that various scenarios his organization studied for addressing state government's pending budget deficits — options that did not include passage of C and D — suggest that "Colorado's ability to deliver services to its citizens will be significantly curtailed in future years" as the result of TABOR.

Another of the scenarios the tax-policy center examined would eliminate the College Opportunity Fund program, which distributes general-fund money in the form of vouchers or stipends that are assigned to Colorado colleges and universities based on the numbers of Colorado high school graduates attending those institutions.

Those vouchers are worth about \$2,400 per student to an institution, and they account for about \$317 million in general-fund spending.

Eliminating those stipends would address only about 80 percent of the projected general-fund state budget deficit in 2006-07, the study found.

The Center for Tax Policy report did list one scenario that would eliminate the entire projected deficit by the end of fiscal 2006-07: ending or reducing a number of health-care services that the federal government does not mandate for states having Medicaid programs.

Examples of optional Medicaid services to the poor and medically indigent that the federal government doesn't require Colorado to offer, the center said, include: treatment of breast and cervical cancer; hospice care; respiratory care; optometrists and eyeglasses; private duty nursing; physical and occupational therapy; treatment of speech, hearing and language disorders; and certain mental health services.

Center officials said in a news release about the report that such Medicaid cuts "would close the (budget) gap," but "at a considerable social cost."