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THE STRUCTURE OF GOVERNMENT IN COLORADO: A TEN-YEAR UPDATE

By: Phyllis Resnick, Center for Tax Policy

INTRODUCTION

In 1992, CPEC released its original report outlining the structure of government in Colorado. In that first report on Colorado's government structure, CPEC posed a series of questions related to the structure in the state. Among those questions was the impact that both increasing population and the recent passage of TABOR would mean for Colorado's government structure in the future.

In the intervening decade, significant changes have occurred in Colorado, both demographically and in regard to the funding of government. Specifically, the state's population increased by just over 1 million people between the years 1991 and 2001. This represents just over a 30% increase in population over the decade. At the same time, since 1992, the state has now experienced just under a decade of operating government under the TABOR Amendment limitations. This tax and expenditure limitation amendment provides bounds on the rate at which government in the state, regardless of level (ie: state, municipal, county, special district) may grow, potentially impacting the ability existing governmental units to expand service delivery. This update to the structure of government report will explore whether these significant changes to the state, as well as others, may be linked to changes in the number of local government units.

OVERALL COMPARISON

The state of Colorado now has 2376 units of government¹. This represents an increase of 403 units or 20% over the 1973 units of government in existence in 1992. As Table 1 below demonstrates, the majority of the growth occurred in special districts. Overall, the state added 1 county, 2 municipalities, 2 school districts and 398 special districts over the 10 year period.

¹ Data on local government units from 1992 from CPEC report, *Restructuring Government in Colorado*, February 22, 1993. 2002 data on local governments is from http://www.dola.state.co.us/LGS/LocalGovtInfo/LGOV_A.HTM. Unless otherwise noted in the text of this report, all data for local government units is from these two sources.

TABLE 1				
Local Government Comparison, 1992-2002				
	1992	2002	Increase	% Change
State Government	1	1	0	0%
Counties (<i>see Note 1</i>)	63	64	1	2%
Municipalities (<i>See Note 2</i>)	266	268	2	1%
K-12 School Districts	176	178	2	1%
Special and Other Districts	1467	1865	398	27%
TOTAL	1973	2376	403	20%

Note 1: 1992 includes C/C Denver; 2002 includes C/C Denver and Broomfield
Note 2: 1992 includes Broomfield, excludes Denver; 2002 excludes Denver and Broomfield

Table 2 below provides a more refined breakdown of the growth over the past decade.

Table 2				
Change in Local Government Units by Type, 1992-2002				
Type of Local Government	1992	2002	Increase (Decrease)	% Change
Counties (incl. Denver, Broomfield in 2002)	63	64	1	1.58%
Home Rule Cities	68	81	13	19.12%
Cities and Towns	198	187	(11)	-5.56%
School Districts	176	178	2	1.14%
Title 32 Districts				
Metropolitan	235	454	219	93.19%
Park and Recreation	42	51	9	21.43%
Fire	238	246	8	3.36%
Hospital	32	33	1	3.13%
Sanitation	97	80	(17)	-17.53%
Water	87	78	(9)	-10.34%
Water and Sanitation	146	130	(16)	-10.96%
Misc	16	20	4	25.00%
Total Title 32 Districts	893	1092	199	22.28%
Non Title 32 Districts				
Cemetery	80	81	1	1.25%
Housing	100	110	10	10.00%
Library	39	46	7	17.95%
Soil/Pest	101	94	(7)	-6.93%
Water Related	103	114	11	10.68%
Urban Renewal	33	32	(1)	-3.03%
General Improvement	68	206	138	202.94%
Misc	50	90	40	80.00%
Total Non Title 32 Districts	574	773	199	34.67%
Grand Total	1972	2375	403	20.44%

Of the 27% growth in special districts between 1992 and 2002, the distribution across types of special districts is uneven. Some government types, particularly those that delivered water and sanitation services, experienced a decline during the decade. Since water and sanitation services are basic services, the decline in such districts suggests either consolidation or assumption of those services by a municipal or county government. Of the other Title 32 districts, the majority of the growth occurred in metropolitan districts. The number of such districts almost doubled over the 10 year period. Among the non Title 32 districts, the overwhelming amount of growth occurred in general improvement districts. The number of such districts almost tripled in the period covered by this study. Opposite of the implication from the decline in water and sanitation districts, the large increase in general improvement districts suggests the formation of ancillary units of government to undertake functions that traditional units of local government (cities and counties) are either unwilling or unable to perform. Table 3 provides further detail on the specific types of government operating in Colorado as of 2002 and Summary Chart A compares current population and governmental unit data by county.

A CLOSER LOOK: COUNTY BY COUNTY EXPERIENCE

The Impact of Population Changes

Table 4 and Charts 1 and 2 present closer looks at the growth in population and local government units by county. Statewide, population grew by just over 30% during the 10 year period. At the same time, the number of local units of government grew by just over 13.5%. Most counties in the state also followed this trend of slower growth in governmental units than in population. However, as Chart 1 demonstrates, there are exceptions. Most notably, the counts of Adams, Denver, Gilpin, Ouray, Pitkin, and Jackson experienced growth rates in local government units that exceeded those for county population. The most pronounced of these occurred in Denver and Gilpin Counties. Not surprisingly, all of these counties, Gilpin, Jackson, Pitkin, Adams, Denver, and Ouray, also experienced increases in the number of local governments per 1000 population between 1992 and 2002 (see chart 2). In total, 11 counties experienced increases in this measure. Gilpin, Jackson, Pitkin, Adams, Denver, and Ouray are joined by Kiowa, Rio Blanco, Rio Grande, Baca, and Washington as the counties experiencing increases in the number of local governments per 1000 population. Overall, the state experienced a decrease in local governments per 1000 population from .53 to .46 from 1992 to 2002. Currently, there is one local government for approximately every 2175 people in the state of Colorado.

On a county by county basis, population growth does not consistently correlate with the growth in units of local government in the state (See Chart 1). In some cases, the relationship is actually inverse. 17 of the state's 64 counties experienced increases in population and at the same time decreases in the

number of units of local government between 1992 and 2002². Following the opposite trend, Washington county experienced negative population growth and positive growth in units of local governments over the study period. Population changes do not appear to consistently explain the proliferation of local governments that has occurred and continues to occur in our state. In fact, in a simple regression analysis, not reported in this report due to its lack of significance, less than 10% of the variation in local government units by county was explained by county population growth.

The Impact of Residential Development on Unincorporated County Lands

Another hypothesis for the trend of increases in units of local government is the proliferation of development in unincorporated areas of Colorado's counties. Absent an existing municipality to provide services, it is reasonable to expect that county land development, particularly residential development, would lead to a proliferation of individual local governments to provide services that the existing county government infrastructure is unable to provide. Table 5 and charts 3 and 4 explore this relationship.

Overall, as with population growth, the rate of growth of housing units in unincorporated areas of counties outstripped the rate of growth of local government units. Statewide, there was just over a 67% growth rate in housing units on unincorporated county lands while at the same time, units of local government grew at a rate of just under 13% (see Table 5). However, as Charts 3 and 4 demonstrate, the county by county experience varies widely.

Chart 3 explores the relationship between the percentage of housing units on unincorporated county lands and the number of single county local governments in the year 2002³. This static relationship for 2002 fails to suggest any strong correlation between unincorporated development and the existence of local governments. Park County, the county with the highest percentage of unincorporated housing development (95.52%) is below average on the number of single county local governments. Conversely, Arapahoe County, the county with the largest number of local governments (146) is among the lowest in the state for percent of housing development in unincorporated areas. In between those extremes, the relationship also fails to hold. Of the next highest counties⁴ on the number of local governments scale, only Douglas County has a higher than average percentage of development on unincorporated lands.

² Those counties are Custer, Crowley, San Juan, Morgan, Phillips, Saguache, Dolores, Alamosa, Kit Carson, Otero, Pueblo, La Plata, Chaffee, Routt, Conejos, Summit, Gunnison, Kiowa, Yuma, and Montezuma.

³ The data for housing units is from 2001, the latest data available,

⁴ Those counties are Adams, Douglas, El Paso, Jefferson, and Weld. As chart 5 demonstrates, the largest counties in the state, with the exception of Denver, seem to suggest that for large population centers, there is a simple relationship between population and units of local government. Closer inspection shows that this relationship does not hold as strongly for the smaller counties in the state.

Chart 4 further explores the relationship between unincorporated development and local governments by looking at growth rates for both measures. Although the relationship appears closer than that for changes in population, the same sort of regression analysis, again not reported due to lack of significance, demonstrates the opposite. Changes in unincorporated development and growth in local government experience almost no statistical correlation. This is most likely due to the fact that the directions in the variation are not consistent across all counties. Seven of the state's counties experienced negative growth in unincorporated housing units while experiencing non-negative growth in units of local government. At the same time, 17 counties experienced negative growth in units of local government while experiencing non-negative growth in unincorporated residential development. Most striking of these is San Juan County which experienced an almost 250% increase in unincorporated development while shedding units of local government over the same period. In total, 24 of the state's 64 counties demonstrated opposing trends between these two variables while the remainder of the counties demonstrated non-negative growth in both. This analysis fails to establish any relationship between the effects of unincorporated county development and the reliance on multiple units of local government.

TABOR?

Adding governments appears to be a strategy of last resort in Colorado, even in areas where there are well established and functioning municipal and county governmental structures. Even the City and County of Denver is not immune from this tendency. *The Denver Post* reported on May 3, 2003 that, in response to budget pressure on the city's general fund, the Denver Public Library considered a split from the City and the formation of a library district. The obvious advantages of such a change in governance is the ability to raise and control one's own funding and to be outside the revenue retention limitations calculated city-wide as per the requirements of TABOR⁵. However, from an efficiency perspective, citizens of Colorado should be asking themselves if this proliferation of governments is the most cost effective manner in which to deliver services. Each new governmental structure requires at the least a small administration, and the duplication of such staffs across all units of government eliminates any advantages a larger unit may enjoy from economies of scale. Comprehensive data to fully explore the relationship between the TABOR Amendment requirements and the growth in units of government is currently not available, so this report can draw no formal conclusion on this relationship. However, the relationship, originally posed in CPEC's earlier 1992 edition of this study, continues to be one worth further consideration.

⁵ The district would then have its own limit on revenue retention; however, its calculation would be based only on activity related to the district, and not the other agencies in the municipal government.

CONCLUSION

In a state that has experienced a 20% increase in the number of units of government, and a 20% increase off of an already large base of 1973, perhaps it is now time to readdress governmental structure in our state. Between 1992 and 2002, Colorado experienced an increase in units of local government from 1972 to 2375 units. Currently there is one unit of government for approximately every 2175 people in the state.

Closer exploration of the potential causes of this proliferation of governmental units in Colorado fails to turn up significant demographic determinants of the growth. In statistical analyses, neither population growth nor growth of housing development in unincorporated areas explains the growth of units of local government. There is some suggestion that governmental units may be correlated with population levels in the state's largest counties, but this same relationship fails to hold as strongly for smaller counties. Regardless of the reasons for the growth, Colorado continues to experience growth in the number of governmental units in the state⁶.

In an earlier study of the structure of government in Colorado, CPEC posed some questions and issues regarding the causes, effectiveness, and efficiency of carrying out public business with the existing local government structure. Over the intervening decade, Colorado's citizens have continued the trend of diversifying rather than consolidating governmental units. As such, the issues of accountability, efficiency, effectiveness, and potential consolidation are as germane today as they were in 1992. Better understanding of the current structure as well as the relationship with demographic and policy variables as outlined in this report are hopefully the beginning of a serious statewide conversation about the structure of government in Colorado.

⁶ Interestingly, at least one local community is seeking to reverse this trend. A story in the *Daily Camera* on July 2, 2003 reported that the town of Superior is set to place a question on the ballot in November asking voters to approve the dissolution of Special Metropolitan Districts 2 and 3 and transfer the functions including parks, recreation, open space, and streets to the municipality.