









# Table of Contents

	<b>Introduction</b>	<b>1</b>	
<b>gateway 1</b>	<b>A Healthy Birth</b>	<b>5</b>	
<b>gateway 2</b>	<b>A Safe and Stimulating Early Childhood</b>	<b>11</b>	
<b>gateway 3</b>	<b>Building a Solid Base for Literacy</b>	<b>17</b>	
<b>gateway 4</b>	<b>Establishing a Healthy Lifestyle in Childhood and Adolescence</b>	<b>21</b>	
<b>gateway 5</b>	<b>Leaving High School with a Diploma and the Skills to Succeed</b>	<b>25</b>	
<b>gateway 6</b>	<b>Access to Education and Training for Adults</b>	<b>29</b>	
<b>gateway 7</b>	<b>A Healthy Adult Life</b>	<b>35</b>	
<b>gateway 8</b>	<b>Earning a Decent Living and Building Wealth</b>	<b>39</b>	
	<b>Conclusion and Footnotes</b>	<b>47</b>	

**opportunity**

# Introduction

January 2003

## **COLORADO IS IN CRISIS.**

As we write, the state legislature is struggling to cut more than \$800 million from an already dangerously lean budget. These cuts will determine Colorado's priorities not just in Fiscal Year 2003, but well into the future. How did we get here? And how do we decide what's most important—today and down the road?

There is no question that these cuts will be extremely painful. **But particularly in tough times, how government spends its money should reflect a society's most important goals and values. At the Bell, we believe Colorado's priorities should be ordered according to the core values of opportunity and self-sufficiency.** Safety nets are important and must be adequately funded. But one of government's most important roles is to help give individuals and families an opportunity to improve their lot in life and to assist them in working toward self-sufficiency.

In this report, we examine how well Colorado's current budget reflects this priority. We have analyzed one or more key programs that are critical to each of eight "Gateways to Opportunity" laid out in *Colorado: The State of Opportunity (2002)*. (See box, next page, for a synopsis of these gateways and the indicators selected to represent them.)

At each stage of an individual's life, there are key portals through which one must pass to advance to the next rung on the Cycle of Opportunity. It's like climbing a set of steep stairs; miss one or two, and you still might be able to struggle to the top. But miss too many steps, and you're stuck—or worse, you're on the way back down.

**Even before the current fiscal crisis, our research**

**shows that Colorado was not investing in opportunity at a level that helps people become self-sufficient.** In fact, in recent years we have consistently cut back in ways that endanger existing opportunities (i.e. Higher Education funding). And there are whole areas critical to opportunity—such as Adult Basic Education—in which the state makes no investment at all. In the short term, given the budget crisis, the best we can do may simply be to avoid the most damaging cuts.

**But it is critically important that we look beyond this year's budget crisis and make opportunity a long-term priority.** As revenues recover, the first dollars should go back into those programs that make the biggest difference—many of which are discussed in this report. And in future years, we must ensure stable levels of funding that are adequate to meet the real needs of a growing state.

To do this, **we must recognize that Colorado's fiscal house is in serious disarray.** We've already cut deeply into programs and activities designed to help people live healthy and productive lives. There are systemic problems in the way we raise and budget funds, making it increasingly more difficult for the state to meet the basic and critical needs of its citizens. **If lawmakers and citizens don't take steps to resolve these issues soon, Colorado's fiscal crisis will quickly evolve into a crisis of conscience and a diminished quality of life for all who live here.**



—Wade Buchanan  
President



—Andy Hartman  
Director, Policy and Research  
Opportunity Report Author

# Introduction

## EIGHT GATEWAYS TO OPPORTUNITY

(Excerpted from the Bell's 2002 report *Colorado: The State of Opportunity*. For copies, call 303-297-0456 or 1-866-283-8051, or visit our web site at [www.thebell.org](http://www.thebell.org)).

### 1. A Healthy Birth

INDICATOR: **Incidence of Low-Weight Births in Colorado**

Colorado has one of the highest rates of low-weight births in the nation, meaning too many infants start life with diminished opportunities.

### 2. A Safe and Stimulating Early Childhood

INDICATOR: **School Readiness**

More than one-third of Colorado's kindergartners are judged by their teachers to be unprepared to learn when they enter school.

### 3. Building a Solid Base for Literacy

INDICATOR: **Reading Proficiency in the Third and Fourth Grades**

At least one in four Colorado third-graders is not proficient in reading.

### 4. Establishing a Healthy Lifestyle in Childhood and Adolescence

INDICATOR: **Overweight and Obesity in Children and Adolescents**

One in five Colorado children and adolescents is overweight or obese—more than twice the rate in 1980.

### 5. Leaving High School with a Diploma and the Skills to Succeed

INDICATOR: **High School Completion**

One in five Colorado students does not complete high school on time.

INDICATOR: **Math Proficiency in 10<sup>th</sup> Grade**

Only 27% of Colorado 10th-graders are proficient in math.

INDICATOR: **Performance on the ACT College Entrance Exam**

The average African-American and Latino 11th grader in Colorado does not score high enough on the ACT to attend a competitive college or university.

### 6. Access to Education and Training for Adults

INDICATOR: **Access to Higher Education**

Colorado ranks among the worst states in the nation in providing students from low-income families the opportunity to attend college.

INDICATOR: **Access to Adult Basic Education and English as a Second Language (ESL) Services**

Only about 4% of Colorado's adults without

high school diplomas are served by any type of adult education or ESL program. Colorado is the only state in the nation that puts no state money into these programs.

### 7. A Healthy Adult Life

**INDICATOR: The Prevalence of Young Adult Smokers**

More than one-quarter of young adults in Colorado smoke, greatly endangering their future health and earning potential.

**INDICATOR: The Prevalence of Diabetes among Adults**

Diabetes is growing dramatically in Colorado, placing increased numbers of adults at risk of serious and life-shortening health complications.

**INDICATOR: Health Insurance Coverage among Working-Age Adults**

15% of working-age adults in Colorado were without health insurance in 2001.

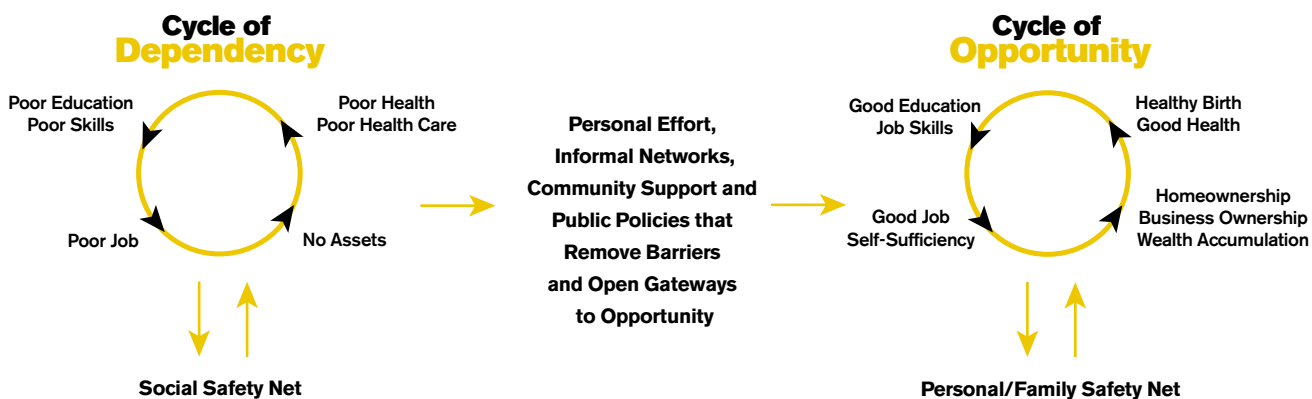
### 8. Earning a Decent Living and Building Wealth

**INDICATOR: Earning a Self-Sufficiency Wage**

One in four Colorado families of four does not earn enough to be economically self-sufficient in our urban or resort communities.

**INDICATOR: Homeownership**

Colorado's 68.5% homeownership rate exceeds the national average. However, homeownership rates for minority groups greatly lag behind that for Whites.



**investment**

## Gateway 1 | A Healthy Birth

Opportunity begins at birth. A healthy birth gives a child a jump-start on growth and learning in the first years of life and beyond. Research consistently underscores the importance of a healthy pregnancy—including adequate and early prenatal care—to a healthy birth. Unhealthy infants start life at a distinct disadvantage. They are more likely to suffer from serious illnesses and experience long-term developmental problems.<sup>1</sup>



### **INDICATOR: INCIDENCE OF LOW BIRTH WEIGHT**

We chose the incidence of Low Birth Weight (LBW) as our indicator because the short- and long-term consequences are real and serious. Colorado has an unacceptably high rate of LBW, which can be addressed through education and improved public policy.

*In 2000, 5,549 babies, or 8.5% of all children born in Colorado, began life at a disadvantage because of their Low Birth Weight. The national average is 7.6%. The rate among Black women is especially high.<sup>2</sup>*

### **COLORADO'S INVESTMENT IN A HEALTHY BIRTH**

There are many factors that determine whether or not a baby is born healthy. These include the parents', and especially the mother's, lifestyle. Poor diet, drinking, drug use, and a lack of exercise can adversely affect the health of a newborn. Extended families, communities, and employers all have a role in supporting the unique needs of pregnant women.

**Public policy also plays an important role in ensuring a healthy birth, primarily by making adequate and appropriate health care services available to low-income, pregnant women.** In Colorado, women receive these critical services through health care programs that target low-income individuals in general. In addition, the state has a set of programs



that are specifically targeted at pregnant women and their babies.

Colorado, in partnership with the federal government, helps low-income individuals pay for health care through three major programs: **Medicaid, the Children's Basic Health Plan, and the Colorado Indigent Care Program.** Together, these programs serve 500,000 Coloradans.<sup>3</sup>

**In 2001, an estimated 528,752 Coloradans had no health insurance and did not qualify for these publicly-subsidized programs.** Of these, approximately 57% were in families with an income at or below 200% of the Federal Poverty Level (FPL), and the majority had an adult in the household who was working.<sup>4</sup> Most are in lower paying jobs and either are not offered health insurance as a benefit by their employer or cannot afford it.

**Although figures are not yet available, it's a safe bet that with the dramatic increase in unemployment, higher health insurance costs, and cuts in the state budget, the number of uninsured Coloradans—including pregnant women—has risen since 2001.**<sup>5</sup>

## COVERAGE SAFETY NETS

### MEDICAID

- Medicaid was created in 1965 and covers certain medical expenses incurred by low-income families and children who meet federal and state eligibility requirements. **It is the largest payer of health insurance benefits for America's and Colorado's poor.**
- **In FY 01-02, one out of every 12.7 persons and one out of every 5.8 children in Colorado were enrolled in the program.** It is expected that about 322,000 individuals will enroll in FY 02-03.<sup>6</sup>
- **Medicaid is an entitlement. States that choose to participate must serve:**
  - Children under 6 living in families with an income at or below 133% of FPL.
  - Children 6 to 18 who live in families at or below 100% of FPL.
  - **Pregnant women with a family income of less than 133% of FPL.**
  - Adults under 65 who have an eligible dependent child and whose income is at or below 36% of FPL.
  - Adults and children who receive Supplemental Security Income.
- States can choose to serve additional low-income individuals, but **Colorado has set its eligibility levels close to the federal**

## Gateway 1 | A Healthy Birth

**minimums** and uses other criteria to exclude individuals (e.g.—owning an asset such as a car). **This results in the state having one of the most restrictive Medicaid programs in the country**, covering just 5.1% of its non-elderly population. (The average for all states is 12.1%).<sup>7</sup>

- Enrollments tend to increase during economic downturns. For example, in Colorado, the Medicaid caseload declined every year between FY 94-95 and FY 98-99, when economic growth was strong and unemployment was low. **The caseload has increased in each of the last four years.**

- Medicaid costs are divided about 50-50 between state and federal funds. In FY 02-03, the state appropriated approximately \$830 million from the General Fund for this program.<sup>8</sup> **This represents about 14% of the total General Fund appropriations for the year.**

- **In FY 02-03, 25% of all new General Fund dollars were appropriated to meet the anticipated increase in Medicaid costs.**<sup>9</sup>

### **CHILDREN'S BASIC HEALTH PLAN** (also known as Child Health Plan Plus or CHP+)

- **The Children's Basic Health Plan (CBHP) was created by federal law in 1997. It provides increased access to preventative medical services for low-income children and pregnant women who are not eligible for Medicaid.**

- **Like Medicaid, CBHP is funded by both federal and state dollars.** However, the federal match for CBHP is higher than it is for Medicaid—65% vs. 50%.

- **The state's share of CBHP funding—\$27.3 million—comes primarily from the Tobacco Litigation Settlement monies.** In FY 02-03, approximately \$18 million came from these funds. An additional \$6.6 million came from the state General Fund and the remainder from cash funds (from premiums paid by participating families).<sup>10</sup>

- Like Medicaid, the federal law establishes certain minimum eligibility requirements and the state can add its own. However, **CBHP is not an entitlement.** Enrollment can be capped based on available funding.

- To qualify for CBHP benefits, a child must be 18 or younger, not qualify for Medicaid, and have a family income of less than 185% of FPL. **In FY 02-03, the program anticipates enrolling more than 54,000 children out of an estimated 70,000 eligible in the state** (the number of children enrolled will almost double between FY 00-01 and FY 02-03).<sup>11</sup>

- **In 2002, the General Assembly expanded CBHP to include prenatal and postpartum care for pregnant women who are not Medicaid eligible.**<sup>12</sup>

- **In the same year, a dental benefit for children was added.**



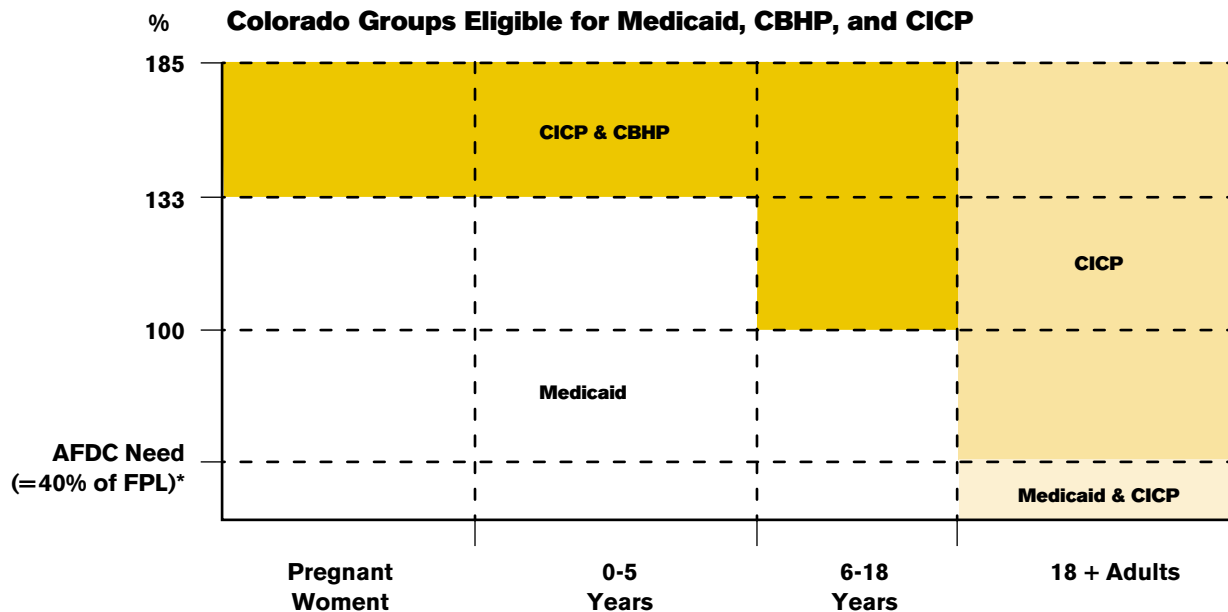


### COLORADO'S INDIGENT CARE PROGRAM (CICP)

- Unlike Medicaid and CBHP, CICP does not provide health insurance coverage to individuals. Instead, **it provides partial reimbursement to health care providers (primarily hospitals and community health clinics) for care furnished to certain low-income, uninsured individuals.**
- For a medical service to qualify for a CICP reimbursement, the service must have been provided to an uninsured state resident who is not eligible for Medicaid and whose net worth

(income and assets) is less than 185% of FPL.

- **CICP is a federal-state partnership with each paying approximately 50% of the costs.** It is not an entitlement.
- Throughout the 1990s, Colorado was creative in certifying other funds going to qualifying providers as CICP matching funds, reducing General Fund appropriations for this program. **In FY 02-03, funding had fallen to 15.6 million.**<sup>13</sup>
- **Because Colorado's Medicaid and CBHP programs are so lean, CICP is critical to maintaining an adequate health care safety net.**



\*The AFDC need standard varies based on the number of adults in the household. Currently, the need standard ranges from 29-50% of the FPL. This table shows the AFDC need standard for a family of three with one adult.

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**CLOSE-UP: PROGRAMS THAT IMPROVE THE HEALTH OF PREGNANT WOMEN AND THEIR BABIES**

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**STATE PROGRAM: PRENATAL CARE PROGRAM** (part of the Children’s Basic Health Plan)

**ADMINISTERED BY:** Department of Health Care Policy and Financing

**NEED MET:** This new program started offering coverage to pregnant women in fall 2002. The department estimates that 3,000 women will participate in FY 02-03.

**FUNDING TREND:** First year of funding.

**OVERVIEW:** Women and babies enrolled in the program are eligible to receive prenatal and other services that contribute to the health of the mother and child.

**STATE PROGRAM: NURSE HOME VISITOR PROGRAM**

**ADMINISTERED BY:** Department of Public Health and Environment

**NEED MET:** This program is designed to expand every year until 2009, when it is slated to receive \$19 million—the amount needed to serve all eligible women and babies in the state. The FY 02-03 appropriation of over \$6 million will meet approximately one-third of this need.

**FUNDING TREND:** ↑

**OVERVIEW:** Specially trained nurses visit the homes of eligible first-time pregnant women to help them achieve a healthy birth and establish good maternal health and child care behaviors.

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**RECOMMENDATIONS:** These programs offer critical services to low-income pregnant women and their newborns. The effectiveness of both is demonstrated by evaluations of similar programs around the county. Each relies on funds from the Tobacco Litigation Settlement. The state must not threaten their short- and long-term viability by diverting funds from the tobacco settlement into other programs or “securitizing” these resources.<sup>14</sup>

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## **THE PROGRAMS AND FUNDING: Children's Basic Health Plan (CBHP) Prenatal Care Program**

- During the 2002 legislative session, **CBHP was expanded to cover uninsured pregnant women age 19 and over whose income is less than 185% of FPL and who are not eligible for Medicaid.**
- **Once enrolled, a woman can remain in the program until 60 days after the birth of her baby.** The child is covered for one year after birth.
- For FY 02-03, the program received a total of \$25.8 million in funding. **Most of the state's share came from the Tobacco Litigation Settlement funds—\$7.7 million in FY 02-03.**<sup>15</sup>

## **Nurse Home Visitor Program**

- **This program was funded in 2000 to provide home visits by specially trained public health nurses to low-income, first-time mothers during their pregnancy and up to their child's second birthday.** Low-income is defined as less than 200% of FPL.
- **The goal is to establish good maternal and child care behaviors that support the healthy birth and development of the child.** Similar programs in other states have demonstrated their effectiveness in improving outcomes for mothers and children (e.g.—decrease in premature births).<sup>16</sup>

- **In FY 02-03, the Nurse Home Visitor Program received about \$6.3 million from Tobacco Litigation Settlement funds.** This supported 17 local programs serving more than 1,625 families in 49 counties.

## Gateway 2 | A Safe and Stimulating Early Childhood

A safe and stimulating early childhood is a critical gateway to a lifetime of opportunity. Because the brain develops rapidly in these formative years, a child should be exposed to a rich environment where language skills and other cognitive abilities can thrive.<sup>1</sup> Missing this opportunity to enrich a child's emotional and intellectual growth—or worse, stunting it with neglect or abuse—endangers his future.



### **INDICATOR: SCHOOL READINESS**

We chose school readiness, the ability to succeed in kindergarten and first grade, as the indicator for this gateway because it reflects a variety of social, emotional, and cognitive factors critical to a child's development. If a child is lacking in any of these areas, she is likely to have trouble learning in school. Once she falls behind, it will be difficult for her to catch up.<sup>2</sup>

*Kindergarten teachers rated more than one-third of the young children entering their classrooms as not prepared to learn. These children face major barriers to opportunity at the earliest stages of life.<sup>3</sup>*

### **COLORADO'S INVESTMENT IN SCHOOL READINESS**

Many factors determine whether a child will enter kindergarten ready to learn. Family support services to reduce violence and neglect in the home are obviously essential. Family literacy, health care, child care, and quality early childhood education are all important for low-income children and disadvantaged families.

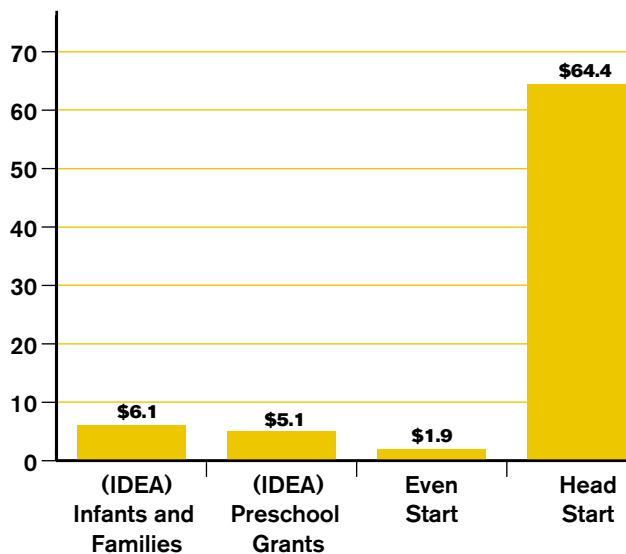
**We have chosen to focus on quality early childhood education, because numerous studies over many years have demonstrated the value of good preschool programs in helping prepare disadvantaged children for the K-12 years.** (See box, "Colorado's Preschool Program Works.")



There are three major federally-funded preschool programs operating in the state. The Even Start Family Literacy Program includes, as part of a more comprehensive program, funds for preschool. The Individuals With Disabilities Act (IDEA) funds services for infants and young children with special needs. But the largest federally-funded program by far is Head Start, which currently serves 9,872 children in Colorado.

#### Federal Program Appropriations for Colorado in 2002

Millions of Dollars



**Despite this commitment by the federal government, there are thousands of low-income children in Colorado who are not able to enroll in quality preschool programs.**

#### **CLOSE-UP: THE COLORADO PRESCHOOL PROGRAM (CPP)**

The Colorado Preschool Program (CPP) was started in 1989 to help at-risk<sup>4</sup> children who are not served by federally-funded preschool programs learn the skills they need to succeed in school.

**ADMINISTERED BY:** Colorado Department of Education (CDE)

**NEED MET:** An estimated 70% of eligible children receive CPP services.<sup>5</sup>

**FUNDING TREND:** ▲

**OVERVIEW:** CPP works. Studies show that children who participate have bridged the achievement gap, greatly enhancing their chances of future success.

**RECOMMENDATIONS:** In the short term, Colorado should maintain the current (2002) level of funding for the CPP program. By the year 2010, every 3- and 4-year-old from a low-income family should have access to CPP or a federally-funded, quality preschool program.

CPP served 1,933 children in its first year and has grown steadily to serve 11,050 in FY 02-03. In 2001, the CDE estimated that an additional 4,425 children were eligible for the program, which means that after a

## Gateway 2 | A Safe and Stimulating Early Childhood

dozen years of growth, the program was meeting about two-thirds of the need (see footnote 5).

### THE PROGRAM AND FUNDING:

- **CPP provides stimulating, half-day programs for children who are at risk for school failure.**

The program advances opportunity for participating families because it provides a rich learning environment for students and teaches parents how to bolster learning at home.

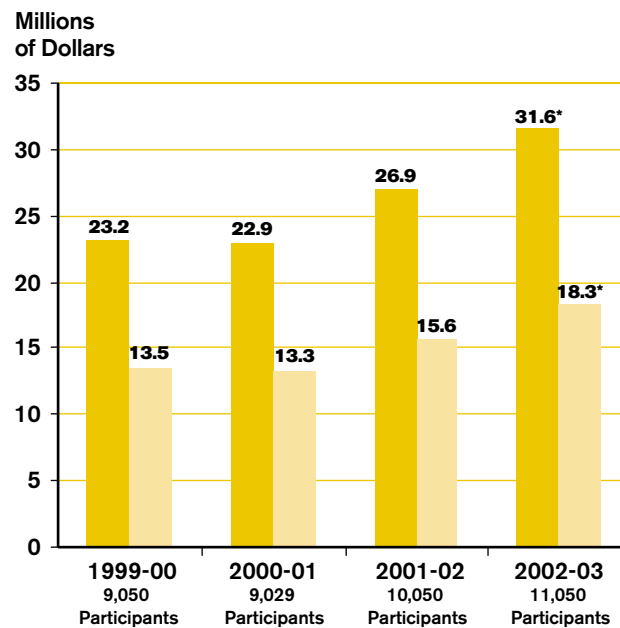
- **Each child is evaluated and given an Individual Learning Plan that identifies his developmental needs.** In addition, each site<sup>6</sup> is required to have a written plan for parent involvement, and parents must agree to this plan.

- **There are a number of measures in place that ensure CPP's high quality:**

- Staff must have attended education courses and demonstrated knowledge in early childhood development.
- There is ongoing staff development training.
- The program is required to meet the Colorado Quality Standards for Early Childhood Care and Education Services.

The following chart shows the growth in CPP enrollment from 1999-2003. Local school districts fund the difference between what the state contributes and the total funding budget number.

### Colorado Preschool Program: History of Student Participation and Funding



- **Total Funding**
- **Estimated State Portion**

\* These numbers are estimated.





## COLORADO'S PRESCHOOL PROGRAM WORKS

- On the 2000 third grade CSAP, CPP graduates, who have an average of 3.7 risk factors,<sup>7</sup> scored within two percentage points of the state average in proficient and advanced levels.<sup>8</sup>
- In Weld County, more than half of the Hispanic CPP graduates scored at proficient or advanced levels on the 2000 third grade CSAP, while only one-third of the other Hispanic students in the district scored as well.<sup>9</sup>
- In the Boulder Valley School District, 78% of CPP graduates met performance goals in the primary grades, while the district average is 79%. The difference is that 36% of CPP participants have English as a second language, while the district average is only 8.9%.<sup>10</sup>

## COLORADO'S INVESTMENT IN A SAFE CHILDHOOD

Programs that focus on the physical and emotional safety of our children also play a critical role in providing a healthy early childhood. The Colorado Department of Human Services (CDHS) is the lead agency addressing child safety issues, including welfare, nutrition, adoption, special needs, and daycare. The state, through CDHS, invests in a number of programs and services that complement federal, local, and private efforts.

### CHILD WELFARE PROGRAMS

- The Division of Child Welfare works to provide children with a minimally safe and supportive home environment while attempting to keep families intact. The agency acts to remove children from unsafe homes when necessary (primarily through foster care and adoption).
- In 1992, a lawsuit was filed against the state of Colorado for its failure to provide for the safety of its children. That suit was settled when the governor and Department of Human Services signed the Child Welfare Settlement Agreement, which has resulted in increased funding and staff for child welfare services.
- In FY 02-03, the Division of Child Welfare was budgeted to receive \$148 million in General Funds—an \$11 million increase

## Gateway 2 | A Safe and Stimulating Early Childhood

over last year—to cover anticipated caseload increases. The Division also will receive \$73.8 million in federal funds, bringing total funding to \$293 million.

### How well is Colorado meeting the needs of its children?

**While progress has been made since 1992, recent reports underscore the urgent need for greater attention and resources to ensure the safety of Colorado’s children.**

- A CDHS 2001 Service Effectiveness Survey identified a number of strengths and gaps in Colorado’s child welfare system.<sup>11</sup> The most commonly cited gaps involve important aspects of child welfare services (e.g.—services for children after they are placed in out-of-home settings). The CDHS report concludes, “It is important to note the theme of a lack of resources that runs across three of the four top gaps.”
- A 2002 review of child and family services by the U.S. Department of Health and Human Services found that “Colorado did not achieve substantial conformity with six of

the seven safety, permanency, and well-being outcomes” for children.<sup>12</sup> For example, the state did not meet national standards for protecting children in foster care.

### CHILD CARE PROGRAMS

Safe, dependable child care is essential to the well-being of young children without a stay-at-home parent or family member. Child care is also a critical element in many families’ efforts to achieve self-sufficiency. While these services often do not include as much educational content as preschool, they should provide at least a stable, nurturing environment.

- Part of the mission of CDHS’s Division of Child Care is to improve the quality of programs by licensing, inspecting, and supervising over 10,000 child care facilities. A new program created in 2002, School Readiness Child Care Pilots, will generate additional federal funds to improve the educational components of child care programs serving low-income children.





- **The Division of Child Care also helps low-income families<sup>13</sup> afford child care by providing financial assistance through the Colorado Childcare Assistance Program (CCCAP).** This program receives federal and state funds and is administered by the counties.
- Participation in CCCAP increased rapidly over the past several years, growing from 38,455 children in FY 97-98 to 53,900 in FY 01-02. **However, between May 2002 and January 2003, 6,000 fewer children were served, primarily because of financial problems in the counties.** Even before this decline, the program was not able to meet the growing demand for services.<sup>14</sup>
- In FY 02-03, the Division of Child Care was budgeted to receive about \$20 million from the state General Fund and \$56.8 million in federal funds. **This represents a \$2 million increase in General Funds over last year.**

### Gateway 3 | Building a Solid Base for Literacy

The quality of public education should be a priority for everyone who lives in Colorado. K-12 education is perhaps the best engine for both individual opportunity and for the overall economic health of the state. One of the fundamental building blocks of education is reading. If a student has not mastered literacy skills by the end of elementary school, his chances of later academic success—and all the opportunities that flow from it—decline significantly.

#### **INDICATOR: READING PROFICIENCY IN THE THIRD AND FOURTH GRADES**

We selected reading proficiency as the indicator for this gateway because research has shown it to be a powerful predictor of later school success.<sup>1</sup> Schools are designed to focus on literacy instruction (reading and writing) in the first three or four years. After that, students are not only expected to read proficiently, but teachers plan their instruction in other subjects based on this assumption.

*More than one in four Colorado third-graders is not proficient in reading on the CSAP.<sup>2</sup>*

#### **COLORADO'S INVESTMENT IN HELPING KIDS ACHIEVE READING PROFICIENCY**

To understand how Colorado invests in helping children learn to read, it is important to know how the state provides base per pupil funding to schools. This is the money that allows schools to hire teachers, buy books, and keep operating. Reading instruction is a major beneficiary of this investment. In addition, the state has two programs—Read to Achieve and Reading First—targeted specifically at helping young children learn to read.

- **In FY 02-03, the legislature appropriated nearly 40% of all General Funds (over \$2.2 billion) for K-12 education.** Local governments contributed an additional \$1.9 billion, bringing the state total to over \$4.1 billion. These funds are





distributed to school districts based on a formula in the Public School Finance Act.

- **In addition to these funds, the state legislature has created a set of grant programs to address targeted needs** (e.g.—new textbooks, “failing schools,” summer school, Read to Achieve). In FY 02-03, the legislature appropriated a total of \$47 million for these programs.
- **A third area of school funding is for categorical programs.** These are designed to help schools meet the needs of specific groups of students (e.g.—special education, English language proficiency, expelled and at-risk). The state spent nearly \$158 million on these programs in FY 02-03.
- Finally, **Colorado received about \$372 million from the federal government** for a variety of programs and purposes—including Reading First—in FY 02-03.

*Despite these significant investments in education, Colorado received a grade of “C” on the adequacy of its K-12 funding—and ranked 42nd among all states—in Education Week’s annual review of education, Quality Counts 2002.<sup>3</sup>*

## **CLOSE-UP: READ TO ACHIEVE AND READING FIRST PROGRAMS**

Literacy skill development is woven throughout the K-12 curricula. In addition, Colorado has two programs—Read to Achieve and Reading First—that focus specifically on the development of literacy skills in young students.

**ADMINISTERED BY:** Colorado Department of Education

**NEED MET:** 75% of eligible students (second- and third-graders reading below grade level) are served by Read to Achieve.

**FUNDING TREND:** 

**OVERVIEW:** Read to Achieve and Reading First are designed to help students in grades K-3 learn to read well. These programs provide crucial support for students in the early grades who are already falling behind their peers.

### **RECOMMENDATIONS:**

- **Tobacco settlement funds should remain dedicated to meeting the important educational and health care needs of the state, including Read to Achieve. The state should not mortgage the future availability of these funds—and the opportunities they make possible—to get out of its current financial difficulties.**

- **The state legislature should amend the Colorado Basic Literacy Act and allow schools receiving both Read to Achieve and Reading First dollars to combine the funds under one program. We recommend that the Reading First program take precedence.**

### THE PROGRAMS AND FUNDING:

- Read to Achieve was created in 1996 as part of the Colorado Basic Literacy Act. **The Act states that every child should be reading at grade level by the end of third grade.** It requires that any child reading below grade level have an Individualized Reading Plan (IRP) and provides funding to schools to support IRP implementation.

- **The program is funded entirely from the Tobacco Settlement Fund.** Current state law requires that up to \$19 million per year be made available for this program. While this means its funding is not jeopardized by cuts in the General Fund or the State Education Fund, changes in the use of the tobacco settlement money could have a major impact on this program.

- **In the 2001-02 school year, Read to Achieve served approximately 75% of Colorado's second- and third-graders who have IRPs, or 29,059 students in 553 schools.**<sup>4</sup>

- In order for a school to receive continued funding, it must demonstrate that at least 25% of the students who have IRPs at the start of the year are reading at grade level by the end of that year. **92% of the Read to Achieve programs that were funded in 2001-02 met or surpassed this standard and were re-funded for the 2002-03 school year.**<sup>5</sup>

- Reading First was created by the federal No Child Left Behind Act of 2002. In FY 02-03, **Colorado received \$9 million in federal dollars to implement this program.**

- While the overall goals of these two programs are similar, many of the programmatic details are different. **For example, the Reading First statute requires that funds only be used to implement reading programs that are supported by research findings.**

- **Between these two programs, there is about \$28 million—over and above the regular per student base funding—available to help these young students.** This is enough to serve 100% of the students reading below grade level in first, second, and third grade. **It is imperative that these funds are spent wisely.**





## AMENDMENT 23 AND COLORADO SCHOOL FINANCE

**In 2000, Colorado voters approved an amendment to the state constitution that makes funding for K-12 a priority.**

**Amendment 23 requires an increase of “inflation plus one percent” in the per student base funding under the school finance formula.** In FY 02-03, this amounted to a 5.7% increase over the previous year’s base funding. Because of other factors that impact school funding, such as enrollment growth, the overall appropriation for the school finance formula grew by 7.3%.

Both state and local funds go into meeting this obligation. However, **because local spending on education has been growing at a relatively slow rate, the state has been picking up an increasingly larger share of the overall cost.** For example, in FY 02-03, the local share of funding went up by only 3.5%. This forced the state to increase its share by 10.1%. Currently, the state funds almost 60% of the total cost of public school education.<sup>6</sup>

**Even with Amendment 23, education funding remains a major issue within the state budget.** When growth in state revenues slows or even declines, meeting this constitutional requirement can put pressure

on other parts of the budget or require the legislature to draw from the State Education Fund—a pot of money created by Amendment 23 to help the state meet its financial obligations to education over the years. **Withdrawing too much money from the fund too quickly could jeopardize its long-term viability.**

**Amendment 23 was proposed primarily as a response to the impact of the Taxpayer’s Bill of Rights (TABOR) on education funding.** While it has ensured a certain level of growth for K-12 education, there are other issues that need to be examined. **The Bell believes the state must:**

- **Better understand the impact of TABOR on the state’s ability to invest in key areas of the budget that impact opportunity.<sup>7</sup>**
- **Look at whether the school finance formula currently provides an equitable distribution of education funding across the state.**
- **Address the declining local share of education funding that is affecting how much and how equitably funds are distributed in the state.**

## Gateway 4 | Establishing a Healthy Lifestyle in Childhood and Adolescence

An active and healthy childhood and adolescence helps a young boy or girl move successfully along the Cycle of Opportunity. Those who develop healthy habits are creating the foundation for a longer, more productive life. Children and adolescents who do not establish these habits—or who take part in high risk behaviors—can face short- and long-term health, social, and economic consequences.

### **INDICATOR: OVERWEIGHT AND OBESITY IN CHILDREN AND ADOLESCENTS**

Overweight and obesity<sup>1</sup> are important indicators to track because, while Colorado's adults have the lowest rate of obesity in the country (14.9%), the increase over the past decade—for both children and adults—is striking.<sup>2</sup>

The short- and long-term health problems associated with childhood obesity are serious and can have major, adverse impacts on opportunity. For example, obesity-related illnesses now outrank both smoking and drinking in their deleterious effects on health and health care costs.<sup>3</sup>

*One in five children and adolescents in Colorado is overweight or obese.<sup>4</sup>*

### **OBESITY: WHOSE PROBLEM IS IT?**

**“People tend to think of overweight and obesity as strictly a personal matter. But there is much that communities can and should do to address these problems... When there are no safe places for children to play...When school lunchrooms or workplace cafeterias don't offer healthy food choices...And when we don't require daily physical education in our schools, that is also a community responsibility.”<sup>5</sup>**

—David Satcher  
Former U.S. Surgeon General

- We know why overweight and obesity is a growing problem among our children and adolescents—poor eating habits and a lack of physical activity.
- Families and community organizations can play an important role in helping to ensure that children eat a healthy diet and get adequate amounts of physical activity.





- State and local governments can get involved too. Some examples:
  - Some school districts—such as Los Angeles Unified—have taken junk food and soda machines out of their schools.
  - Other states and school districts have made physical education more appealing and more focused on improving health indicators (e.g.—cardiovascular conditioning, weight reduction) rather than a time to play.
  - In 2001, Texas passed a law with new requirements around physical education and activities in the schools. Among the law’s provisions, the state education agency must make available to each district a coordinated health program designed to prevent obesity, cardiovascular disease, and Type II diabetes in students. The districts are required to implement the program.<sup>6</sup>

## **COLORADO’S INVESTMENT IN A HEALTHY LIFESTYLE IN CHILDHOOD AND ADOLESCENCE**

Our research was not able to identify any state programs, activities, or services targeted specifically at reducing the incidence and effects of overweight and obesity in children and adolescents.

- **Colorado is one of only two states that has no requirement for physical education/activities in schools.**<sup>7</sup> There is no staff person at the Colorado Department of Education whose job focus is physical education. So, while there are many high quality programs around the state, we do not know how many schools offer physical education, at what grades, and with what health results.

There are several other state-supported programs and services that have the potential to positively affect the nutrition and physical activity of young people. In certain locations, often because of individual staff effort and leadership, programs and services such as **school nurses and school-based health clinics have directly addressed overweight and obesity by focusing on improving eating habits and activity levels.**

**RECOMMENDATIONS:** These and other programs should be modified and better coordinated—through administrative and legislative actions—so they play a stronger role in understanding the extent of the problem and implementing solutions. For example, school nurses already collect certain health-related information at several points in time. If they were required to collect the height and weight of students, the state could track trends over time and understand regional and demographic differences in overweight and obesity.

### HEALTH CARE FOR COLORADO'S LOW-INCOME CHILDREN

While we focused this gateway primarily on healthy behaviors, **access to health care services for children and adolescents is also critical to the Cycle of Opportunity.**

- To prevent overweight and obesity, **access to routine exams and check-ups are important tools for educating parents and young people** about the importance of good nutrition, regular exercise, and other health behaviors.
- In Colorado, children between birth and age 18 are eligible for Medicaid or the Children's Basic Health Plan (CBHP) if their family income is at or below 185% of the Federal Poverty Level (FPL), which is \$27,787 for a family of three.<sup>8</sup>
- Medicaid and CBHP will serve more than 220,000 children in FY 02-03.

Children represent approximately 54% of the total Medicaid caseload and nearly the entire CBHP caseload (certain pregnant women were made eligible in 2002).<sup>9</sup> However, because children use fewer and less expensive medical services, they represent a much smaller percentage of expenditures. For example, **while children make up over half of the Medicaid caseload, they account for only 18% of the program's expenditures.**<sup>10</sup>

- Children who are in families with incomes above 185% of FPL are either insured through private policies or are uninsured (and put off getting care, go to emergency rooms and community clinics, or pay for costs out of pocket).
- It is not known at this time how many of the over 500,000 uninsured Coloradans are children.<sup>11</sup>



**results**

## Gateway 5 | Leaving High School with a Diploma and the Skills to Succeed

Finishing high school with the skills to succeed is the next gateway. To pass through this portal, an individual must not only graduate, but take with him the level of knowledge necessary to parlay a diploma into the opportunity for further education and training. Without additional training or postsecondary education, individuals will find it difficult to earn a self-sufficiency wage in 21st century economies.

### **INDICATORS: HIGH SCHOOL COMPLETION, 10TH GRADE MATH PROFICIENCY, AND 11TH GRADE ACT TEST RESULTS**

We chose these three indicators because, taken together, they paint a compelling picture of how well Colorado educates its high school students. It is clear from this data that too many kids are dropping out of school and that a large number of those who do graduate lack the skills to get good paying jobs or to continue their education or training.

#### **High School Completion:**

**In 2001, one out of every five students failed to complete high school in Colorado.** One of every three Black and Hispanic students and two of every five American Indian students did not complete high school.<sup>1</sup>

- **The cumulative effect of the drop out rate for each graduating class is that more than 340,000 Coloradans over the age of 25 lack a high school diploma or GED.**<sup>2</sup>

#### **10th Grade Math Proficiency:**

High School math achievement is a good predictor of whether a student will go on to further education and training.

- **Only 27% of Colorado students were rated either proficient or advanced on the 2002 10th grade math CSAPs. Minorities fared even worse. Only 7% of Black and 8% of Hispanic students were proficient or advanced.**<sup>3</sup>

#### **11th Grade ACT Scores:**

Performance on the ACT college entrance exam is an essential measurement of accumulated student learning. It also plays a large role in where a high school graduate can gain entrance to college.

- **The national average on the ACT is 21; Colorado's average score in 2002 was 19.6.** Black, Hispanic, and American Indian students scored even lower—with statewide averages at 15.4,





15.2, and 16.7 respectively.<sup>4</sup> Students who score below 17 are usually only eligible to attend colleges and universities that admit all applicants through “open enrollment” policies.<sup>5</sup>

## **COLORADO’S INVESTMENT IN QUALITY HIGH SCHOOL EDUCATION**

**Although the performance of Colorado’s high schools is disturbingly low, this issue has not been a priority for policy-makers, educators, the press, or the general public.** There is very little energy directed at better understanding why students drop out and how to keep them in school. In addition, Colorado does a poor job of helping students, especially minorities, gain the overall skills and knowledge they need to get ahead in the working world.

### **THE PROGRAM AND FUNDING:**

- **The majority of funding for high schools comes through the Public School Finance Act.** For 2002-03, the average per student funding from state and local sources is \$5,782 (with a range of between \$5,435 and \$12,276). **With about 213,000 students this year, the total sent to high schools is about \$1.23 billion.** The state’s share is about \$730 million (approximately \$3,425 per student), a large investment in these critical years.

- **While the long-term impact of dropping out is bad for individuals, businesses, and the overall economy, the short-term financial impact on the state is positive.** For example, in 2001, there were 62,756 high school freshmen but only 44,912 seniors in Colorado.<sup>6</sup> If the state were to cut its drop out rate in half over the four years of high school, it would need to appropriate an extra \$30.5 million through the school finance formula to cover these additional students (using 2002-03 funding figures).

- **The only statewide effort focused on improving graduation rates is the Expelled and At-Risk Student Services Program.** (*See “Close-Up” on page 27.*)

**RECOMMENDATIONS:** Colorado should appoint a Special Commission on High School Performance to recommend ways to improve student learning and increase the graduation rate. The Commission should examine all aspects of the high school system—from school and instructional design to course requirements—with special emphasis on budget implications. Colorado is clearly getting too little return from its current investment and, perhaps, not investing enough in these critical years.

**CLOSE-UP: EXPELLED AND AT-RISK STUDENT SERVICES PROGRAM**

This program provides educational, vocational, social, and emotional support to expelled or at-risk students so they will remain in or return to school.

**ADMINISTERED BY:** Colorado Department of Education (CDE)

**NEED MET:** Each year, CDE is able to use some of the funds not committed to continuation grants for new grant awards. In September 2002, CDE was able to fund only \$900,000 of the \$3 million in grant requests it received.<sup>7</sup>

**FUNDING TREND:** ↑

**OVERVIEW:** This is the only statewide effort focused on improving the graduation rate, but it impacts a relatively small number of students and does not address the systemic problems facing high schools.

**RECOMMENDATIONS:** In the short term, Colorado should not shift money from this program to other categorical programs. In the long term, the state should continue to expand it by at least inflation plus 1% to meet unfunded need.

**THE PROGRAM AND FUNDING:**

In FY 02-03, the state legislature appropriated almost \$6.1 million for the Expelled and At-Risk Student Services Program, a \$300,000 increase over the prior year. (This total includes some funding for the state's in-school, in-home suspension program.) These funds are awarded on a competitive basis to schools and other organizations that work with potential dropouts.

**FOCUS ON HIGH SCHOOL FUNDING**

A high school student counts the same in the school finance formula as a student at any other grade. (See pages 17-18 for more information on how Colorado finances schools.) But high schools are different from middle and elementary schools in many ways, such as mission, size, and extracurricular activities. Are high schools receiving adequate funding to do their job well? How could existing funding be distributed and/or used differently to get better results? Colorado has yet to adequately explore these and other issues that are critical to providing a quality high school education.



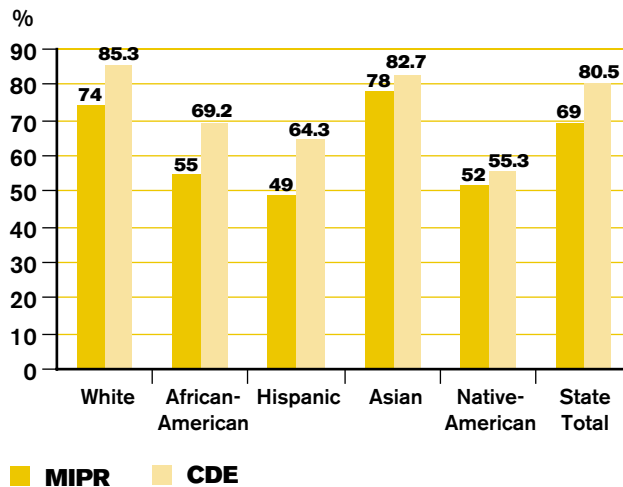


## GRADUATION RATES: A BLEAK PICTURE

The Manhattan Institute for Policy Research (MIPR) recently released the report, *Public School Graduation Rates in the United States* by Dr. Jay Greene.<sup>8</sup> **According to his methodology, Colorado has an overall graduation rate of 69% as compared to the 80.5% reported by the Colorado Department of Education (CDE).**

This ranks Colorado right at the national average of 69% and 31st among all states on graduation rates.

**Comparison of Graduation Rates from Manhattan Institute for Policy Research and Colorado Department of Education**



The report also provides figures for different racial and ethnic groups in the state that can be compared with the CDE data.

There are two main reasons for the difference between Greene's and CDE's figures:

- Dr. Greene only counts students who receive a regular high school diploma. He argues that if we are attempting to judge the success of high schools, it does not make sense to include students who have dropped out and pursued a GED on their own. We agree.
- Instead of trying to follow students from year to year as they change schools or move out of state (the methodology used by CDE), Dr. Greene compares the number of freshman in the state with the number of diplomas awarded four years later (with adjustments for changes in the size of the student body). He argues that this methodology is more precise, especially when looking at state-level results.

**Even if one splits the difference between the two methods, it appears that the high school completion picture in Colorado—and the nation—is worse than previously thought.**

## Gateway 6 | Access to Education and Training for Adults

For adults, access to education and training goes hand-in-hand with access to opportunity. Individuals with credentials beyond high school earn more, are more likely to receive health benefits through their jobs, and are more involved in the civic life of their communities. Investing in programs that serve a wide range of adults—from the unemployed, to those who are trying to improve their skills, to immigrants who need to learn English—benefits the state economy, businesses, and Colorado’s families.

### **INDICATORS: ACCESS TO HIGHER EDUCATION AND ACCESS TO ADULT BASIC EDUCATION AND ENGLISH AS A SECOND LANGUAGE (ESL) SERVICES**

#### **INDICATOR 1: ACCESS TO HIGHER EDUCATION**

Over the past 20 years, postsecondary education has become almost a necessity for anyone striving to be self-sufficient. The income gap between families headed by wage earners with two or more years of higher education, and those headed by wage earners with a high school diploma or less, continues to grow. For example, **the lifetime gap in earnings potential between an individual with a high school diploma and someone with a four-year degree exceeds \$1 million.**<sup>1</sup>

*Colorado ranks 41st among all states in providing an opportunity for low-*

*income students to attend college.<sup>2</sup> Only 26% of 18-24-year-olds are enrolled in higher education, which ranks the state 45th. (The three top performing states averaged 41% of 18-24-year-olds in college.)<sup>3</sup>*

#### **COLORADO’S INVESTMENT IN ACCESS TO HIGHER EDUCATION**

There are a number of factors that contribute to Colorado’s poor record in sending its kids to college. A key factor is affordability. In *Measuring Up 2002*, a recent report from the National Center for Public Policy and Higher Education, Colorado received a grade of C– in affordability.<sup>4</sup>

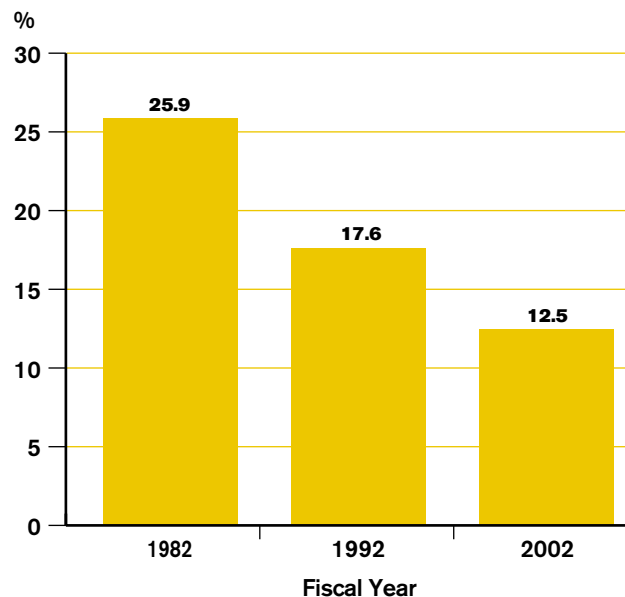




### Why is college in Colorado less affordable than in other states?

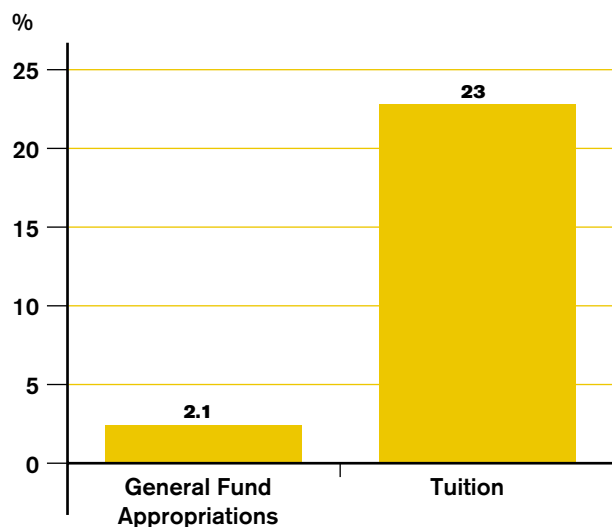
- In FY 01-02, about \$1.6 billion in state and federal funds supported Colorado's system of public higher education. Slightly more than \$750 million came from the state's General Fund, with about an equal amount generated by tuition and fees.<sup>5</sup> As illustrated by the following graph, **the share of the total state budget dedicated to higher education has been cut in half over the past twenty years.**<sup>6</sup>

#### Higher Education Share of Total State Appropriations 1982, 1992, 2002



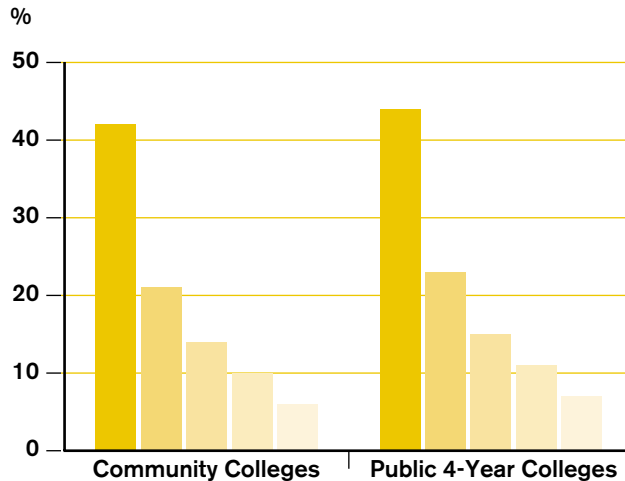
- **To compensate for decreasing state appropriations, tuition and fees increased by 25% above inflation at public two-year institutions and 17% above inflation at public four-year institutions between FY 91-92 and FY 01-02.**<sup>7</sup>

#### Growth in General Fund Appropriations for Higher Education Compared to Growth in Tuition and Fees at Public Colleges 1991-2001 (in 2001 adjusted dollars)



- **The net effect of these changes has been to make college in Colorado relatively less affordable than in other states.**<sup>8</sup> Even when financial aid is taken into account, the cost of higher education in the state is high, especially for low-income families.<sup>9</sup>

**Percent of Family Income Needed To Pay For College Expenses**



- Lowest Income**
- Lower-Middle Income**
- Middle Income**
- Upper-Middle Income**
- Highest Income**

- Need-based financial aid is intended to help narrow, if not fill, the gap between what a family can afford for higher education and the cost of attendance (tuition, fees, books, etc.). Without this kind of aid, many families must take out loans to cover costs or forgo attendance.

- The average annual higher education loan amount for an undergraduate student in Colorado is \$3,633, the eighth highest in the nation.<sup>10</sup>

**CLOSE-UP: NEED-BASED FINANCIAL AID**

Colorado has three programs that provide need-based financial aid to low-income students: Need-Based Grants, Governor’s Opportunity Scholarships, and Work Study. In FY 02–03, the legislature appropriated \$68.2 million for these programs.<sup>11</sup>

**STATE PROGRAMS:** Need-Based Grants, Governor’s Opportunity Scholarship, Work Study

**ADMINISTERED BY:** Colorado Department of Higher Education and the Colorado Commission on Higher Education (CCHE).

**NEED MET:** 10% of Requests

**FUNDING TREND:**

**OVERVIEW:** Need-based financial aid is a critical ingredient in promoting access to college for low-income students.

**RECOMMENDATIONS:**

- **In the short term, Colorado should not cut need-based financial aid. Any reductions would exacerbate the state’s problem of access to higher education. A cut of just \$1 million would eliminate approximately 680 students from the Need-Based Grants program.**

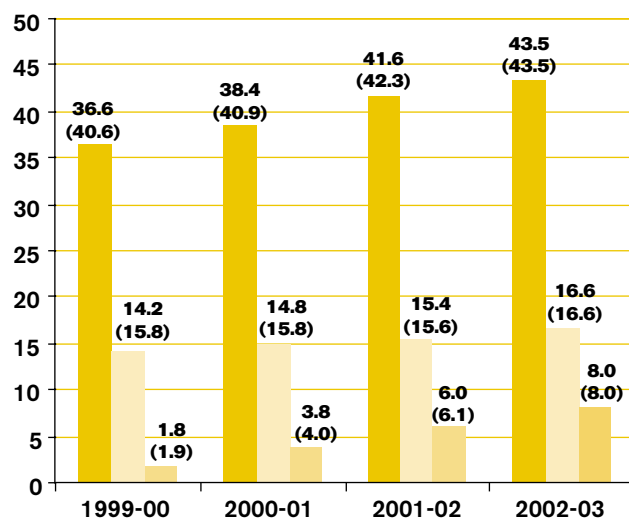




- When the state’s economic outlook improves, it should significantly increase need-based financial aid (or decrease tuition for low-income students) to make Colorado a leader in affordability and access to higher education.

**CO General Fund Support for Need-Based Financial Aid In Millions, 1999-00 to 2002-03**

Millions of Dollars



Note: Numbers in parentheses are adjusted for inflation (2002 dollars)

- Need-Based Grants
- Work-Study
- GOS

**THE PROGRAMS AND FUNDING:**

- Research has shown that low-income individuals are especially sensitive to increases in the out-of-pocket costs of higher education and reluctant to take out loans for this purpose.

Need-based financial aid, which does not have to be repaid, is a critical ingredient in promoting access.

- While need-based financial aid has grown, tuition and fees have grown even faster. From FY 90-91 to FY 99-00, average tuition and fees increased at an annual compounded rate of 6.2% at Colorado’s public two-year colleges and 4.9% at public four-year institutions.<sup>12</sup> Over the same time period, the average state-funded Need-Based Grants award increased only 3.3% annually.<sup>13</sup>

- The demand for financial aid vastly exceeds the amount of funds available. The CCHE estimates that of the students who apply for need-based financial aid, approximately 25% receive federal Pell grants. The state’s own programs cover only about 10% of the remaining requests (estimated at \$194 million).<sup>14</sup>

- This problem is likely to increase during economic downturns, when higher education enrollment tends to increase.<sup>15</sup> Between FY 00-01 and FY 01-02, corresponding with the current recession, enrollment increased 4.0%.<sup>16</sup> This growth is placing greater pressure on student financial aid.

**INDICATOR 2: ACCESS TO ADULT BASIC EDUCATION AND ENGLISH AS A SECOND LANGUAGE (ESL) SERVICES**

*Colorado is the only state in the country that provides no direct funding for Adult Basic Education and ESL services.*

340,000 Coloradans over the age of 25 are out of school and do not have a high school diploma.<sup>17</sup> This means the state has a very limited system of educational services for those adults with the lowest levels of skills. In FY 01-02, only 4% of adults without a high school diploma were served.<sup>18</sup> This is a major roadblock on the Cycle of Opportunity, where both skills and credentials (in this case, the GED) make a major difference.

**COLORADO'S INVESTMENT IN ADULT BASIC EDUCATION AND ESL SERVICES**

The State's Adult Basic Education and ESL services have three sources of support:

- The federal **Adult Education and Family Literacy Act (AEFLA)**, title II of the **Workforce Investment Act**, sends about **\$4.6 million to Colorado annually**. These funds are distributed on a competitive basis to 36 programs across the state. In program year 2000-01, more than 13,000 individuals accessed services through AEFLA. More than half received ESL instruction.
- **Community colleges also provide support for Adult Basic Education and ESL**. This instruction is offered as part of their mission to provide remediation for students, either as standalone courses or integrated into occupational training programs. Several community colleges are also grantees under AEFLA.
- **Local Adult Basic Education and ESL programs also raise private funds to support their work**. This takes the form of individual contributions as well as corporate and foundation support.





## **CLOSE-UP: FAMILY LITERACY PROGRAM**

Family literacy helps undereducated adults improve their own abilities while simultaneously learning how to help their young children develop strong literacy skills. Family literacy programs support this indicator and our earlier indicator on school readiness.

**ADMINISTERED BY:** Colorado Department of Education (CDE)

**NEED MET:** 0%

**FUNDING TREND:** Not Funded

**OVERVIEW:** Family literacy programs are proven to not only improve the skills of undereducated adults, but also to increase their children's chances for academic success as well.<sup>19</sup>

**RECOMMENDATIONS:** It is time for Colorado to step up to the plate, just like 49 other states, and provide financial support for adult and family literacy programs, a critical on-ramp to the Cycle of Opportunity. The legislature should provide \$2 million in FY 03-04 and increase this funding over the next five years in order to serve 10% of the target population (34,000 adults) each year.

## **THE PROGRAM AND FUNDING:**

- Last year, the Colorado Legislature passed **House Bill 1303 to support the creation of family literacy programs in the state.**
- Unfortunately, **HB 1303 was amended and stripped of all state funding.** The bill, as signed into law, only allows for the creation of a state fund that can accept private sector donations.

## Gateway 7 | A Healthy Adult Life

Good health is a critical gateway to opportunity. It makes it possible to pursue a job that pays a self-sufficiency wage or to further an education. Good health also helps employers and the government lower medical expenses and other costs. Poor health often leads to reduced earnings, the inability to accumulate and keep assets, and an overall diminished quality of life.

### **INDICATORS:** PREVALENCE OF YOUNG ADULT SMOKERS, PREVALENCE OF DIABETES, AND HEALTH INSURANCE COVERAGE

#### **INDICATOR 1:** PREVALENCE OF YOUNG ADULT SMOKERS

Smoking is the single largest preventable cause of disease and death in the U.S.<sup>1</sup> Most adults start smoking when they are adolescents or in their late teens or early twenties, and this age group has the highest rate of smoking.<sup>2</sup> Smoking-related health care expenses cost Colorado's economy an estimated \$930 million each year.<sup>3</sup>

*In 2000, 28.2% of young adults age 18-24 smoked cigarettes.<sup>4</sup>*

#### **CLOSE-UP:** STATE TOBACCO EDUCATION AND PREVENTION PARTNERSHIP (STEPP)

**ADMINISTERED BY:** Colorado Department of Public Health and the Environment

**NEED MET:** As a public health initiative, all Coloradans have access to at least some services.

**FUNDING TREND:** 

**OVERVIEW:** STEPP is funded entirely with the state's Tobacco Settlement Funds. It has programs in 63 of Colorado's 64 counties. STEPP also manages Colorado's statewide tobacco education, prevention, and cessation





activities, such as Colorado’s Quitline (a toll-free number) and QuitNet (a web site).

**RECOMMENDATIONS:** The state should not redirect the Tobacco Settlement funds for STEPP to other areas of the budget. In addition, the state should not raid the Tobacco Settlement Trust Fund, which was created to guarantee the long-term existence of these important programs.

#### **THE PROGRAM AND FUNDING:**

- Senate Bill 00-71, signed into law in 2001, allocated 15%—or up to \$15 million—a year of Colorado’s tobacco settlement monies for tobacco education, prevention, and cessation programs. **In FY 02-03, \$14.8 million was appropriated.**
- **STEPP uses about 60% of these funds to make grants to local public health agencies.** The remainder supports statewide efforts.
- **One-third of the local grant money is targeted at youth.**
- In carrying out these projects, **the state requires local grantees to follow guidelines created by the federal Centers for Disease Control and Prevention (CDC).** These guidelines are based on research about the effectiveness of certain programs and services.

- In a February 2000 memo to the governor, Jane Norton, then executive director of the Department of Public Health and Environment, said, **“With a \$15 million annual investment, funded solely through the tobacco settlement, we have an opportunity to save Colorado \$930 million a year—and over 4,000 lives.”**<sup>5</sup> We need to preserve that opportunity.

#### **INDICATOR 2: THE PREVALENCE OF DIABETES AMONG ADULTS**

Diabetes is a deadly and increasingly common disease in Colorado. Between 1996 and 2000, the incidence of diabetes went from 3% to 5.1%.<sup>6</sup> This is partially due to the aging of the “baby boom” population, but is also related to increases in obesity, a lack of exercise, and lack of access to preventative health care.

*In 2000, 5.1% of Colorado adults had diagnosed diabetes.*<sup>7</sup>

#### **THE PROGRAM AND FUNDING:**

- **Diabetes is the eighth leading cause of death by disease, with over 1,800 related deaths each year.**<sup>8</sup>
- Colorado’s effort to educate people about diabetes, collect statistics on its prevalence, and provide training to health care workers about treatment—carried out through the Diabetes Control Program—is funded

entirely by the CDC. **There are no state-funded programs specifically targeted at diabetes.**

- Of course, as with all diseases, **access to preventative health care and treatment is critically important in reducing the incidence and health effects of diabetes.**

### **INDICATOR 3: HEALTH INSURANCE COVERAGE AMONG ADULTS**

Most Coloradans with health insurance receive coverage through their employer.<sup>9</sup> However, **a majority of the uninsured live in households with a working adult.**<sup>10</sup> Most of these uninsured workers have lower paying jobs and are either not offered health insurance as a benefit by their employer or cannot afford what is available, and are not eligible for publicly supported health insurance (e.g.—Medicaid). The unemployed are much more likely than those with jobs to be uninsured.

***In 2001, an estimated 528,752 Coloradans (about 15% of the population) had no health insurance.<sup>11</sup> An earlier estimate found that 38% of adults in poverty and 33% of Hispanic adults lacked health insurance.<sup>12</sup>***

### **THE PROGRAM AND FUNDING:**

- Although figures are not yet available, **it's a safe bet that with the dramatic increase in unemployment, higher health insurance costs, and cuts in the state budget, the number of uninsured Coloradans has risen since 2001.**<sup>13</sup>
- The Department of Health Care Policy and Financing, which administers the state's public health insurance programs, received approximately \$1.2 billion in General Fund appropriations for FY 02-03. This represents almost 20% of the total General Funds available for the year.
- Even with this investment, many of the newly uninsured will not receive help from the state's publicly funded programs. **Colorado has one of the most restrictive Medicaid programs in the country, covering just 5.1% of its non-elderly population (the average for all states is 12.1%).**<sup>14</sup> For example, a parent with a Medicaid eligible child would have to have a household income of less than 40% of the Federal Poverty Level—\$6,800 for a family of three—to receive coverage.
- **This means that with more Coloradans uninsured, there will be more people delaying health care services, going to a community health clinics or emergency rooms, or trading off other basic needs (food, shelter, etc.) if they are sick or need routine care.** All these options lead to worse health outcomes and cost the state more in the long run.





### **RECOMMENDATIONS:**

- **Colorado's income eligibility criteria for Medicaid should be raised to at least the national average. In addition, a family's assets should not be taken into account when determining eligibility for Medicaid.**
- **The state should make it a priority to support the ability of small businesses to offer their employees affordable health insurance.**
- **The state should fund an annual survey that would provide timely and accurate information on who does and does not have health insurance or is underinsured.**
- **The state should support the goals of the Colorado Coalition for the Medically Underserved—that all residents should have unimpeded access to quality health care by 2007.**

## Gateway 8 Earning a Decent Living and Building Wealth

A good income is the ultimate gateway to opportunity in America. A family that earns enough to be self-sufficient and to build wealth—through homeownership or other means—has the best chance of securing its place in the Cycle of Opportunity. Without adequate income or the ability to save for the future, families have little to fall back on in retirement or times of crisis.

### **INDICATORS: EARNING A SELF-SUFFICIENCY INCOME AND HOME OWNERSHIP**

We chose these two indicators because they represent both self-sufficiency and the ability to acquire assets.

#### **INDICATOR 1: EARNING A SELF-SUFFICIENCY INCOME**

We used the Self-Sufficiency Standard, developed by the Colorado Fiscal Policy Institute, as the barometer of how many Colorado families earn enough to get ahead. It is the best indicator of economic well-being because it reflects the real costs of basic needs without public or private assistance (including housing, food, child care, transportation, and health care) for families of various sizes and types in different parts of the state.

*25% of all families of four earn less than the Self-Sufficiency Standard for the metro and resort areas of the*

*state (where more than four out of five Colorado families live).<sup>1</sup>*

#### **COLORADO'S INVESTMENT IN SELF-SUFFICIENCY**

A good job is the foundation of self-sufficiency for most Coloradans, and the private sector is the primary source of those jobs in our economy. The state can help families become and stay self-sufficient by promoting policies that favor the creation and retention of jobs and by helping workers find and qualify for those jobs.

The state also can help families that are not yet self-sufficient by allowing them to keep more of the money they earn and by helping them to afford certain basic needs.





## COLORADO WORKFORCE DEVELOPMENT SYSTEM

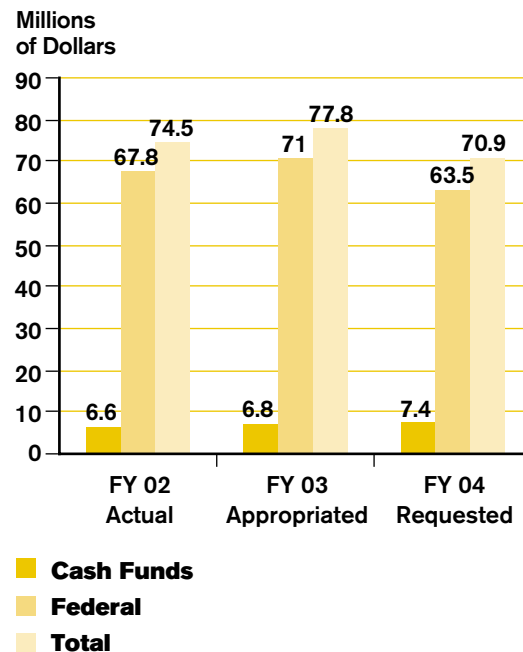
Colorado has an effective statewide Workforce Development System designed to help workers find jobs, file for unemployment insurance benefits, access job training, and secure other benefits. The Colorado Department of Labor and Employment (CDLE) provides the infrastructure and programming, but the heart of the system is decentralized, with 18 regions providing services through 60 workforce centers across the state. Each region is overseen by a board of local employers, job seekers, and service providers.

Funding for the workforce system's core services is primarily federal, with some support from the Employment Support Fund, an employer-generated cash fund. These funds are administered through CDLE's divisions of Employment and Training and Unemployment Insurance.

- **The unemployment rate in Colorado has doubled in two years, from 2.8% in November 2000 to 5.7% in November 2002, and demand for services from the workforce centers has increased dramatically.** Unemployment claims grew by more than 50% in FY 01-02, and CDLE expects claims to continue to grow in FY 02-03. Each claim requires additional work for

center staff, and the increase in unemployment has brought increased demands for job search and placement assistance as well.

### Funding for Colorado's Work Force Development System



- **Meanwhile, federal funding for the system is declining, and Congress has signaled its intention to continue to reduce it. State funding also is in jeopardy as the legislature uses cash balances from the Employer Support Fund to help offset declining General Fund revenues.**

## Gateway 8 | Earning a Decent Living and Building Wealth

- By re-employing workers as quickly as possible, families are best cushioned from economic crises, employers are protected from increased unemployment taxes, and government spends less on support. **The Workforce Development System is an efficient and effective method of providing these services to those who are out of work. Colorado needs to find the resources to ensure these services are available when they are needed, and that the system is able to meet increased demand during economic downturns.**

### **CLOSE-UP: TAX PROGRAMS THAT HELP FAMILIES BECOME SELF-SUFFICIENT**

Tax expenditures can be an effective way to achieve policy goals without increasing the size or role of government. By allowing taxpayers to deduct certain expenses (such as mortgage interest payments or charitable donations) or to claim credits against taxes (such as dependant care or elderly or disabled expenses), both federal and state governments effectively subsidize specific behaviors or groups of taxpayers. **Colorado has implemented a number of corporate and individual tax credits, often as mechanisms for refunding excess revenues under the Taxpayer's Bill of Rights (TABOR).**

Two of these credits—the Earned Income Tax Credit and the Child Care/Child Tax Credit—are available broadly to low-income families. **However, because both credits are available only when the state economy is strong enough to generate excess revenues, neither can be counted on to assist families when the economy is slow and unemployment is high.**

### **STATE PROGRAM: COLORADO EARNED INCOME TAX CREDIT**

**ADMINISTERED BY:** Colorado Department of Revenue

**NEED MET:** All taxpayers who claim the Federal Earned Income Credit have access to the state credit in years when revenues exceed the TABOR limit. **None have access to the credit in years when state revenues do not exceed the limit.**

**FUNDING TREND:** For tax year 2000, more than 190,000 Colorado taxpayers claimed Earned Income Tax Credits totaling nearly \$30 million.<sup>3</sup> The average credit that year was approximately \$155. **Because state revenues did not exceed TABOR limits, the credit was unavailable for tax years 2002 and 2003, and is not expected to be available again until at least tax year 2005.<sup>4</sup>**





**OVERVIEW:** First enacted in 1999, the Colorado Earned Income Tax Credit “piggybacks” the federal earned income tax credit. In those years when the state has excess TABOR revenues, taxpayers with modified adjusted gross incomes up to approximately \$31,000 who claim the federal credit are eligible for a state credit equal to 10% of the federal credit.<sup>5</sup>

**RECOMMENDATIONS:** Once Colorado has recovered from the current economic downturn and revenue collections begin to recover, the general assembly should increase the Earned Income Tax Credit to 20% of the federal credit and make it permanent rather than conditioned on excess revenues under TABOR. This should double the average benefit to a little over \$300 and reduce revenues to the state by roughly \$60 million annually.

#### **THE PROGRAM AND FUNDING:**

- The federal earned income tax credit originated in the 1980s and is widely viewed as successful in assisting low-income families without increasing government. The state credit augments the effect of the federal credit, further assisting Colorado families.
- The Earned Income Tax Credit is refundable, making it available even to those whose income is so low that they owe no state taxes.

- The contingent, rather than permanent, nature of the tax credit means that the state tax burden actually increases for low-income families during the worst economic times.

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#### **STATE PROGRAM: COLORADO CHILD CARE/CHILD TAX CREDIT**

**ADMINISTERED BY:** Colorado Department of Revenue

**NEED MET:** All taxpayers with adjusted incomes of \$60,000<sup>6</sup> or less and who claim the federal child care tax credit have access to the state credit. However, the value of the credit varies dramatically depending on whether—and by how much—state revenues exceed the TABOR limit.

**FUNDING TREND:** In tax year 2001, when revenue far exceeded the TABOR limit, taxpayers claimed credits totaling more than \$57 million on more than 202,000 state returns (averaging more than \$280 per return). In tax year 2002, when revenues fell below the TABOR limit, the state estimates that credits totaling only \$4.2 million will be claimed on fewer than 36,000 returns (averaging less than \$120 per return).<sup>7</sup>

**OVERVIEW:** The Child Care/Child Tax

Credit is calculated in one of three ways:

- When revenues exceed the TABOR limit by at least \$290 million, taxpayers with federal adjusted gross incomes of \$64,000 or less, and who claim a federal child care credit, can claim a state credit equal to either 70% of the federal credit or \$300 per child, whichever is greater.
- When revenues exceed the TABOR limit by less than \$290 million, taxpayers with federal adjusted gross incomes of \$60,000 or less, and who claim a federal child care credit, can claim a state credit equal to either 50% of the federal credit or \$200 per child, whichever is greater.
- When revenues do not exceed the TABOR limit, taxpayers with federal adjusted gross incomes of \$60,000 or less, and who claim a federal child care credit, can claim a state credit of between 10% and 50%, depending on income level. There is no per child credit in years when revenues do not exceed the TABOR limit.<sup>8</sup>

**RECOMMENDATIONS:** Once Colorado has recovered from the current economic downturn and revenue collections begin to recover, the general

assembly should increase the Child Care/Child Tax Credit to at least \$500 per child and make the credit available every year, regardless of how revenues relate to the TABOR limit. In addition, Colorado should ensure families at the lowest income levels can benefit fully from a state credit even if they have not applied for the federal credit.<sup>9</sup>

#### **THE PROGRAM AND FUNDING:**

- Of the seven categories of basic needs the Colorado Fiscal Policy Institute used to determine the Self-Sufficiency Standard, child care varies the most. **Adults with two or more young children often can expect to pay as much as a third of their self-sufficiency income on child care alone.**<sup>10</sup>
- **The tiered nature of the tax credit—depending on the level of excess TABOR revenues—means that the state tax burden actually increases for low-income families during the worst economic times.**

#### **INDICATOR 2: HOMEOWNERSHIP**

Ensuring that families with modest incomes have access to affordable homes is one of the most valuable ways government can help support the Cycle of Opportunity. While jobs and wages have declined,





Colorado's real estate and rental prices have continued to increase.<sup>11</sup>

*While low interest rates have helped many renters become homeowners, the median price of a single family home in the Denver Metro area increased 5% and condos and town homes increased 6% in 2002.*<sup>12</sup>

## COLORADO'S INVESTMENT IN HOMEOWNERSHIP

The most effective way for the state to improve homeownership among all groups is through programs that provide down payment assistance to families with low-to-moderate incomes, help homebuyers qualify for loans at reasonable interest rates, and provide incentives to developers to build affordable homes. Colorado's investment in these areas has diminished greatly.

### **CLOSE-UP: AFFORDABLE HOUSING GRANTS AND LOANS PROGRAM**

**ADMINISTERED BY:** Colorado Division of Housing (DOH), Department of Local Affairs

**FUNDING TREND:** Program funding vetoed in 2002.<sup>13</sup>

**OVERVIEW:** The program was funded

with General Funds and distributed as grants and loans to developers who provide affordable rental and homeownership opportunities to low- and moderate-income families.<sup>14</sup>

**RECOMMENDATIONS:** In the short run, the state must reinstate the Affordable Housing Grants and Loans Program. In the long term, the state should establish a dedicated public revenue source to address Colorado's affordable housing crisis. A "Housing Trust Fund" would ensure a steady source of public funds to make loans and grants to preserve, produce and acquire housing, and supplement down payment assistance programs for first-time homebuyers.<sup>15</sup> More than 34 states have already implemented Housing Trust Funds to address state affordable housing needs.<sup>16</sup>

### **THE PROGRAM AND FUNDING:**

- The DOH estimates that over 42,000 in Colorado could become homeowners if they were able to find units in their price range and have access to homebuyer assistance programs.<sup>17</sup>
- A working family making \$20,000-\$25,000 per year qualifies for a mortgage on a \$80,000 home, yet very little housing exists in that price range in the major population centers in Colorado.<sup>18</sup>

## Gateway 8 | Earning a Decent Living and Building Wealth

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- According to the DOH **“the lack of funding for affordable housing is the single greatest impediment to meeting the state’s affordable housing needs.”**<sup>19</sup>



**self-sufficiency**

# Conclusion

This report is not a comprehensive list of programs that enhance opportunities for Coloradans and that should be spared the state budget ax. Rather, it is a review of a select number of programs in an effort to understand whether Colorado is investing in opportunity at the level it should.

The conclusion is clear—**Colorado is not investing enough to help individuals and families gain a foothold or advance on the Cycle of Opportunity.** Most of the programs we review in this document need increased funding to be effective. But in FY 02-03, given the extent of revenue shortfalls, that is not realistic. **Instead, the Bell is recommending that the state not make further cuts to these vital programs by either directly cutting their budgets or by diverting monies from established funding sources.**

In the long run, Colorado must invest more in opportunity. These programs—and others like them—must be given higher priority in the budget process.

**Following is a synopsis of the programs and recommendations contained in this report:**

## **GATEWAY 1: A HEALTHY BIRTH**

- **Prenatal Care and Nurse Home Visitor Programs:** These programs are funded primarily through the Tobacco Settlement Fund. The state should not divert funds from the tobacco settlement into other programs or sacrifice future payments by trading them for short-term revenue.

## **GATEWAY 2: A SAFE AND STIMULATING EARLY CHILDHOOD**

- **Colorado Preschool Program (CPP):** Colorado should maintain the current (2002) level of funding, and by 2010, ensure that every 3- and 4-year-old from a low-income family has access to CPP or a federally-funded, quality preschool program.

## **GATEWAY 3: BUILDING A SOLID BASE FOR LITERACY**

- **Colorado Basic Literacy Act:** Colorado should amend this Act to allow schools receiving both Read to Achieve and Reading First dollars to combine funds under one program. Tobacco settlement funds should remain dedicated to meeting the important educational and health care needs of the

state, including Read to Achieve.

- **School Finance:** Colorado should take immediate steps to:

- Better understand the impact of the Taxpayer's Bill of Rights (TABOR) on the state's ability to invest in key areas of the budget that affect opportunity, including education.
- Analyze the impact of the school finance formula on the equitable distribution of education funding across the state.
- Address the declining local share of education funding that is affecting how much and how equitably funds are distributed.

#### **GATEWAY 4: ESTABLISHING A HEALTHY LIFESTYLE IN CHILDHOOD AND ADOLESCENCE**

- **Services such as school nurses and school-based health clinics** should be modified and better coordinated to play a stronger role in understanding and combating obesity among children and teens.

#### **GATEWAY 5: LEAVING HIGH SCHOOL WITH A DIPLOMA AND THE SKILLS TO SUCCEED**

- **Special Commission on High School Performance:** Colorado should establish this commission to recommend ways to improve student learning and increase the graduation rate.

- **Expelled and At-Risk Student Services Program:** Colorado should continue to fund this program at its current level, and in future years, expand it by at least inflation plus 1% to meet unfunded need.

#### **GATEWAY 6: ACCESS TO EDUCATION AND TRAINING FOR ADULTS**

- **Need-Based Financial Aid:** Any budget reductions for need-based aid programs would exacerbate the state's problem of access to higher education. In the future, the state should significantly increase need-based financial aid (or decrease tuition for low-income students).

- **Family Literacy Services:** The legislature should provide \$2 million in FY 03-04 and increase this funding over the next five years in order to serve 10% of the target population (34,000 adults).

# Conclusion

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## **GATEWAY 7: A HEALTHY ADULT LIFE**

- Colorado should not redirect Tobacco Settlement funds from the State Tobacco Education and Prevention Partnership (STEPP).
- The state should raise the Medicaid eligibility criteria to the national average; conduct an annual survey on health insurance; and develop ways to help small businesses afford insurance.

## **GATEWAY 8: EARNING A DECENT LIVING AND BUILDING WEALTH**

- When the economy recovers, the state should increase the Earned Income Tax Credit to 20% of the federal credit and make it permanent, not contingent on TABOR.
- When the economy recovers, the state should increase the Child Care/Child Tax Credit to at least \$500 per child and make it permanent, not dependent on TABOR.
- The state should reinstate funding for the Affordable Grants and Loans Program that was vetoed in 2002 and establish a Housing Trust Fund by 2005.

**priorities**

### Gateway 1 A Healthy Birth

- 1 U.S. Department of Health and Human Services. (2000). *Healthy People 2010*. McLean, VA: International Medical Publishing.
- 2 Colorado Department of Public Health and Environment. (2000). *Tipping the scales: Weighing in on solutions to the low birth weight problem in Colorado*.
- 3 Colorado General Assembly, Joint Budget Committee. (2002, December). *Fiscal Year 2003-04 Staff Budget Briefing: Department of Health Care Policy and Financing (Appendix A)*.
- 4 Yondorf, B. (2001, October). *2001 Colorado Health Data Book: Insurance Access and Expenditures*. Colorado Coalition for the Medically Underserved.
- 5 Lambrew, J. (2001). *How the slowing U.S. economy threatens employer-based health insurance*. (This paper is available from The Commonwealth Fund.)
- 6 Colorado General Assembly, Joint Budget Committee. (2002, December). *Fiscal Year 2003-04 Staff Budget Briefing: Department of Health Care Policy and Financing (Appendix A)*.
- 7 Colorado Coalition for the Medically Underserved. (July, 2000). *Five Approaches to Achieving Health Insurance Coverage for All Coloradans*.
- 8 This figure represents the amount for medical services premiums only. Medicaid covers other services, including mental health, substance abuse, and services for the developmentally disabled. These additional services received \$220 million in state General Fund appropriations in FY 02-03.
- 9 Office of the Governor, Office of State Planning and Budgeting. (2002, July). Medicaid Budgetary Trends: A Fact Sheet.
- 10 Colorado General Assembly, Joint Budget Committee. (2002, December). *Fiscal Year 2003-04 Staff Budget Briefing: Department of Health Care Policy and Financing (Appendix A)*.
- 11 Colorado General Assembly, Joint Budget Committee. (2002, December). *Fiscal Year 2003-04 Staff Budget Briefing: Department of Health Care Policy and Financing (Department Overview)*.
- 12 Colorado General Assembly, Joint Budget Committee. (2002, December). *Fiscal Year 2003-04 Staff Budget Briefing: Department of Health Care Policy and Financing (Appendix A)*.
- 13 Colorado General Assembly. (2002). *Fiscal Year 2002-03 Long Appropriations Bill*.
- 14 "Securitization" of funds made available to the state by the tobacco litigation settlement means that the state would sell the rights to its future annual payments from the settlement in order to raise a larger sum of money in the short term.

- 15 Colorado General Assembly, Joint Budget Committee. (2002). *Fiscal Year 2002-03 Appropriations Report*.
- 16 Olds, D.L., Eckenrode, J., Henderson, C.R., Kitzman, H., Powers, J., Cole, R., Sidora, K., Morris, P., Pettit, L.M., & Luckey, D. (1997). Long-term effects of home visitation on maternal life course and child abuse and neglect: Fifteen year follow-up of a randomized trial. *JAMA*, 178, 637-643.

### Gateway 2 A Safe and Stimulating Early Childhood

- 1 Shonkoff, J., and Philips, D. (Eds.). (2000). *From neurons to neighborhoods: The science of early childhood development*. Washington, D.C.: National Academy Press. Web site: [www.nap.edu](http://www.nap.edu)
- 2 National Institute for Child Health and Human Development. (2000). *Early childhood education and school readiness planning grant*. Web site: [www.grants.nih.gov](http://www.grants.nih.gov)
- 3 Educare and Colorado Children's Campaign. (2002). *First-ever statewide K-1 teacher survey on school readiness*. Web site: [www.educarecolorado.org](http://www.educarecolorado.org)
- 4 The term "at-risk" is defined by CDE for the purposes of CPP as various factors that can impede a child's academic performance. These include eligibility for free lunch (poverty), homelessness of the child's family, a parent who has not completed high school, an abusive or neglectful parent, drug or alcohol abuse in the child's family, frequent relocation by the child's family, and English as a second language. According to CDE, CPP participants have an average of 3.7 risk factors.
- 5 Colorado Department of Education. (2002). *Colorado preschool program: A report to the Colorado General Assembly*. This figure is based on reports from 75 school districts. Our preliminary research indicates that this figure may underestimate the percentage of eligible children served by CPP.
- 6 Most CPP classrooms are housed in public schools, while some are contracted out to private child care facilities and Head Start programs. All programs must meet the requirements of the Colorado Quality Standards.
- 7 See footnote 4 for definition of "at-risk."
- 8 Colorado Department of Education. (2002). *Colorado preschool program: A report to the Colorado General Assembly*.
- 9 Ibid.
- 10 Ibid.
- 11 Colorado Department of Human Services. (2001). *Service Effectiveness Survey*.

- 12 U.S. Department of Health and Human Services. (2002). *Final report: Colorado child and family services review*.
- 13 Statewide, 53,081 children are served in 28,850 families. Eligibility is determined by county and is based on a percentage of the current year's poverty level. In Denver County, for example, a family must earn less than 185% of the 2002 poverty limit to qualify.
- 14 Office of the Governor, Office of State Planning and Budgeting. (2002). *Child Care Division Fact Sheet*.

### Gateway 3 Building a Solid Base for Literacy

- 1 National Reading Panel. (2000). *Teaching children to read*. Web site: [www.nationalreadingpanel.org](http://www.nationalreadingpanel.org)
- 2 Colorado Department of Education. (2002). *Third grade CSAP reading results*. Web site: [www.cde.state.co.us](http://www.cde.state.co.us)
- 3 Education Week. (2002). Quality Counts 2002. Education Week's rating methodology takes regional cost differences and the number of high-cost students (e.g.-special education) into account when evaluating average per pupil spending in a state. In addition to receiving a grade of "C," Colorado ranked 42nd on adequacy of funding.
- 4 Colorado Department of Education. (2002). *Read to Achieve Grant Program: Annual Report to the Colorado Department of Public Health and Environment*. Web site: [www.cde.state.co.us/cdecomp/r2a.htm](http://www.cde.state.co.us/cdecomp/r2a.htm)
- 5 Ibid (Note: A school is held accountable for raising the reading level of only those students who remain in the program through a "full cycle.")
- 6 Colorado General Assembly, Joint Budget Committee. (2002). *Fiscal Year 2003-04 Staff Budget Briefing: Department of Education*.
- 7 In early 2003, the Bell Policy Center will publish a report which will include information about the impact of TABOR on state appropriations.

### Gateway 4 Establishing a Healthy Lifestyle in Childhood and Adolescence

- 1 Overweight and obesity refer to increased amounts of body fat relative to a person's height. They are assessed by the body-mass index (BMI), which is calculated as weight in kilograms divided by heights in meters squared. "Overweight" is 25-29.9 BMI; "obesity" is 30 BMI or more.
- 2 Rosenblatt, B. (2002, November). Adult Obesity in Colorado. *Colorado Department of Public Health and Environment, No. 48*.
- 3 Sturm, R. (2000). The effects of obesity, smoking, and drinking on medical problems and costs. *Health Affairs*, 21(2), 245-253.

- 4 Colorado Department of Public Health and Environment. (2001, November). Press Release: Reduction of obesity in Colorado aim of new program.
- 5 U.S. Department of Health and Human Services. (2001, December). *Overweight and obesity threaten U.S. health gains: Communities can help address the problem, Surgeon General says*. HHS News, December 13, 2001.
- 6 Education Commission of the States. (2002). *Recent State Policies/Activities: Physical Education*.
- 7 Education Commission of the States. (1998, November). High School Graduation Requirements. *ECS State Notes: Secondary Education*.
- 8 See page 37 for a more detailed description of these health insurance programs.
- 9 Colorado General Assembly, Joint Budget Committee. (2002, December). *Fiscal Year 2003-04 Staff Budget Briefing: Department of Health Care Policy and Financing (Appendix A)*.
- 10 Ibid.
- 11 Yondorf, B. (2001, October). *2001 Colorado Health Data Book: Insurance Access and Expenditures*. Colorado Coalition for the Medically Underserved.

### Gateway 5 Leaving High School with a Diploma and the Skills to Succeed

- 1 Colorado Department of Education, Research and Evaluation Unit. (2002). Web site: [www.cde.state.co.us](http://www.cde.state.co.us)
- 2 U.S. Census Bureau. (2000). *Supplementary survey: Colorado summary table*.
- 3 Colorado Department of Education. (2002). Web site: [www.cde.state.co.us](http://www.cde.state.co.us)
- 4 Ibid.
- 5 ACT. (2002) *Information brief: Interpreting ACT assessment score, 2002*. Web site: [www.act.org](http://www.act.org)
- 6 Colorado Department of Education. (2002). Web site: [www.cde.state.co.us](http://www.cde.state.co.us)
- 7 Personal communication with staff from the Colorado Department of Education.
- 8 Greene, J. (2002, November). Public school graduation rates in the United States. *Manhattan Institute for Policy Research: Civic Report, No. 31*.

## Gateway 6 Access to Education and Training for Adults

- 1 U.S. Census Bureau. (2001). Current population survey, March 2001 supplement.
- 2 This indicator, Chance for College, was created by Thomas Mortenson and is available on the Postsecondary Education OPPORTUNITY web site: [www.postsecondary.org](http://www.postsecondary.org). "Chance for College" is a ratio of low-income students enrolled in college to low-income 4th through 9th grade students in the population. The actual indicator is calculated using data from the cohort of students in grades 4 through 9 in 1991-1992 and when the same students are ages 18-24 in the 2000-2001 academic year.
- 3 National Center for Public Policy and Higher Education. (2002). *Measuring up 2002: The state-by-state report card for higher education*. Web site: [www.highereducation.org](http://www.highereducation.org)
- 4 Ibid.
- 5 Colorado General Assembly, Joint Budget Committee (2002, November). *Department of Higher Education Budget Hearing*.
- 6 Bell Policy Center. (In press). *TABOR Report*.
- 7 National Center for Public Policy and Higher Education. (2002).  *Losing Ground: A National Status Report on the Affordability of American Higher Education*. Web site: [www.highereducation.org](http://www.highereducation.org)
- 8 The National Center for Public Policy and Higher Education. (2002). *Measuring up 2002: The state-by-state report card for higher education*. Web site: [www.highereducation.org](http://www.highereducation.org)
- 9 The National Center for Public Policy and Higher Education. (2002, p. 91). *Measuring up 2002: State profiles*. Web site: [www.highereducation.org](http://www.highereducation.org).
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- 11 Colorado General Assembly, Joint Budget Committee. (2002, November). *Briefing document for the Department of Higher Education budget hearing*.
- 12 Colorado Commission on Higher Education. (2002). *Targeted Base Review of Financial Aid in Colorado*.
- 13 Ibid.
- 14 Colorado General Assembly, Joint Budget Committee. (2002, November). *Briefing document for the Department of Higher Education budget hearing*.

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- 16 Colorado Commission on Higher Education. (2002).
- 17 U.S. Census Bureau. (2000). *Census 2000 Supplementary Survey, Profile of Selected Social Characteristics: Colorado*.
- 18 This indicator was created by dividing the number of adults served in Colorado's adult education programs (CDE data for program year 2000-01) by the number of adults over the age of 25 who lack a high school diploma (2000 Census).
- 19 National Center for Family Literacy. (1997). *Even Start: An Effective Literacy Program Helps Families Grow Toward Independence*. Web site: [www.familit.org](http://www.familit.org).

## Gateway 7 A Healthy Adult Life

- 1 Centers for Disease Control. (2002). Annual smoking attributable mortality, years of potential life lost, and economic costs—United States, 1995-1999. *Morbidity and Mortality Weekly Reports*, 51(14), 300-303.
- 2 Levinson, A. (2002). *Colorado Tobacco Attitudes and Behaviors Surveys, 2001/Adult Smoking: Progress and Problems*. AMC Cancer Research Center (funded by the University of Colorado Tobacco Research Program).
- 3 Colorado Department of Public Health and Environment. (2000, January). *A recommended comprehensive tobacco use prevention and reduction plan for Colorado*.
- 4 (2001). *Investment in tobacco control: State highlights-2001*. Atlanta, Georgia: U.S. Department of Health and Human Services, CDC, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health.
- 5 Colorado Department of Public Health and Environment. (2000, January). *A recommended comprehensive tobacco use prevention and reduction plan for Colorado*.
- 6 Colorado Department of Public Health and Environment. (2002, April). Health statistics section brief: Prevalence, health behaviors, and preventative health practices among adult Coloradans with diagnosed diabetes. *Results from the Behavioral Risk Factor Surveillance System, 1997-2000*, No. 45.
- 7 Ibid.
- 8 Colorado Department of Public Health and Environment. (2002). *Diabetes Statistics*.
- 9 Colorado Coalition for the Medically Underserved. *A plan for Colorado*.

- 10 Yondorf, B. (2001, October). *2001 Colorado Health Data Book: Insurance Access and Expenditures*. Colorado Coalition for the Medically Underserved.
- 11 Yondorf, B. (2001, October). *2001 Colorado Health Data Book: Insurance Access and Expenditures*. Colorado Coalition for the Medically Underserved.
- 12 The Urban Institute. (2001). *Health insurance, access, and use: Colorado tabulations from the 1997 National Survey of America's Families*.
- 13 Lambrew, J. (2001). *How the slowing U.S. economy threatens employer-based health insurance*. (This paper is available from The Commonwealth Fund.)
- 14 Colorado Coalition for the Medically Underserved. (July, 2000). *Five Approaches to Achieving Health Insurance Coverage for All Coloradans*.

### **Gateway 8 Earning a Decent Living and Building Wealth**

- 1 The Bell Policy Center (2002), *Colorado: The State of Opportunity, 2002 Report*, pages 52-53.
- 2 Derived from data in: Colorado General Assembly, Joint Budget Committee. *FY 2002-03 Budget Briefing, Department of Labor and Employment*. December 13, 2002, pages 10-12.
- 3 Colorado Department of Revenue, *2001 Annual Report*, January, 2002, page 76.
- 4 Colorado Legislative Council Staff, *Focus Colorado: Economic Revenue Forecast 2002-2008*, December 2002.
- 5 Colorado Department of Revenue, Taxpayer Service Division. *FYI - For Your Information: Earned Income Tax Credit* (FYI publication: INCOME 27), December 2002.
- 6 In years when state revenues exceed the TABOR limit by more than \$290 million, taxpayers who earn between \$60,000 and \$64,000 also become eligible for the Child Care/Child Tax Credit.
- 7 Colorado Department of Revenue, Office of Tax Analysis.
- 8 Colorado Department of Revenue, Taxpayer Service Division. *FYI - For Your Information: Child Care/Child Tax Credit* (FYI publication: INCOME 33), December 2002.
- 9 While Colorado law already makes the Child Care/Child Tax Credit refundable (making it available even to those whose income is so low that they owe no state taxes), it only allows those who claim the federal credit to claim the state credit. Because the federal credit is not refundable, many of the lowest income Coloradans who would

- otherwise be eligible are not because they had no reason to file for the federal credit. By altering or eliminating the requirement that a taxpayer must file for the federal credit to get the state credit, Colorado would effectively extend the full value of the credit to lowest-income residents.
- 10 Pearce, Diana Ph.D., and Brooks, Jennifer. *The Self-Sufficiency Standard for Colorado: A Family Needs Budget*. The University of Washington, August 2001, prepared for the Colorado Fiscal Policy Institute.
- 11 Colorado Department of Housing (2002). *Advances* (1) 1, p. 3.
- 12 *Ibid.* p. 1.
- 13 Johansen, E. (2002, June 17). Budgetary cuts doom help for more affordable housing. *Denver Business Journal*.
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- 15 Colorado Housing Trust Fund Impacts Study. (2002, September). *Economic & Planning Systems*. EPS # 12817.
- 16 *Ibid.*
- 17 *Housing Colorado: The challenge of a growing state*. November 2002. Available at: [http://www.dola.state.co.us/doh/Documents/Housing\\_Colo02.pdf](http://www.dola.state.co.us/doh/Documents/Housing_Colo02.pdf)
- 18 Colorado Department of Housing (2002). *Reducing Housing Costs Through Regulatory Reform*, Department of Local Affairs.
- 19 Colorado Department of Housing, p. 35.