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JEFFERSON COUNTY BALLOT ISSUE 1A

Is this the End of TABOR in Jeffco?

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EXECUTIVE SUMMARY

Jefferson County ("Jeffco" or "the county") is one of only a few Colorado counties that retain the full protections of the Taxpayer's Bill of Rights ("TABOR"). On July 23, 2019, the Jefferson County commissioners unanimously voted to put Ballot Issue 1A ("1A" or "Issue 1A" or "Ballot Issue 1A") on the November 2019 ballot. Ballot Issue 1A eliminates many of our protections in the Taxpayer's Bill of Rights permanently and contains a hidden $350 million-dollar property tax increase during the next ten years.

The county's case in support of Ballot Issue 1A is as follows:

- **Jeffco argues that it needs to increase its spending by more than 3.9% a year**. Jeffco claims that its spending limit under the Taxpayer's Bill of Rights can increase only 3.9% (about $23 million) from 2019 to 2020 but that it needs a 5.3% increase instead (an additional $16.1 million) and even more in all subsequent years (at least $32 million per year). Without getting rid of TABOR spending protections, Jeffco has claimed, it will have to make budget cuts of about 7% to every department. Jeffco estimates these "cuts" to be about $16.1 million in 2020.[1]
- **Jeffco argues that the sheriff's budget will be drastically cut, multiple floors of the jails will close, and criminals will be released into the community**. The sheriff, other county officials, and outside political groups have stated variously that the sheriff's department faces a 7% budget cut or a $5.4 million budget cut. They also claim that these cuts will force the sheriff to close two floors of the county jail and to release hundreds of criminals into Jeffco.

The county's proposed solution is for the voters to enact Ballot Issue 1A in November 2019, which would eliminate most of the TABOR protections against excessive county spending growth for Jeffco citizens.[2] Currently, the TABOR spending protections for taxpayers allow the county to grow its budget in line with population and economic growth (3.9% per year between 2019 and 2020), but no more. Thus, one key issue raised by 1A is whether the county should be able to increase its spending by more than 3-4% per year in perpetuity. In addition, Issue 1A

[1] Jefferson County resolution CC19-270. Jefferson County 2020 Proposed Budget, time-stamped "2019_10_1".
[2] Colorado Constitution, Article X, Section 20.

would permit the county to raise the county portion of property taxes by about 18%, or about $350 million over the next ten years.

This brief is based on an analysis of Jefferson County's adopted county budgets for 2015-2019, the recent 2020 Proposed Budgets, and the official presentations made to the Board of County Commissioners by Jeffco's budget department in July and August. We drew the following conclusions:

- **One-year tight budget**. If 1A is not enacted, Jefferson County revenues, expenditures, and the TABOR spending cap will be flat for one year from 2019 to 2020. After 2020, revenues, expenditures, and the spending cap will likely increase by between 3% and 4% per year.
- **Minimal actual budget cuts.** The $16.1 million cuts Jeffco speaks of are not really "budget cuts" because the budget is hardly decreasing at all from 2019 to 2020. Therefore, the $16.1 million should be regarded primarily as reductions in the rate of growth of spending, instead of "cuts."
- **Jefferson County's tight 2020 budget was probably caused by substantial spending growth by Jefferson County over the past five years.** From 2015 to 2019, Jeffco's spending growth has exceeded that of other neighboring, suburban counties. This previous high growth rate is the cause of the flat budget in 2020.
- **Early concerns about drastic cuts to the sheriff's budget are no-longer relevant.** On August 6, 2019, and again in October, Jeffco's budget manager quietly retracted his plan to cut the sheriff's budget if 1A is not passed. He did so in two Proposed Base Budget documents for 2020. Both would *increase* the sheriff's budget from 2019 to 2020, even if Ballot Issue 1A does not pass.
- **Ballot Issue 1A contains no guarantee any of the increased tax revenue will go to the sheriff.** Voters asked the county, at the July 23 Board of County Commissioners meeting, to add language to Ballot Issue 1A that would guarantee that the increased spending would go to the sheriff to keep the jails open. The county refused. As it stands, Proposition 1A puts the additional taxes and the increased spending authority into the county general fund and effectively allows the commissioners to spend it in any manner they choose.

The remainder of this brief will address these conclusions.

A Chronology as Introduction

A chronology of the genesis of Ballot Issue 1A will clarify many of the relevant issues.

Shortly before April 23, 2019, the Jeffco county manager informed the Jefferson County Sheriff's Office that it should expect a 7% budget cut from 2019 to 2020, totaling $6.7 million. This information was quickly repeated on the official Jefferson County Sheriff's Office Facebook page, which stated that the $10 million impacts of such a cut would force the closure of two floors of the county jail and the release of hundreds of criminals into the community.[3] The sheriff's Facebook post was followed by press reporting about likely budget cuts and jail closures.[4]

In May 2019, Jeffco commissioned a public opinion poll (apparently using taxpayer dollars) to determine how best to market a measure eliminating Taxpayer's Bill of Rights protections, like Ballot Issue 1A, to the public.[5]

On July 23, 2019, the county presented a case at a regular Tuesday meeting[6] that Jefferson County was in a budget crisis and that the crisis was so severe that the commissioners were going to have to cut the sheriff's budget by $5.4 million in addition to making large cuts to all other county government departments. In total, the county stated that it would have to make $16.1 million in cuts in the general fund.[7]

County officials indicated that that the county has been arduously cutting costs for the last five years. The county commissioners then voted unanimously to put citizens' TABOR protections against excessive county spending growth up for a vote in the November 2019 election by passing resolution CC19-270.[8]

On August 6, 2019, and again on October 2, 2019, ***County budget officials quietly retracted their plan to cut the sheriff's budget if Issue 1A does not pass.***[9] Notwithstanding that retraction, the political campaign for Ballot Issue 1A continues to state that the sheriff will receive a $5.4 million cut and that, "[c]uts to the 2020 budget will result in . . . [t]he elimination of 288 jail beds, putting more felons out on the streets."[10] These statements, although perhaps

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[3] The sheriff's Facebook post may be found at: https://www.facebook.com/JeffersonCountySheriff/photos/a.10151205433034899/10158463101899899/?type=3&theater. It reads as follows: "JCSO Instructed to Reduce 2020 Budget by 7% total. Impact Is approximately $10 Million. The Jefferson County Sheriff's Office may be required to decrease jail beds by as much as 44% to meet a proposed 2020 budget reduction. Earlier this month, Sheriff Jeff Shrader received instructions from the Jefferson County Manager's Office to reduce the Sheriff's Office 2020 budget by 7%, or $6.7 million. In addition to reducing jail capacity by 400 – 600 beds, potential impacts of this directive include: • Eliminating the U.S. Marshal contract for jail beds, a $1.8 million revenue loss • Keeping job vacancies open to reduce personnel costs."

[4] See *e.g.*, a Channel 9 press reports based on the sheriff's publicity at: https://www.9news.com/article/news/local/jeffco-sheriffs-office-says-it-may-have-to-reduce-jail-capacity-by-44-to-meet-budget-cuts/73-fe68f9d2-faf3-4739-b74d-9effa4a24e93.

[5] *Jefferson County Benchmark Voter Survey*, May 6-8, 2019.

[6] The July 23 proceedings and speeches may be found at: http://jeffersonco.granicus.com/MediaPlayer.php?view_id=5&clip_id=2732.

[7] Jefferson County Resolution CC19-270. See also *e.g.*, *2020 Proposed Base Budget*, modified October 2, 2019 at page 4 making the same claim.

[8] The complete text of resolution CC19-270 may be found at, , https://www.jeffco.us/DocumentCenter/View/18131/19-270-Ballot-Issue-for-November-2019-Election?bidId=, and a live video of the hearing at, https://www.jeffco.us/AgendaCenter/ViewFile/Minutes/_07232019-807.

[9] See below at section, "Can Jefferson County's Budget be Balanced in 2020 without Drastic Budget Cuts to the Sheriff's Department?" starting at p. 14.

[10] See, *e.g.*, http://www.KeepJeffcoSafe.com.

true before August are entirely inconsistent with all public Jeffco budget documents since August 6.

With an intact chronology, this policy brief will now:

- Describe Ballot Measure 1A in detail.
- Assess the claim that there is a budget crisis that can only be solved by severely reducing the protections the Taxpayer's Bill of Rights provides to Jeffco Citizens.
- Assess whether Jefferson County has cut all the fat out of its budget.
- Assuming we have a genuine budget crisis, evaluate whether the sheriff's budget can be maintained without any cuts. Or is the elimination of TABOR spending protections and a tax increase the only solution?

What Does Jefferson County Ballot Issue 1A Provide?

Jefferson County Ballot Issue 1A, if passed by the voters, would change the relationship between Jefferson County and the taxpayers of Jefferson County forever and profoundly. As discussed more fully below, it would:

- Eliminate all TABOR protections against excessive spending for property tax revenues for seven years, from 2020 through 2026;
- Greatly increase the TABOR excessive spending limits for property tax revenues collected after 2026 and forever after that.
- Eliminate, in perpetuity, all TABOR protections against excessive spending for revenue sources other than property taxes;
- Authorize an 18% increase in the county property tax mill levy that will be assessed on Jefferson County homeowners and businesses from the year 2020 on; and
- Provide no guarantee that the monies raised will be spent on jails.

Ballot Issue 1A Would Eliminate Virtually All TABOR Protections against Excessive County Spending of County Property Tax Revenues for Seven Years, from 2020 through 2026.

Here is the pertinent language:

> "…Shall Jefferson County be permitted to retain and spend or reserve all revenues received during 2020 and expiring after 2026 (7 years), notwithstanding limitations on spending and revenue contained in the Taxpayer's Bill of Rights, Article X, Section 20 of the Colorado Constitution (TABOR) and applicable state statutes, provided that, the maximum amount which the county may retain and spend or reserve above such limits in 2020 may not exceed 16.1 million . . ."

Accordingly, for the years 2020 through 2026, Issue 1A removes virtually all of the TABOR protections against excessive county spending growth.[11]

Ballot Issue 1A Would Permanently Increase the Taxpayer's Bill of Rights Spending Cap for Property Tax Revenues Collected after 2026.

The impact of Issue 1A does not end in 2026 in two very significant regards. Here is the applicable language regarding the first:

> "And shall the county be permitted to retain and spend or reserve beginning in 2027 and thereafter, an amount of county revenue that exceeds current spending and revenue limitations but is no greater than the *excess local revenues cap*, which continues to limit future growth as provided in CC19-270 . . ." (emphasis added)

The "excess revenues cap" is not defined in the ballot language. Rather, it is defined in the "whereas" portion of CC19-270 (the commissioner's resolution) as follows:

> ". . . an amount that is equal to the highest total county revenues for a fiscal year from the period of the 2021 fiscal year through the 2026 fiscal year, adjusted each subsequent fiscal year for inflation, the percentage change in local growth, the qualification or disqualification of enterprises and debt service changes as provided in paragraph 7 below."

What this language means is that even after the supposed "sunset" of 1A in 2026 for property taxes, the county can keep increasing spending of property tax revenues at a much higher rate than the authorized TABOR level under current law. That excess spending is limited only by the largest amount the county manages to spend between 2020 and 2026. So, it locks in higher spending rates for ALL revenue sources, *ad infinitum,* – even after Issue 1A supposedly "sunsets." And, it incentivizes the county to spend as much as it possibly can between 2021 and 2026.

Based on statements by county officials and recent history, it is expected that the increased spending of property tax revenue by the county will start at more than $38 million per year in 2027 and increase by about 3% to 4% every year, without end.[12]

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[11] The only exception to this unlimited spending authority is for one year -- in 2020, the County may not spend more than $16.1 million over the existing TABOR spending protections.

[12] This figure is computed based on the $32 million per year figure presented by county officials for increased spending in 2021 based on property tax increases alone, should Issue 1A pass. Based on recent history, county revenue has increased by between 3 and 4% each year. Thus, by 2026, the $32 million will be about $38 million. In addition, the county will be able to add spending based on increased fees, permits, sales tax revenues, state grants, and other non-property tax revenues by an unknown amount. Accordingly, we believe the $38 million estimate, which includes only increased spending of property tax revenue, is quite conservative.

Ballot Issue 1A would Eliminate all Taxpayer's Bill of Rights Spending Protections for Revenue Sources other than Property Taxes.

Issue 1A completely eliminates TABOR spending protections for taxpayers in Jefferson County after 2026 for all sources of revenue other than property taxes. Here is the relevant language:

> "… provided that any non-property tax revenue received in 2027 or thereafter may be retained and spent or reserved notwithstanding limitations on spending and revenue contained in the Taxpayer's Bill of Rights and applicable state statutes . . ."

This language means that monies collected from fees, grants, sales taxes, fuel taxes, vehicle ownership taxes, licenses and permits, and any other non-property-tax revenue source give rise to an unlimited spending increase cap forever. This would be above and beyond the $38 million per year spending increase based on just property tax revenue per year discussed above.

Accordingly, this provision eliminates TABOR spending protections for at least 1/3 of Jeffco's budget forever. Table 1, below, shows how we reached this conclusion.

Revenue Source	2019 Amount
Sales Tax	$53,240,300
Fuel Tax	$53,240,300
Auto Ownership Tax	$19,493,000
Licenses and Permits	$5,036,500
Charges for Services	$31,980,800
Fines and Forfeitures	$1,039,200
Investment and Rental Income	$7,594,600
Miscellaneous	$13,559,000
Total	$185,183,700
Total 2019 Revenue	$559,529,300
Percent of total revenue	33.10%

Table 1. Jefferson County non-property tax revenue, 2019[13]

One consequence of this provision will be particularly onerous. TABOR does not require the county to get voter approval for increased fees, licenses and permits, or for state grants. As a result, the county will have a strong incentive to greatly increase fees, license and permit charges, and to pursue state grants. This will distort the revenue collecting process of the county for years in the future as the bureaucracy strives to increase its resources because, for those revenue sources, taxpayers will lose all TABOR spending protections permanently.

[13] From the Jefferson County 2019 Adopted Budget, https://www.jeffco.us/DocumentCenter/View/16887/2019-Adopted-Budget-Book?bidId= at page 23 (the "2019 Budget"). Actually, the portion would be considerably more than 1/3 but how much is impossible to calculate from Jefferson County's budget because Jefferson County does not separate monies received from federal grants (no TABOR limits today) from State of Colorado grants (which are subject to TABOR spending limits).

Ballot Issue 1A would Authorize an 18% Increase in the Actual County Property Tax Mill Levy that Will Be Assessed on Jefferson County Homeowners and Businesses from the Year 2020 on.

Issue 1A starts as follows:

> "Without creating any new tax or increasing the current authorized maximum county mill levy of 21.478 without further voter approval . . ."

That sounds pretty good to a casual reader. Most voters will read that language and believe their property taxes are not going up as a result of Ballot Issue 1A. Unfortunately, the county's attorneys made this language technically accurate but terribly misleading. And, these are the very first words the voters will read.

The reason it is misleading is that the actual county mill levy is NOT the "current authorized maximum county mill levy of 21.478." The actual mill levy assessed by the county today is 18.239.[14]

This reduced mill levy in Jeffco has been an attempt by the county not to collect money in excess of the Taxpayer's Bill of Rights spending cap because those monies would just have to be refunded back to the taxpayers.[15] Obviously, if Ballot Issue 1A passes, spending protections for property tax revenues are gone for seven years and hugely increased after that. Thus, there would no longer be any reason for the commissioners not to increase the mill levy to the "maximum authorized" mill levy. In fact, the commissioners indicated at a July 16 staff briefing, their intention to raise the mill levy to the maximum authorized level.

So while the ballot language is technically correct in that the "maximum county mill levy of 21.478" will not be increased, the actual property taxes levied by Jefferson County will go up by about 18% when the current mill levy value of 18.239 is increased by the commissioners to the "maximum authorized rate."

This is not a trivial issue. At the July 16 staff briefing, Jeffco's budget staff stated that the increase of the mill levy to the maximum authorized rate would bring in about $32 million in additional property tax revenue in 2021. Over the seven years in which the TABOR spending protections are eliminated for property taxes, the cost to Jefferson County residents will, therefore, be approximately $225 million. As the TABOR spending limits are permanently increased after the seven years, the ten-year cost to taxpayers will exceed $350 million.[16]

[14] These numbers were presented at the Staff Briefing of Board of County Commissioners on July 16, 2019. This mill levy is the county portion of property taxes and does not include other property tax levies such as levies for schools.

[15] Staff briefing to Board of County Commissioners, July 16, 2019.

[16] The seven-year cost is computed as follows: For 2020, the spending cap increases is limited to $16.1 million. In 2021 and thereafter, we used the county figure of $32 million and based on recent history, assumed a 3 – 4% increase annually.

The only language in 1A that voters might interpret as implying a tax increase is this odd parenthetical:

> "(voters should be aware that due to existing spending and revenue limits in TABOR in 2019, a single-family home valued at $400,000 received a reduction in property taxes of approximately $9 a month /$105 a year.)"

Some very savvy voters may follow this logic through and figure out that lifting the spending limits authorizes the county to raise their taxes by raising their current mill levy to the "maximum authorized mill levy." That would require the voters to deduce further that the current mill levy they are paying is less than the "maximum authorized mill levy." In informal questioning by the author, however, no taxpayers made these leaps. Instead, they thought the ballot language meant that Issue 1A would not increase their taxes.

The county was challenged to eliminate this misleading language from the first sentence in Issue 1A.[17] But it refused.[18]

Voters should understand the consequences of what they are voting on. The likelihood that many voters will be misled by this language is very high.

Is there any Guarantee the Increased Tax Monies Will Be Spent to Keep Jails Open?

The political campaign for 1A is largely based on the claim by the sheriff that the commissioners will cut his budget by 7% or $5.4 million unless 1A passes. That will, he says, force him to close two floors of the jail, releasing a flood of criminals into our community.

The pertinent language of Ballot Issue 1A in this regard asks:

> ". . . shall such revenue be used to fund the cost of county government for:
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> - "Providing for the safety of the public including maintaining adequate jail beds, staffing the district attorney's office, adequate patrol personnel, and wildfire mitigation;
> - "Maintaining roads, bridges and other new transportation improvements;
> - "Preserving public facilities and infrastructure including building security and maintenance; and
> - "Providing services traditionally offered by Jefferson County and other Colorado county governments and statutorily required services,
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> "With such spending to be reviewed and decided upon by the duly elected Board of County Commissioners as part of the annual budget process?" [19]

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[17] Testimony of Steven Kopp, July 23, 2019 Board of County Commissioners hearing.

[18] The final text of resolution CC19-270 may be found at, https://www.jeffco.us/DocumentCenter/View/18131/19-270-Ballot-Issue-for-November-2019-Election?bidId=

[19] Final text of CC19-270.

Under this language, where the money gets spent is entirely up to the county commissioners so long as it is for some ". . . public service traditionally offered by Jefferson County and other Colorado county governments . . ." It appears to have been drafted to sound like a directive that monies must be spent on jail beds. But this directive is so broad as to be meaningless.

Jeffco's commissioners were challenged on July 23 to add language guaranteeing the money would be spent to keep the jails open. But the language quoted above makes clear they refused.

What Budget Crisis?

Introduction

The county's case for eliminating many of the protections of the Taxpayer's Bill of Rights depends completely on their assertion that the county has a budget crisis – needs outweigh revenue by $16.1 million in 2020 -- and that it has cut expenses so far that it cannot make any more cuts.

This section will review the publicly available budget information published by Jefferson County and examine the evidence for those claims in some detail. In summary, our conclusions are as follows:

- County officials state that the Taxpayer's Bill of Rights spending protections only increased by 3.9% from 2019 to 2020 but that the county "needs" a 5.3% increase.[20] An increase of only 3.9% will, according to the county, force budget cuts of 7% across all departments. On their face, these numbers make no sense. How can a 3.9% increase in spending authority cause 7% across the board cuts?
- Jeffco's total expenditures grew by 23.3% over the past five years. Neighboring, suburban counties grew at only 17.5%. Had Jeffco's expenditures grown for the past five years at the more fiscally prudent rates adopted by its neighboring, suburban counties, there would be no budget crisis.
- A deeper look into Jefferson County's budget for the past five years shows that the county was able to outspend its neighbors by repeatedly dipping into reserves. In essence, Jeffco used its reserve monies to outspend TABOR for five years. The reserves are now at the GFOA recommended minimum of two months operating expenses and no more reserve withdrawals may be made.
- Jeffco's "budget crisis" appears to be no more than a one-year period of flat expenditure growth in 2020 followed by likely revenue, expenditure, and TABOR spending protection and revenue growth of about 3-4% after that.
- Two measures suggest that the county may not have been as diligent in cutting costs as it believes.

[20] Staff briefing to Board of County Commissioners, July 16, 2019.

- Finally, a review of the Jeffco proposed 2020 budget reveals that Jefferson County will not cut the sheriff's budget in 2020, even if 1A does not pass.

Each of these conclusions will be addressed below.

Why Does Jefferson County Show Flat Revenues and Expenditures for 2020?

Jefferson County tax and other revenues and its expenditures have been growing briskly for the past five years. As discussed below, Jeffco's budget has grown considerably faster than its neighboring, suburban counties over the past five years.[21]

But suddenly, revenue and expenditures are projected to stop growing between 2019 and 2020 ($586 million in 2019 and a projected $583 million in 2020). The county general fund revenues and expenditures show the same pattern – flat revenue and expenditure growth.[22] Why is this? How was Jeffco able to outspend its neighbors for five years despite the TABOR spending protections, and why does it suddenly stop growing?

The reason is clear. Jefferson County has been spending more than its revenue from taxes and other ongoing revenue sources for the last five years. *It has done so by drawing down county reserve funds to make up the difference*. Using reserve funds instead of trimming the rate of growth of county spending has let the county exceed the normal TABOR spending protections against excessive spending growth for five years because TABOR does not appear to count reserve withdrawals in the TABOR spending limit in the year of withdrawal.[23]

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[21] See below, "*A Comparison of Jefferson County's Budget with Neighboring, Suburban Counties*" at p. 12.

[22] Compare the *Jefferson County 2019 Adopted Budget*, https://www.jeffco.us/3759/_2019, with the *2020 Proposed Base Budget*, https://www.jeffco.us/DocumentCenter/View/15090/Proposed-Budget-Book.

[23] TABOR counts the county's reserve as "expenditures" when they are committed to reserves (reserve increases), not when they are withdrawn (reserve expenditures). See: (1) Colorado Constitution Article X, Section 20(2)(e), "'Fiscal year spending' means all district expenditures and reserve increases except, as to both, those for refunds made in the current or next fiscal year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards, or property sales. . ."; and (2) Section 20(7)(b), "The maximum annual percentage change in each local district's fiscal year spending equals inflation in the prior calendar year plus annual local growth, adjusted for revenue changes approved by voters after 1991 and (8)(b) and (9) reductions."

The withdrawals from reserves to cover Jeffco's increased spending over the past five years appear to have been over $81 million.

Year	Reserve Drawdown
2015	$2,200,700
2016	$1,941,500
2017	$11,295,500
2018	$38,891,600
2019	$26,913,500
Total	$81,242,800

Table 2. Jefferson County Reserve Drawdown, 2015-2019[24]

Had Jeffco not drawn down its reserves, its growth rate from 2015 to 2019 would have been in line with its more restrained neighboring suburban counties. Jeffco's neighbors grew their total expenditures by about 3.5% per year during that period. But Jeffco's grew an average of 4.7% per year. See below, *A Comparison of Jefferson County's Budget with Neighboring, Suburban Counties* at p. 12.

In 2020, though, everything changes. Why? Because the reserves have been drawn down to the GFOA recommended minimum, and further withdrawals are inappropriate.[25]

The result is, between 2019 and 2020, county revenues are expected to be flat ($586 million in 2019 and $583 million in 2020[26]) because they can no longer count on reserve withdrawals as available "revenue." (The budget is flat because a substantial projected increase in tax revenue for 2020 almost completely offsets the loss of reserve withdrawals resulting in flat revenue growth.) Therefore, Jeffco cannot keep its current high spending growth rate after 2020 unless Ballot 1A passes.

The good news, though, is that flat revenue growth and flat TABOR spending limit growth will likely not continue after 2020. The reserve withdrawal effect on revenue and the TABOR cap will be constant from year-to-year after 2020 because no withdrawals mean no effect after 2020. However, both tax revenue and the TABOR spending cap will continue increasing by 3% to 4% per year based on recent history. In other words, the Jeffco budget crisis is really a one-year period of no-growth followed by robust growth after that.

We realize that Jeffco officials would prefer to keep increasing spending after 2020 at the much higher rate it has maintained for the past five years. But as Jeffco's neighboring suburban

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[24] The reader may access Jefferson County's published budgets from 2015 to 2019 at https://www.jeffco.us/3759/_2019 using the links at the left side of the page. The source for this chart is the, "Appropriated Reserves," line-item from the *Jefferson County 2019 Adopted Budget* at p. 50 (for 2016 to 2019) and the same line-item from the *Jefferson County 2018 Adopted Budget* at p. 49 for 2015.

[25] Statement by Commissioner Dahlkemper at August 6, 2019 Board of County Commissioners Hearing. http://jeffersonco.granicus.com/MediaPlayer.php?view_id=5&clip_id=2738.

[26] *Jefferson County Proposed 2020 Budget* dated August 6, 2019..

counties have been able to maintain an average annual growth rate of 3.5% for the past five years, this same rate does not seem like an undue imposition on Jefferson County nor do we believe it fair to call this a budget "crisis."

This raises a fundamental question about Ballot Issue 1A. Why does the county propose to fix a one-year, flat-growth problem with permanently higher rates of spending growth and permanently higher taxes for Jeffco residents, year-after-year? Their solution – Ballot Issue 1A – seems poorly matched to the problem.

Has Jefferson County Cut its Expenditures to the Bare Bone?

Introduction

Jefferson County officials have stated in public meetings that they saw this budget problem five years ago, that they have been arduously cutting budgets for five years, and there is nothing left to cut. Our analysis of the Jefferson County budget and nearby county budgets suggests otherwise.

A Comparison of Jefferson County's Budget with Neighboring, Suburban Counties

Jefferson County's total expenditures have grown by 23.3% over the past five years (an average of about 4.7% per year). This exceeds population growth, inflation, and TABOR computed growth of the county's economy. Only by drawing on reserves has Jeffco been able to *exceed* the normal TABOR spending growth rate for the past five years.

Is this consistent with a county working to find every possible cut?

During the same five-year period, adjacent suburban counties, Douglas and Arapahoe, increased their spending by only 16% and 19% respectively.[27] (On average, Douglas and Arapahoe restrained their spending growth to 3.5% per year.) Had Jeffco followed the more fiscally responsible example of its suburban neighbors, Jeffco's spending would have been about $28.3 million less in 2019 – that alone would cover the entire $16.1 million shortfalls Jeffco claims in 2020 and most of the $32 million Jeffco claims it needs in subsequent years.

Analyzing the Growth of Jeffco's Budget by Department

A look at the budgets of various departments in Jeffco strongly suggests that the problem in Jeffco may come from the county losing control over administrative bloat. One of the largest line items in Jeffco's budget is the county managers' budget, which has inflated at more than twice the rate of the district attorney and 50% faster than the sheriff and transportation. Figure 1 demonstrates those differences.

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[27] For Douglas County in 2015: http://budget.douglas.co.us/#!/year/2015/operating/0/fund . For Douglas county in 2019, http://budget.douglas.co.us/#!/year/2019/operating/0/fund. For Arapahoe County in 2015: http://www.co.arapahoe.co.us/ArchiveCenter/ViewFile/Item/1384 at p. 75. For Arapahoe County in 2019: http://www.co.arapahoe.co.us/ArchiveCenter/ViewFile/Item/2191, at p. 64.

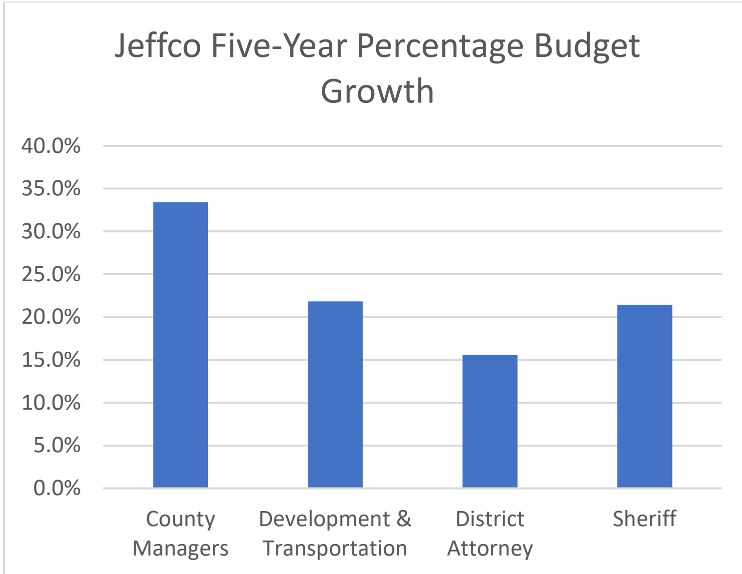

Figure 1.Percentage Budget Growth of Selected Departments in Jefferson County, 2015-2019[28]

The county managers are a substantial part of the administrative portion of the county.[29] It appears that Jefferson County, like so many other government agencies, may have allowed the administrative bureaucracy to grow at the expense of departments with boots on the ground, such as the sheriff, district attorney and the folks who fix our roads.

This is not a trivial issue. The county manager in Jeffco has the second-largest budget in Jeffco – $86 million (second only to the sheriff).[30] Again, this suggests that the county has not been as rigorous in finding spending efficiencies at it believes.

Conclusion

Jeffco's neighboring suburban counties have done a better job controlling their spending than has Jefferson County. Jefferson County's administrative budget, represented by the county managers, has grown far faster than the sheriff, the district attorney, or transportation.

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[28] The 2015 numbers for each department are taken from *Jefferson County 2015 Adopted Budget*, at p. 37. The 2019 numbers were taken from *Jefferson County 2019 Adopted Budget* at p. 45. To compute a correct growth rate for the county manager we had to make two adjustments to the reported 2019 budget figures so that we were comparing apples-to-apples as between 2015 and 2019. First, between 2018 and 2019, the "County Manager" line item in Jeffco's budget documents was split into two line items, "County Manager" and "Deputy County Manager." Therefore, to compute the five-year rate of growth, we combined the county manager and deputy county manager's line items for 2019. Second, it appears that the justice services budget was moved from the human services budget to the county manager's budget in 2018. Compare the human services budget in *2017 Adopted Budget, Department Budgets, Detail of Expenditures by Department Division* with *Jefferson County 2018 Adopted Budget* at p. 107. To compute the growth rate for the county managers, therefore, we deducted justice services from the 2019 county managers' budget. That deduction produces a lower growth rate for the county managers than if we used the raw county budget numbers.

[29] https://www.jeffco.us/671/County-Manager and *Jefferson County 2019 Adopted Budget*, at pp. 103-123.

[30] *Jefferson County 2019 Adopted Budget* at p. 45.

Accordingly, we find little support in the publicly available documents for the county's conclusion that it has cut costs to the bare bone.

Can Jefferson County's Budget be Balanced in 2020 without Drastic Budget Cuts to the Sheriff's Department?

The simple answer is, "Yes, it can. The county has already proposed 2020 budgets that increase the sheriff's 2020 budget, even if Issue 1A is not enacted."

Up until July 23, 2019, Jeffco budget officials stated that they would make drastic cuts to the sheriff's budget from 2019 to 2020. But starting on August 6, 2019, the Jefferson County Budget Manager, Strategic Planning and Analysis Division, Dan Conway, has twice retracted these cuts in two proposed budget documents presented to the Board of County Commissioners.[31]

It is important to understand that *both August and October versions of the proposed budgets assume that Ballot Issue 1A is NOT enacted*.[32] Accordingly, these documents represent the county's most recent plans for the sheriff's budget in 2020 should 1A not pass. Here are some notable facts about the sheriff's budget in the two versions of the proposed 2020 budget.

1. As of August 6, 2019, Jeffco planned to increase the sheriff's budget by 3% in 2020, even if Ballot Issue 1A does not pass.[33]
2. On October 1, 2019, footnotes and an extra page were added to the August version of the proposed budget. These changes propose that the sheriff's budget would increase that the sheriff's budget would not be cut from 2019 to 2020 -- even if 1A does not pass.[34]

We are pleased the county has found a way to maintain positive growth in the sheriff's budget. However, it seems somewhat irresponsible for the ongoing campaign to continue claiming that

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[31] *Jefferson County 2020 Proposed Base Budget* at p. 3 presented to Board of County Commissioners on August 6 and date stamped "2019_08_07. This August proposed base budget document is no longer available on the Jeffco website. But it may be seen by watching the video of the August 6 commissioners meeting at, http://jeffersonco.granicus.com/MediaPlayer.php?view_id=5&clip_id=2738.

[32] http://jeffersonco.granicus.com/MediaPlayer.php?view_id=5&clip_id=2738. Video of August 6 county commissioners hearing.

[33] County officials in August planned to give the sheriff $116,233,844 in 2020. *Jefferson County 2020 Proposed Budget* dated August 6, 2019 and date stamped "2018_08_07" at p. 3. But in 2019, the sheriff received only $112,916,900. *Jefferson County 2019 Adopted Budget*, at p. 45. This would be a 3% increase in the sheriff's budget.

[34] On October1, 2019, the county modified the August Proposed Budget and that is the document found on Jefferson County's website as of October 2. This October budget added a footnote and a new page 4, which propose that the sheriff's base 2020 budget of $116,233,844 will be reduced to $113,015,028 due to proposed budget cuts, which is clearly an increase from the sheriff's 2019 budget. Compare https://www.jeffco.us/DocumentCenter/View/15090/Proposed-Base-Budget?bidId= at pp. 3-4 with *Jefferson County 2019 Adopted Budget* at p. 45. Although the October proposed budget is dated August 6, the time-stamp on the document is October 1 and it is clearly a modified version of the August 6 proposed budget presented to the county commissioners.

the sheriff's budget will be drastically cut by 7% or by $5.4 million or any other amount, when the county has obviously already worked out a way to avoid any cuts at all.

It is difficult to address Jeffco's moving target for the sheriff's budget. In April through July, the county said, "drastic cuts." But in August, it was a 3% increase. Most recently, in October, the county proposed no cuts at all. ***Regardless, the claims that there will be radical cuts to the sheriff's budget (or for that matter, any cuts at all) if Issue 1A does not pass are completely inconsistent with multiple county's budget documents published since August 6, 2019***.

The moving budget targets for the sheriff also suggest that if the sheriff needs an even larger increase in budget to keep the jails open, the budget is not written in stone. County budget staff and our elected officials are paid to make these hard decisions for 2020 and make sure public safety is the top budget priority in Jefferson County.

Conclusion

The Taxpayer's Bill of Rights is a Colorado treasure. It is one of the most important factors in keeping Colorado from turning into a California/Illinois style fiscal train-wreck. Accordingly, we believe Jefferson County should make a very strong case before permanently reordering the relationship between the county government and the taxpayers on critical issues like taxes and spending.

The county's public budget documents do not, in our opinion, make a strong case. Rather, they highlight that Jefferson County has perhaps been less than fiscally responsible for the past five years and that, as a result, Jeffco will have a difficult, no-growth year in 2020. But after that, revenue and the TABOR spending limit will thereafter resume increasing.

The voters will have to decide whether one difficult year in 2020 justifies permanently raising county property taxes by 18% and permanently eliminating most spending protections of the Taxpayer's Bill of Rights.

Disclosure

The author discloses that his wife, Tina Francone, was a Jefferson County commissioner for nine months in 2019 and about one month in 2020 and that the author is a participant in the campaign to defeat Ballot Issue 1A.