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## Appropriations Growth by Function

by Michael R. Mauer

This Issue Brief analyzes historical appropriations by function since FY 1979-80. Appropriations from the General Fund, cash funds, and federal revenues were included. Meanwhile, we attempted to adjust the appropriations to show consistent growth by functions in instances where state departments were reorganized. Since FY 1979-80, state appropriations grew at an 8.4 percent annualized pace. Growth during the 1990s was similar to the historical average. Appropriations growth consistently outpaced population growth plus inflation during the period. The departments of Transportation, Corrections, and State exhibited the strongest growth.

### How Fast Have Statewide Appropriations Grown?

Table 1 displays growth in the state's appropriations by function for each of the state's branches and departments. Historic growth in appropriations is shown for three time periods in the table. During the 18-year period from FY 1979-80 to FY 1997-98, total state appropriations growth averaged 8.4 percent annually. For comparison, the combination of population growth and inflation, which is the current TABOR limit, was 6.1 percent per year during the period. The measures of inflation and population were used for comparison because inflation measures increases in costs, and population growth reflects the impact of government serving a larger citizenry. It should be noted that some of the growth in statewide appropriations, as well as in individual departments, is due to new programs and responsibilities, which would not be measured by growth in population and inflation. During the 1990s, the state's appropriations grew at an 8.1 percent average annual rate versus annual inflation plus population growth of 6.2 percent.

### Which Functions Have Experienced the Strongest Appropriations Growth?

From FY 1979-80 to FY 1997-98, the Department of Transportation experienced the strongest growth in appropriations among all the state government functions, averaging a 21.6 percent compound annual increase. This department was buoyed by significant increases in federal funding during the early part of the 1980s and tax and fee increases. In the mid-1990s, however, federal highway revenues fell significantly, thereby slowing growth. During the 1990s, growth in appropriations to the Department of Transportation slowed to a 7.9 percent annual pace, ranking the department fifth among the 22 functions.

### Table 1: Appropriations Growth by Function

**(Compound Annual Average Growth Rates)**

<b>Department/Function</b>	<b><i>Fiscal Years</i></b>		
	<b>1979-80 to 1997-98</b>	<b>1985-86 to 1997-98</b>	<b>1990-91 to 1997-98</b>
Agriculture	9.1%	9.1%	12.1%
Corrections	12.7%	14.4%	11.8%
Education	7.2%	6.9%	7.7%
Governor/Lt. Governor/ OSP	3.1%	-3.7%	- 14.0%
Higher Education	4.8%	5.1%	5.4%
Human Services/Health Care Policy & Financing	10.3%	10.6%	11.1%
Judicial	8.2%	6.8%	7.0%
Labor & Employment	4.2%	4.5%	5.5%
Law	9.2%	7.9%	3.9%
Legislative Branch	4.9%	4.3%	1.8%
Local Affairs	9.1%	5.3%	6.0%
Military Affairs	10.1%	9.9%	9.7%
Natural Resources	7.3%	6.2%	7.2%
Personnel	4.0%	3.5%	5.5%
Public Health & Environment	8.5%	8.1%	5.9%
Public Safety	NA	9.4%	7.0%
Regulatory Agencies	8.4%	7.8%	6.6%
Revenue	8.8%	4.7%	4.6%
State	11.7%	7.7%	7.8%
Transportation (Highways)	21.6%	4.8%	7.9%

Treasury	5.5%	8.4%	3.6%
Capital Construction	10.8%	7.8%	5.9%
<b>TOTAL STATE BUDGET</b>	<b>8.4%</b>	<b>7.5%</b>	<b>8.1%</b>
Denver-Boulder Consumer Price Index - Inflation	4.4%	3.4%	3.8%
Colorado Population Growth	1.7%	1.6%	2.4%
Inflation Plus Population	6.1%	5.1%	6.2%

NA: Not applicable.

As can be seen in Table 1, the next fastest growing functions over this period were the Department of Corrections (12.7 percent), the Department of State (11.7 percent), and Capital Construction (10.8 percent).

During the most recent period, from FY 1990-91 to FY 1997-98, the fastest growth area was the Department of Agriculture, with a compound annual average growth rate of 12.1 percent. Growth in the Department of Agriculture resulted from adding the State Fair appropriations to the department in FY 1997-98. Also exhibiting strong appropriations growth during the 1990s has been the Department of Corrections (11.8 percent per year) and the reorganized departments of Human Services and Health Care Policy and Financing (11.1 percent per year). These departments were aggregated for historical comparisons because House Bill 93-1371 reorganized the departments of Institutions and Social Services into the departments of Human Services and Health Care Policy and Financing.

Those functions exhibiting the most consistent strong growth over all three time periods in Table 1 are the Department of Corrections, the reclassified Departments of Human Services and Health Care Policy and Financing, and the Department of Military Affairs. Growth in federal funds is primarily responsible for the growth in the Department of Military Affairs.

### **Which Functions Have Experienced the Slowest Appropriations Growth?**

The only office to experience a decline in appropriations during the 1990s was the Governor's Office. This decline was partially the result of the transfer of the Job Training Office from the Governor's Office to the Department of Labor and Employment in FY 1997-98. However, even if this transfer is removed from the data, the Governor's Office experienced a 4.4 percent annualized decline in appropriations during the 1990s. The Governor's Office is very dependent on federal funds for its programs, which explains the volatility in its appropriations.

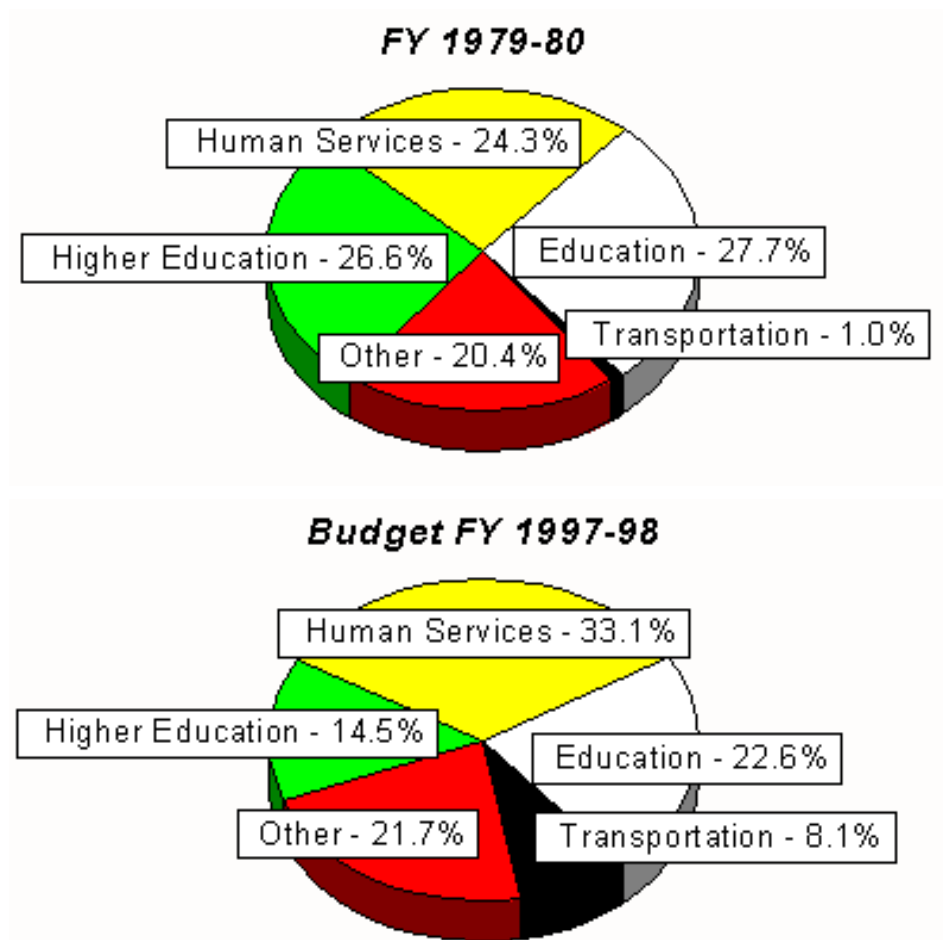
The next three slowest growth functions during the 1990s were the Legislative Branch (1.8 percent annual increase), the Department of Treasury (3.6 percent), and the Department of Law (3.9 percent).

### **Which Functions Receive the Largest Share of Appropriations?**

Graph 1 compares the relative share of appropriations received by each function of state government during FY 1979-80 with those budgeted for FY 1997-98. The largest share of appropriations is allocated to the realigned departments of Human Services and Health Care Policy and Financing, which will receive 33.1 percent of appropriations during FY 1997-98. Notably, these departments also have some of the stronger appropriations growth. In FY 1979-80 these departments had a 24.3 percent share of the appropriations, ranking third in total state appropriations.

The Department of Education will receive the second largest share of appropriations in FY 1997-98 (22.6 percent), but this is lower than its 27.7 percent share in FY 1979-80. In FY 1979-80, the Department of Education received the largest share of state appropriations. The Department of Higher Education will receive 14.5 percent of FY 1997-98 appropriations, ranking third among all functions. Eighteen years earlier, the Department of Higher Education ranked second in receipt of appropriations, and garnered 26.6 percent of the total. The Department of Transportation will receive 8.1 percent of FY 1997-98 appropriations and will rank fourth among all functions. This share is significantly higher than its 1.0 percent share in FY 1979-80.

**Graph 1: Percent of Total State Appropriations by Function**



**Note:** Appropriations do not include reversions, carry-forwards, continuously appropriated funds, or additional federal funds not reported to the Joint Budget Committee. In addition, many departments have been aggregated historically to maintain consistency as law changes have realigned them.

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**Room 029, State Capitol, Denver, CO 80203-1784 (303) 866-3521 FAX: 866-3855 TDD 866-3472 [http://www.state.co.us/gov\\_dir/leg\\_dir/lcstaff/research.htm](http://www.state.co.us/gov_dir/leg_dir/lcstaff/research.htm)**