



## Denver Ballot Issues Pros and Cons November 7, 2006

### **Referendum 1A—Tax to Support Preschool Programs**

Increases Denver sales tax by .0012 percent to fund preschool for Denver children. Creates a non-profit corporation to administer the tax, establishes program fundamentals, and defines appropriate program expenditures. Families will receive tuition credits.

#### **Those in favor say:**

1. Approximately one-third of current students entering kindergarten fall behind and stay behind, according to Colorado's teachers. Making preschool available to more four-year-olds will increase the number of children prepared to learn when they enter kindergarten. Good preschool programs lay the foundation these children need to succeed in school.
2. This program is expected to raise approximately \$12 million a year from sales tax. The money will be used to maximize access and participation in preschool programs and also to promote improvement in quality of those preschool programs. This will benefit all of Denver's four-year-old participants.
3. This program is voluntary. Parents may choose the school to which they send their preschool child. Any state-licensed preschool provider is eligible to participate and to receive funds.
4. The program will be administered by an independent Board of Directors who will report annually to taxpayers on the number of children enrolled, the number of quality providers, the academic success of the children attending and the finances of the district.
5. An average taxpayer with income between \$40,000 and \$50,000 a year would pay an extra \$25.35 annually in taxes, a small price to invest in the future success of the children of Denver.
6. Many underprivileged children are left out of the current preschool and Head Start programs because there are not enough spaces open. This program would fill that gap.

#### **Those opposed say:**

1. This program has lofty goals, but its source of income is a problem. Using a sales tax increase is regressive. Low-income people pay proportionately more of their total income in sales tax and will be subsidizing a program for more prosperous families.
2. Potential preschool providers need only be state-licensed, which includes private schools, home-based schools, and faith-based providers as well as public schools. This violates the separation of church and state.
3. There is no specific mechanism to prevent some of these funds from being spent on preschool for children of illegal immigrants.
4. Raising the sales tax is bad for the Denver business community since people will do their shopping outside the city limits to avoid paying the increased sales tax. Also, sales tax collections vary greatly from one year to the next.
5. Funneling public tax collections to private schools is a bad idea. Some home-based and faith-based preschool providers could qualify to receive participants under this program. This is a voucher system for four-year olds.
6. Current Head Start and other preschool programs are available for low-income children. The Denver public school system with its elected board already provides education services to four-year olds (ECE programs). These programs could be expanded with additional tax dollars. Public monies are better spent to expand and improve public programs.

[No organized group opposes this issue.]

## **Referendum 1B–Restructuring of City/County Financial Management**

Amends the Denver City Charter to implement recommendations of the Financial Management Task Force.

In March 2006 the Mayor appointed a Financial Management Task Force “To assess the organizational structure of the City’s financial functions, to review the City’s policies for using its reserves, and to recommend organizational improvements.” The task force recommended that the “combined leadership of the City redesign the financial functions to become more responsible, more efficient, less fragmented, and in the long run, less costly.” They also recommended that “the functions of the Auditor’s Office become more focused on internal audit and program improvement.” Referred Question 1B incorporates recommendations from the task force.

- Create a Department of Finance headed by the Manager of Finance, who would be the Chief Financial Officer (CFO) of the City. The Manager of Finance would be appointed by the Mayor as a cabinet member to oversee the City’s finances, and would report directly to the Mayor.
- Centralize the City’s financial responsibilities by eliminating the position of Manager of Revenue, bringing the Treasurer under the authority of the CFO, and by removing accounting and payroll functions from the Auditor’s Office and placing them under the CFO.
- Create an Audit Committee that would annually commission an independent external audit, receive the results of internal audits and communicate findings and recommendations to the Mayor, Manager of Finance, City Council and the general public.
- Give the Auditor the authority to conduct financial and performance audits of the departments and agencies of City government, supervise the annual independent audit of the City and County, and countersign all City contracts unless exempted by the Audit Committee.
- Provide that the City Council appropriate sufficient funds to the Auditor and the Audit Committee to exercise their duties and responsibilities.

### **Those in favor say:**

1. The reorganization modernizes the City’s financial structure and consolidates the City’s financial operations in the executive branch.
2. The reorganization strengthens the Auditor’s oversight role by giving the Auditor specific authority in the City Charter to conduct financial and performance audits.
3. The reorganization separates the financial management function from the auditing function to ensure the critical checks and balances that good government requires.

### **Those opposed say:**

1. The proposed Chief Financial Officer position places a great deal of power in one individual.
2. It is redundant to require countersigning of contracts by both the CFO and the Auditor.
3. Denver has managed well under the existing system. Don’t fix what is not broken.

[No organized group opposes this issue.]

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