



COLORADO FISCAL POLICY INSTITUTE

Justice and Economic Security for *all* Coloradans

2007 Colorado Legislative Review: Measured Success Outweighed by Missed Opportunities (May 4, 2007)

Denver, CO—The Colorado Center on Law and Policy (CCLP) and the Colorado Fiscal Policy Institute (COFPI) worked with legislators during the 2007 legislative session on a variety of bills that impact health care, self-sufficiency for lower-income families and state tax and fiscal policy.

“While some small gains were made on behalf of lower-income Coloradans, those measured successes were largely outweighed by missed opportunities,” said Maureen Farrell, Executive Director of CCLP. “In many cases, the long-term common good was a victim of politics as usual.”

“Despite the major fiscal problems Colorado has, the Legislature did nothing to begin addressing them,” said Kathy White, project coordinator for the Colorado Fiscal Policy Institute. “They opted for the status quo instead of exploring real solutions to improve state fiscal policy and help Colorado families.”

In Health Care:

The Successes:

- ❖ eliminating health status as a rating factor in small group health insurance (HB 1355)
- ❖ providing Medicaid for young adults leaving the foster care system (SB 2)
- ❖ providing a small expansion to the Colorado Children’s Health Plan Plus eligibility passed, but it pales compared to what was proposed (SB 211)

The Missed Opportunities:

- ❖ allocating tobacco settlement money that would have otherwise been reserved for healthcare spending to education by distributing 49% of the fund to CU Health Sciences Center. CCLP opposed the outcome of this bill as well as the process. While supporting education is important, this funding source should not have been used. (SB 97)

In Family Economic Security:

The Successes:

- ❖ eliminating the costs to certain low-income children participating in the school breakfast program (SB 59)
- ❖ requiring the Department of Local Affairs to post the Self-Sufficiency Standard for Colorado on its website (SB 235)

The Missed Opportunities:

- ❖ The Earned Income Tax Credit, which could've benefited 250,000 Colorado households, was killed before it was even introduced. (No bill introduced). Other tax credits, including one that had a \$4 million price tag, were passed.

In State Budget/Tax Policy

The Successes:

- ❖ Changing the school finance formula in order to stop the erosion of local support for schools and will stabilize state spending for education (SB 199)

The Missed Opportunities:

- ❖ Colorado failed to eliminate itself as one of only five states without a rainy-day reserve fund (HB1302)
- ❖ No meaningful progress on structural financial issues such as state budget planning for life after Referendum C (No bill introduced)
- ❖ No budget transparency changes that would've allowed the public more access to more understandable information about where their tax dollars go (HB 1290)

The following is a select list of bills that the Colorado Center on Law and Policy (CCLP) and the Colorado Fiscal Policy Institute (COFPI) highlight because of their impact—whether positive or negative—on lower-income families and state fiscal health:

SB 2 (Sandoval/Stafford) Medicaid Eligibility for Foster Care

Passed. SB2 extends Medicaid coverage to kids ages 18-21 who are coming out of foster care programs. SB2 assures that the health care supports for low-income kids transitioning from foster care to self-sufficiency. CCLP supported this bill by providing research and background information.

SB 59 (Sandoval/Madden) Start Smart Nutrition Program

Passed. SB59 creates the Start Smart Nutrition Program, which eliminates the costs to low-income children who participate in the school breakfast program. CCLP and COFPI actively supported this legislation because it is important to the health and well-being of low-income children.

SB 97 (Fitzgerald/Madden) Allocate Tobacco Settlement Moneys

Passed. SB97 allocates tobacco settlement money that would have otherwise been reserved for healthcare spending to education by distributing 49% of the fund to CU Health Sciences Center. CCLP opposed the outcome of this bill as well as the process.

Senate Bill 130 (Boyd) Health Care Homes

Passed. SB 130 directs Health Care Policy and Finance to assure that children in Medicaid or CHP+ “health care homes.” A medical home that is continuous, accessible and comprehensive and that can coordinate all required care for children is well-known to improve the quality of care for patients and to improve administrative efficiencies. CCLP was actively engaged in the coalition that crafted these bills and provided technical assistance to the sponsors.

SB199 (Windels/Pommer) School Finance Mill Levy Freeze

Passed. The legislature passed SB199 which includes a change in the school finance formula that will stop the erosion of local support for schools and will stabilize state spending for education. COFPI supports this effort to reduce the strain that K-12 education places on the state general fund.

SB211 (Hagedorn/McGihon) Health Care Improvements for Children

Passed. SB211 allows for presumptive eligibility for children whose family income does not exceed the income eligibility requirements for Medicaid or the Colorado Child Health Plan Plus. CCLP supported this bill.

SB 225 (Sandoval/Riesberg) Colorado Works Alternative Earnings Disregard

Passed. SB 225 requires counties to work with the Department of Human Services to create strategies, including using the current state earnings disregard, to help participants in Colorado Works meet work participation rates and improve outcomes for families. CCLP and COFPI actively supported this bill.

SB 235 (Boyd/Reisberg) Self-Sufficiency Standard for Colorado

Passed. SB235, as amended, directs the Department of Local Affairs to post the Self-Sufficiency Standard for Colorado on the Department's website. This will allow the public greater access to this tool, which calculates the income required for families in Colorado to meet their basic needs, such as food, housing and transportation, without public or private support.

HB1314 (Cerbo/Groff)

Passed. HB1314 makes amendments to HB1023 passed during the 2006 special session on immigration. HB1023 established strict identification requirements for Colorado residents who wish to receive public benefits. CCLP worked very hard on HB1314 which grants a continuation of the waiver process and allows for additional documents to be used as identification for purposes of accessing public benefits. CCLP will continue to work to reduce the negative effects of HB1023 in coordination with other organizations.

HB 1290 (Kefalas) Tax Incidence Study

Failed. HB 1290 would have required the Department of Revenue to report to the Legislature and public on who bears the burden of state taxes and how much tax credits cost the state because this information is currently unknown in Colorado. HB1290 failed in committee. The House Finance committee determined the \$400,000 fiscal note was too high a price to pay for creating additional budget transparency and information on how current and proposed taxes affect tax payers. COFPI supported HB1290 because it is vital to the fiscal health of the state to have a clear understanding of tax incidence and expenditures.

HB 1302 (Buescher/Morse) Increase State General Fund Reserve

Failed. HB1302 would have gradually increased the statutory general fund reserve amount from 4% of general fund expenditures to 8% of general fund expenditures in order. Colorado is one of only five states without a rainy day fund to offset the need for budget cuts during economic downturns. The current 4% reserve is insufficient to avoid program cuts if the economy slows. The bill died in the Senate Finance committee because the decision came down to saving for the future versus transportation and capital construction. COFPI supported HB1302 as a fair and essential mechanism to assist the state in weathering future economic downturns.

HB1355 Small Group Insurance Bill

Passed. HB1355 eliminates health status and claims experience as characteristics that can be used for determining health insurance rates for small employers. CCLP supports HB1355 because it is important to making health insurance more affordable and available to Colorado residents.

HB1361 (Madden/Isgar) Verify Conservation Easement Tax Credits

Passed. HB 1361 imposes additional verification requirements for taxpayers claiming a tax credit for donating a conservation easement. When passed in 2001, the fiscal note for the conservation easement estimated the initial tax expenditure for the easement tax credit at \$1.5 million for fiscal year 2002-03 increasing to \$7.5million for fiscal year 2004-05. The actual fiscal year 2004-05 tax expenditure was \$57 million and a whopping \$85 million the following year. The discrepancy in the anticipated expenditure versus the actual expenditure demonstrates the need for the state to verify recipients of the tax credit. COFPI supported this bill because it highlights the importance of the state developing the capability of modeling the fiscal effect of tax credits.

Earned Income Tax Credit (Not introduced)

Despite multiple efforts to enact legislation that reinstates the state earned income tax credit, a bill was never introduced this session. While the legislature considered several other tax credits, including one that was passed with a \$4 million fiscal impact, the earned income tax credit did not even merit actual legislation being considered—despite the fact that it would have benefited more than 250,000 Colorado households.