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2008 Legislative Session Review:
Funding constraints keep bold plans on hold
Session marked by minor successes, missed opportunities

Denver, CO—The 2008 Legislative Session will be remembered as a mixed bag of successes and setbacks, with both steps toward progress and missed opportunities along the way. The Colorado Center on Law and Policy (CCLP) and the Colorado Fiscal Policy Institute (COFPI) focused on a variety of bills and issues that impact health care, state tax and budget policy, and self-sufficiency for lower-income families.

“The challenges Colorado faces when it comes to health care, fiscal policy, and economic self-sufficiency are too great to resolve in one year,” said **Maureen Stevenson Farrell, Executive Director at CCLP**. “So while we recognize some of the progress made, we also know that a lot of work remains on key issues like the Earned Income Tax Credit and broader health care reform.”

“In terms of fiscal policy, the legislature created some winners and losers—helping out mutual fund companies and other special interests with some tax breaks, but not really doing anything significant for low-income working families,” said **Kathy White, Project Director for COFPI**.

“The Legislature took some steps to lay the foundation for reform and increase access to health care in Colorado.” **Elisabeth Arenales, Health Program Director for CCLP and a member of the Blue Ribbon Commission on Health Care Reform**. “However, we have a very long way to go.”

“We face a lot of serious fiscal challenges, and we’re seeing the consequences of those challenges as Colorado continues to lag behind other states in education, health care, higher education, and transportation,” said **Carol Hedges, Senior Fiscal Analyst at COFPI**. “Broader fiscal reform was not addressed this session, but it’s something we have to keep moving forward on.”

Below is a summary of what happened in the legislative session with some of CCLP and COFPI’s key priorities:

Fiscal Issues:

Earned Income Tax Credit

Though it narrowly failed in House Finance Committee, H.B. 1362, the bill to restore the state Earned Income Tax Credit (EITC), did make some progress. In committee and more broadly, there was nearly unanimous support for the merits of EITC. The sticking point and fierce opposition came with the funding mechanism, which was a proposal to use unspent federal tax dollars that the counties have stockpiled for years, to the tune of \$136 million.

The bill would have provided more than 250,000 low-income working households with a much-needed tax credit to help pay for basics like gas and groceries and pumped \$52 million into local economies. CCLP and COFPI worked doggedly to pass this legislation, and helped lead the effort of more than forty supporting organizations to restore the EITC.

Single Sales Factor

The so-called Single Sales Factor bill, H.B. 1380, passed in the legislature. Though COFPI opposed the bill, the legislation was amended to include some positive accountability and transparency steps.

The bill will change corporate income tax reporting to the so-called “single sales factor,” and in doing so would reward specific kinds of companies, such as mutual fund companies, while raising taxes on 68 percent of Colorado businesses. It has been promoted as an economic development tool, but there is no guarantee that it will actually create more jobs. COFPI, along with representatives from AT&T, Waste Management, and other companies testified against the bill in the House Finance hearing, citing that it is not good tax policy for Colorado. Also, several of Colorado’s more influential business groups are neutral on the legislation, citing that their membership is split on this issue.

Constitutional Fiscal Reform

COFPI testified in favor of Speaker Romanoff’s S.A.F.E./TABOR reform proposal, which died in the House. While HCR 1014 was a bold and innovative step in untying the constitutional knot created by conflicting provisions, COFPI believes it is only one step towards resolving all of the state’s fiscal challenges. Even with this proposal, problems will remain with how Colorado funds critical priorities. However, that debate is for another day.

Health Care:

Health Care Reform

Elisabeth Arenales, along with three other members of the Blue Ribbon Commission on Health Care Reform, presented the group’s findings to the Legislature in January. Since then, CCLP has worked tirelessly to promote health care reform through a variety of bills.

Some positive steps were made along the way. As examples, CCLP supported and worked to pass SB08-161 helping to remove administrative barriers to enrollment in Medicaid and CHP+ and HB08-1072 which will create a Medicaid Buy In Program for working people with disabilities. CCLP also helped to amend SB08-217 which we believe will advance the conversation in Colorado about comprehensive reform, including furthering important conversations about an individual mandate, public program expansions, health insurance market reforms, affordability, subsidization and benefits. These measures help to lay the groundwork for the ultimate goal of comprehensive health care reform.

The legislature made important investments in improving the health care infrastructure in the state through the budget process as well. Notable among these investments were increases for the medical home program, increased reimbursement rates for providers who serve Medicaid clients, additional outlays to reduce the developmental disabilities waiting list, increases for CHP+ outreach and enrollment, and funds for the Department to investigate centralizing Medicaid and CHP+ eligibility and enrollment to reduce administrative barriers.

Health Care Access and Hospital Sales

CCLP supported three different pieces of legislation that would have addressed some of the problems associated with hospital sale transactions.

HB 1203 passed in the Legislature. It requires the Attorney General to consider any lessening of access to health care services whenever determining whether to hold a public hearing on a hospital sale transaction.

SB 182, which would have required hospitals to notify in advance the Colorado Department of Public Health and Environment (CDPHE) of any proposed reduction in services, was killed in the Senate. However, administrative officials at CDPHE affirmed that they would review any hospital transfer to assure that the availability of reproductive health services is not reduced.

Litigation to stop the proposed sale of two Denver- area Exempla hospitals remains pending in court in Denver and Boulder counties.

Economic Self-Sufficiency

CCLP supported or worked on a series of bills that provided various forms of help for low-income families in Colorado. Some of the key legislation included:

SB 177- This legislation included a 20 percent increase in the monthly TANF cash grant, effective January 2009, with the authority to go higher delegated to the State Board of Human Services. This would raise the grant from \$356 per month for a family of three to about \$420 per month. However, even if the Board raises the grant to 30 percent, a family's income would still be below 33% of Federal Poverty Line (FPL).

HB 1265- This bill allows counties to subsidize child care for families up to 85% of state median income. It raises the current income ceiling from 225 percent of the FPL to 309 percent. Many of these families have faced the loss of hundreds of dollars per month in Child Care subsidies with a 10 cent per hour raise. In many counties the "break-even" point at which earnings can cover the full cost of basic needs is above 225 percent of FPL.

In March 2008, CCLP released another groundbreaking study on the Colorado Self-Sufficiency Standard, which showed alarming increases for housing costs, food prices, and child care costs.

For more information or to arrange an interview with CCLP and COFPI policy experts, please call Scott Downes at 303-573-5669 ext. 306 (office) or 303-621-5595 (cell).

The **Colorado Center on Law and Policy** works to secure justice and promote economic security for all Coloradans, and to provide the critical advocacy formerly provided by federally funded legal services programs.

The **Colorado Fiscal Policy Institute**, a nonprofit, nonpartisan project of the Colorado Center on Law and Policy, promotes justice and economic security for *all* Coloradans. As both a resource and catalyst, the Institute works for changes in public policy through timely, credible and accessible fiscal policy analysis, education, advocacy and coalition building.

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