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November—December 2015

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ANNUAL MEETING OF:

GOVERNOR & JOINT BUDGET COMMITTEE

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Every year the Governor prepares a budget and presents it to the Joint Budget Committee (JBC). The committee is comprised of 6 members — 3 from the House and 3 from the Senate. Party leadership selects the members: two from the majority and one from the minority. The chair rotates every year. One year a senator is chair and the next, a member of the House.

As with all budgeting processes this involves trade offs. This year has some difficult decisions. Although the Governor prepares the budget, the final budget is adjusted and finalized by the legislature.

An analysis of the original proposed budget was prepared by Senator Pat Steadman, a member of the JBC. We are including it here because it explains many of the critical conflicting restrictions in the state constitution. Additionally it shows the type of balancing act by the JBC, and subsequently by the entire legislature as they, in April-May, finalize the budget for the fiscal year starting July 1. Colorado Senior Lobby has noticed that in reviewing the proposed budget, little, if any attention has been given to the increasing Colorado senior population and the resulting budget impact of this group.

Comments by Senator Steadman:

"On November 12 the Joint Budget Committee reconvened for the FY 2016-17 budget cycle. Governor Hickenlooper appeared before the JBC that day to present an overview of his budget request, which is the starting point for the annual budget process. The JBC will now spend the next four months working to write the annual 'Long Bill'."

Here's one of the headlines that told the story of the budget request:
Colorado's Governor Is Not Thrilled With His Own Budget Proposal
I (Senator Steadman) re-tweeted it on Thursday with the comment "No one is."

Reproduction of newsletter provided by Ed Shackelford, REALTOR®: Real Living CO Properties 720-353-3775 National Award Winner, Premier Service

LEGISLATION BEGINS WHEN THE FEAR OF DOING NOTHING AT ALL FINALLY TRUMPS THE TERROR OF DOING IT BADLY, OR NOT AT ALL. Paraphrased from Alain De Botton, author

Colorado finds itself in the uncomfortable position of facing deep budget cuts at the same time that "excess revenues" are required to be refunded to taxpayers due to the dictates of the TABOR amendment. How we got into this situation is a complex set of circumstances.

Among the proposed cuts in the Governor's budget are the following:

\$20 million reduction in state support to institutions of higher education. Expect tuition to increase faster to make up the difference. There could be an ancillary debate about the role of the legislature in determining tuition rates, but expect that discussion to take a back seat to budget cuts.

\$50 million is being withheld from K-12 school finance. This results in an increase in the "negative factor," a component of the school finance formula that was created purely for the purpose of making cuts. K-12 funding will increase in FY 2016-17, but not as much as it should. This proposal essentially shorts the school finance act from keeping pace with enrollment growth and inflation.

Primary care physicians are facing a funding cliff. As health care reform was being implemented there were reimbursement rate enhancements to incentivize their participation. Federal funds provided those incentives in the beginning, and the state continued them for the second year. But now they're being dropped, a move that saves the state \$45 million but cuts a total of \$131 million when matching federal funds are lost. This is gonna hurt.

State employees won't see a raise in FY 2016-17. Their salaries will remain flat, but most contractors that provide services for state programs will see a 1% reduction in reimbursement rates."

COMMENTS FROM GOVERNOR'S PROPOSED BUDGET

"Forecasts for Colorado's General Fund revenue collections from income and sales taxes reflect the economic conditions described earlier. For FY 2016-17, the September forecast from the Office of State Planning and Budgeting (OSPB) projects General Fund revenue to be \$3.1 billion above its pre-Great Recession peak. When adjusted for inflation, however, collections of \$1,601 per person in Colorado will still be 0.6 percent below the FY 2007-08 level." *(Note that we are not keeping up with inflation. This can be a serious issue for Colorado, with one of the fastest growing senior populations in the country. See graph on page 4)*

Senior Lobby comment: *The negative factor is related to K-12 funding. It describes the amount that has been cut from K-12 since the year during the Ritter Administration when the*

Supreme Court ruled that Amendment 23's mandated increases applied only to base school funding, not funding for various special categories. Keeping track of what funding would/should be if none of those cuts had even taken place is what they call the negative factor.

From the Governor's budget: "**Primer on the Negative Factor.** The negative factor is a fourth factor that is used in the K-12 education school finance formula. The negative factor was added in FY 2009-10 as a budget balancing solution during the Great Recession. Its legality was recently confirmed by the Colorado Supreme Court. In the current fiscal year, the value of the negative factor is 12.1 percent of total program funding or \$855.2 million. The maximum allowed amount of the negative factor is \$1.76 billion."

"As proposed in the 2015 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance, Medicare Part B premiums may increase by about 52 percent, from \$104.90 in calendar year 2015 to \$159.30 in calendar year 2016.

- Long-term medical costs related to Medicare beneficiaries are expected to increase significantly; in order to ensure there is sufficient revenue to meet projected expenses in future years, the trustees are recommending an increase to premiums beginning January 1, 2016.
- The Department pays coinsurance and premiums for the dually eligible population and if the premiums rise, the Department will be responsible for covering the cost increases.
- A premium increase of this magnitude will require the Department to use General Fund to fund a significant portion of the increase.
- If the problem is not addressed, the Department risks a significant General Fund over expenditure."

"The OAP-SO program provides limited medical care for Coloradans who are recipients of benefits through Colorado's Old Age Pension Cash Assistance Program, administered by the Department of Human Services. The OAP-SO program is 100% State-funded and is not a federal entitlement.

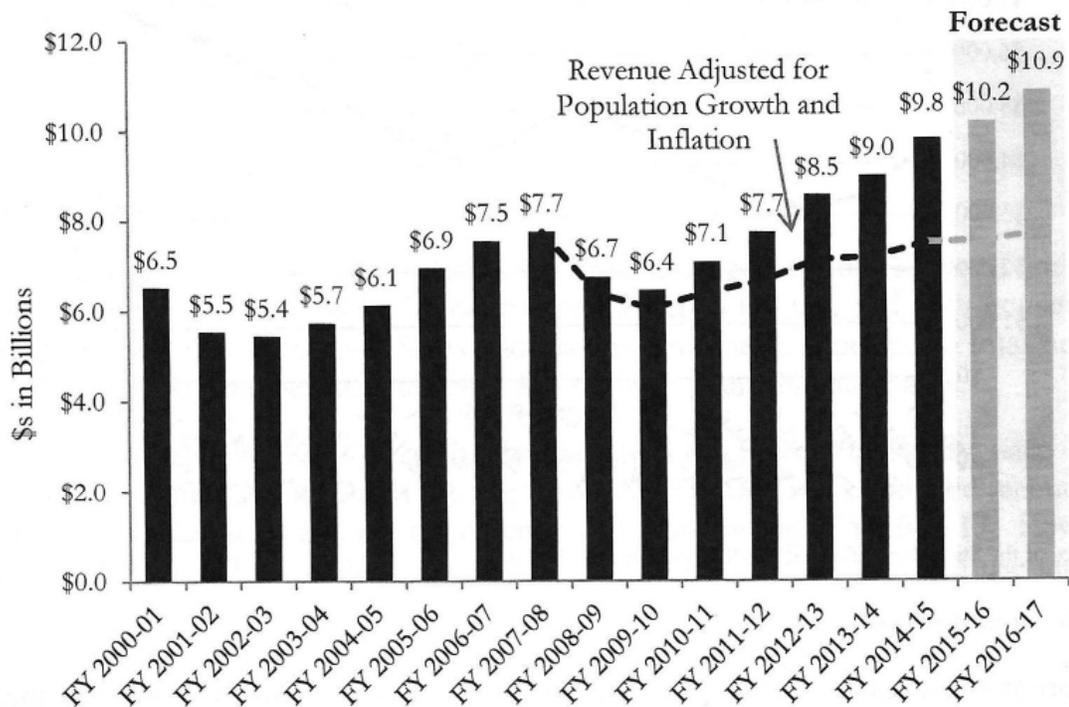
Caseload and expenditures for OAP-SO Program have decreased significantly primarily resulting from new provisions of SB 13-200 which expand Medicaid eligibility to clients previously eligible for OAP-SO, and as a result the appropriation is much larger than necessary to support the costs of the program.

The caseload and costs have shifted to the Medical Services Premiums line where State obligation of costs is less due to the federal financial participation through Medicaid."

(An example of analyzing the broader impact, relating cost to benefit in other programs.) HCPF has been pursuing numerous health care delivery changes. This budget request reflects the enrollment of 1,078,390 Medicaid clients in the Accountable Care Collaborative / Regional Care Collaborative Organization (ACC / RCCO) program by June 2017. In FY 2014-15, this program added 290,545 new clients and demonstrated an estimated \$121.2 million in gross avoided costs. Costs are avoided through coordinated primary care, which is less expensive than episodic or emergency treatment of medical conditions. The majority of these avoided costs are gained through coordinated care for individuals with disabilities. These clients are often more medically vulnerable than clients without disabilities, and frequently have multiple chronic conditions and require greater intensive care, such as inpatient hospital stays.

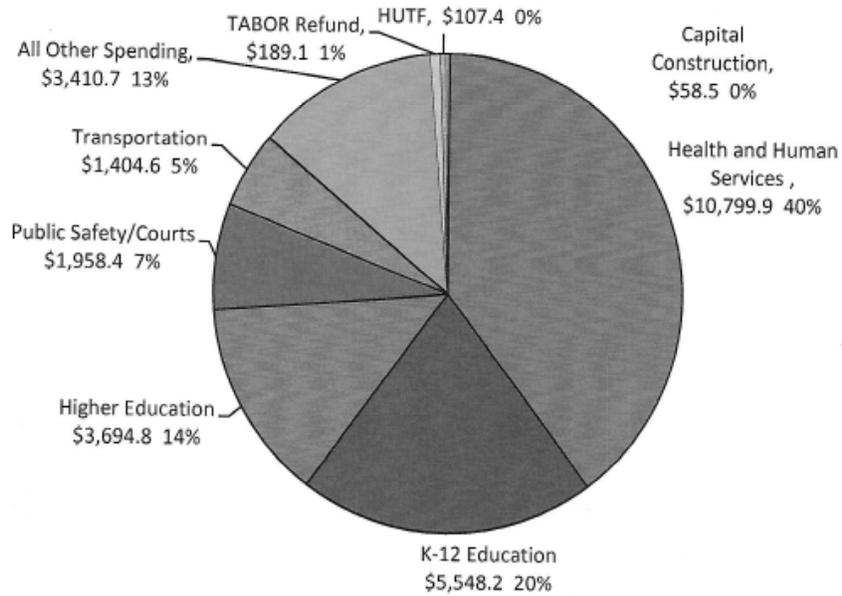
(This is an example of how TABOR causes financially unsound actions.) “We are proposing that hospital provider fee collections under H.B. 09-1293 be reduced from current expectations by \$100 million. This reduces appropriations by nearly \$200 million Total Funds in the HCPF budget, but also reduces the expected TABOR rebate liability in the General Fund by \$100 million.”

Graph 2. General Fund Revenue, Actual and Forecast, with Revenue Adjusted for Population Growth and Inflation since FY 2007-08, \$s in Billions



Source: Office of the State Controller and OSPB September 2015 forecast

FY 2016-17 Total Funds Request (In Millions) and Percent of Total



FY 2016-17 General Fund Request (In Millions) and Percent of Total

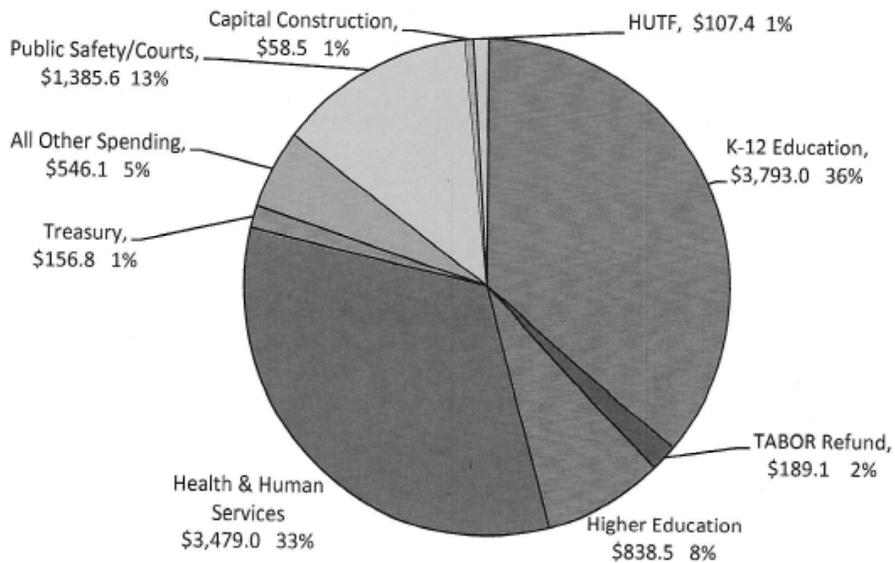


Table 1. Total Funds (by major category)

| | FY 2015-16 | FY 2016-17 | Change | % Change |
|----------------------------------|-----------------------|-----------------------|--------------------|---------------|
| Health and Human Services | \$10,805,113,555 | \$10,799,854,347 | (5,259,208) | 0.0% |
| K-12 Education | \$5,434,487,782 | 5,548,235,049 | 113,747,267 | 2.1% |
| Higher Education | 3,732,557,075 | 3,694,804,974 | (37,752,101) | -1.0% |
| Public Safety/Courts | 1,945,792,389 | 1,958,376,440 | 12,584,051 | 0.6% |
| Transportation | 1,436,913,372 | 1,404,629,608 | (32,283,764) | -2.2% |
| All Other Departments | <u>3,067,701,890</u> | <u>3,204,398,580</u> | <u>136,696,690</u> | <u>4.5%</u> |
| Total Departments | 26,422,566,063 | 26,610,298,998 | 187,732,935 | 0.7% |
| Capital Construction | 271,801,088 | 58,517,936 | (213,283,152) | -78.5% |
| Old Age Pension/Older Coloradans | 108,998,907 | 114,514,284 | 5,515,377 | 5.1% |
| Other Rebates/Expenditures | (375,394) | 1,200,000 | 1,575,394 | N/A |
| Transfer to HUTF | 201,886,636 | 107,403,202 | (94,483,434) | -46.8% |
| Transfers to Funds | 86,645,359 | 89,562,281 | 2,916,922 | 3.4% |
| Other ("1331s" and Placeholder) | <u>5,510,584</u> | <u>1,000,000</u> | <u>(4,510,584)</u> | <u>N/A</u> |
| Subtotal (Without TABOR Refund) | 27,097,033,243 | 26,982,496,701 | (114,536,542) | -0.4% |
| TABOR Refund | <u>36,467,850</u> | <u>189,134,925</u> | <u>152,667,075</u> | <u>418.6%</u> |
| Total Expenditures | 27,133,501,093 | 27,171,631,626 | 38,130,533 | 0.1% |

Table 2. General Fund (by major category)

| | FY 2015-16 | FY 2016-17 | Change | % Change |
|--|-----------------------|-----------------------|--------------------|---------------|
| K-12 Education | \$3,567,985,216 | \$3,793,010,882 | \$225,025,666 | 6.3% |
| Health and Human Services | 3,318,985,818 | 3,479,021,039 | 160,035,221 | 4.8% |
| Public Safety/Courts | 1,384,566,092 | 1,385,631,375 | 1,065,283 | 0.1% |
| Higher Education | 857,415,995 | 838,524,430 | (18,891,565) | -2.2% |
| Treasury | 135,066,583 | 156,812,020 | 21,745,437 | 16.1% |
| All Other Departments | <u>333,092,945</u> | <u>339,865,372</u> | <u>6,772,427</u> | <u>2.0%</u> |
| Total Departments | 9,597,112,649 | 9,992,865,118 | 395,752,469 | 4.1% |
| Capital Construction | 271,801,088 | 58,517,936 | (213,283,152) | -78.5% |
| Old Age Pension/Older Coloradans Fund | 108,998,907 | 114,514,284 | 5,515,377 | 5.1% |
| Other Adjustments/Rebates/Expenditures | (375,394) | 1,200,000 | 1,575,394 | N/A |
| Transfer to HUTF | 201,886,636 | 107,403,202 | (94,483,434) | -46.8% |
| Transfers to Funds | 86,645,359 | 89,562,281 | 2,916,922 | 3.4% |
| Other ("1331s" and Placeholder) | <u>3,952,898</u> | <u>1,000,000</u> | <u>(2,952,898)</u> | <u>-74.7%</u> |
| Subtotal (Without TABOR Refund) | 10,270,022,143 | 10,365,062,821 | 95,040,678 | 0.9% |
| TABOR Refund | <u>36,467,850</u> | <u>189,134,925</u> | <u>152,667,075</u> | <u>418.6%</u> |
| Total Expenditures | 10,306,489,993 | 10,554,197,746 | 247,707,753 | 2.4% |

Note, for Tables 1 and 2, the category of Health and Human Services is comprised of the Department of Human Services and the Department of Health Care Policy and Financing. The category of Public Safety/Courts is comprised of the Departments of Corrections, Public Safety, and Judicial.

SAVE THE DATE!
When: Wednesday, March 30, 2016

35 YEARS OF

Senior Day at The Capitol

Hosted by

Colorado Senior Lobby (CSL)

This event is held in Downtown Denver at The Colorado State Capitol

2016 Proposed Event Agenda

8AM – 9AM: Continental Breakfast (The Capitol - North 2nd Floor Mezzanine)

9AM – Noon: Old Supreme Court Chambers (The Capitol - 2nd Floor)

Noon – 2PM: Lunch & Afternoon Program

(Location: Denver Consistory 1370 Grant St)

Why attend?

Meet your Legislators, Elected Officials & Senior Day Sponsors

- And ... Learn about programs available for Seniors
- Learn about Legislation affecting Seniors
- Improve your skills on Advocating on behalf of Seniors
- **And most important:
Let the Governor, Speaker of the House, Senate President and your Legislators know your Concerns !**

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Individual Annual Membership is only \$30 a year!**

- **Visit our website for more information about Individual and Family Memberships. Learn about an Organizational & Business Membership and consider becoming a "Senior Day Sponsor."**



Questions?

**Call Colorado Senior Lobby – President, Ed Shackelford
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*The ultimate folly is to think that
something crucial to your welfare is being taken
care of for you.*
—Robert Brault, American operatic tenor

“Healthy citizens are the
greatest asset any
country can have.”
— Winston Churchill

Go Green:

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Colorado Senior Lobby — Nonprofit, non-partisan, volunteer organization

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Organizations: Attach three names and contact information

Additional contribution to support our vision for seniors' quality of life \$ _____

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Senior Corps taps the skills, talents, and experience of more than 330,000 Americans age 55 and over to meet a wide range of community challenges. Established in 1971 and now one of the largest senior volunteer organizations in the nation, RSVP engages more than 296,000 people age 55 and older in a diverse range of volunteer activities. RSVP's mission is to match your skills, experiences, and time to a volunteer opportunity that you want to do. You can use the skills and talents you've learned over the years, or develop new ones while serving in a variety of volunteer activities within your community. RSVP volunteers choose how, where, and how often they want to serve, with commitments ranging from a few hours to 40 hours per week. The opportunities range from delivering meals and working at food banks, tutoring students, teaching disaster preparedness classes, working with veterans and the list goes on with the 50+ sites we have in Denver, Douglas, and Western Arapahoe counties.

Please call Rachel Denenberg, RSVP Program
Coordinator for more information.

(303) 297-0408

rdenenberg@voacolorado.org

