Citizens’ Budget Facts Part Deux

Posted by jccaldara on Jan 27 2011 | Citizens' Budget, Economics, Economy, Government Largess, Health Care, PPC, Taxes, education

These little nuggets are taken from our massive Citizens’ Budget project, headed up by Fiscal Policy Center director Penn Pfiffner.

1. Further reform of PERA must be one the highest priorities of this General Assembly. Although PERA boasts assets with market value of $32.9 billion, its total liabilities were nearly twice that amount – $56.3 billion – even after the legislature adopted the latest PERA bailout: SB1 (2010). That means the stated unfunded liability is $23.4 billion, or a little over $10,100 for every family or household. PERA’s 2009 Certified Annual Financial Report confirms that the Board of Trustees’ assumed future rate of return greatly affects the funding ratio. If trustees were to assume a conservative return of 4 percent the real liability would approach $40 billion, or $20,000 per household. [PERA Certified Annual Financial Report (CAFR), December 31, 2009.]

2. Adopt tuition tax credits to save money for the State and local school district. Setting the credit scholarship below a student’s per-pupil revenue share ensures both short-term and long-term savings while empowering more families with a wider range of quality education options. We urge legislators to utilize an econometric model from the Cato Institute to measure the fiscal impact of education tax credits, as we did. Plug in your own assumptions to see their effects. Our cautious inputs projected saving $21.3 million at the state level during the first three years of the program. Over 10 years, State savings would reach $176 million, with nearly $697 million saved at the district level.

3. In Colorado, the Medicaid caseload has expanded faster than the state’s population, and faster than the proportion of the state’s population in poverty because the state has continuously expanded Medicaid eligibility. The state share of expenditures on Medicaid has continued to increase in good times and bad. Simply rolling eligibility levels for Medicaid and Medicaid mental health back to the FY 2007 levels would save about $243 million in state funds each year. The Governor and legislators must start the waiver process, or oppose the Maintenance of Effort, to ensure that the State maintains some control over the program.

4. The State’s Old Age Pension Plan costs $105 million per year. A resident qualifies if over age 60 and meets the need-based standard for eligibility. The Plan provides financial benefits up to $699 per month to beneficiaries. The Plan is even more generous than Social Security because, unlike the federal program, beneficiaries do not need to show they have ever earned income, lived in the state before applying for benefits, nor ever paid any taxes of any nature to Colorado!