Prop. #118: Paid Family & Medical Leave Insurance Program

Proposes to create a state-run paid leave insurance benefit program. The program would include up to 90% wage replacement and cover up to 12 to 16 weeks of leave ranging from bonding with a newborn to personal injury, & combine benefits usually offered separately by paid family leave & short-term disability programs.

- Compared to other states with existing state-run programs, Colorado’s would have some of the most generous benefits in the nation.
- Solvency - If the program starts at a claims rate of 6.2% and an average length of leave of 9.5 weeks, the 2023 premium collections will not be sufficient to cover benefit and administrative costs in the first year of the program in 2024. In 2025, once the premium can increase to 1.2%, the program utilization can at most increase to a level equivalent to a claims rate of 7.5% & an average length of leave of 10.2 weeks while maintaining solvency. Any higher utilization and the program would face insolvency and likely require further legislative action.
- Direct Costs – The three constructed scenarios show a range of wage premiums to fund the benefit of .71%, 1.12% & 1.70%.

- This is an annual premium of $178, $281 or $425, for an individual making $50,000, respectively.
- Given the current flat income tax of 4.63%, the wage premiums amount to between a 10% to 18% increase in income related taxes on those wages. The state government, a large employer required to participate in the program, would see the single year cost of between $39,000,000 and $94,000,000.
- In 2025, total premiums to be paid by employers could total over $1.34 billion. This would be an effective increase of the corporate income tax of 204%.

- Indirect Costs – Given the one size-fits-all approach, some businesses will face much higher costs. A restaurant which must replace nearly 100% of the workers who take leave, would see their already low margin be reduced by 10%. On the other hand, a higher wage biotech research company, with a high margin, would see a decline in their margin of 2% & a per employee net cost of $545.

News

Paid family leave program could have $1.34 B price tag for employers

"In 2025 once the program is matured, Colorado employers would pay an estimated $1.34 billion in premiums, said the report, presented Wednesday by the CSI..." Center Square: September 9, 2020, by Derek Draplin

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In 1993, the first year of TABOR limits, only 46% of the total state spending was exempt, or $2,403 per Coloradan in 2019 inflation adjusted dollars. In 2019, 69% of total Colorado state spending was exempt from TABOR, which equates to an amount of $5,787 per Coloradan.

Since the adoption of TABOR, or the Taxpayer’s Bill of Rights, voters have approved only a total of 3 statewide tax revenue increases, which include increased rates on tobacco products, new taxes on marijuana, and online sports betting. However, during that same time, the state legislature has created 15 new enterprises, resulting in fees to Coloradans and new revenue to the state, without a direct vote of the people.

In FY 2018, total revenue collected from enterprise fees totaled $17.9 billion.

In 2018, state enterprise fee revenues were more than double what they were in 2008 on a per-Coloradan basis as total revenue from enterprise fees has grown four times faster than general fund revenue.

In the year 2000, fees amounted to $222 per Coloradan, while General Fund spending amounted to $1,174 per resident. By 2018, fees equaled $3,136 per Coloradan, and General Fund spending equaled $1,864. This means that for every $1 increase in general fund revenue per Coloradan, enterprise fees have gone up $4.22—more than four times faster.

**Prop. #117: Voter Approval for New State Enterprises**

Proposes that with the creation of a new fee or enterprise with a projected or actual revenue from fees and surcharges of over $100,000,000 total in its first five fiscal years must be approved in a statewide general election.

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- Since the adoption of TABOR, or the Taxpayer’s Bill of Rights, voters have approved only a total of 3 statewide tax revenue increases, which include increased rates on tobacco products, new taxes on marijuana, and online sports betting. However, during that same time, the state legislature has created 15 new enterprises, resulting in fees to Coloradans and new revenue to the state, without a direct vote of the people. In FY 2018, total revenue collected from enterprise fees totaled $17.9 billion.
- In 2018, state enterprise fee revenues were more than double what they were in 2008 on a per-Coloradan basis as total revenue from enterprise fees has grown four times faster than general fund revenue.
- In the year 2000, fees amounted to $222 per Coloradan, while General Fund spending amounted to $1,174 per resident. By 2018, fees equaled $3,136 per Coloradan, and General Fund spending equaled $1,864.
- This means that for every $1 increase in general fund revenue per Coloradan, enterprise fees have gone up $4.22—more than four times faster.

**Full Report:** [www.commonsenseinstituteco.org/initiative-295/](http://www.commonsenseinstituteco.org/initiative-295/)

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The Villager: July 2, 2020, page 11

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