



## SENATE BILL 188: ANALYSIS OF THE COST AND RISK OF FINANCIAL INSOLVENCY FOR A COLORADO PAID LEAVE PROGRAM

Download the full study: [www.remipartnership.org/senate-bill-188/](http://www.remipartnership.org/senate-bill-188/)

### ESTABLISHING A NEW STATE ENTERPRISE

SB-188 would create a state operated insurance program, available to between 85% and 90% of all Colorado workers.

- Benefits would cover paid leave for temporary disability, parental leave and temporary caregiver leave. Eligible employees can take up to 12 weeks of paid leave annually.
- Current estimates suggest the agency would require a **premium of .64% of wages generating \$956 million in revenue in the first year.**
- With amendments offered following release of our study on 4/9/19, employees and employers would split the premium 60/40. **That \$382 million increase in costs to businesses represents a 58% increase in costs relative to current corporate income tax revenue.**

### POLICY IS ONLY AS GOOD AS THE ASSUMPTIONS

The **utilization rate** is a critical assumption when determining if the program will be solvent.

- **Current assumptions made in the fiscal note use a rate of 3.5%.**
- **With current premium cap in the bill of .99%, the utilization rate could not climb past 5.4%.**
- **Colorado can learn from history with other programs like PERA and unemployment insurance, that they can face insolvency when actual numbers don't meet original assumptions.**

Comparison of Utilization Rates and the Associated Premium and Cost Estimates for Colorado Under SB-188			
	Utilization Rate	Premium	Total Revenue
Current Fiscal Note	3.50%	0.64%	\$957,000,000
California Utilization Rate	4.80%	0.88%	\$1,312,457,143
Premium Cap in Current Bill	5.4%	0.99%	\$1,480,359,375
Top Range as Cited in Fiscal Note	10%	1.83%	\$2,734,285,714
Rhode Island Utilization Rate	13.70%	2.51%	\$3,745,971,429
High End Estimate	15%	2.74%	\$4,101,428,571

### ADDITIONAL OUTSTANDING QUESTIONS THAT WOULD HELP INFORM THE DEBATE

- What is current baseline for coverage of paid leave within Colorado's workforce?
- What are constraints on current private sector insurance or other benefit plans that would make a state-run insurance plan appear more affordable?
- Rather than establishing a new enterprise and avoiding calling the revenue source a tax, why not take directly to voters if this is a program that a majority of Coloradans support?

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