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Testimony by Ed Shackelford. January 28, 2019 Finance Committee: House of Representatives.

The impact of the changing demographic will soon become an important state budget issue.

You have a copy of a headline from the LA Times. There should be a similar article here, except in-depth reporting is, with few exceptions, a thing of the past in Colorado. But if you read the article you could just cross out California and insert Colorado.

At this time though – this financial impact of the ageing population is outside the Overton Window. But not for long.

Perhaps the Overton window theory is best summed up by a quote from Milton Friedman in his preface to the 1982 edition of Capitalism and Freedom: “[This], I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until *the politically impossible becomes politically inevitable*.”

You have a TABLE of demographic data. I would hope you would all retain this for reference. This shows that by 2030, just 11 years from now: the population for those 75 and older increases by 71%.

You also have a graph – showing the impact of demographics. The orange line shows the increasing population of those age 75 and older. The upward shift of the curve is the impact as the BOOMERS start to turn 75.

The blue line shows total population growth. This is a good measure of maximum revenue growth. It cannot be more, but it could be, and frequently is, less. This is also a straight line, and there is a reasonable probability that the rate of growth will decline, tipping the blue line downward.

Age 75 is important for the state budget. This is the approximate age when the citizenry’s need for state governmental assistance significantly increases. The big impact is Medicaid.

You have a table showing the cost to the state of the ageing population. This was prepared by the former governor’s staff. I consider this an approximation and should be further refined.

Nonetheless – it demonstrates that the state is facing a BILLION dollar problem that will become **POLITICALLY INEVITABLE**.

Finally: you have a schematic showing, in an unsophisticated way, a concept for a call to action.

Poverty and unhealthy lifestyles are the problem. The upper line shows a healthy lifestyle. You live a long, vibrant life, and die relatively quickly. The need for state assistance is minimized.

The lower line reflects an unhealthy life style, with poverty as a primary contributor. In this scenario the person deteriorates over time and needs state governmental assistance over an extended period – much more costly than those with a healthy life style.

House Bill 19-1085 is one small but very important piece of the puzzle – to help move the population toward the upper curve.

It is time to recognize that now is the time to start taking action. This bill is important: both for contributing to a solution and symbolically emphasizing the need for much more action.

Many of you will still be in the legislature when the full impact of the ageing demographic becomes **POLITICALLY INEVITABLE**.

California's senior population is growing faster than any other age group. How the next governor responds is crucial

By MELANIE MASON OCTOBER 7, 2018 *LOS ANGELES TIMES*

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Colorado Demographer: - December 1, 2018

Age	Population	60 & older	65 & older	60-64	65-69	70-74	75-79	80-89	90+
2010									
Total	5,050,332	828,993	555,020	273,973	184,757	128,961	97,354	119,888	24,060
Percent of total population		16.3%	10.9%	5.4%	3.6%	4.5%	2.8%	2.5%	2.8%
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2019									
Total	5,765,527	1,184,547	839,444	345,103	288,720	223,887	143,727	145,666	37,444
Percent of total population		20.5%	14.6%	6.0%	5.0%	3.9%	2.5%	2.5%	0.6%
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2030									
Total	6,733,658	1,545,982	1,201,023	344,959	334,927	306,917	243,495	263,539	52,145
Percent of total population		23.0%	17.8%	5.1%	5.0%	4.6%	3.6%	3.9%	0.8%
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2049									
Total	8,053,616	2,058,209	1,594,818	463,391	405,526	340,459	295,763	407,742	145,329
Percent of total population		25.6%	19.8%	5.8%	5.0%	4.2%	3.7%	5.1%	1.8%
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Increase in population -- 2010 to 2030		716,989	646,003	70,986	150,170	177,956	146,141	143,651	28,085
Percent increase since 2010		86.49%	116.39%	25.91%	81.28%	137.99%	150.11%	119.82%	116.73%
Increase in population -- 2019 to 2030		361,435	361,579	(144)	46,207	83,030	99,768	117,874	14,701
Percent increase since 2019		30.51%	43.07%	-0.04%	16.00%	37.09%	69.41%	80.92%	39.26%
Increase in population -- 2019 to 2049		873,662	755,374	118,288	116,806	116,571	152,036	262,076	107,885
Percent increase since 2019		73.8%	90.0%	34.3%	40.5%	52.1%	105.8%	179.9%	288.1%

60-69	75-90+	80-90+	70-79
458,730	241,302	143,948	226,315
9.1%	4.8%	2.9%	4.5%

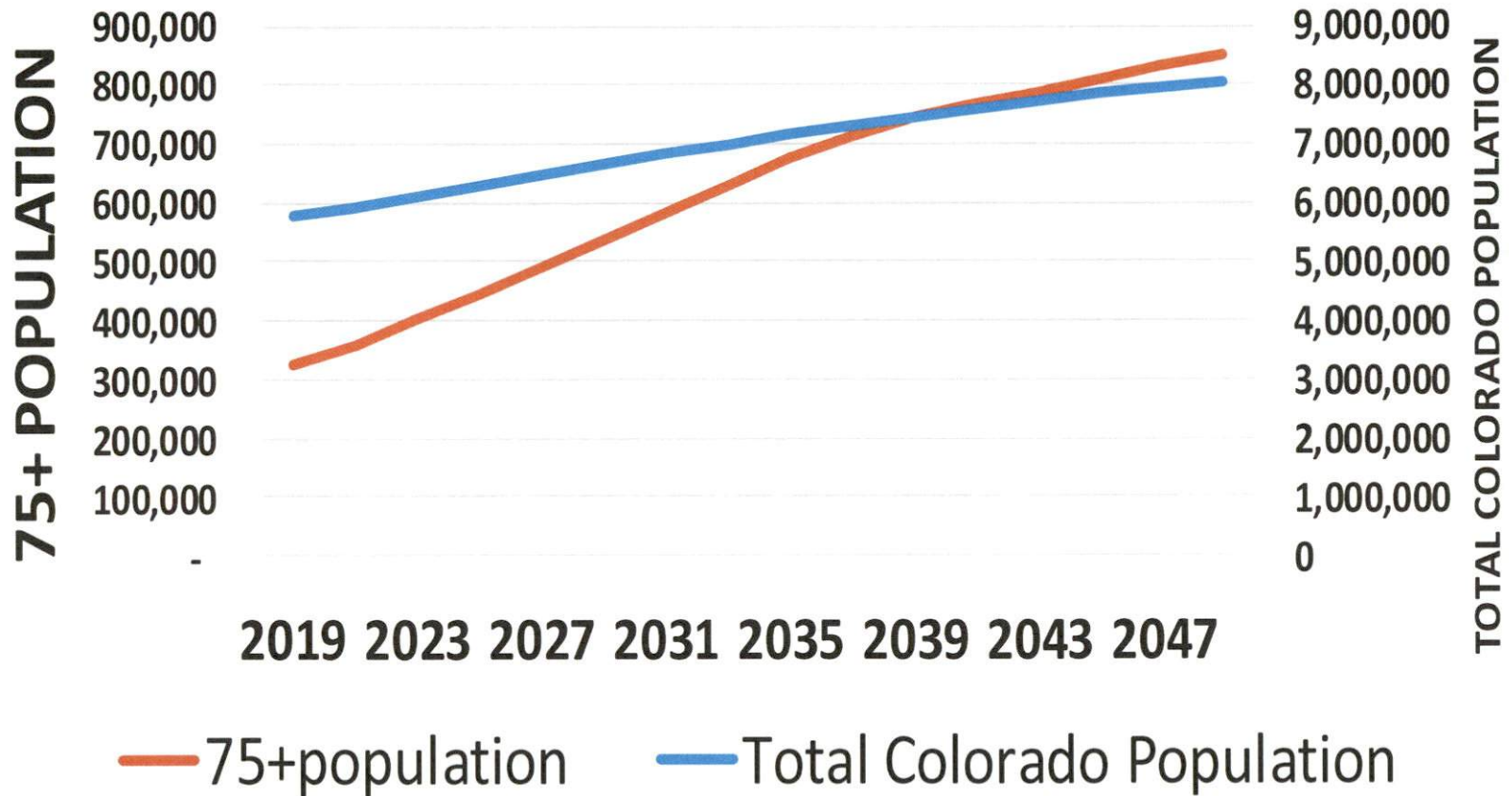
633,823	326,836	183,110	367,614
11.0%	5.7%	3.2%	6.4%

679,886	559,179	315,685	550,412
10.1%	8.3%	4.7%	8.2%

868,917	848,834	553,071	636,222
10.8%	10.5%	6.9%	7.9%

221,156	317,877	171,737	324,097
48.21%	131.73%	119.30%	143.21%
46,062	232,343	132,575	182,798
7.27%	71.09%	72.40%	49.73%
235,093	521,997	369,961	268,607
37.1%	159.7%	202.0%	73.1%

IMPACT OF CHANGING DEMOGRAPHICS



Although people of all ages may need services — the need increases significantly at age 75.

Because of constitutional limitations, state revenue will increase based on the increase in population. The inflation factor is not considered because the cost of providing services will also increase. The 75 plus population is increasing faster than overall population resulting in less funding available to provide all the services currently provided. *(source Colorado Demographer, December 2018)*

FUNDS FOR SENIOR SUPPORT

	TOTAL		GENERAL FUND
Medicaid	\$1.5 billion	80%	\$792
SR Homestead Exemption	\$148 million	8%	\$148
Old Age Pension	\$ 95 million	5%	\$95
Veterans Community Living	\$ 54 million	3%	\$ 1
Older Americans Act	\$ 39 million	2%	\$22
Adult Protective Services	\$ 14 million	1%	\$10
Home Care Allowance	\$ 9 million	.5%	\$ 9
Low Income Energy Assist.	\$ 6 million	.3%	
PTC	???		
TOTAL	\$1.865 billion +		\$1.077B

Schematic representation of quality of life you can expect based on the existence or failure of the healthy lifestyle.

