



Funding Analysis of Supports for Aging Coloradans

Between 2010 and 2018, the number of Coloradans 65+ grew by approximately 45 percent, making Colorado the [second fastest aging state](#) in the country. This trend is projected to continue for the next several decades, and constitutes a major demographic shift. As we've documented, these changes have [significant implications](#) for our communities. We collectively benefit from the wealth of experience and talent that comes with age. At the same time, we must also think about the statewide systems that may need adjustment to ensure everyone has an opportunity to age in ways they find meaningful.

As with all phases of life, state-facilitated services can play an important role in the lives of older Coloradans. However, the meaningful provision of these supports requires public resources and funding. Unfortunately, it's often difficult to decipher where funds are coming from, long-term trends, and who's benefiting from these investments. We use the following brief to explore these topics as they relate to aging services in Colorado. As we continue our collective efforts to make Colorado the best state in which to age, these are important questions we must continue to revisit.

Key Takeaways:

1. Support for aging services in Colorado has generally not kept pace with the growing number of residents 65+.
2. There is a notable dearth of supports for middle-income older Coloradans and their families.
3. To meet the growing need for services, our state must make intentional choices about policy design and revenue generation.

Funding for Key Services

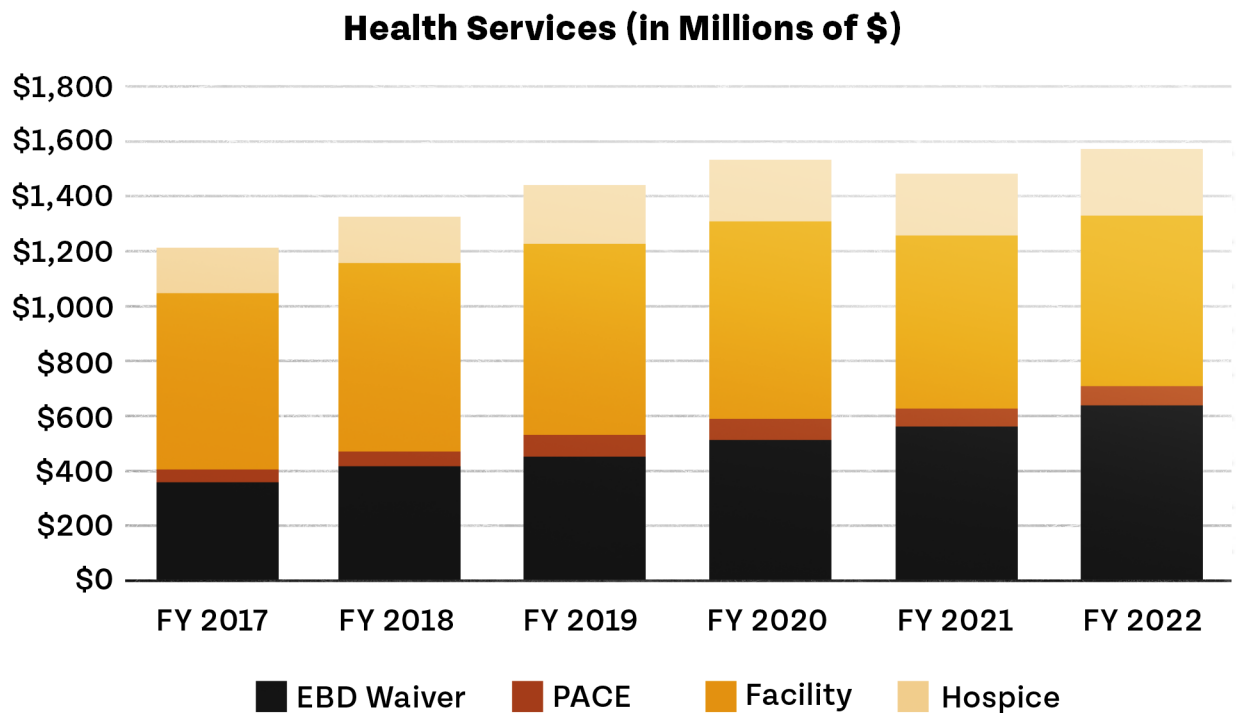
Before jumping into the larger context, it's important to understand the individual components that comprise the suite of government-funded services available to older Coloradans. In the subsections below, we explore major supports offered by the state, how they're funded, and who is served. Additional information about each of these programs can be found in Appendix A.

Health care

Far and away, health care comprises the largest bucket of aging-related services in Colorado. Most of these services, however, are provided through Medicaid. This has two immediate implications: to receive benefits, older Coloradans must meet Medicaid eligibility requirements, which effectively require recipients [to be, and remain, poor](#); and program costs are split between the state and federal government (approximately half of all funding for long-term care services comes from the federal government).

We explore four major health care programs that serve older Coloradans. These programs are not limited to older adults, nor do they encompass all available health services. However, they are amongst the largest, and disproportionately serve older Coloradans.

1. The [Elderly, Blind, and Disability \(EBD\) Waiver](#) offers a range of community-based services so people are able to remain in their homes as they age.
2. Similarly, the [Program for All-Inclusive Care for the Elderly \(PACE\)](#) provides an inclusive set of community-based and health care supports for older Coloradans.
3. Facility-based care is available for those who need a more extensive level of support, and can no longer live in their home or community.
4. Hospice tends to the holistic needs of those who are dying.

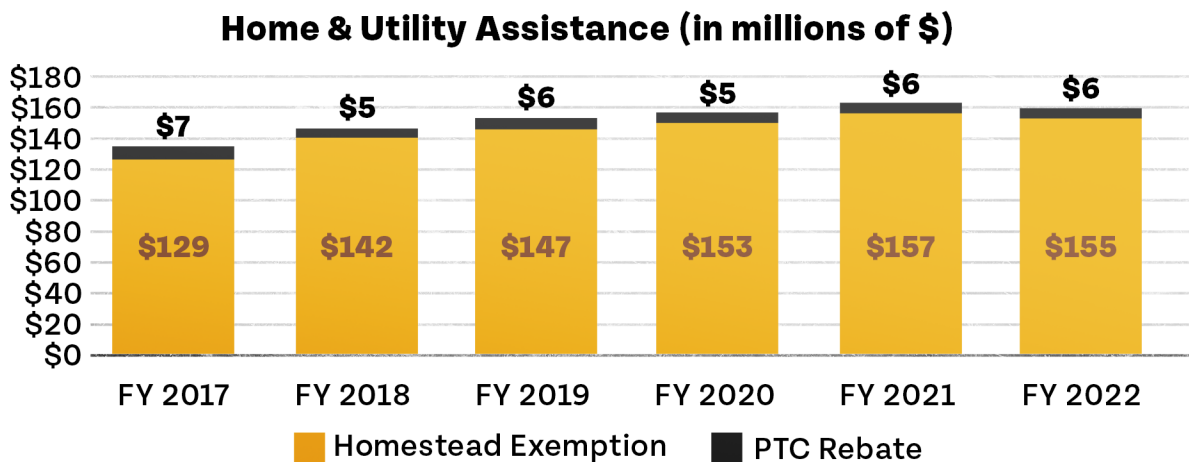


Source: HCPF Premium, Expenditures, Caseloads Reports; Numbers rounded to the nearest ten million;
Includes both state & federal dollars

Home & utility assistance

Housing and utility costs comprise the [largest monthly expense](#) for most older Coloradans. Two state-supported programs are in place to mitigate these costs: a [homestead exemption](#), which lowers property taxes for certain older Coloradans; and a [Property Tax/Rent/Heat Credit Rebate \(PTC rebate\)](#) to reduce property tax, rent, and heating expenses.

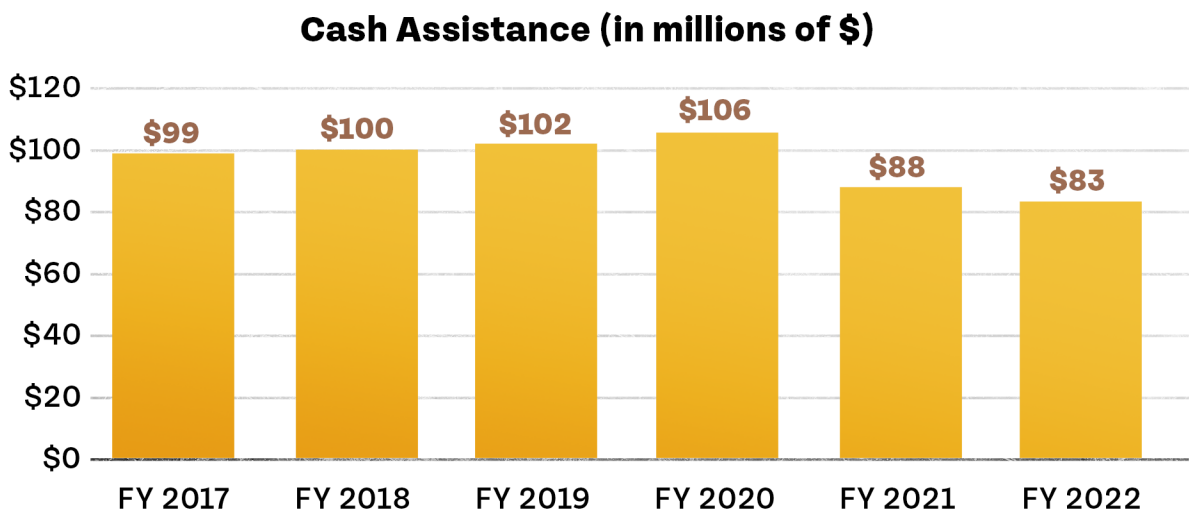
Both programs are funded solely through the state general fund. Additionally, though they have a shared goal of defraying housing expenses, the two programs target very different populations. To qualify for the homestead exemption, individuals must be 65+ and have owned their home for 10+ years. In contrast, the PTC rebate is only available to those 65+ (or who have a disability) and meet certain income qualifications.



Source: [Legislative Council Staff](#) & Colorado 2017-2022 Long Bill Appropriations; Numbers rounded to nearest million

Cash assistance

Corresponding to the federal expansion of social programs in the wake of the Great Depression, Colorado created an [Old Age Pension](#) in the 1930s to provide cash assistance to older adults with [low incomes](#). Funding comes from a combination of state excise, sales, and use taxes.

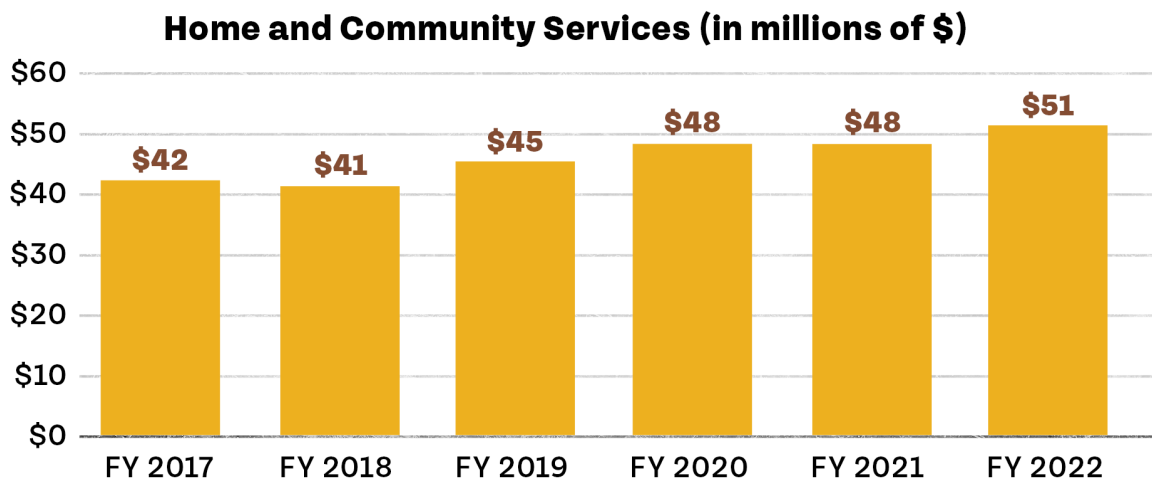


Source: 2017-2022 Colorado long bill appropriations; Numbers rounded to the nearest million

Community-based supports

Outside of the Medicaid-affiliated programs listed above, older Coloradans can also receive state-facilitated, home and community-based care from [Area Agencies on Aging](#) (AAAs). There are 14 AAAs located throughout Colorado. These entities are charged with meeting the area-specific needs of older adults and caregivers. Included among the many offered supports are home care, transportation services, and meal assistance.

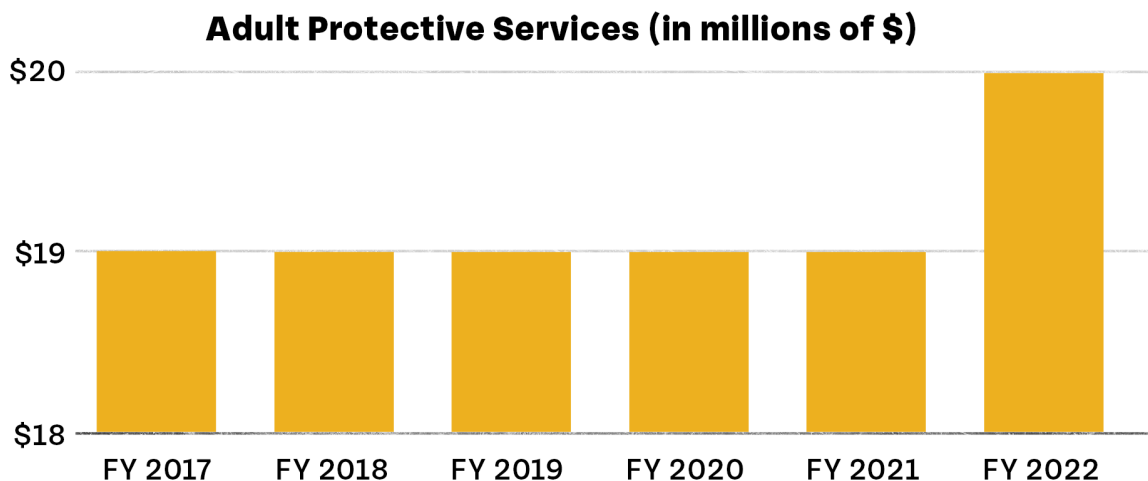
The AAAs have a wider reach than Medicaid, and serve those 60+, regardless of income. However, like Medicaid, AAAs are funded with a combination of state and federal money. Over the examined time period, services were predominantly paid for with state (approximately two-thirds of funding) as opposed to federal funds.



Source: 2017 – 2022 Colorado long bill appropriations; Rounded to nearest million; includes Older American Act, state funding for senior service and AAA administration line items; Includes both state and federal dollars

Protective services

Colorado has a county-administered [Adult Protective Services](#) program that investigates reports of physical abuse, neglect, and exploitation against adults. The vast majority of funds (approximately 90 percent) for these services come from the state government. These services can be used by anyone, regardless of income.



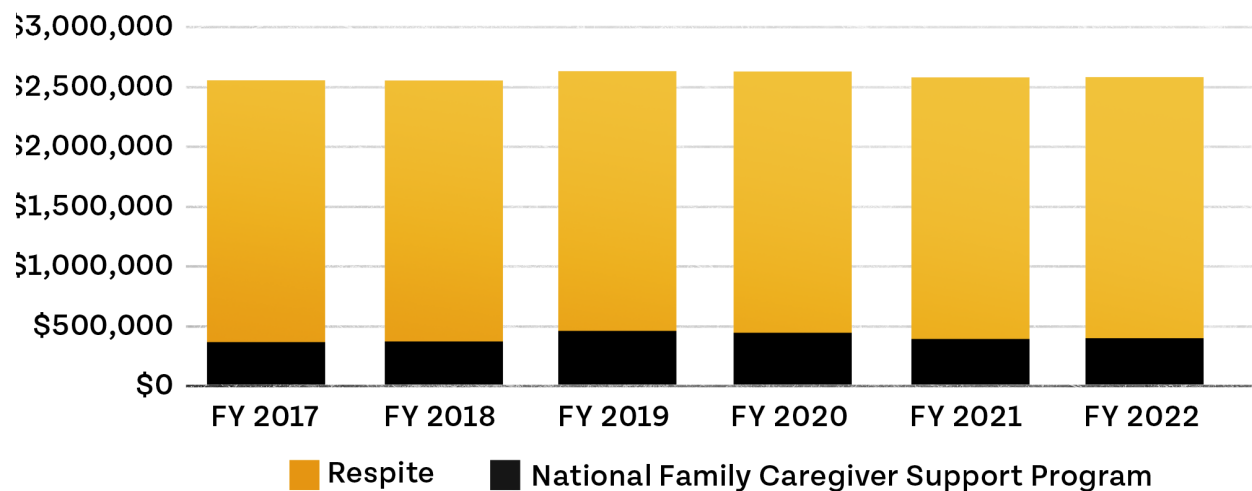
Source: Source: 2017 – 2022 Long Bill appropriations; Rounded to nearest million; Includes both state and federal dollars

Caregiving

Research from the Bell shows [approximately 20 percent of adults](#) in Colorado are caring for an older loved one. As we document, these Coloradans benefit from a variety of services, including support groups, [respite](#) (or temporary relief so caregivers can tend to their own needs), counseling, and training.

Open to any Colorado caregiver (including those who are supporting younger adults with a disability), the state specifically funds respite services. Additionally, the state facilitates a more holistic set of supports through the [National Family Caregiver Support Program](#), primarily paid for with federal funds.

Caregiver Support Services

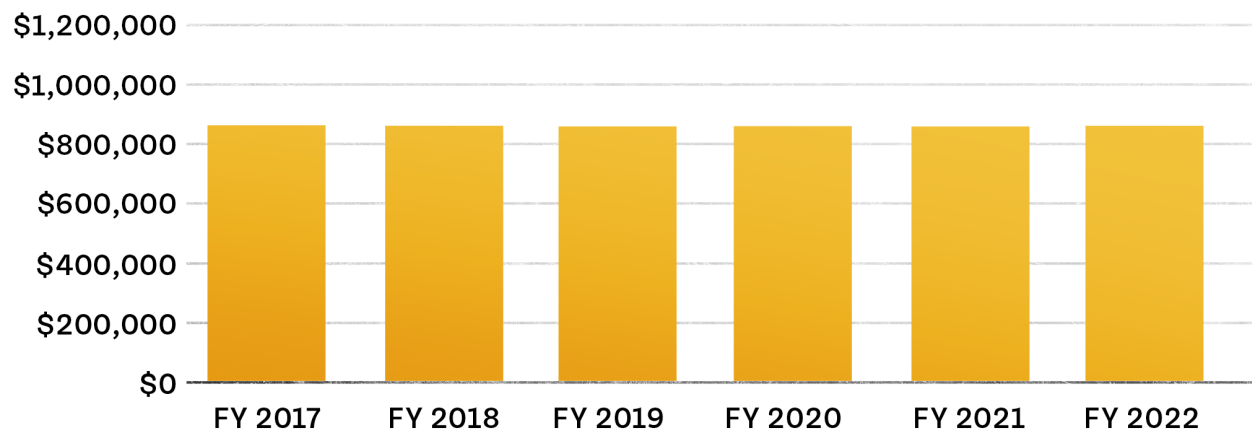


Source: 2017-2022 Long Bill Appropriations; Rounded to nearest \$10,000; Includes both state and federal dollars

Workforce

Older Coloradans are [one of the fastest growing segments](#) of our state's workforce. Importantly, existing research finds older workers are [interested in](#) and [benefit from tailored workforce supports](#) as they look to gain new skills or change jobs. Yet, the only workforce program dedicated to this demographic is the [Senior Community Service Employment Program](#). Solely paid for with federal funds, this program facilitates employment and on-the-job training for adults 55+ who live in low-income households.

Workforce Service



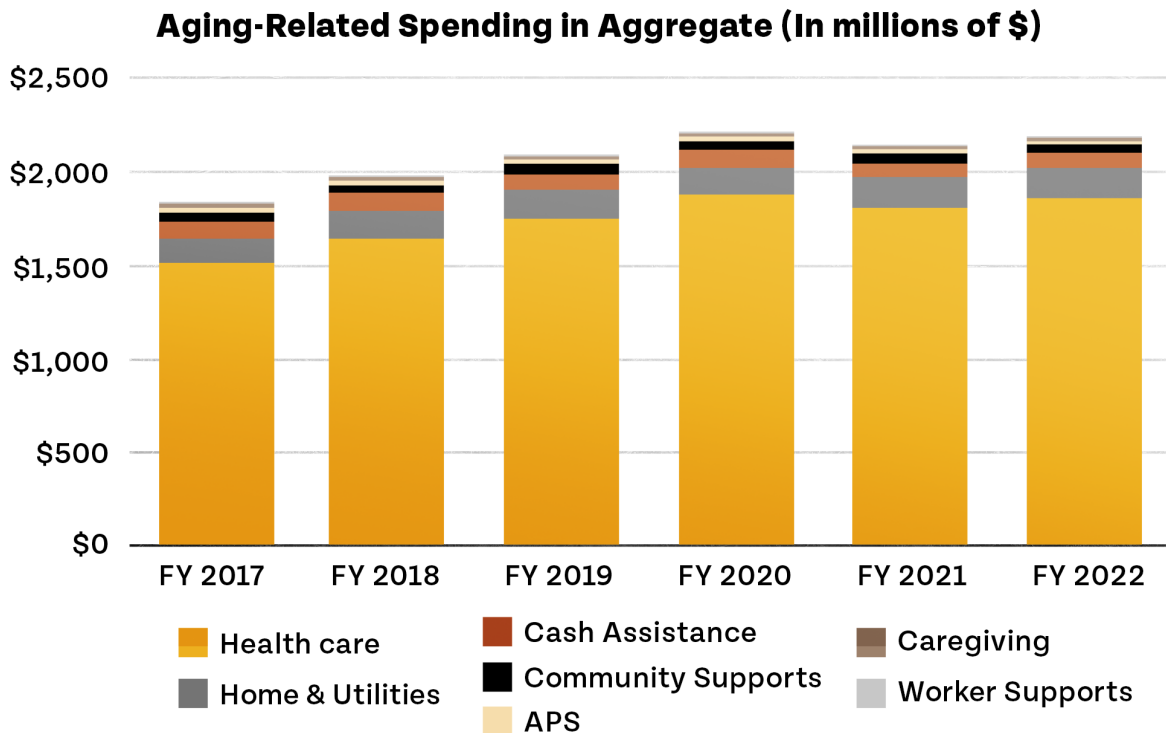
Source: 2017-2022 Long Bill Appropriations; Rounded to nearest \$10,000

Putting the Pieces Together

The sections above offer an important, but piecemeal picture of funding for aging supports in Colorado. Below, we bring these separate components together. In doing so, we also provide a range of benchmarks to foster a deeper understanding of the adequacy and size of state support.

Spending in aggregate

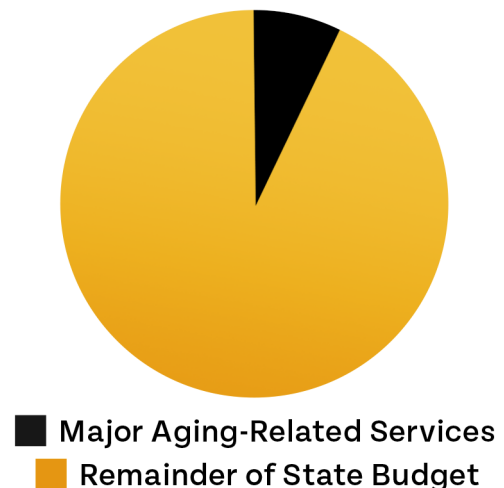
As shown below, state spending on aging services has, in nominal (meaning non-inflation adjusted dollars) been increasing over the past several years. However, this growth is predominately driven by growth in health care expenditures. In contrast, spending for other services has remained flat.



Share of the state budget

While an imperfect measurement, it is helpful to consider how the services described above stand in relation to the state's overall budget. In fiscal year 2018-2019 (chosen because it was the last year pre-COVID), Colorado had a total state operating budget of approximately [\\$30.9 billion](#). That same year, the previously described services totaled slightly over \$2 billion, or roughly 7 percent of the state's total budget.

Aging-Related Services in Relation to the State Operating Budget

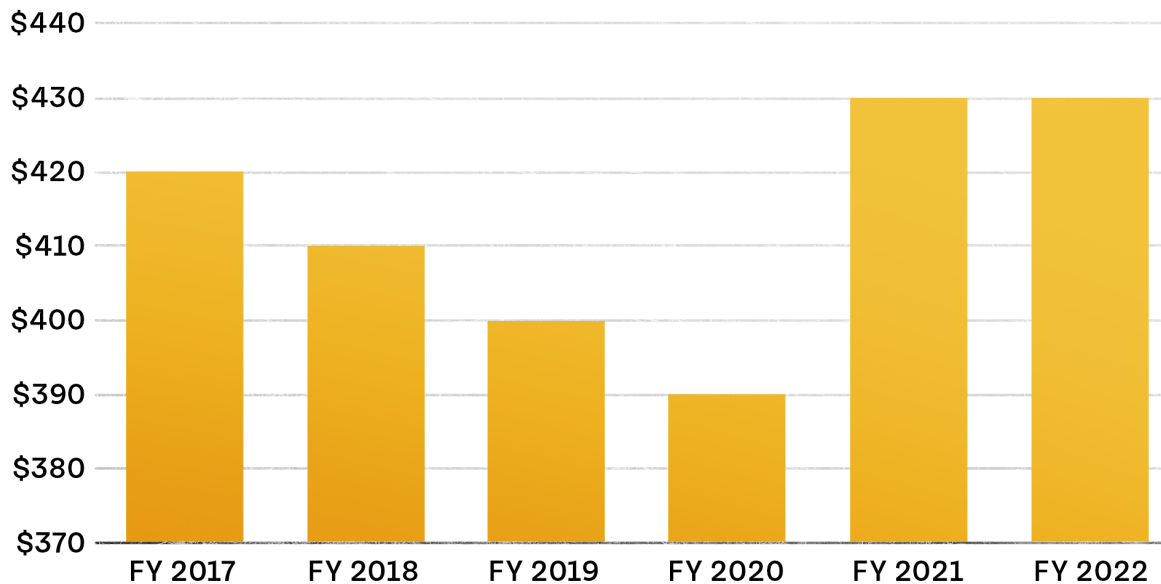


Source: Bell analysis of [Colorado Legislative Council](#) data

Per capita spending

Spending levels can also be assessed through a per-capita lens. As seen below, spending per capita was decreasing prior to COVID, but saw a significant jump in 2021. Though not examined in this analysis, it is likely that at least a portion of this recent increase was due to an influx of federal support to help address the impacts of COVID.

Per Capita Spending on Aging Services (Based Upon the Number of Coloradans 65+)



Source: 2017-2022 Long Bill Appropriations; Rounded to nearest \$10,000; Includes both state and federal dollars

Relation to need

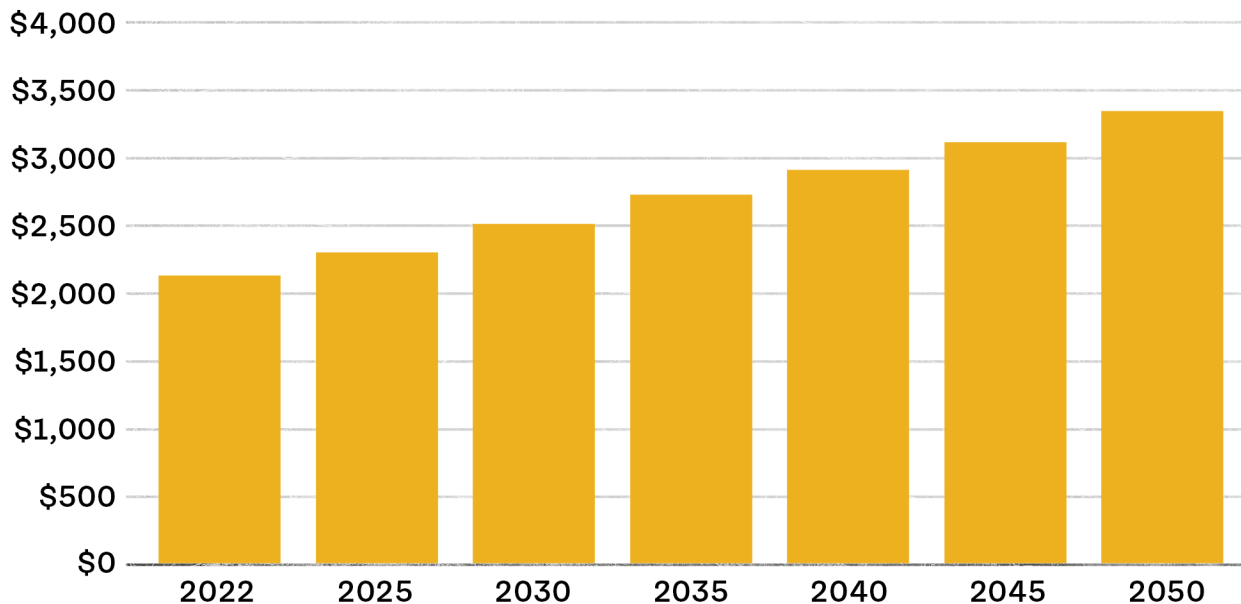
It's difficult to assess the adequacy of public funding in relation to community needs, as data on this topic simply isn't collected. However, it should be noted that, though their budgets have remained relatively flat, many of the above-mentioned programs have either seen increased caseloads or requests for services. For example:

1. Between fiscal years 2017 and 2021, Adult Protective Services experienced a more than 20 percent increase in community reports of abuse.
2. Many caregivers currently report that they [cannot find needed resources](#). The [projected growth in caregivers](#) in the coming years makes stagnant funding for these services especially concerning.
3. Finally, in 2019, the state estimated it would cost [approximately \\$5 million](#) to eliminate waitlists for AAA services.

Projected future costs

Finally, we also examine what the future costs for the above-mentioned services could look like in the coming years. As can be seen below, solely adjusted for population growth, costs are expected to grow significantly throughout the next several decades. Notably, this analysis does not account for inflation, new programs, or changes to current services.

Projected Funding for Aging-Related Services in Colorado, 2025-2050 (In millions \$)



Source: Bell analysis using State Demographer data; Numbers rounded to the nearest \$10

Major Takeaways

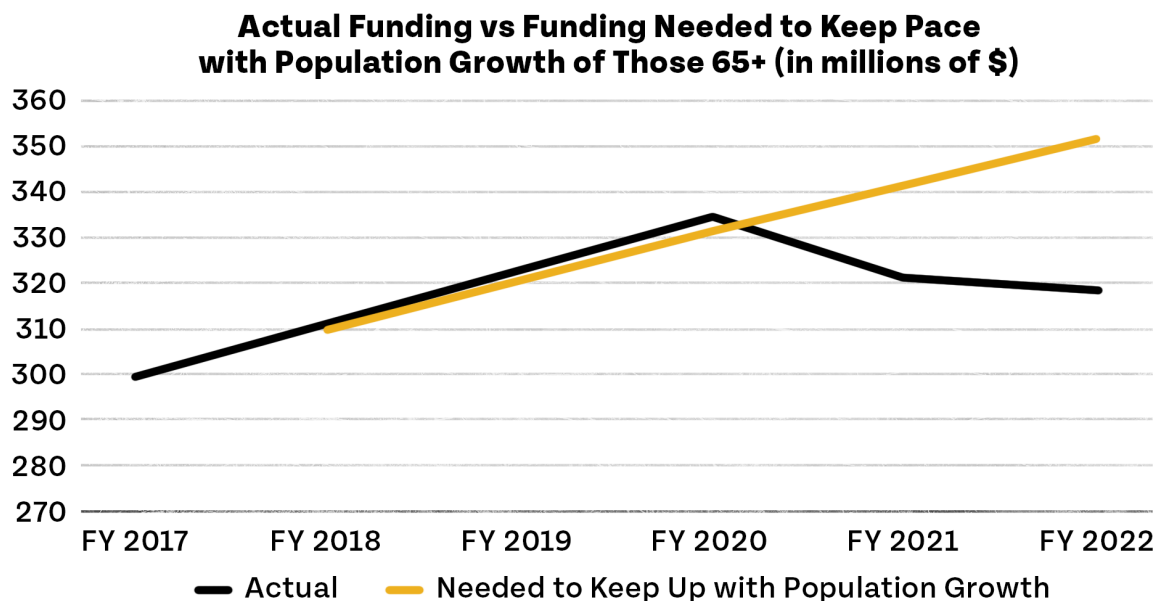
When the information above is considered in its totality, several trends regarding funding for aging services in Colorado become startlingly clear:

- **There is a lack of investment in services for middle-income older Coloradans:** Most aging services in our state are explicitly available to only the poorest older adults. Outside of health, however, one of the biggest state-supported expenses benefiting older Coloradans is the homestead exemption, a program which disproportionately benefits those who are [White and well off](#).

In contrast, for middle-income older Coloradans, there are few programs, and when they are available, funding has often remained flat. Concerningly, as we document in the [State of Aging report](#), many older Coloradans are simultaneously experiencing a rise in the cost of living and stagnating income. This is testing people's economic security, and grows the financial consequences of what would otherwise be small financial setbacks.

- **A focus on acute, as opposed to preventative, needs:** Related to the above bullet, many services are only available once needs become acute: someone falls into poverty, can no longer live on their own, or is actively experiencing abuse. This contrasts with an approach where people receive assistance to prevent these events in the first place. Shifting our focus to be more preventative could allow for the adoption of cost-effective strategies that promote greater health and well-being in the long-run.

- **Funding has stagnated despite growth in Colorado’s 65+ population:** Finally, many of the charts above, with the exception of those related to health care, show that funding for aging services in Colorado has stagnated in the past several years. The chart below shows what funding for these non-health related services would have been, had they simply kept pace with population growth.



Source: Bell analysis of State Demographer data; does not include health-related expenses

Potential Avenues for Action

As highlighted above, support for aging services is largely characterized by flat funding and attention to acute, vs. preventative, needs. This system is not ideal and poses a host of problems. Most notably, it prevents our state from meeting the ongoing needs of older Coloradans and their families.

There are, however, options to address gaps in our current system:

- **Expand program eligibility:** To meet the needs of middle-income Coloradans, we don’t necessarily need to create new programs. Instead, we can simply expand eligibility for those services which are already provided. As we’ve [documented in prior pieces](#), doing so could involve changing income and/or asset limits. In taking this action, we can help alleviate financial pressures for those just above the poverty line and prevent the need for more acute services in the future.
- **Expand funding:** Regardless of whether Colorado expands available services, the state needs additional dollars to meet the demand for current and future supports. As shown above, public funding has largely not kept up with the growth of our 65+ population.

With federal action stymied by partisan gridlock, additional funding for aging services will likely need to be generated by the state. Unfortunately, as [the Bell has long noted](#), this will be difficult because of provisions within Colorado’s Taxpayer’s Bill of Rights (TABOR) that limit the amount of money our state can collect and spend. As we’ve repeatedly shown, this measure is an impediment to our state’s ability to adequately fund not only aging services, but also education, transportation, health care, and other critical public infrastructure

TABOR is not a given in our state's fiscal ecosystem. Colorado voters passed the measure via the ballot in 1992, and we can rid ourselves of TABOR in the same way. Until then however, it will be very difficult to expand additional state funding through traditional revenue-raising avenues.

- **Explore new funding and program models:** Outside of reforming our tax code, Colorado can also consider creating new programs and funding streams which are not subject to TABOR. New efforts in this vein, however, will have to be approved by voters.

If pursued, we have existing program and funding models we can learn from and replicate. These include Colorado's own [paid family and medical leave program](#) and a new long-term initiative in [Washington state](#). Both programs are funded through taxes and/or fees on worker wages. This money is then placed into a state-facilitated fund. When workers who have paid into this fund need certain services in the future they can tap into this program. In the absence of statewide tax reform, this model could help support some aging-related services in Colorado.

- **Private sector engagement:** Finally, it shouldn't be overlooked that businesses benefit when everyone, regardless of age, can thrive. For example, businesses benefit from a skilled, intergenerational workforce. Similarly, health insurance companies and hospitals save money when they see fewer patients suffering from acute conditions. As a result, we must also look to businesses to share in the cost of updating our public systems. As we highlighted in our [Actionable Aging Policy Agenda](#), the state can play a meaningful role in working with businesses to create a stronger network of services and supports for all Coloradans, including those who are older.

Our communities benefit when we have robust funding systems which meet the needs of everyone in our state. Unfortunately, as we demonstrate above, Colorado is falling behind in its commitment to older adults and their families in this regard. However, there are options to address current gaps. By reconsidering program funding and eligibility we can create a more robust network of services that allow all in our state to thrive.

Appendix A: Major Programs and Services for Older Coloradans

	Service or Benefits	Eligibility	Number of Beneficiaries or Clients	Funding Sources*
Health Care				
Elderly, Blind, and Disabled Waiver	Provides adult day services, home delivered meals, home modifications, homemaker services, personal care, respite, and other supports	Older recipients must be 65+, have significant functional impairment, make below three times the federal Supplemental Security Income limit, and have \$2,000 or less in assets for a single individual or \$3,000 or less for a couple	24,800	Exact breakdowns vary by year and service, but are approximately: 50% general fund 50% federal funds
Program for All-Inclusive Care for the Elderly	Provides adult day services, dental services, hospital care, meals, nutritional counseling, preventative and primary care, recreational therapy, respite, social services, transportation, and other supports	55+, meet nursing home level of care requirements, be able to safely live in a community setting, and live near a Program for All-Inclusive Care for the Elderly provider	5,200	
Facility Care	Offers support in a facility setting for those who can no longer live in their home or community	Older recipients must be 65+, make below three times the federal Supplemental Security Income limit, and have \$2,000 or less in assets for a single individual or \$3,000 or less for a couple	10,000	
Hospice	Provides end of life care and support for individuals and their families	Older recipients must be 65+, make below three times the federal Supplemental Security Income limit, and have \$2,000 or less in assets for a single individual or \$3,000 or less for a couple	700	

	Service or Benefits	Eligibility	Number of Beneficiaries or Clients	Funding Sources*
Home & utility assistance				
Senior Homestead Exemption	Provides a reduction in property taxes	65+ & a homeowner for 10+ years	266,500	100% general fund
Property Tax/Rent/Heat Credit Rebate	Provides a rebate on rent, property taxes, and heating bills	65+, or have a disability, and income below approximately \$15,800/individual and \$21,400/couple	36,700	100% general fund
Cash assistance				
Old Age Pension	Provides cash payments	60+; and, in assets, have below \$2,000/individual and \$3,000/couple	17,800	100% state cash funds
Community-based supports				
Area Agencies on Aging	Provides a range of services tailored to community needs, including transportation, adult-day services, meal services, and supports for caregivers	No eligibility requirements	20,000+	Exact breakdowns vary by year, but are approximately: 30% state cash funds 35% general fund 35% federal funds
Protective services				
Adult Protective Services	Provides protective services to all adults. Most clients are 60+	No eligibility requirements	8,800 cases	Exact breakdowns vary by year, but are approximately: 90% State general fund 10% federal funds
Caregiving				
Respite	Provides respite services, and supports to help build the capacity of respite providers	No eligibility requirements	Unavailable	Exact breakdowns vary by year, but are approximately: 5% state cash funds 95% general funds

National Family Caregiver Support Program	Provides a range of holistic services to support caregivers, including respite, trainings, and counseling	No eligibility requirements	Unavailable	Exact breakdowns vary by year, but are approximately: 15% state cash funds 5% general fund 80% federal funds
Senior Community Service Employment Program	Provides participants a job paying minimum wage and offers on-the job training	55+; family household income of less than 125% of the federal poverty level	Unavailable	100% general fund

Note: Number of beneficiaries are rounded to the nearest 100 and are for the most recent year information is available

***Funding sources:**

State cash funds: State cash funds refer to money earmarked, by law, for certain purposes. Money for cash funds can come from a variety of sources, including fees, excise, sales, and other taxes.

General fund: The general fund provides money for the majority of state operations and programmatic activity. Every year, lawmakers have discretion over how these dollars are allocated.

Federal funds: As would be expected by the name, federal funds are provided to the state by the federal government. They must often be used for certain purposes.