

JOINT BUDGET COMMITTEE



SUPPLEMENTAL BUDGET REQUESTS FY 2021-22

DEPARTMENT OF LABOR AND EMPLOYMENT

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
ABBY MAGNUS, JBC STAFF
JANUARY 13, 2022

JOINT BUDGET COMMITTEE STAFF
200 E. 14TH AVENUE, 3RD FLOOR • DENVER • COLORADO • 80203
TELEPHONE: (303) 866-2061 • TDD: (303) 866-3472
<https://leg.colorado.gov/agencies/joint-budget-committee>

CONTENTS

Department Overview	1
Summary: FY 2021-22 Appropriation and Recommendation	1
Request/Recommendation Descriptions	1
Previously Approved Interim Supplemental Request Descriptions.....	2
Statewide Common Policy Supplemental Requests.....	2
Prioritized Supplemental Requests.....	3
S1 Just Transition Office Spending Extension (Legislation Required)	3
Department Request:.....	3
Staff Recommendation:	3
Staff Analysis:	4
Statewide Common Policy Supplemental Requests.....	6
Staff Recommendation:	6
Numbers Pages.....	7

DEPARTMENT OF LABOR AND EMPLOYMENT

DEPARTMENT OVERVIEW

The Department of Labor and Employment is responsible for administering unemployment insurance programs, supporting the state's system of one-stop workforce centers and workforce development programs, enforcing the state's labor laws, regulating workers' compensation insurance, administering vocational rehabilitation programs, inspecting a variety of industries from retail fuel locations to amusement park rides, and overseeing the State paid family and medical leave insurance program.

SUMMARY: FY 2021-22 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF LABOR AND EMPLOYMENT: RECOMMENDED CHANGES FOR FY 2021-22						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
SB 21-205 (Long Bill)	\$289,121,540	\$19,644,267	\$82,444,914	\$6,436,493	\$180,595,866	1,298.9
Other legislation	62,863,096	752,501	62,110,595	0	0	17.0
CURRENT FY 2021-22 APPROPRIATION:	\$351,984,636	\$20,396,768	\$144,555,509	\$6,436,493	\$180,595,866	1,315.9
RECOMMENDED CHANGES						
Current FY 2021-22 Appropriation	\$351,984,636	20,396,768	\$144,555,509	\$6,436,493	\$180,595,866	1,315.9
S1 JTO spending extension	0	0	0	0	0	0.0
*NPS1 Annual fleet supplemental	(29,818)	(2,258)	(18,128)	0	(9,432)	0.0
RECOMMENDED FY 2021-22 APPROPRIATION:	\$351,954,818	\$20,394,510	\$144,537,381	\$6,436,493	\$180,586,434	1,315.9
RECOMMENDED INCREASE/(DECREASE)	(\$29,818)	(\$2,258)	(\$18,128)	\$0	(\$9,432)	0.0
Percentage Change	(0.0%)	(0.0%)	(0.0%)	0.0%	(0.0%)	0.0%
FY 2021-22 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

*Reflects the request, pending Committee common policy decision.

REQUEST/RECOMMENDATION DESCRIPTIONS

S1 JUST TRANSITION OFFICE SPENDING EXTENSION (LEGISLATION REQUIRED): The Department requests a legislative change surrounding the \$7.0 million appropriation for the Coal Transition Worker Assistance Program within the Office of Just Transition from H.B. 21-1290. They are requesting it be amended to remove the 70.0 percent expenditure requirement by the end of FY 2021-22, and extend the total expenditure requirement through FY 2024-25. Staff recommends that the Committee sponsor legislation to reduce statutory limitations and increase Committee oversight of the budget.

PREVIOUSLY APPROVED INTERIM SUPPLEMENTAL REQUEST DESCRIPTIONS

INDEPENDENT LIVING CENTER FUND REVERSION: The Committee previously expressed its intent to introduce a bill that includes a FY 2021-22 supplemental appropriation for the independent living centers during the 2022 regular legislative session, that would compensate for any FY 2020-21 reversions by the centers. Specifically, the intent was to authorize a FY 2021-22 supplemental appropriation for the independent living services line item that is equal to the amount reverted to the General Fund from the independent living services line item at the close of FY 2020-21. This does not appear to be necessary given the amount that was reverted in FY 2020-21, which was \$110. Staff does not recommend a supplemental appropriation.

STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

COMMON POLICY REQUEST (ANNUAL FLEET SUPPLEMENTAL): The request includes a reduction of \$29,818 total funds, including \$2,258 General Fund, \$18,128 in cash funds, and \$9,432 in federal funds. The request will be considered as part of the Committee's common policy process.

PRIORITIZED SUPPLEMENTAL REQUESTS

S1 JUST TRANSITION OFFICE SPENDING EXTENSION (LEGISLATION REQUIRED)

	REQUEST	RECOMMENDATION
TOTAL	\$0	\$0
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: This request would fall under the category of “Data Which Was Not Available When the Original Appropriation Was Made”. The Department reports the requirement to spend 70.0 percent of the \$7.0 million for Coal Transition Worker Assistance by FY 2021-22 is not feasible at this time. Additionally, they state that past closures occurred before the Office was able to assist, and future closures are expected in 2025-2030. Staff does believe that expected future closures provide a basis for extended rather than immediate financial support. This initiative requires separate legislation and therefore cannot be addressed as a regular supplemental appropriation.

DEPARTMENT REQUEST: The Office of Just Transition was appropriated a total of \$15.0 million in H.B. 21-1290, with \$8.0 million to be used to implement the final just transition plan and \$7.0 million for the Coal Transition Worker Assistance Program. Both of these amounts originated as General Fund and were transferred into the Just Transition Cash Fund. Current legislation requires the Department to spend at least 70.0 percent of both of these transferred amounts in FY 2021-22, and the remainder in FY 2022-23. The Department is requesting an extension on expenditure of the \$7.0 million for the Coal Transition Worker Assistance Program into FY 2024-25.

STAFF RECOMMENDATION: Staff recommendation is to draft legislation to remove some of the statutory limitations as outlined in the Department’s request, and instead approach this funding through annual appropriations to give the Committee sufficient oversight. Staff recommends altering the following statutory requirements:

- 1 Remove the 70.0 percent expenditure requirement for FY 2021-22 and total expenditure requirement for FY 2022-23.
- 2 Add annual appropriations to the Office of \$500,000 in FY 2021-22 and \$2.0 million in FY 2022-23 from the Just Transition Cash Fund for the Coal Transition Worker Assistance Program, while planning to appropriate further funds based on analysis of the Office’s budgetary needs for FY 2023-24 and subsequent fiscal years through the annual budget process.
- 3 Remove the provision that requires the Department to wait until March of the state fiscal year to expand expenditure areas, and instead allow this at the discretion of the Department.

If the Committee supports any of these changes, staff requests permission to begin working with the Department and the Office of Legislative Legal Services on a committee bill draft to implement this legislative change.

STAFF ANALYSIS:

The Office of Just Transition (OJT) was created through H.B. 19-1314. The OJT advisory committee submitted a draft just transition plan in December 2020, and it was on the basis of this plan that \$15.0 million in funding was allocated via H.B. 21-1290. Of this amount, \$8.0 million was to implement the action plan that focused on communities, and \$7.0 million and 1.0 FTE was to directly assist workers.

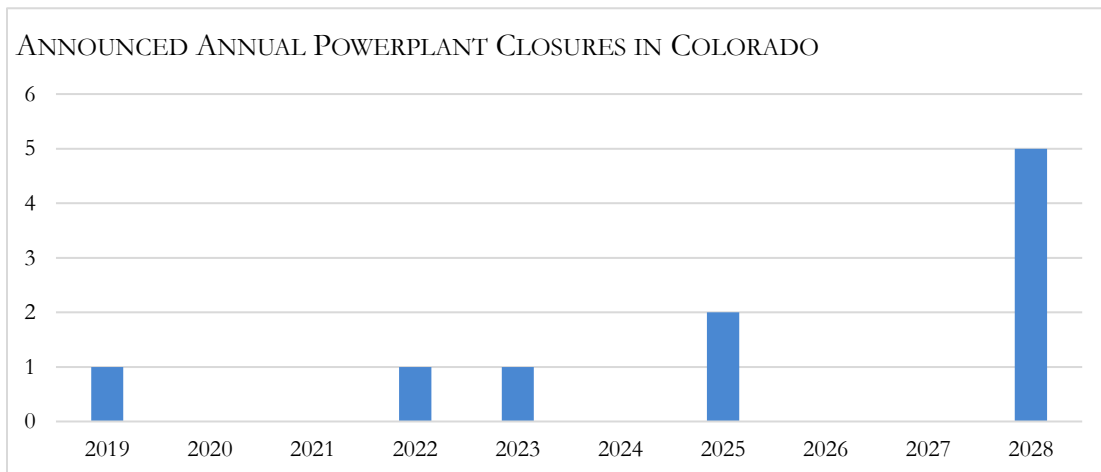
- The Department states they are currently on track to spend around 70.0 percent of the \$8.0 million appropriated for the just transition action plan in FY 2021-22. The timeline and programming of the action plan¹ presented in December of 2020 would not be impacted by this request.
- The Department has hired the 1.0 FTE for the Coal Transition Worker Assistance Program, however currently has only been able to spend minimal amounts of the \$7.0 million allocation.

The Office is required to spend the \$7.0 million transferred for Coal Transition Worker Assistance Programs as follows: first, for assistance programs that directly assist coal transition workers and then, if money remains in March of the applicable state fiscal year, to support family and other household members of coal transition workers and create and implement a pilot program to test innovative coal transition work support programs. The use of the Office’s resources is dependent on workers accessing them, and the Office is still at the beginning stages of its work. The Office currently has four employees. One of these is through the FTE allocated in H.B. 21-1290, and this person has been in the position for around three months. The Department states they have been primarily unable to meet this spending deadline because:

- 1 The workers they have outreached are not ready for this type of assistance; and
- 2 The costliest aspects transition assistance will fall later rather than earlier on in the process.

TIMELINE

The Office is anticipating the majority of closures and layoffs to occur from 2025-2030, as seen below, and while they want to assist workers in developing transition plans early on, they do not believe that spending a majority of funding before 2023 would be the most effective plan.



The Office has just begun outreaching workers, and needs to begin to develop transition plans and determine what the exact needs of workers will be, and thus how funding can be spent. The Office is also unsure how many workers will want or need to access the Office’s resources. They estimate there

¹ <https://cdle.colorado.gov/sites/cdle/files/documents/Colorado%20Just%20Transition%20Action%20Plan.pdf>

are around 2,000 workers in the state that would be able to access the Office's resources, however some employers are actively working with employees on re-training and reassignment as worksites close down.

TRANSITION COSTS

The Office states that increased flexibility in the timeline of this spending would allow them to better meet the needs of the workers impacted by these closures. Rather than having high up-front costs that taper downwards, the Office is anticipating the opposite. Right now, the Coal Transition Worker Assistance program is focused on the following tasks:

- Identifying workers who will want or need to access the Office's resources;
- Mapping resources available in the state to connect workers with;
- Reaching out to workers and educating them on resources; and
- Designing the program to best fit workers' needs and utilize available resources and programs around the State.

These are all lower cost-items, and the Office anticipates increased funding needs as workers move further along with their transition plans. This would involve:

- Educational costs;
- Tuition;
- Re-training programs;
- Relocation costs;
- Subsidizing apprenticeship programs;
- Business training; and
- Other supports tailored to workers' needs.

HOUSEHOLD SUPPORTS

The Department also supports the idea of expanding the definition to include family members or other household members of coal transition workers. This would increase the flexibility of the Office to meet the needs of workers and their' families, as well as allow them to spend this funding in an allotted amount of time.

STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

DEPARTMENT'S PORTION OF STATEWIDE SUPPLEMENTAL REQUEST	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
Annual Fleet Supplemental	(\$29,818)	(\$2,258)	(\$18,128)	\$0	(\$9,432)	0.0
DEPARTMENT'S TOTAL STATEWIDE SUPPLEMENTAL REQUESTS	(\$29,818)	(\$2,258)	(\$18,128)	\$0	(\$9,432)	0.0

STAFF RECOMMENDATION: The staff recommendation for this request is pending Committee action on common policy supplementals. Staff will include the corresponding appropriation in the Department's supplemental bill based on Committee action on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

JBC Staff Supplemental Recommendations - FY 2021-22
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2021-22 Requested Change	FY 2021-22 Rec'd Change	FY 2021-22 Total w/Rec'd Change
--	----------------------	-----------------------------	--------------------------------	----------------------------	------------------------------------

DEPARTMENT OF LABOR AND EMPLOYMENT
Joe Barela, Executive Director

S1 Just transition office spending extension

(3) DIVISION OF EMPLOYMENT AND TRAINING

Coal Transition Worker Assistance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Total for S1 Just transition office spending extension	0	0	0	0
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

JBC Staff Supplemental Recommendations - FY 2021-22
Staff Working Document - Does Not Represent Committee Decision

	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2021-22 Requested Change	FY 2021-22 Rec'd Change	FY 2021-22 Total w/Rec'd Change
Totals Excluding Pending Items					
LABOR AND EMPLOYMENT					
TOTALS for ALL Departmental line items	290,892,964	351,984,636	0	351,984,636	
<i>FTE</i>	<u>1,292.7</u>	<u>1,315.9</u>	<u>0.0</u>	<u>1,315.9</u>	
General Fund	18,222,590	20,396,768	0	20,396,768	
Cash Funds	69,120,895	144,555,509	0	144,555,509	
Reappropriated Funds	6,743,954	6,436,493	0	6,436,493	
Federal Funds	196,805,525	180,595,866	0	180,595,866	