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Final Fiscal Note

Drafting Number: LLS 23-0906 Date: May 24, 2023
Prime Sponsors: Sen. Bridges; Kirkmeyer Bill Status: Became Law without Signature
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Bill Topic: STATE EMPLOYEE INSURANCE PREMIUMS

- Summary of Fiscal Impact:
[X] State Revenue [ ] TABOR Refund
[X] State Expenditure [ ] Local Government
[X] State Transfer [ ] Statutory Public Entity

Budget package bill. The bill returns funding credited to the Family and Medical Leave Insurance Fund to the Restoration Loss Cash Fund. It includes a state transfer in FY 2023-24, and will increase state expenditures for employer premiums no longer prepaid from the Family and Medical Leave Insurance Fund.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the enacted bill. The bill was recommended by the Joint Budget Committee as part of its FY 2023-24 budget package.

Table 1
State Fiscal Impacts Under SB 23-234

Table with 3 columns: Category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (FAMLI Fund, General Fund, Cash Funds, Reappropriated Funds, Federal Funds, Total Expenditures), Transfers (FAMLI Fund, Revenue Loss Restoration Fund, Net Transfer), and Other Budget Impacts.

1 The bill requires a transfer of \$35 million to take place once the FAMLI Fund reaches a balance of \$100 million, and any remaining funding from the original prepayment to be transferred once FY 2023-24 accounting is complete.

## Summary of Legislation

The bill terminates the advance payment of state employer Family and Medical Leave Insurance (FAMLI) premiums from the FAMLI Fund at the end of FY 2023-24. Once the FAMLI Fund has a balance of \$100 million, the bill requires a transfer of \$35 million from the FAMLI Fund back to the Revenue Loss Restoration Fund, as well as any additional funding from the prepayment amount once FY 2023-24 accounting is complete.

## Background

[House Bill 22-1133](#) transferred \$57 million from the Revenue Loss Restoration Cash Fund to the FAMLI Fund as an advance payment for the state employer share of the FAMLI payroll premiums. In FY 2022-23, the state covered the entirety of premium payments, including the employee's share, at a total cost of \$9.8 million—a half-year impact. For FY 2023-24, the state will cover only the employer's share of the premium, at an estimated cost of \$10.4 million.

## State Revenue

The bill will reduce interest earnings to the FAMLI Fund from the transferred funding which were to be credited toward the state's prepayment of the FAMLI employer premium, and shift interest earnings to the Revenue Loss Restoration Cash Fund instead.

## State Transfers

The bill transfers at least \$35 million from the FAMLI Fund to the Restoration Loss Cash Fund in FY 2023-24.

## State Expenditures

Beginning in FY 2024-25, the state will pay for employer premiums through the Paid Family Medical Leave Initiative line within each agency budget, rather than through the prepayment made under HB 22-1133. This represents an increase in state agency costs of approximately \$10.4 million per year over an estimated three and a half years from various fund sources, including General Fund, cash funds, reappropriated funds, and federal funds, as outlined in Table 1. Future funding decisions from the Restoration Loss Cash Fund are at the discretion of the General Assembly.

## Effective Date

The bill became law without the Governor's signature on April 24, 2023.

## State and Local Government Contacts

Joint Budget Committee

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