



# JOINT BUDGET COMMITTEE STAFF FY 2021-22 BUDGET BRIEFING SUMMARY

Colorado General Assembly  
Joint Budget Committee

*Department of Labor and Employment*

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, and inspecting a variety of industries from retail fuel locations to amusement park rides. The Department's FY 2020-21 appropriation represents approximately 0.8 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

## FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF LABOR AND EMPLOYMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION:</b>						
HB 20-1360 (Long Bill)	273,448,021	21,714,537	81,583,758	9,699,764	160,449,962	1,283.1
Other legislation	(7,746,418)	(3,220,210)	(74,446)	(3,311,564)	(1,140,198)	7.6
<b>TOTAL</b>	<b>\$265,701,603</b>	<b>\$18,494,327</b>	<b>\$81,509,312</b>	<b>\$6,388,200</b>	<b>\$159,309,764</b>	<b>1,290.7</b>
<b>FY 2021-22 REQUESTED APPROPRIATION:</b>						
FY 2020-21 Appropriation	\$265,701,603	18,494,327	\$81,509,312	\$6,388,200	\$159,309,764	1,290.7
R1 Launching Colorado's just transition	283,568	283,568	0	0	0	1.5
R2 Strengthening enforcement of Colorado labor law	99,622	0	99,622	0	0	0.0
R3 Realign hospitality education grant program	(401,947)	(401,947)	0	0	0	(0.5)
NP OIT budget request package	(554,323)	(136,015)	(418,308)	0	0	0.0
NP DPA Center for Organizational Effectiveness	20,978	0	20,978	0	0	0.0
Annualize prior year legislation	2,483,703	503,390	812,780	11,814	1,155,719	6.7
Annualize prior year budget actions	276,218	276,218	0	0	0	0.0
Centrally appropriated line items	(722,061)	35,449	(790,554)	(93,617)	126,661	0.0
Other	(4,703)	0	(4,703)	0	0	0.0
<b>TOTAL</b>	<b>\$267,182,658</b>	<b>\$19,054,990</b>	<b>\$81,229,127</b>	<b>\$6,306,397</b>	<b>\$160,592,144</b>	<b>1,298.4</b>
<b>INCREASE/(DECREASE)</b>	<b>\$1,481,055</b>	<b>\$560,663</b>	<b>(\$280,185)</b>	<b>(\$81,803)</b>	<b>\$1,282,380</b>	<b>7.7</b>
Percentage Change	0.6%	3.0%	(0.3%)	(1.3%)	0.8%	0.6%

**R1 LAUNCHING COLORADO'S JUST TRANSITION:** The Department requests \$283,568 General Fund and 1.5 FTE in FY 2021-22 and ongoing to support implementation of Colorado's Just Transition Plan, which will be released by December 31 2020. The request will enable the Just Transitions Office to work with coal workers and communities across the State that are affected by the transition from coal-based power production by bringing the total appropriation for the Office to \$442,920 and 3.5 FTE. The Just Transition Plan will be released in December 2020, setting the stage for the Office to begin implementation in late 2020-21. Outcomes of the Office are expected to

include: a package of training, job search, and relocation support services for workers transitioning from a coal-based economy, similar to the federal Trade Adjustment Assistance program; assist affected communities in developing local transition program; and aligning and coordinating existing state programs to support local transition plans.

**R2 STRENGTHENING ENFORCEMENT OF COLORADO LABOR LAW:** The Department requests an ongoing increase of \$99,622 cash funds spending authority from the Wage Theft Enforcement Fund for the Labor Standards Unit to support enforcement of Colorado labor law. The funding source derives from fines on employers who violate labor law. The request would be used to produce wage law informational materials in additional languages (\$41,944), purchase software licenses for recently hired staff (\$27,617), and increase payments for legal services to defend challenges to agency rulings (\$30,051). The unit investigates an average of over 3,500 unpaid wage claims and responds to nearly 3,400 labor law inquiries annually. Based on new legislation, the Labor Standards Unit has added six additional programs since 2019: H.B. 19-1025 (Limits on Job Applicant Criminal History Inquiries); Employer Provided Paid Sick Leave (S.B. 20-205); Whistleblowing and PPE During Public Health Emergencies (H.B. 20-1415); Colorado Partnership for Quality Jobs and Services (20-1153); Colorado Quality Apprenticeship Training Act of 2019 (S.B. 19-196). The request indicates that fiscal notes for these programs did not incorporate the related software license costs. It states that an increase in the diversity of the workforce is leading to an increased need for interpreter services to translate workplace posters and for witness testimony. Additionally, the agency anticipates an increase of 3-4 legal appeals annually, resulting in increased legal services costs.

**R3 REALIGN HOSPITALITY EDUCATION GRANT PROGRAM:** The request proposes to eliminate funding for the Hospitality Education Grant Program (\$401,497 General Fund and 0.5 FTE). The program was created by S.B. 14-015 to expand development of the hospitality industry career pathway by awarding grants to hospitality programs operating in secondary schools. All funds have been awarded annually to the Colorado Restaurant Foundation for its two-year ProStart pre-apprenticeship program, which serves 50 schools statewide and enables high school students to obtain industry certification as food handlers and managers. Since 2015, more than 4,500 students have completed the program and almost 1,500 have received concurrent/dual enrollment credit from Metropolitan State University of Denver. The request notes that the program faces significant uncertainty due to the pandemic and states that other programs in the Department are better suited to supporting the struggling hospitality sector in the current environment.

**NP OIT BUDGET REQUEST PACKAGE:** The request includes a decrease for the Department’s portion of various budget adjustments in the Governor’s Office of Information Technology.

**NP DPA CENTER FOR ORGANIZATIONAL EFFECTIVENESS:** The request includes an increase for the Department’s portion of increased support for the Center for Organizational Effectiveness in the Department of Personnel.

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes adjustments for the second- and third-year impacts of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend direct distribution to PERA	\$2,035,721	\$126,776	\$757,183	\$11,564	\$1,140,198	0.0
SB 19-196 Modification of procurement	294,900	294,900	0	0	0	4.4
HB 20-1153 Colorado partnership	68,934	0	68,934	0	0	0.6
SB 19-085 Equal pay for equal work	44,570	44,570	0	0	0	0.9
SB 20-205 Employer provided paid sick leave	35,293	35,293	0	0	0	0.8
SB18-200 PERA unfunded liability	27,588	1,851	9,966	250	15,521	0.0
HB 20-1415 Whistleblower protection	(18,600)	0	(18,600)	0	0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 19-1210 Local government minimum wage	(4,703)	0	(4,703)	0	0	0.0
<b>TOTAL</b>	<b>\$2,483,703</b>	<b>\$503,390</b>	<b>\$812,780</b>	<b>\$11,814</b>	<b>\$1,155,719</b>	<b>6.7</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request reverses the 5.0 percent reduction in funding for personal services that was applied in the health/life/dental line item of each department in FY 2020-21.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes adjustments to centrally appropriated line items outlined in the table below.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Health, life, and dental adjustment	\$955,614	\$132,270	\$280,511	\$29,697	\$513,136	0.0
Payment to risk management / property funds adjustment	92,432	1,849	27,730	0	62,853	0.0
Leased space adjustment	60,346	0	60,346	0	0	0.0
Statewide indirect cost recoveries common policy adjustment	36,726	0	0	0	36,726	0.0
Capitol Complex leased space adjustment	4,375	0	4,375	0	0	0.0
Shift differential adjustment	1,656	0	0	0	1,656	0.0
Payments to OIT adjustment	(1,158,564)	(128,441)	(534,958)	(156,485)	(338,680)	0.0
ALJ adjustment	(393,977)	0	(393,977)	0	0	0.0
Legal services adjustment	(136,143)	(10,891)	(54,457)	0	(70,795)	0.0
CORE adjustment	(57,545)	0	(28,772)	0	(28,773)	0.0
PERA Direct Distribution	(41,823)	6,970	(37,020)	6,509	(18,282)	0.0
Workers' compensation adjustment	(28,150)	(1,126)	(7,882)	0	(19,142)	0.0
AED adjustment	(23,870)	17,394	(50,859)	13,146	(3,551)	0.0
SAED adjustment	(23,870)	17,394	(50,859)	13,146	(3,551)	0.0
Short-term disability adjustment	(9,142)	30	(4,732)	370	(4,810)	0.0
Vehicle lease payments adjustment	(126)	0	0	0	(126)	0.0
<b>TOTAL</b>	<b>(\$722,061)</b>	<b>\$35,449</b>	<b>(\$790,554)</b>	<b>(\$93,617)</b>	<b>\$126,661</b>	<b>0.0</b>

**OTHER:** The request includes other technical adjustments.

## BUDGET REQUESTS IMPACTING FY 2020-21 COVID-19 STIMULUS PACKAGE

The Governor's 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. The following summarizes the Governor's proposed FY 2020-21 COVID-19 Stimulus Package that impact the Department of Labor and Employment.

FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021 <sup>1</sup>						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION						
HB 20-1360 (Long Bill)	\$273,448,021	\$21,714,537	\$81,583,758	\$9,699,764	\$160,449,962	1,283.1
Other legislation	(7,746,418)	(3,220,210)	(74,446)	(3,311,564)	(1,140,198)	7.6
<b>TOTAL</b>	<b>\$265,701,603</b>	<b>\$18,494,327</b>	<b>\$81,509,312</b>	<b>\$6,388,200</b>	<b>\$159,309,764</b>	<b>1,290.7</b>

**FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021<sup>1</sup>**

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 PROPOSED COVID-19 STIMULUS</b>						
FY 2020-21 Appropriation	\$265,701,603	\$18,494,327	\$81,509,312	\$6,388,200	\$159,309,764	1,290.7
<i>Benefits for low- and mid-income earners with job loss (distributed by executive order prior to legislative session; will not require legislative action in this department)</i>	<i>168,000,000</i>	<i>168,000,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
Plan for Workforce and Economic Recovery	25,000,000	25,000,000	0	0	0	0.0
<b>TOTAL</b>	<b>\$458,701,603</b>	<b>\$211,494,327</b>	<b>\$81,509,312</b>	<b>\$6,388,200</b>	<b>\$159,309,764</b>	<b>1,290.7</b>
<b>INCREASE/(DECREASE)</b>	<b>\$193,000,000</b>	<b>\$193,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Percentage Change	72.6%	1,043.6%	n/a	n/a	n/a	n/a

<sup>1</sup> The General Fund amounts listed for the COVID-19 Stimulus Package above are reflected as General Fund appropriations, even if the proposal involves the *transfer* of General Fund to another fund. Details about the proposed funding mechanism are described below. The proposed Stimulus Package also includes budget requests for FY 2021-22, which do not appear in this table. Current request items are included in the Summary: FY 2020-21 Appropriation & FY 2021-22 Request table above.

**BENEFITS FOR LOW- AND MID-INCOME EARNERS WITH JOB LOSS:** On October 28, 2020, the Governor issued Executive Order D 2020 230, directing the Department of Labor and Employment to make one-time direct stimulus payments to qualifying individual experiencing economic hardship caused by the coronavirus disease (COVID-19). The order directs the department to make one-time direct stimulus payments of \$375 to all qualifying individuals, defined as those who: (1) received at least \$1 of unemployment insurance compensation during the period of time between March 15, 2020 and October 24, 2020; and (2) met eligibility requirements for a weekly benefit amount between \$25 and \$500 during the specified period. The order captures those who have received both federally-funded and state-funded benefits. The restriction on the weekly benefit amount earned is expected to direct the benefit to those with earnings under \$52,000 per year. The payments are expected to be distributed to approximately 435,000 individuals in early December. The total cost, including the benefits and administration, is expected to be no more than \$168,000,000.

The source of funding is the Disaster Emergency Fund, into which the Governor has authority to transfer funds. Most of the funds (\$148.9 million) are from FY 2020-21 appropriations for Medical Services premiums in the Department of Health Care Policy and Financing, based on lower-than-expected growth in the Medicaid population, while \$5.3 million is transferred into the Disaster Emergency Fund from the Controlled Maintenance Trust Fund. The legal basis for grants to individuals is Section 24-33.5-1106, C.R.S., which allows the Governor to make grants of up to \$5,000 to meet the needs of individuals or families adversely affected by a major disaster, which cannot be otherwise adequately met from other means of assistance.

**PLAN FOR WORKFORCE AND ECONOMIC RECOVERY:** The request includes an increase of \$25.0 million General Fund in this department for job training services and scholarships for displaced workers. In this department, the proposal is to distribute \$25.0 million in funding through the state's 57 workforce centers to provide training services including: occupational skills training, on-the-job training, apprenticeships, incumbent worker training, skill upgrading and retraining, entrepreneurial training, and adult education and family literacy services when needed. The workforce centers are located in the 10 designated local workforce areas to which the State distributes state and federal funds. Nine of the workforce areas are managed by counties, while the tenth is a rural consortium area that is managed by the State. Training services are funded through the Workforce Innovation and Opportunity Act (WIOA) federal funds shown in this department, as well as Pell Grants, partner programs, and other state and local grants. In program year 2017-18, the most recent for which information is available, 6,953 individuals were enrolled in training programs, with 76.0 percent of them subsequently finding employment.

The request indicates that the Department will offer two-year grants to local workforce boards to begin February 2021. Of the amount provided, 90 percent will be used to provide training awards and wraparound services; 10 percent will be used to hire or modify an existing position to provide programming/services to support individuals accessing training. Training funds will target short-term (up to 6 months) training programs that lead to industry-recognized credentials related to Top Jobs identified in the 2020 Talent Pipeline Report or other in-demand industries determined in collaboration with the Governor's Office of Economic Development and International Trade. The program may also provide short-term training to improve clients' ability to work remotely or use technology.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**2020 SESSION BUDGET BALANCING ACTIONS:** In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the 2020-21 General Fund appropriations to the Department by \$5.0 million (27.5 percent). These adjustments contributed to the net decrease in the Department's General Fund and total funds budget for FY 2020-21. The General Assembly also transferred \$9.5 million from Department cash funds to the General Fund, assisting the General Assembly in balancing the budget statewide.

**UNEMPLOYMENT INSURANCE:** The COVID-19 pandemic has placed unprecedented pressure on the unemployment insurance system. Claimant numbers have surged, driving the Unemployment Insurance Trust Fund deeply into the red. New federal and state programs have launched, benefitting Coloradans but challenging state administrative resources.

**FAMILY AND MEDICAL LEAVE INSURANCE:** Proposition 118, approved by the voters on November 3, 2020, creates a Family and Medical Leave Insurance program that will be administered as a TABOR enterprise by the Colorado Department of Labor and Employment. When fully implemented in FY 2023-24, this will be a \$1.2 billion per year social insurance program supported by a complex information technology system and approximately 200.0 state FTE.

## FOR MORE INFORMATION

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**TO READ THE ENTIRE BRIEFING:** Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2020.