



JOINT BUDGET COMMITTEE STAFF FY 2022-23 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 1.0 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

FY 2021-22 APPROPRIATION AND FY 2022-23 REQUEST

DEPARTMENT OF LABOR AND EMPLOYMENT						
	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
TOTAL	\$351,984,636	\$20,396,768	\$144,555,509	\$6,436,493	\$180,595,866	1,315.9
FY 2022-23 REQUESTED APPROPRIATION:						
FY 2021-22 Appropriation	\$351,984,636	20,396,768	\$144,555,509	\$6,436,493	\$180,595,866	1,315.9
R1 Wage theft enforcement spending authority	153,304	0	153,304	0	0	1.0
R2 Employment first initiatives continuation	427,464	93,187	0	0	334,277	4.0
R3 Underground damage prevention fund spending authority	39,380	0	39,380	0	0	0.0
R4 Veterans service to career program refinance	0	0	(500,000)	0	500,000	0.0
Non-prioritized decision items	449,785	30,239	134,423	503	284,620	0.0
Annualize prior year legislation and budget actions	(68,529,412)	168,683	(66,787,414)	0	(1,910,681)	(1.0)
Centrally appropriated line items	16,487,082	1,848,276	8,663,287	78,689	5,896,830	0.0
Indirect cost assessment	1,125,851	0	699,788	8,111	417,952	0.0
Technical adjustments	14,935,009	0	14,935,009	0	0	2.0
TOTAL	\$317,073,099	\$22,537,153	\$101,893,286	\$6,523,796	\$186,118,864	1,321.9
INCREASE/(DECREASE)	(\$34,911,537)	\$2,140,385	(\$42,662,223)	\$87,303	\$5,522,998	6.0
Percentage Change	(9.9%)	10.5%	(29.5%)	1.4%	3.1%	0.5%

R1 WAGE THEFT ENFORCEMENT SPENDING AUTHORITY: The Department is requesting an increase in cash spending authority to \$325,000. This is an increase of \$153,304 and 1.0 FTE in FY 2022-23, and \$163,599 in FY 2023-24 and future years. This request encompasses a legislative change to Section 8-4-113(3), C.R.S., to increase the statutory cash fund limit on uncommitted reserves for the Wage and Theft Enforcement Fund to an alternative maximum of \$400,000 and any excess be transferred to the General Fund at the end of the fiscal year. The Department

indicates that funding is for the implementation of a theory-informed program as defined in S.B. 21-284. (Evidence-based evaluation for budget). (Legislation Required).

R2 EMPLOYMENT FIRST INITIATIVES CONTINUATION: The Department requests a \$427,464 and 4.0 FTE continuation in funding for FY 2022-23 made up of \$93,187 General Fund and \$334,277 federal funds, and then an additional \$399,464 in FY 2023-24 and ongoing for the Employment First Initiatives program. Initial funding for this program through S.B. 16-77 is set to end in June 2022, and S.B. 21-095 continued indefinitely the Employment First Partnership in the Department, however no additional funding was allocated for the program. These positions do not provide services directly to individuals with disabilities; they provide support for direct service providers who work with individuals with most significant disabilities. The Department indicates that funding is for the implementation of a theory-informed program as defined in S.B. 21-284. (Evidence-based evaluation for budget).

R3 UNDERGROUND DAMAGE PREVENTION FUND SPENDING AUTHORITY: This is a cash fund spending authority request for \$39,380 in FY 2022-23 and in all future years within the Division of Oil and Public Safety (OPS). This request requires a change in statutory language within Section 9-1.5-104.7, C.R.S., to make the funds continuously appropriated to the Division to use for education and outreach programs related to excavation and underground facilities. Currently, excavation requirement violation fines are deposited within the Damage Prevention (DMPV) Fund. Although the program is set up to allow funding for education and outreach programs, the Division does not currently have the spending authority to use these funds. As cases have been reviewed in recent years, it has been evident that many of those found in violation were not aware of the Excavation Requirements law. The Division is requesting the authority to use these funds to provide greater education on requirements and reduce future violations. The Department indicates that funding is for the implementation of a theory-informed program as defined in S.B. 21-284. (Evidence-based evaluation for budget). (Legislation required).

R4 VETERAN'S SERVICES TO CAREER PROGRAM REFINANCE: The Department requests a reduction of \$500,000 in cash fund spending authority and an increase of \$500,000 in federal fund spending authority for the Veterans Service-to-Career Program (VSCP), until the program sunsets January 1, 2024. The Department is requesting the funding source be switched from the Marijuana Tax Cash Fund (MTCF) to Federal American Rescue Plan Act (ARPA) funds, on the basis that forecasts are showing MTCF revenues declining modestly, and this loss in revenue is being attributed to COVID. This program is currently fully funded through the transfer from MTCF, and the Department does not want to risk this program losing funding due to this decline.

NON-PRIORITIZED DECISION ITEMS: The request includes \$449,785 in non-prioritized decision items.

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

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items.

INDIRECT COST ASSESSMENT: The request includes the indirect cost assessment.

TECHNICAL ADJUSTMENTS: Technical adjustments were made to ensure the Department request matched Staff records.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

WAGE THEFT SPENDING AUTHORITY REQUEST: The Department is requesting additional spending authority as well as legislative changes to allow for greater capacity and flexibility in addressing wage theft in Colorado. Recent legislative changes and authority have given the Department increased ability to enforce labor standards while also increasing the complexity of this work.

ALLOCATION OF FEDERAL WORKFORCE DEVELOPMENT FUNDS: The Department was allocated an additional \$60 million in federal funding in FY 2021-22 to address the economic ramifications of the COVID-19 pandemic. The Governor has proposed an additional \$50.7 million for workforce investment as a part of the FY 2022-23 budget. This issue highlights how this funding has been and will be distributed.

UNEMPLOYMENT INSURANCE TRUST FUND: The COVID-19 pandemic and economic ramifications burdened the state Unemployment Insurance funding mechanism and infrastructure. Colorado has borrowed over \$1 billion from the federal government to continue paying out UI benefits and now has the ability to address this outstanding debt.

UNEMPLOYMENT INSURANCE AUDIT: The COVID-19 pandemic placed unprecedented administrative pressure on the State UI System. A March 2021 annual financial report found the Colorado Department of Labor and Employment did not provide critical information needed for proper records keeping and oversight with regards to Unemployment Insurance. Based on the audit and its findings, the Department is implementing new processes and protocols.

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 2021.