



**Colorado
Legislative
Council
Staff**

SB16-179

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1218 **Date:** April 11, 2016
Prime Sponsor(s): Sen. Roberts; Heath **Bill Status:** Senate Business, Labor, & Technology
Rep. DelGrosso; Lee **Fiscal Analyst:** Kerry White (303-866-3469)

BILL TOPIC: CDLE UNEMPLOYMENT INSURANCE CLASSIFICATION

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	<u>\$44,021</u>	<u>\$45,785</u>
General Fund	36,750	38,361
Centrally Appropriated Costs	7,271	7,424
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$36,750 - Department of Labor and Employment (FY 2016-17).		
Future Year Impacts: Ongoing expenditure increases.		

Summary of Legislation

This bill directs the Colorado Department of Labor and Employment (CDLE) to develop guidance on and establish a position to serve as a resource for employers on the proper classification of workers for unemployment insurance purposes, audit findings, and options for appealing or curing an audit. Guidance is to include the factors used by CDLE to determine classification of workers and the process by which an employer or individual may submit further information in response to a determination by CDLE prior to an appeal.

It also directs the CDLE to establish internal controls and processes in order to improve consistency among audit personnel and to periodically review a sample of audit and appeal results.

State Expenditures

This bill increases state General Fund expenditures in the CDLE by \$44,021 and 0.5 FTE in FY 2016-17 and by \$45,785 and 0.5 FTE in FY 2017-18 and future years. Costs are shown in Table 1 and explained below.

Table 1. Expenditures Under SB16-179		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$31,572	\$37,886
FTE	0.5 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	5,178	475
Centrally Appropriated Costs*	7,271	7,424
TOTAL	\$44,021	\$45,785

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Labor and Employment. The CDLE requires 0.5 FTE Hearings Officer III to update technical guidance, conduct independent reviews, and serve as a resource for employers in the capacity outlined by SB16-179. Personal services costs have been adjusted in the first year to account for the bill's effective date and the General Fund pay date shift.

Additional workload to develop technical guidance and improve internal controls can be accomplished within existing appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB16-179		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,029	\$4,029
Supplemental Employee Retirement Payments	3,242	3,395
TOTAL	\$7,271	\$7,424

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2016-17, the bill requires an appropriation of \$36,750 General Fund to the Department of Labor and Employment and an allocation of 0.5 FTE.

State and Local Government Contacts

Information Technology Labor