

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF A FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM.

Prime Sponsors: Sens. Winter and Williams A.  
Reps. Gray and Duran

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**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note Memorandum (attached) reflects the fiscal impact of the bill as of 04/09/19.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Finance Committee Report (04/09/19) struck everything below the enacting clause. The Fiscal Note Memorandum, dated April 9, 2019, describes the fiscal impact of the strike-below amendment but does not include the impact of other amendments included in the Finance Committee report. Furthermore, additional information received after the memorandum was prepared results in a change to expenditures anticipated for FY 2019-20 and future years. Notable changes include the following:

- The only expenditures anticipated for FY 2019-20 are for an actuarial study and costs associated with the Family and Medical Leave Insurance Program Advisory Board created in the bill. Legislative Council Staff and Joint Budget Committee staff assume that expenditures related to program administration, rule-making, and information technology costs will not occur prior to FY 2020-21.
- As reflected in the Fiscal Note Memorandum, the enterprise created by this bill is anticipated to issue \$110 million in bonds to cover expenditures required before premiums are assessed in FY 2022-23. Further, prior to issuing the bonds, the enterprise is expected to seek a working capital loan from the General Fund under the provisions of Section 24-75-203(1)(a), C.R.S., that will be repaid through the bonds. Legislative Council Staff and Joint Budget Committee Staff now assume that neither the working capital loan nor the bonding will occur prior to FY 2020-21. If the General Assembly intends for the enterprise created by this bill to use services provided by the Department of Law or the Governor's Office of Information Technology in FY 2019-20, cash funds appropriations for these agencies would be required.

- The Finance Committee Report, including amendments to the strike-below amendment, specifies that employers shall pay forty (rather than fifty) percent of required premiums and requires that the State and small businesses pay the same share as other employers. As a result, Legislative Council Staff estimates that the employer share of premiums paid on behalf of state employees will be \$9,983,873 in FY 2022-23 for a half-year of premiums and \$21,046,043 in FY 2023-24 for a full year of premiums. Of this amount, staff estimates that 55.0 percent, or \$5,491,130 in FY 2022-23 and \$11,575,324 in FY 2023-24, will be from the General Fund.

The table below summarizes the current estimate of revenues and expenditures for the bill. Legislative Council Staff and Joint Budget Committee Staff concur on these estimates based on information now available. A Legislative Council Staff Revised Fiscal Note will be distributed prior to second reading in the Senate.

**State Fiscal Impacts Under SB19-188  
As Amended by the Senate Finance Committee**

		<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b> (half year of premiums)	<b>FY 2023-24</b> (half year of benefits)	<b>FY 2024-25</b>
<b>Revenue</b>	Cash Funds		\$110 million in bond revenue		\$531,705,230	\$1,120,852,657	\$1,177,335,736
	<b>Total</b>				<b>\$531,705,230</b>	<b>\$1,120,852,657</b>	<b>\$1,177,335,736</b>
<b>Expenditures</b>	General Fund	-	-	-	-	-	\$141,464
	FAMLI Fund - Administration	\$55,552	\$42,952,186	\$2,755,948	\$6,386,214	\$15,864,243	\$15,864,243
	FAMLI Fund - Benefits	-	-	-	-	\$417,397,609	\$947,115,099
	Various Funds*	-	-	-	\$9,983,873	\$21,046,343	\$22,106,931
	Centrally Appropriated	-	\$367,487	\$367,487	\$873,258	\$2,900,357	\$2,900,357
	<b>Total</b>	<b>\$55,552</b>	<b>\$43,319,673</b>	<b>\$3,123,435</b>	<b>\$17,243,345</b>	<b>\$457,208,552</b>	<b>\$988,128,094</b>
	<b>Total FTE</b>	<b>-</b>	<b>17.3 FTE</b>	<b>16.7 FTE</b>	<b>61.1 FTE</b>	<b>205.1 FTE</b>	<b>207.6 FTE</b>

*\*These expenditures represent the employer share of state employee FAMLI premiums and will come from the General Fund, cash funds, and federal funds but these fund splits have not been identified for this analysis. Of the total, 55.0 percent is estimated to be from the General Fund.*

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$55,552 General Fund to the Department of Labor and Employment for FY 2019-20.

**Points to Consider**

*General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2019-20 based on the March 2019 Legislative Council Staff revenue forecast. The budget package leaves approximately \$65.2 million General Fund unallocated. Thus, the General Assembly could appropriate up to \$60.8 million General Fund to fund 2019 legislation and maintain a 7.25 percent General Fund reserve. This bill requires a General Fund appropriation of \$55,552 for FY 2019-20, reducing the excess General Fund reserve by \$59,580.

*Future Fiscal Impact*

This bill is projected to require General Fund appropriations of \$5,491,130 in FY 2022-23 and \$11,575,324 in FY 2023-24.