Joint Budget Committee Staff

Memorandum

To: JBC Members
From: Phoebe Canagarajah, JBC Staff (303-866-2149)
Date: Wednesday, March 19, 2025
Subject: LLS 865_Division of Unemployment Insurance Funding Mechanism

This memo highlights the changes to unemployment insurance (UI) funding mechanisms approved by the JBC during figure setting and staff comeback for the Department of Labor and Employment, and where they are reflected in the accompanying bill draft (LLS 865).

UI Funding Mechanism Changes Approved by the JBC

Category of Change	JBC Approved Change	Relevant Section in Bill Draft
1. HB 24-1409 Clean Up & Budget Shortfall: Admin and Tech costs	Rename Employment and Training Technology Fund the "Unemployment Insurance Program Support Fund" and expand its usage to include all UI Division administrative and technology costs	Page 2, lines 6, 12, and 16 Page 4, line 22 Page 5, lines 22-25 Page 6, lines 3 and 13 Page 7, line 20
2. HB 24-1409 Clean Up: Adjust UI Support Fund balance cap	Replace the UI Program Support Fund's revenue cap with a $25.0M balance cap	Page 5, line 16
3. HB 24-1409 Clean Up: Balance cap simplification and standardization	-Allocate all funds in excess of balance cap to Unemployment Insurance Trust Fund, except for excess revenue into the Benefit Recovery Fund (BRF) - Index balance caps to average weekly wage, instead of CPI - Standardize all balance cap language	ESF: Page 4, lines 17-20 UI Support: Page 5, lines 13-20 BRF: Page 7, lines 4-12 Workforce Fund: Page 8, lines 14-27
4. HB 24-1409 Clean Up & Budget Shortfall: Support surcharge adjustment	Update allocation of support surcharge to Employment Support Fund (ESF), BRF, Workforce Development Fund, and UI Program Support Fund	ESF (11%): Page 3, line 21 BRF (15%): Page 3, line 27 UI Support (54%): Page 4, line 25 Workforce Fund (20%): Page 8, line 7
5. JBC Staff Recommendation	Update ESF's $7.0 million balance cap to $3.5 million	Page 4, line 7

This bill also includes the following technical statutory clarifications:

- Which funds are within the UI Enterprise: Page 3, lines 5-14
- That money credited from the support surcharge to the UITF is not used to calculate employer's experience rating: Page 6, line 15

The following JBC approved changes will be reflected in the appropriation clauses of the bill for FY 2024-25 and FY 2025-26:

- New "technology initiatives" line item to distinguish UI Division administrative and technology costs
- $10.0 million additional spending authority from UI Program Support Fund to "program costs" line of UI Division for administrative expenses

- $20.0 million additional spending authority from UI Program Support Fund to "technology initiatives" line of UI Division for technology expenses
- Shift of about $14.6 million in centrally appropriated costs from the Employment Support Fund to the UI Program Support Fund and Workforce Development Fund

Joint Budget Committee Staff

Memorandum

To: Joint Budget Committee Members
From: Kelly Shen, JBC Staff (303-866-5434)
Date: Wednesday, March 19, 2025
Subject: JBC Potential Legislation – Packet 13

This packet includes bill drafts for the Committee's consideration. Unless otherwise indicated by the JBC analyst, **these bills are seeking approval for introduction**. This includes:

- deciding on sponsors,
- allowing JBC staff permission to make technical changes including adding appropriation clauses, and
- indicating if the bill will run with the Long Bill package.

Each individual item has page numbers, but also a packet page number (P-XX) to help navigate the whole document.

Potential Legislation

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3/18/25
Double underlining denotes changes from prior draft

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LLS NO. 25-0889.03 Jason Gelender x4330 **COMMITTEE BILL**

Joint Budget Committee

BILL TOPIC: Mod Gen Fund Transfers to Transp Cash Funds

A BILL FOR AN ACT

CONCERNING MODIFICATION OF ANNUAL TRANSFERS FROM THE GENERAL FUND TO CASH FUNDS THAT ARE DEDICATED FOR TRANSPORTATION PURPOSES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov/.)

Joint Budget Committee. The bill modifies the schedule and amounts of annual transfers from the general fund to the state highway fund and the multimodal transportation and mitigation options fund as follows:

- The $100 million transfer to the state highway fund

Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.

REDRAFT
3/18/25
Double underlining denotes changes from prior draft

scheduled for July 1, 2025, is reduced to $36 million;

- The $100 million transfer to the state highway fund scheduled for July 1, 2026, ______ is reduced to $50.5 million;
- The $82.5 million transfers to the state highway fund scheduled for each July 1 from July 1, 2029, through July 1, 2031, are increased to $100 million; _____
- A new $61 million transfer to the state highway fund is scheduled for July 1, 2032;
- The $7 million transfers to the state highway fund for the purpose of providing additional funding for the revitalizing main streets program scheduled for each July 1 from July 1, 2025, through July 1, 2031, are eliminated; and
- The $10.5 million transfers to the multimodal transportation and mitigation options fund scheduled for each July 1 from July 1, 2025, through July 1, 2031, are eliminated.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 24-75-219, **amend** (7)(d) and (7)(e); and **repeal** (7)(c) as follows:

24-75-219. Transfers - transportation - capital construction - definitions - repeal. (7) In addition to any other transfers required by this section:

(c) ~~On each July 1 from July 1, 2024, through July 1, 2031, the state treasurer shall transfer:~~

~~(I) Ten million five hundred thousand dollars from the general fund to the multimodal transportation and mitigation options fund; and~~

~~(II) Seven million dollars from the general fund to the state highway fund for the purpose of providing additional funding for the revitalizing main streets program.~~

(d) (I) On ~~each July 1 from July 1, 2024, through July 1, 2028~~ JULY 1, 2025, the state treasurer shall transfer ~~one hundred~~ THIRTY-SIX million dollars from the general fund to the state highway fund; ~~and~~

(II) On ~~each July 1 from July 1, 2029, through July 1, 2031~~ JULY 1, 2026, the state treasurer shall transfer ~~eighty-two~~ FIFTY million five hundred thousand dollars from the general fund to the state highway fund;

(III) ON EACH JULY 1 FROM JULY 1, 2027, THROUGH JULY 1, 2031, THE STATE TREASURER SHALL TRANSFER ONE HUNDRED MILLION DOLLARS FROM THE GENERAL FUND TO THE STATE HIGHWAY FUND; AND

(IV) ON JULY 1, 2032, THE STATE TREASURER SHALL TRANSFER SIXTY-ONE MILLION DOLLARS FROM THE GENERAL FUND TO THE STATE HIGHWAY FUND.

(e) The department of transportation shall expend ten million dollars of each transfer from the general fund to the state highway fund made pursuant to ~~subsection (7)(d)(I)~~ SUBSECTION (7)(d)(I), (7)(d)(II), OR (7)(d)(III) of this section from ~~July 1, 2024,~~ JULY 1, 2025, through July 1, 2028, solely to mitigate the environmental and health impacts of increased air pollution from motor vehicle emissions in nonattainment areas by funding projects that reduce vehicle miles traveled or that directly reduce air pollution.

SECTION 2. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

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LLS NO. 25-0865.01 Yelana Love x2295 **COMMITTEE BILL**

Joint Budget Committee

BILL TOPIC: Division Unemployment Insurance Funding Mechanism

A BILL FOR AN ACT

CONCERNING THE DIVISION OF UNEMPLOYMENT INSURANCE FUNDING ADJUSTMENTS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov/.)

Joint Budget Committee. The bill updates the funding mechanism for the division of unemployment insurance (division). The bill updates the name of the "employment and training technology fund" to the "unemployment insurance program support fund" and expands the use of the fund to include information technology and administrative costs of the division.

Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.

Current law specifies how the division must use the employer support surcharge to credit several funds. The bill modifies the disbursement to:

- 11% for the employment support fund (decreased from 35%);
- 54% for the unemployment insurance program support fund (increased from 32%);
- 20% for the workforce development fund (increased from 14%); and
- 15% for the benefit recovery fund (decreased from 19%).

The bill requires all money collected in each fund that is in excess of the maximum balance amounts authorized for the fund to be credited to the unemployment compensation fund. The bill ties the adjustments of the fund caps to the change in average weekly earnings instead of to the consumer price index. The bill also adjusts the cap for the unemployment insurance program support fund.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 8-70-103, **amend** (24.5); **repeal** (11.5); and **add** (28.5) as follows:

8-70-103. Definitions. As used in articles 70 to 82 of this title 8, unless the context otherwise requires:

(11.5) ~~"Employment and training technology fund" means the employment and training technology fund created in section 8-77-109 (2)(a.9)(II)(A).~~

(24.5) "Support surcharge rate" means an employer's rate that is used to calculate the money payments owed to the employment support fund, the benefit recovery fund, and the ~~employment and training technology~~ UNEMPLOYMENT INSURANCE PROGRAM SUPPORT fund, calculated in accordance with section 8-76-102.5 (3)(a)(IV) using the same methodology as is used to calculate an employer's percent of excess in accordance with section 8-76-102.5 (3)(a)(II)(A).

(28.5) "UNEMPLOYMENT INSURANCE PROGRAM SUPPORT FUND"

MEANS THE UNEMPLOYMENT INSURANCE PROGRAM SUPPORT FUND CREATED IN SECTION 8-77-109 (2)(a.9)(II)(A).

SECTION 2. In Colorado Revised Statutes, 8-71-103, **amend** (2)(b)(I) as follows:

8-71-103. Organization of division - authority to issue bonds. (2) (b) (I) Except as provided in ~~subparagraph (II) of this paragraph (b)~~ SUBSECTION (2)(b)(II) OF THIS SECTION, the enterprise established pursuant to this subsection (2) has all the powers and duties authorized by articles 70 to 82 of this ~~title~~ TITLE 8 pertaining to unemployment insurance and unemployment compensation. The unemployment compensation fund, created in section 8-77-101, ~~constitutes~~ AND THE UNEMPLOYMENT INSURANCE PROGRAM SUPPORT FUND, CREATED IN SECTION 8-77-109 (2)(a.9)(II)(A), CONSTITUTE part of the enterprise established pursuant to this subsection (2).

SECTION 3. In Colorado Revised Statutes, 8-77-109, **amend** (1)(b), (2)(a)(I)(B), (2)(a)(II)(A), (2)(a.9)(II)(A), (6)(a) introductory portion, and (6)(b) as follows:

8-77-109. Employment support fund - unemployment insurance program support fund - created - uses - repeal. (1) (b) There is ~~hereby~~ established the employment support fund. The fund consists of ~~thirty-five~~ ELEVEN percent of the support surcharge rate assessed annually as part of each employer's support surcharge rate payments paid and dedicated to the employment support fund in accordance with section 8-76-102.5 (3)(a)(IV).

(2) (a) (I) (B) To the extent allowed by the United States department of labor employment and training administration, the state treasurer shall credit ~~nineteen~~ FIFTEEN percent of each employer's annual

support surcharge rate determined pursuant to section 8-76-102.5 (3)(a)(IV) to the benefit recovery fund, up to a maximum of fifteen million dollars each year.

(II) (A) At the end of the ~~2023-24~~ 2024-25 state fiscal year, and AT THE END OF each state fiscal year thereafter, the state treasurer shall credit any money collected pursuant to this section that would cause the balance in the employment support fund to exceed ~~seven~~ THREE million FIVE HUNDRED THOUSAND dollars, as adjusted annually ~~for~~ BY AN AMOUNT EQUAL TO the ~~United States department of labor's bureau of labor statistics consumer price index for Denver-Aurora-Lakewood or its successor index, excluding gifts, grants, or donations, to the employment and training technology fund created in subsection (2)(a.9)(II)(A) of this section. If the employment and training technology fund has reached the maximum allowable balance pursuant to subsection (2)(a.9)(II)(A) of this section, the treasurer shall instead credit the money to the workforce development fund created in section 8-83-107 (4)~~ CHANGE IN THE AVERAGE WEEKLY EARNINGS PRESCRIBED IN SECTION 8-73-102, ROUNDED TO THE NEAREST ONE HUNDRED DOLLARS AND EXCLUDING ANY GIFTS, GRANTS, OR DONATIONS, TO THE UNEMPLOYMENT COMPENSATION FUND CREATED IN SECTION 8-77-101 (1).

(a.9) (II) (A) The ~~employment and training technology~~ UNEMPLOYMENT INSURANCE PROGRAM SUPPORT fund, referred to in this subsection (2)(a.9) as the "fund", is created in the state treasury. Notwithstanding any provision of this subsection (2) to the contrary, the state treasurer shall credit ~~thirty-two~~ FIFTY-FOUR percent of each employer's annual support surcharge rate under section 8-76-102.5 (3)(a)(IV) to the ~~employment and training technology~~ fund. ~~On and after~~

~~April 27, 2021, and on or before June 30, 2023, if cumulative revenue to the employment and training technology fund equals thirty-one million dollars, less any money transferred to the unemployment compensation fund, no additional money shall be credited to the employment and training technology fund but instead shall be allocated to the unemployment compensation fund. On and after July 1, 2023, any amount collected in a fiscal year in excess of thirteen million two hundred thousand dollars under this subsection (2)(a.9)(II), as adjusted annually for the United States department of labor's bureau of labor statistics consumer price index for Denver-Aurora-Lakewood or its successor index, excluding gifts, grants, or donations, shall be credited to the fund and then credited to the unemployment compensation fund~~ AT THE END OF THE 2024-25 STATE FISCAL YEAR, AND AT THE END OF EACH STATE FISCAL YEAR THEREAFTER, THE STATE TREASURER SHALL CREDIT ANY MONEY COLLECTED PURSUANT TO THIS SECTION THAT WOULD CAUSE THE BALANCE IN THE FUND TO EXCEED TWENTY-FIVE MILLION DOLLARS, AS ADJUSTED ANNUALLY BY AN AMOUNT EQUAL TO THE CHANGE IN THE AVERAGE WEEKLY EARNINGS PRESCRIBED IN SECTION 8-73-102, ROUNDED TO THE NEAREST ONE HUNDRED DOLLARS AND EXCLUDING ANY GIFTS, GRANTS, OR DONATIONS, TO THE UNEMPLOYMENT COMPENSATION FUND. Money in the fund shall be used for ~~employment and training automation initiatives established by the director~~ ADMINISTRATIVE COSTS of the division, INCLUDING TECHNOLOGY AND STAFFING COSTS, AND OTHER COSTS TO SUPPORT THE UNEMPLOYMENT INSURANCE PROGRAM AS DETERMINED BY THE DIRECTOR OF THE DIVISION. Money in the fund is subject to annual appropriation by the general assembly for the purposes of this subsection (2)(a.9) and shall not revert to the general fund or any other fund at the end of any STATE fiscal year. The money in the fund is exempt from section 24-75-402. At any time, the money in the ~~employment and training technology~~ UNEMPLOYMENT INSURANCE PROGRAM SUPPORT fund may be appropriated by the general assembly to the unemployment compensation fund or allocated to the unemployment compensation fund at the discretion of the executive director of the department of labor and employment.

(6) (a) The portion of each employer's support surcharge rate that the employer paid and that is dedicated to the employment support fund pursuant to section 8-77-109 (1)(b), to the benefit recovery fund pursuant to section 8-73-116, to the workforce development fund pursuant to section 8-83-107, and to the ~~employment and training technology~~ UNEMPLOYMENT INSURANCE PROGRAM SUPPORT fund pursuant to subsection (2)(a.9)(II)(A) of this section:

(b) Any money transferred OR CREDITED from the employment support fund, the benefit recovery fund, the workforce development fund, ~~or~~ the ~~employment and training technology~~ UNEMPLOYMENT INSURANCE PROGRAM SUPPORT fund, OR SUPPORT SURCHARGE RATE PAYMENTS to the unemployment compensation fund pursuant to this section is not used in calculating the employer's experience rate or percent of excess for the standard premium rate schedule.

SECTION 4. In Colorado Revised Statutes, 8-73-116, **amend** (2)(e)(I) as follows:

8-73-116. Benefit recovery fund - recovery benefits - eligible individuals - third-party administrator - definitions - rules - access to personal information or tax data to administer fund - confidentiality requirements. (2) (e) (I) ~~If the amount in the fund exceeds thirty million~~

~~dollars, as adjusted for the United States department of labor's bureau of labor statistics consumer price index for Denver-Aurora-Lakewood or its successor index, excluding gifts, grants, or donations, the state treasurer shall transfer the money in the fund in excess of thirty million dollars~~ AT THE END OF THE 2024-25 STATE FISCAL YEAR, AND AT THE END OF EACH STATE FISCAL YEAR THEREAFTER, THE STATE TREASURER SHALL CREDIT ANY MONEY COLLECTED PURSUANT TO THIS SECTION THAT WOULD CAUSE THE BALANCE IN THE FUND TO EXCEED THIRTY MILLION DOLLARS, AS ADJUSTED ANNUALLY BY AN AMOUNT EQUAL TO THE CHANGE IN THE AVERAGE WEEKLY EARNINGS PRESCRIBED IN SECTION 8-73-102, ROUNDED TO THE NEAREST ONE HUNDRED DOLLARS AND EXCLUDING ANY GIFTS, GRANTS, OR DONATIONS, to the unemployment compensation fund created in section 8-77-101 (1).

SECTION 5. In Colorado Revised Statutes, 8-76-102.5, **amend** (3)(a)(IV) introductory portion as follows:

8-76-102.5. Rates effective upon fund solvency - repeal of prior rates - solvency surcharge - definitions. (3) (a) (IV) The support surcharge rate, which is the rate dedicated to employer support surcharge payments deposited into the employment support fund, the benefit recovery fund, the ~~employment and training technology~~ UNEMPLOYMENT INSURANCE PROGRAM SUPPORT fund, and the workforce development fund, is calculated using the following support surcharge rate schedule:

SECTION 6. In Colorado Revised Statutes, 8-83-107, **amend** (4)(a) and (9) as follows:

8-83-107. Workforce development enterprise - creation - powers and duties - enterprise fund - fee - legislative declaration - definitions. (4) The workforce development fund is created in the state treasury. Money in the fund shall be used by the workforce development enterprise to engage in and support employment and training workforce initiatives throughout Colorado. The workforce development enterprise may deposit or permit others to deposit other money into the workforce development fund. The workforce development fund consists of the following:

(a) ~~Fourteen~~ TWENTY percent of the support surcharge collected pursuant to section 8-76-102.5 (3)(a)(IV);

(9) (a) ~~At the end of the 2024-25 state fiscal year, if the amount in the fund exceeds six million eight hundred thousand dollars, the state treasurer shall transfer the money in the fund in excess of six million eight hundred thousand dollars to the unemployment compensation fund created in section 8-77-101 (1).~~

(b) At the end of the ~~2025-26~~ 2024-25 state fiscal year, and AT THE END OF each state fiscal year thereafter, ~~if the amount in the fund exceeds six million eight hundred thousand dollars, as adjusted for the United States department of labor's bureau of labor statistics consumer price index for Denver-Aurora-Lakewood, or its successor index, the state treasurer shall credit any money collected pursuant to this section that would cause the balance in the fund to exceed the adjusted amount~~ THE STATE TREASURER SHALL CREDIT ANY MONEY COLLECTED PURSUANT TO THIS SECTION THAT WOULD CAUSE THE BALANCE IN THE FUND TO EXCEED SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS, AS ADJUSTED ANNUALLY BY AN AMOUNT EQUAL TO THE CHANGE IN THE AVERAGE WEEKLY EARNINGS PRESCRIBED IN SECTION 8-73-102, ROUNDED TO THE NEAREST ONE HUNDRED DOLLARS AND EXCLUDING ANY GIFTS, GRANTS, OR DONATIONS, to the unemployment compensation fund created in section

8-77-101 (1).

SECTION 7. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

DRAFT
3/19/25

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

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LLS NO. 25-1007.01 Jed Franklin x5484 **COMMITTEE BILL**

Joint Budget Committee

BILL TOPIC: Eliminate Roll-forward Auth in Util Line Item

A BILL FOR AN ACT

CONCERNING ELIMINATION OF ROLL-FORWARD AUTHORITY FOR A STATE DEPARTMENT'S UTILITIES LINE ITEM.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov/.)

Currently, a state department may use unexpended and unencumbered money from the department's utilities line item to purchase energy conservation equipment and services without further appropriation. The bill eliminates this roll-forward authority.

Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **repeal** 24-75-114 as follows:

24-75-114. Appropriations for utilities - roll-forward spending authority - definition. ~~(1) As used in this section, unless the context otherwise requires, "utilities" has the same meaning as set forth in section 24-75-112 (1)(q).~~

~~(2) Subject to fiscal rules promulgated by the state controller, any unexpended and unencumbered money appropriated to a department in a specific line item for utilities in a fiscal year commencing on or after July 1, 2021, remains available for expenditure in the next fiscal year without further appropriation for the department to purchase utilities conservation equipment or services. At the end of the next fiscal year, money that is unexpended or unencumbered reverts to the fund from which it was appropriated.~~

~~(3) Subsection (2) of this section does not apply to a line item from which utility expenses are paid but that is not specifically identified as "utilities".~~

SECTION 2. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.