Joint Budget Committee Staff
FY 2025-26 Budget Briefing Summary

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, inspecting a variety of industries from retail fuel locations to amusement park rides, and administering the family and medical leave insurance program. The Department's FY 2024-25 appropriation represents approximately 1.0 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

Summary of Request

Department of Labor and Employment						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	$431,159,368	$35,302,969	$159,744,815	$24,708,795	$211,402,789	1,690.8
Other legislation	24,049,808	674,246	23,375,562	0	0	72.6
Total	$455,209,176	$35,977,215	$183,120,377	$24,708,795	$211,402,789	1,763.4
FY 2025-26 Requested Appropriation						
FY 2024-25 Appropriation	$455,209,176	$35,977,215	$183,120,377	$24,708,795	$211,402,789	1,763.4
R1 UI funding expand and realign	30,000,000	0	30,000,000	0	0	0.0
R2 Workers' Comp cash sweep	0	0	0	0	0	0.0
R3 PSTF spending increase	100,000	0	100,000	0	0	0.0
R4 Hospitality Edu grant reduce	-504,535	-504,535	0	0	0	-0.5
Non-prioritized decision items	209,541	4,327	181,747	505	22,962	0.0
Centrally appropriated line items	26,886,988	1,875,997	15,607,833	259,318	9,143,840	0.0
Technical adjustments	0	0	0	0	0	0.0
Annualize prior budget actions	-2,276,044	-364,057	-1,940,288	6,133	22,168	-13.2
Annualize prior year legislation	-979,109	-469,193	-2,559,182	0	2,049,266	-5.8
Indirect cost assessment	-847,486	0	-223,106	-3,257	-621,123	0.0
Total	$507,798,531	$36,519,754	$224,287,381	$24,971,494	$222,019,902	1,743.9
Increase/-Decrease	$52,589,355	$542,539	$41,167,004	$262,699	$10,617,113	-19.5

Department of Labor and Employment						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Percentage Change	11.6%	1.5%	22.5%	1.1%	5.0%	0.0

R1 Unemployment Insurance funding expansion and realignment *[Requires Legislation]:* The Department requests a number of changes to improve implementation of UI enterprise fund changes under H.B. 24-1409 (Employment-Related Funding and Workforce Enterprise). The Department requests to move administrative costs from the Employment Support Fund to the Workforce Development Fund and a new UI Administration Fund, which are both enterprise funds. The Department also requests $20.0 million in increased spending authority to the Tech Fund to cover increasing technology costs, and $10.0 million in increased spending authority to the UI Administration Fund. Finally, the Department requests legislation to update the allowable uses of the Tech Fund, correct for believed oversights in the drafting of H.B. 24-1409, and implement changes in this request. *This request is further discussed in the R1 issue brief.*

R2 Worker's Compensation cash fund sweep *[Requires Legislation]*: For budget balancing, the Department requests a $15.0 million fund transfer from the Major Medical Insurance Fund to the General Fund. This will be a one-time transfer for FY 2025-26, with no fee impact. The fund covers claims for those injured before 1981, and is estimated to have a $15.0 million excess reserve in 15 years. *This request is further discussed in the budget reduction issue brief.*

R3 Petroleum Storage Tank Fund spending increase: The Department requests a $100,000 cash fund spending authority increase in FY 2025-26 and ongoing from the Petroleum Storage Tank cash fund (PSTF) to address rising costs due to inflation. With this request, the Department will invest in maintenance and equipment replacement for the petroleum laboratory and in FTE training within the Petroleum Inspection Program.

R4 Hospitality Education Grant Program reduction: For budget balancing, the Department requests to reduce $504,545 General Fund and 0.5 FTE from the Hospitality Education Grant Program for FY 2025-26 and ongoing, effectively pausing the program. The grant funds program development in existing high school hospitality programs. The Department believes this request will have limited state workforce impact, due to the existence of other statewide workforce programs. *This request is further discussed in the budget reduction issue brief.*

Non-prioritized decision items: The Department also submitted two non-prioritized requests for an increase of $209,541 in total funds for FY 2025-26, including a $4,327 General Fund increase and a $181,747 cash fund increase, to finance the annual fleet vehicle request and Office of Administrative Courts (OAC) staffing. Missing from the Department's non-prioritized requests is the Department of Treasury's R3 request for SecureSavings enforcement compliance, in which the Department of Labor and Employment would conduct compliance enforcement through an agreement with Treasury.

Non-prioritized decision items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP02 OAC Staffing	$165,514	$456	$163,834	$0	$1,224	0.0
NP01 Annual Fleet Vehicle	44,027	3,871	17,913	505	21,738	0.0

Non-prioritized decision items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total	$209,541	$4,327	$181,747	$505	$22,962	0.0

Centrally appropriated line items: The request includes adjustments to centrally appropriated line items for the following line items.

Centrally appropriated line items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Leased space	$10,738,853	$1,095,227	$4,675,403	$0	$4,968,223	0.0
Payments to OIT	8,715,060	300,000	5,357,802	139,436	2,917,822	0.0
Salary survey	3,916,935	337,803	1,961,126	24,145	1,593,861	0.0
ALJ services	1,790,328	4,934	1,772,154	0	13,240	0.0
Step Plan	1,077,654	61,384	420,371	3,658	592,241	0.0
Health, life, and dental	586,166	187,566	401,259	69,152	-71,811	0.0
AED and SAED adjustment	422,103	19,472	967,812	18,562	-583,743	0.0
PERA direct distribution	214,224	15,599	234,691	4,010	-40,076	0.0
CORE operations	184,044	1,090	51,711	347	130,896	0.0
Paid Family & Medical Leave Insurance	18,993	876	43,550	836	-26,269	0.0
Short-term disability	6,332	292	14,517	279	-8,756	0.0
Capitol Complex leased space	4,937	2,023	2,249	0	665	0.0
Prior year salary survey	0	0	0	0	0	0.0
FY 2024-25 Step Plan	0	0	0	0	0	0.0
Legal services	-586,780	-138,597	-230,018	0	-218,165	0.0
Risk management & property	-100,967	-6,851	-33,914	-742	-59,460	0.0
Workers’ compensation	-100,894	-4,821	-30,880	-365	-64,828	0.0
Total	$26,886,988	$1,875,997	$15,607,833	$259,318	$9,143,840	0.0

Technical adjustments: The request includes one net-neutral technical adjustment to fund source allocations.

Technical adjustments						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Dept Fund Source Adjustment	$0	$0	$0	$0	$0	0.0
Total	$0	$0	$0	$0	$0	0.0

Annualize prior year budget actions: The request includes a net decrease of $2,274,044 in total funds and 13.2 FTE to reflect the FY 2025-26 impact of prior year budget actions. This decrease is primarily the result of eliminating term-limited funding and FTE associated with the FY 2023-24 R2 request (Unemployment Insurance Fraud Prevention).

Annualize prior year budget actions						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY24-25 R4 Disability Prog Navig	$34,172	$0	$5,377	$6,133	$22,662	0.0
FY24-25 R2 OFW Annualize	25,382	0	25,382	0	0	0.3
FY24-25 R3 Labor Stands SWEEP	3,007	0	3,007	0	0	0.2
FY23-24 BA1 Ride & Devices Prog	0	-70,000	70,000	0	0	0.0
FY23-24 R2 UI Fraud Prev	-2,044,054	0	-2,044,054	0	0	-12.0
FY23-24 BA2 Disability EFI	-288,410	-288,410	0	0	0	-2.0
FY24-25 R1 ONA Annualize	-5,513	-5,513	0	0	0	0.1
FY24-25 R5 Blind & Low Vis	-628	-134	0	0	-494	0.2
Total	-$2,276,044	-$364,057	-$1,940,288	$6,133	$22,168	-13.2

Annualize prior year legislation: The request includes a net decrease of $979,109 total funds and 5.8 FTE to reflect the FY 2025-26 impact of prior year legislation.

Annualize prior year legislation					
Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
HB23-1283 Transfer Ref Serv to ONA	$2,049,266	$0	$0	$2,049,266	0.0
HB24-1364 Edu Based Workforce Ready	250,000	250,000	$0	$0	0.0
SB24-143 Appren Classification Annual	49,169	49,169	$0	$0	0.5
SB24-104 Tech Edu Appren Annualize	13,239	13,239	$0	$0	0.2
HB24-1439 Expand Appren Annualize	3,882	3,882	$0	$0	0.0
HB24-1280 Welcome, Rec, Int Annual	-2,421,726	0	-2,421,726	0	0.2
HB24-1430 Imm Legal Defense Fund	-350,000	-350,000	0	0	0.0
HB23-1212 Promotion Apprentice	-200,604	-200,604	0	0	-2.6
HB23-1198 STEM Teacher Extern	-99,564	-99,564	0	0	-1.1
HB24-1149 Energy Sect Career Pathway	-97,436	0	-97,436	0	-2.0
SB24-075 Transport Network Comp	-54,380	-54,380	0	0	-0.4
HB23-1360 CO Disability Opp Annualize	-40,020	0	-40,020	0	0.0
HB24-1129 Protect Delivery Network	-34,266	-34,266	0	0	-0.1
HB24-1095 Protect for Minor Workers	-23,579	-23,579	0	0	-0.2
HB23-1074 Study Workforce Transition	-23,090	-23,090	0	0	-0.3
Total	-$979,109	-$469,193	-$2,559,182	$2,049,266	-5.8

Indirect cost assessment: The request includes a net decrease of $847,486 total funds, including a decrease of $223,106 cash funds and $621,123 federal funds related to indirect cost assessments.

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Budget Reduction Options: This issue describes the Executive budget request proposals and JBC Staff options for budget reductions and General Fund relief from the Department.

Unemployment Insurance Update: This issue provides background information on recent changes to and the current status of the state's Unemployment Insurance program, including changes from H.B. 24-1409 (Employment-Related Funding & Workforce Enterprise).

Unemployment Insurance Funding Expansion and Realignment: This issue describes the Department's R1 request, which stems from a desire to expand the available technology expenses that the Employment and Training Technology Fund can cover, move the unemployment insurance program's administrative costs to the enterprise, clarify recently-added statutory language, and adjust for rising operational costs and decreasing federal funds.

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 2024.