SB 21-251

Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 21-0973	**Date:**	May 4, 2021
Prime Sponsors:	Sen. Winter; Moreno Rep. Gray; Caraveo	**Bill Status:**	Senate Finance
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Bill Topic: **GENERAL FUND LOAN FAMILY MEDICAL LEAVE PROGRAM**

Summary of Fiscal Impact:

☐ State Revenue
☒ State Expenditure
☒ State Transfer
☐ TABOR Refund
☐ Local Government
☐ Statutory Public Entity

The bill creates a one-time state transfer of $1.5 million from the General Fund to the Family and Medical Leave Insurance Fund for the purpose of defraying expenses incurred by the Division of Family and Medical Leave Insurance in the Department of Labor and Employment before the division receives premium revenue or revenue bond proceeds.

Appropriation Summary: For FY 2021-22, the bill requires reappropriations of $337,798 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 21-251

		Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-	-	-
Expenditures		-	-	-	-
Transfers	General Fund	($1.50 million)	-	-	$1.53 million
	Cash Funds	$1.50 million	-	-	($1.53 million)
	Net Transfer	**$0**	-	-	**$0**
TABOR Refund		-	-	-	-

Summary of Legislation

The bill creates a one-time state transfer of $1.5 million from the General Fund to the Family and Medical Leave Insurance Fund for the purpose of defraying expenses incurred by the Division of Family and Medical Leave Insurance in the Department of Labor and Employment (CDLE) before the division receives premium revenue or revenue bond proceeds. The bill specifies that money in the fund may be used to repay the loan.

The transfer is a loan from the State Treasurer to CDLE which the division is required to repay, with interest, by December 31, 2023. Interest is calculated using the U.S. 10-year Treasury Note rate at the time of transfer, and accrues from the date of transfer until the loan is repaid. The bill clarifies that the transfer is not a grant under TABOR.

The bill permits the division to accept and expend the loan, and states that the loan liabilities that are recorded in the fund but are not required to be paid in the current fiscal year are not to be considered when calculating for a sufficient statutory fund balance. The bill repeals December 1, 2024.

Background

The Family and Medical Leave Insurance Division in CDLE was created through the passage of citizen-initiated Proposition 118. Proposition 118 created a state-run paid family and medical leave (PFML) insurance program in Colorado that allows employees to take up to 12 weeks of paid leave and keep their job. For more information on the program, see the Legislative Council Staff Blue Book analysis: http://leg.colorado.gov/sites/default/files/blue_book_english_for_web_2020_1.pdf#page=59.

State Transfers

The bill requires a General Fund transfer of $1.5 million in the current FY 2020-21 to the Family and Medical Leave Insurance Fund. In FY 2023-24, the CDLE will transfer $1.5 million plus an estimated $31,450 in interest back to the General Fund. This assumes a 2.0 percent interest rate, which is the recent 5-year average rate for the U.S. 10-year Treasury Note.

State Expenditures

Other than the interest payment described in the State Transfers section above, the bill does not increase costs for the Division of Family and Medical Leave Insurance in the CDLE; instead, it facilitates spending on implementation costs for the Paid Family and Medical Leave program that was obligated by passage of Proposition 118. For informational purposes, the CDLE is expected to use the General Fund loan to fund $1.5 million and 6.6 FTE in implementation costs in FY 2021-22. These costs are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 21-251

Cost Components	FY 2021-22	FY 2022-23
Department of Labor and Employment		
Personal Services	$518,393	-
Operating Expenses	$8,505	-
Capital Outlay Costs	$43,400	-
Computer Programming (OIT)	$231,920	-
Actuarial Costs	$100,000	-
Leased Space	$105,000	-
Legal Services (Law)	$105,878	-
Market Outreach Mailings	$30,000	-
Consultants	$250,000	-
Employee Insurance and Supplemental PERA	$106,905	-
FTE – Personal Services	6.0 FTE	-
FTE – Legal Services	0.6 FTE	-
Total	**$1,500,000**	-
Total FTE	**6.6 FTE**	-

Department of Labor and Employment. It is assumed that the General Fund loan will provide all necessary funding for administration of the Family and Medical Leave Division until the broader financing effort for the program is established. Costs include staff; 1,560 hours of computer programming performed by the Office of Information Technology; a contract actuary; leased space; 996 hours of legal services provided by the Department of Law; market outreach mailings; and consultants. The bill requires reappropriations of funding to support work done by the Department of Law and the Office of Information Technology.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

In FY 2021-22, the Office of Information Technology requires $231,920 in reappropriated funds and the Department of Law requires $105,878 in reappropriated funds and 0.6 FTE. The Family and Medical Leave Insurance Fund is continuously appropriated to the Department of Labor and Employment.

State and Local Government Contacts

Information Technology | Labor | Treasury