HB 22-1305

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 22-0846	**Date:**	March 23, 2022
Prime Sponsors:	Rep. Caraveo; Gray	**Bill Status:**	House Finance
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Bill Topic: **PAID FAMILY MEDICAL LEAVE PREMIUM REDUCTION**

Summary of Fiscal Impact:

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

The bill reduces the employer premium for the Family and Medical Leave Insurance Program for six months and transfers up to $57.5 million to the program's fund. It results in a reduction of state and local government expenditures in FY 2022-23 and creates a one-time state transfer in FY 2023-24.

Appropriation Summary: For FY 2022-23, the bill requires reductions in appropriations totaling $490,846 for all state agencies.

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

Table 1
State Fiscal Impacts Under HB 22-1305

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	Centrally Appropriated	($490,846)	-
	Total Expenditures	**($490,846)**	**-**
Transfers	General Fund	-	up to ($57.5 million)
	FAMLI Fund	-	up to $57.5 million
	Net Transfer	**-**	**$0**
Other Budget Impacts		-	-

Summary of Legislation

The bill reduces the employer premium for the Family and Medical Leave Insurance (FAMLI) Program from January 1, 2023, through June 30, 2023, from 0.90 percent of employee wages to 0.81 percent of employee wages. On July 1, 2023, the state treasurer is required to transfer the lesser of $57.5 million or an amount equal to 9.90 percent of the total premium revenue received by the Division of Family and Medical Leave Insurance from January 1, 2023, to June 30, 2023, from the General Fund to the Family and Medical Leave Insurance Fund.

Background

The FAMLI Program, administered by the Colorado Department of Labor and Employment (CDLE), was approved by voters in November 2020 through citizen-initiated Proposition 118. The program was created as an enterprise and its revenue does not count toward the state's revenue limit under TABOR. It requires employers and employees in Colorado to pay a payroll premium of 0.90 percent, with a minimum of half paid by the employer, beginning January 1, 2023, in order to finance paid family and medical leave insurance benefits. Beginning January 1, 2024, eligible employees may receive up to 12 weeks of paid family and medical leave insurance benefits.

State Transfers

In FY 2023-24, the bill transfers up to $57.5 million from the General Fund to the FAMLI Fund. The exact amount transferred will depend on the total amount of premiums collected.

State Expenditures

State employer premiums for family and medical leave insurance. For the state as an employer, the bill reduces costs for family and medical leave insurance premiums in FY 2022-23 by $490,846, including $276,986 General Fund, $108,728 cash funds, $51,106 reappropriated funds, and $54,026 federal funds. This reduction represents a 10 percent reduction to the estimated costs in the JBC Staff figure setting recommendation for these premium payments.

Family and Medical Leave Insurance Program. While the bill shifts a portion of the FAMLI Program funding from premiums to transferred General Fund, it will result in no net change in costs for the program. No adjustments in appropriations are required, as the FAMLI Fund is continuously appropriated to the CDLE for operating the program.

Other Budget Impacts

The FAMLI Program is a state government enterprise. Since the bill limits the General Fund transfer to 9.9 percent of total premium revenue received by the division in FY 2022-23, the fiscal notes assumes that this transfer will not impact the program's enterprise status under TABOR, which limits the amount of government revenue to an enterprise to no more than 10 percent of total enterprise revenue.

Local Governments, School Districts, Statutory Public Entities

Similar to the state, all other political subdivisions will have a decrease in employer premium-related expenditures in FY 2022-23.

Technical Note

If House Bill 22-1133 is also enacted, this bill will slightly extend the period in which the state has made advance premium payments.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2022-23, the bill requires a reduction in central appropriations to all agencies totaling $490,846 for employer premiums for family and medical leave insurance, including $276,986 General Fund, $108,728 cash funds, $51,106 reappropriated funds, and $54,026 federal funds.

State and Local Government Contacts

Counties	Information Technology
Joint Budget Committee Staff	Labor
Law	Municipalities
State Planning and Budgeting	Personnel
Special Districts	Treasury