

Fiscal Impact of Programs Set to Expire

This bill continues a program in CDLE that is set to repeal, effective July 1, 2013. Under current law, state agencies may be appropriated funds to wind up the affairs of certain expiring programs for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2014-15 one year after the repeal date.

Background

The Colorado Work Share Program was created by the General Assembly in 2010 to offer employers a voluntary alternative to employee layoffs. The program allows employers to reduce the hours of a group of employees instead of laying off one or more employees. Employees then share the remaining work and collect prorated unemployment insurance (UI) benefits to offset the reduction in income. To be eligible for the program, employers must have paid more in UI premiums than have paid been out in benefits on their behalf. To enroll, employers submit their proposed work share plans to the Division of Unemployment Insurance in CDLE for approval. The first work share plan was approved and implemented in August 2010. A total \$156,000 has been paid out in prorated UI benefits since the program began, as opposed to about \$800,000 in full UI benefits. This represents a savings of \$644,000 to the UI Trust Fund.

State Expenditures

Continuing the Colorado Work Share Program is expected to reduce expenditures from the Unemployment Insurance Fund annually by \$400,000 to \$450,000 beginning in FY 2014-15. The fiscal note assumes that about \$100,000 will be paid in UI benefits each year in prorated benefits as opposed to \$500,000 to \$550,000 in full UI benefits which represents an annual savings of \$400,000 to \$450,000.

This bill is expected to continue approximately \$100,000 in federal unemployment insurance benefit reimbursements beginning in FY 2014-15. Under the federal Layoff Prevention Act, the provision for providing reimbursements to states is in effect for weeks of unemployment ending on or before August 22, 2015, so federal reimbursements are not expected after that date.

The bill requires minor changes to employer work share plans that are reviewed by division staff. The fiscal note assumes division staff can adjust their review practices within existing appropriations.

Departments Contacted

Labor and Employment

Law

Personnel and Administration