

FISCAL IMPACT

Drafting Number: LLS 13-0719 **Date:** January 31, 2013

Prime Sponsor(s): Reps. Pabon; Stephens Bill Status: House Business, Labor, Economic and

> Sen. Jahn Workforce Development

Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING THE REDUCTION OF IMPROPER UNEMPLOYMENT INSURANCE

BENEFIT PAYMENTS THROUGH COMPLIANCE WITH THE FEDERAL "TRADE

ADJUSTMENT ASSISTANCE EXTENSION ACT OF 2011".

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue Cash Funds Unemployment Compensation Fund Unemployment Revenue Fund	\$1,868,591 429,776 1,438,815	\$2,038,464 468,847 1,569,617
State Expenditures Cash Funds Unemployment Revenue Fund	\$144,564	
FTE Position Change		

Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.

Appropriation Summary for FY 2013-2014: See State Appropriations section.

Local Government Impact: None.

Summary of Legislation

This bill conforms Colorado unemployment insurance (UI) law with the federal "Trade Adjustment Assistance Extension Act of 2011." When an employer repeatedly fails to provide timely information that results in an overpayment of benefits to an individual, the employer's account will be charged for the overpayment. The penalty on a fraudulent overpayment is increased from 50 percent to 65 percent of the overpayment charged to the person who receives the overpayment. The penalty is split with 23 percent going to the Unemployment Compensation Fund and 77 percent to the Unemployment Revenue Fund in the Colorado Department of Labor and Employment (CDLE).

State Revenue

This bill is expected to increase revenue by \$1,868,591 in FY 2013-14 and \$2,038,464 in FY 2014-15 from increased penalties applied to fraudulent overpayments. Of this, 23 percent will be deposited into the Unemployment Compensation Fund and 77 percent will be deposited into the Unemployment Revenue Fund, as shown in the summary table above.

State Expenditures

This bill is expected to increase one-time expenditures by \$144,564 in FY 2013-14 only, from the Unemployment Revenue Fund. The Division of Unemployment Insurance in the CDLE will update its UI processing systems to incorporate the changes made by this bill. This is expected to be an eight month project requiring 4,640 hours from contract staff at an average of \$30.49 per hour. The division will use 40 hours of legal services to assist with the rule-making required to implement the new provisions. This will be provided by the Department of Law at a rate of \$77.25 per hour, for a one-time total of \$3,090 in FY 2013-14.

State Appropriations

The Department of Labor and Employment requires an appropriation of \$144,564 for FY 2013-14 from the Unemployment Revenue Cash Fund.

Departments Contacted

Labor and Employment Personnel and Employment