

Amendment 55

Colorado Legislative Council Staff
FISCAL IMPACT STATEMENT

Date: September 18, 2008

Fiscal Analyst: Chris Ward
303-866-5834

BALLOT TITLE: ALLOWABLE REASONS FOR EMPLOYEE DISCHARGE OR SUSPENSION

Fiscal Impact Summary	FY 2008-2009	FY 2009-10	FY 2010-11
State Revenue			
General Fund	\$244,688	\$489,375	\$489,375
Cash Funds	<u>441,938</u>	<u>883,875</u>	<u>883,875</u>
TOTAL	686,626	1,373,250	1,373,250
State Expenditures			
General Fund	\$1,261,018	2,288,653	\$2,055,270
FTE Position Change	15.3 FTE	30.5 FTE	30.5 FTE
Local Government Impact: None			

Summary of Measure

Under current law, a private employer may fire or suspend an employee for any reason that does not otherwise violate an employment contract, state or federal anti-discrimination laws, or other similar employment-related laws. Employers are also prohibited from firing an employee because of the employee's unwillingness to perform an illegal act.

Amendment 55 proposes a change to the state constitution to prohibit private-sector employers from firing or suspending full-time employees except for specific reasons. It also specifies a method of legal recourse for an employee who believes he or she was improperly fired or suspended. The measure takes effect only if approved by voters at the 2008 general election.

State Revenue and Expenditures

Amendment 55 will increase the number of lawsuits filed by employees challenging their firing or suspension. The actual increase in cases to be filed is unknown, but at least 3,750 new lawsuits are expected per year. These new lawsuits will increase both revenue and spending in the state Judicial Branch. Revenue from fees paid when lawsuits are filed is expected to total \$1.4 million per year. Spending is expected to increase by \$2.7 million per year to cover salary, operating, and capital costs for about 30 new state employees, including at least 6 new district court judges and associated support staff. If approved by voters, the measure would take effect in January 2009 and a half-year impact would be expected in FY 2008-09.

The number of cases, which drives both the revenue and spending estimates, is based on the following assumptions:

- the measure will affect about 250,000 private-sector employees (about 10 percent of all private-sector employees) who are not otherwise covered by a sufficient just cause clause in a collective bargaining agreement;
- in any given year, about 10 percent of affected employees will be fired and another 5 percent of affected employees will be laid off, resulting in 37,500 firings and suspensions that could be challenged;
- 10 percent of the 37,500 fired or suspended employees will bring suit against their employer, resulting in 3,750 new filings per year.

State Revenue. Table 1 shows the estimated revenue from filing fees charged for the 3,750 new cases and the fund to which the revenue will accrue, and assumes that defendants will answer in 90 percent of all cases. The impact in FY 2008-09 would be one-half the amount shown in Table 1.

Table 1. New State Revenue from Filing Fees Under Amendment 55		
Fund	Filing Fee	Revenue
General Fund	\$90 per case + \$45 per answer	\$489,375
Judicial Stabilization Cash Fund	\$60 per case + \$40 per answer	\$360,000
Justice Center Cash Fund	\$68 per case + \$68 per answer	\$484,500
Court Security Cash Fund	\$5 per case + \$5 per answer	\$35,625
Statutory Revision Tax	\$1 per case	\$3,750
TOTAL		\$1,373,250

State Spending. Table 2 outlines the expected increase in state spending needed by the Judicial Branch to handle 3,750 new civil cases per year. All costs would be paid from the state General Fund.

Table 2. State Spending Increases Under Amendment 55			
Cost Components	FY 2008-09 (Half-Year Cost)	FY 2009-10 (Full-Year Cost)	FY 2010-11 (Full-Year Cost)
Personal Services	\$998,660	\$1,997,320	\$1,997,320
FTE	15.3	30.5	30.5
Operating Expenses	\$28,975	\$57,950	\$57,950
Capital Outlay	\$233,383	\$233,383	\$0
TOTAL	\$1,261,018	\$2,288,653	\$2,055,270