



**Joint Budget Committee**

# **Supplemental Budget Requests FY 2025-26**

## **Department of Labor and Employment**

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# Contents

Overview of Department.....	1
Summary of Staff Recommendations.....	2
Department Supplemental Requests .....	4
→ S1 Disability Support Fund transfer.....	4
→ S2 Disability grants funding roll forward.....	6
Appendix A: Numbers Pages .....	A-1

# Overview of Department

The Colorado Department of Labor and Employment (CDLE) administers eight divisions. A brief description of each division is provided below.

## **Executive Director's Office**

Provides administrative and technical support for the Department's divisions and programs including accounting, budgeting, and human resource functions. Houses the Office of New Americans, the Office of Future Work, the Office of Just Transitions, and the Colorado Disability Opportunity Office.

## **Division of Unemployment Insurance**

Collects unemployment insurance premiums and surcharges from employers, administers the payment of unemployment insurance benefits, and conducts audits and investigations to ensure proper payment of premiums and benefits.

## **Division of Employment and Training**

Houses the Workforce Development Enterprise, which funds workforce development centers that assist job seekers and employers with job training and placement. Also houses the Colorado Workforce Development Council whose functions include providing workforce policy recommendations, and coordinating the delivery of workforce development programs.

## **Division of Labor Standards and Statistics**

Houses the Labor Standard subdivision which administers employment and labor laws, and the Labor Market Information subdivision which produces information on labor market trends.

## **Division of Oil and Public Safety**

Establishes and enforces a variety of regulations and statutes, including on amusement rides and devices, explosives, boilers, conveyances, fuel products, and underground and aboveground petroleum storage tanks. Houses the Underground Damage Prevention Safety Commission and Fund, which includes enforcement oversight for Colorado 811.

## **Division of Workers' Compensation**

Regulates the workers' compensation industry in Colorado. Oversees workers' compensation injury claims and compliance, mediates disputes, and administers the Medical Disaster (injuries prior to 1971), Major Medical (injuries from 1971-1981), and Subsequent Injury (more than one industrial injury or injury at more than one employer) Insurance Programs.

## **Division of Vocational Rehabilitation**

Oversees vocational rehabilitation programs to enable individuals with disabilities to participate in the workforce, including Vocational Rehabilitation Services, and Independent Living Services.

## **Division of Family and Medical Leave Insurance**

Oversees the State Family and Medical Leave Insurance program.

# Summary of Staff Recommendations

## Department of Labor and Employment: Recommended Changes for FY 2025-26

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$464,570,837	\$34,543,480	\$189,063,930	\$23,912,040	\$217,051,387	1,745.2
Other legislation	31,449,432	496,669	30,727,443	225,320	0	8.4
Current FY 2025-26 Appropriation	\$496,020,269	\$35,040,149	\$219,791,373	\$24,137,360	\$217,051,387	1,753.6
Recommended Changes						
Current FY 2025-26 Appropriation	\$496,020,269	35,040,149	\$219,791,373	\$24,137,360	\$217,051,387	1,753.6
S1 Disability Support Fund transfer	0	0	0	0	0	0.0
S2 Disability grants funding roll forward	0	0	0	0	0	0.0
Impacts driven by other agencies [1]	-244,409	-337,129	93,266	-2,752	2,206	0.0
Recommended FY 2025-26 Appropriation	\$495,775,860	\$34,703,020	\$219,884,639	\$24,134,608	\$217,053,593	1,753.6
Recommended Increase/-Decrease from 2025-26						
Percentage Change	0.0%	-1.0%	0.0%	0.0%	0.0%	0.0%
FY 2025-26 Executive Request	\$495,775,860	\$34,703,020	\$219,884,639	\$24,134,608	\$217,053,593	1,753.6
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

[1] These requests will be discussed in presentations for requesting agency.

Changes are assumed to be one-time unless otherwise noted.

**S1 Disability Support Fund transfer [legislation]:** The Department requests a one-time transfer of \$5.0 million from the Disability Support Fund to the General Fund, for budget balancing in FY 2025-26. Staff recommends transferring \$7.0 million.

**S2 Disability grants funding roll forward:** The Department requests one-year roll-forward authority for \$2.3 million appropriated from the Disability Support Fund and used to award grants. The Department anticipates that grant awardees will not fully expend their grant awards by the end of FY 2025-26. Therefore, the Department requests a footnote in the FY 2025-26 Long Bill providing roll forward authority of \$2.3 million through FY 2026-27. Staff recommends denying the request, as it does not meet supplemental criteria.

**Impacts driven by other agencies:** The request includes a net decrease of \$244,409 for requests from other state agencies. These are also called “non-prioritized requests.” The amounts shown in the table below reflect the impacts of requests made by other agencies. These requests are discussed during supplemental presentations for the lead requesting agency, at which point a staff recommendation will be made. Staff will update these figures to reflect the Committee’s decisions on these requests.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, Life, and Dental supplemental	\$468,680	-\$176,503	\$420,702	\$4,227	\$220,254	0.0
OIT Real time billing	-640,976	-154,860	-288,504	-6,858	-190,754	0.0
DPA Annual fleet supplemental	-72,113	-5,766	-38,932	-121	-27,294	0.0
Total	-\$244,409	-\$337,129	\$93,266	-\$2,752	\$2,206	0.0

# Department Supplemental Requests

## → S1 Disability Support Fund transfer

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$0	\$5,000,000	-\$5,000,000	\$0	\$0	0.0
Recommendation	0	\$7,000,000	-\$7,000,000	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$2,000,000	-\$2,000,000	\$0	\$0	0.0

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?** YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

**Explanation:** JBC staff and the Department agree that this request is the result of the federal One Big Beautiful Bill Act, which drives additional need to balance the State's budget.

## Request

The Department requests to transfer \$5.0 million from the Disability Support Fund to the General Fund, for FY 2025-26 budget balancing. This request was outlined in the Governor's August 28, 2025 letter to the Committee laying out additional supplemental requests to balance the FY 2025-26 budget, aside from actions made under Executive Order D 2025 014.

The transfer will not affect grants currently distributed using the Disability Support Fund. It has already been accounted for in the Department's R1 requests to temporarily increase grants made by the Department in FY 2026-27 and create a new Special Purpose Authority.

## Recommendation

Staff recommends that the Committee transfer \$7.0 million to the General Fund.

Regardless of if the Committee approves staff recommendation or the Department's request, staff requests drafting authority with the Office of Legislative Legal Services, and to include this in the cash fund transfer bill that will likely be introduced with the FY 2026-27 Long Bill.

## Analysis

House Bill 24-1360 (Colorado Disability Opportunity Office) created the Colorado Disability Opportunity Office (CDOO) in the Department of Labor and Employment. The bill also transferred the Colorado Disability Funding Committee (CDFC) from the Department of Personnel to the Office. The CDFC awards two types of grants: (1) the Disability Application Assistance Grant to support people with disabilities to get or keep benefits, and (2) the

New and Innovative Idea Grant to fund studies or pilots of programs that improve the quality of life for people with disabilities.

The Disability Support Fund (DSF) finances those grants, as well as operations for CDOO. The DSF gains revenue from the sale of registration numbers for personalized plates and fees from historic plate styles. The DSF is not TABOR-exempt.

Revenue into the DSF increased substantially after passage of S.B. 22-217 (Programs That Benefit People With Disabilities), which renewed historic solid black, blue, and red background license plates, created a \$25 fee for those plates, and transferred fee revenue to the DSF. The fund is carrying forward a large balance, due to increased revenue and low expenditures.<sup>1</sup>

The table below shows the DSF's performance, inclusive of the Department's S1 and R1 requests.

#### Disability Support Fund Performance - Department Request

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Approp.	FY 2026-27 Request	FY 2027-28 Request
Beginning Year Balance	\$447,506	\$1,333,376	\$8,900,818	\$20,146,054	23,995,335	12,673,155
Fee Revenue	959,515	7,704,358	11,618,133	14,271,297	0	1,513,591
Interest Revenue	91,419	300,930	480,357	428,193	0	0
S1 Transfer to GF				-5,000,000		
R1 Transfer to SPA					-523,343	-10,166,624
Expenses	-165,064	-437,846	-853,254	-5,850,209	-10,798,837	-1,441,515
End Year Balance	\$1,333,376	\$8,900,818	\$20,146,054	\$23,995,335	\$12,673,155	\$2,578,607

Under these projections and after grantmaking functions move to a new Special Purpose Authority, the Department will maintain a reserve of \$2.6 million, while only having expected expenditures of \$1.4 million for Colorado Disability Opportunity Office programs and staff.

Therefore, to address the budget deficit in FY 2025-26, staff recommends transferring \$7.0 million from the DSF to the General Fund, instead of \$5.0 million. This would not change the amounts transferred to the Special Purpose Authority for grantmaking, or requested grant funding for FY 2026-27. It also does not impact the payment of grants awarded in FY 2025-26, as it includes the Department's S2 requested \$2.3 million roll forward as FY 2025-26 expenditure. A \$7.0 million transfer decreases the DSF reserve held by the Department after FY 2027-28 to about 40.1 percent of anticipated FY 2027-28 expenditures.

#### Disability Support Fund Performance - Staff Recommendation

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Approp.	FY 2026-27 Request	FY 2027-28 Request
Beginning Year Balance	\$447,506	\$1,333,376	\$8,900,818	\$20,146,054	21,995,335	10,673,155
Fee Revenue	959,515	7,704,358	11,618,133	14,271,297	0	1,513,591
Interest Revenue	91,419	300,930	480,357	428,193	0	0
S1 Transfer to GF				-7,000,000		
R1 Transfer to SPA					-523,343	-10,166,624
Expenses	-165,064	-437,846	-853,254	-5,850,209	-10,798,837	-1,441,515
End Year Balance	\$1,333,376	\$8,900,818	\$20,146,054	\$21,995,335	\$10,673,155	\$578,607

<sup>1</sup> The DSF is exempt from the uncommitted cash fund reserve requirement, per Section 24-75-402 (5)(yy), C.R.S.

## → S2 Disability grants funding roll forward

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$0	\$0	\$0	\$0	\$0	0.0
Recommendation	0	0	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?** **NO**

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

**Explanation:** The Department indicates that this request is a result of an unforeseen contingency. JBC staff disagrees as information from the Department indicates that grantees have historically been unable to fully expend their grant awards within the fiscal year it is awarded, making this a foreseeable circumstance.

### Request

The Department requests one-year roll forward authority for its FY 2025-26 Disability Support Fund appropriation in the Colorado Disability Opportunity Office. Of its appropriation, the Department anticipates \$2,250,000 will be unexpended, as grantees are unlikely to fully expend their grant award by the end of the fiscal year.

### Recommendation

Staff recommends that the Committee deny this request, as it does not meet supplemental criteria. Applications are currently open for grants that will use the FY 2026-27 appropriation, providing grantees that cannot fully expend their FY 2025-26 award a pathway to use FY 2026-27 funding.

However, staff notes that denying the request means that grantees would need to reapply to use FY 2026-27 appropriations. This puts an administrative burden on grantees and the Department that is avoided by providing one-year roll forward authority. If the Committee chooses to approve the Department's request, JBC staff suggests the following footnote: "Department of Labor and Employment, Executive Director's Office, Colorado Disability Opportunity Office, Colorado Disability Opportunity Office – It is the intent of the General Assembly that \$2,250,000 of this appropriation remain available until the close of the 2026-27 state fiscal year for grant expenditures."

### Analysis

The Colorado Disability Funding Committee, located with the Colorado Disability Opportunity Office, funds two grant programs using the Disability Support Fund:

1. **Disability Application Assistance Grant (DAAG)** to support people with disabilities get or keep benefits, and



2. **New and Innovative Idea Grant (N&II)** to fund studies or pilots of programs that improve the quality of life for people with disabilities.

The Department started operating these grant programs in FY 2024-25. Since then, it has paid out grants awarded in one fiscal year from future fiscal year appropriations. The Department indicates that grantees may have also used their awards across fiscal years when these grants were administered by the Department of Personnel, but that this would be hard to verify as award amounts were smaller and made through a one-time lump sum cash award.

As of January 6, 2026, the Department has a total of \$3.6 million in grants that were awarded in FY 2024-25 and FY 2025-26 that have not closed out. Of these, the Department anticipates fully closing out all FY 2024-25 grants and about \$754,000 of the remaining FY 2025-26 grants, requiring a roll forward of \$2.3 million of its FY 2025-26 appropriations.

#### **Grants Remaining for Reimbursement in FY 2025-26**

Fiscal Year Awarded	Grant Type	Total Award Amount	Amount Reimbursed as of 1/6/26	Amount Remaining for Reimbursement
FY 2024-25	DAAG	\$614,500	\$241,915	\$372,585
FY 2024-25	N&II	310,217	106,626	203,591
FY 2024-25 Awards Total		\$924,717	\$348,541	\$576,176
FY 2025-26	DAAG	\$2,175,212	\$584,923	\$1,590,289
FY 2025-26	N&II	1,717,850	303,943	1,413,908
FY 2025-26 Awards Total		\$3,893,062	\$888,866	\$3,004,197
<b>Total</b>		<b>\$4,817,779</b>	<b>\$1,237,407</b>	<b>\$3,580,373</b>
Anticipated additional expenditure by end of FY 2025-26				\$1,330,373
Roll forward request				\$2,250,000

The Department estimates that 55 of its 57 grantees awarded in FY 2025-26 will not fully expend their awards by the end of the fiscal year. The following table outlines the total grant awards and awardee organization for each fiscal year.

#### **Types of Organizations Awarded DAAG and N&II Grants**

Organization Type	FY 2024-25	FY 2025-26
Non-profit organizations	17	52
County departments of human services/social services	0	3
Quasi-governmental authorities	0	1
Governor's Office, OIT-TAP program	0	1
<b>Total</b>	<b>17</b>	<b>57</b>

### **Reasons for delays in fully expending grants**

Grantees are typically unable to fully expend their grant award within the fiscal year it is awarded, due in part to the time it takes to first receive their award. It takes the Department between three to seven months to fully process a grant request. After grant awards are finalized and payments can start, expenditures can be delayed due to delays in hiring staff to perform the grant work or due to staff departures. Finally, delays are inherent

with the New and Innovative Idea award because grantees may need to further research or develop aspects of their proposed idea, which extends the time needed for expenditure.

## **Roll forward versus using the FY 2026-27 appropriation**

Staff recommends that any current grant amount unexpended by the end of the fiscal year be expended using the Department's FY 2026-27 appropriation, which requires grantees to reapply for grants. OSC indicates it is typical for grantees to reapply for grants if they cannot fully expend their current award within the awarded fiscal year, if there is not statutory roll forward authority.

The Department has requested an appropriation of \$10.7 million in FY 2026-27, driven by an increase of almost \$5.0 million for additional grant awards. However, under the Department's R1 request, grants must be fully expended by the end of FY 2026-27 as the Colorado Disability Funding Committee would be dissolved afterwards and grant functions moved to a new Special Purpose Authority. While the Department is requesting 2.0 term-limited FTE to accelerate the award and disbursement of these grants, staff doubts that this requested appropriation could get fully expended within one fiscal year based on historic delays.

However, roll forward is requested by the Department due to the following:

- Using \$2.3 million of the Department's requested FY 2026-27 appropriation almost halves the Department's anticipated grant increases in the next fiscal year
- To use the FY 2026-27 appropriation, grantees would have to reapply. Applications for both grants are currently open and close February 21. Awards in this round will use the FY 2026-27 appropriation, and the Department anticipates many current grantees will reapply. It seems feasible for grantees who may need a roll forward to reapply for funding now. However, this is an administrative burden to grantees.
- Helping applicants with the reapplication process takes Department staff time. Last year, staff helped about 10 grantees reapply to extend their FY 2024-25 grant award into FY 2025-26, which Department staff indicates took between two to three days. Helping 55 grantees extend their awards could take between 11 to 16 days.

Overall, roll forward is administratively simpler for grantees and the Department. However, given that this request does not meet supplemental criteria and currently open applications provide a pathway for grantees to access FY 2026-27 appropriations, staff recommends denying the request.

Finally, regardless of Committee decision on this S2 request, staff encourages the Department to consider what ongoing changes to grant administration may be needed should its R1 request to form a new Special Purpose Authority is denied. If these grant programs stay within the Department, it may wish to consider building in two years of funding in grant agreements or requesting roll forward authority specifically for the New and Innovative Idea grants.

## Appendix A: Numbers Pages

Appendix A details the supplemental changes recommended by staff, including the actual expenditures for the previous state fiscal year, the appropriation for the current fiscal year, and the requested and recommended appropriation changes for the current fiscal year. Appendix A organizes this information by line item and fund source.

**JBC Staff Supplemental Recommendations - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Numbers Pages**

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
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**Department of Labor and Employment**  
**Joe Barela, Executive Director**

**S1 DSF transfer**

**(1) Executive Director's Office**

**(E) Colorado Disability Opportunity Office**

Colorado Disability Opportunity Office	<u>798,761</u>	<u>6,257,315</u>	0	0	<u>6,257,315</u>
FTE	6.0	7.8	0.0	0.0	7.8
General Fund	0	0	0	0	0
Cash Funds	798,761	6,257,315	0	0	6,257,315
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

<b>Total for S1 DSF transfer</b>	<u>798,761</u>	<u>6,257,315</u>	0	0	<u>6,257,315</u>
<b>FTE</b>	<u>6.0</u>	<u>7.8</u>	<u>0.0</u>	<u>0.0</u>	<u>7.8</u>
General Fund	0	0	0	0	0
Cash Funds	798,761	6,257,315	0	0	6,257,315
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

**JBC Staff Supplemental Recommendations - FY 2025-26**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
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**S2 CDOO grants roll forward**

**(1) Executive Director's Office**

**(E) Colorado Disability Opportunity Office**

Colorado Disability Opportunity Office	<u>798,761</u>	<u>6,257,315</u>	0	0	<u>6,257,315</u>
FTE	6.0	7.8	0.0	0.0	7.8
General Fund	0	0	0	0	0
Cash Funds	798,761	6,257,315	0	0	6,257,315
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

<b>Total for S2 CDOO grants roll forward</b>	798,761	6,257,315	0	0	6,257,315
<i>FTE</i>	<u>6.0</u>	<u>7.8</u>	<u>0.0</u>	<u>0.0</u>	<u>7.8</u>
General Fund	0	0	0	0	0
Cash Funds	798,761	6,257,315	0	0	6,257,315
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

<b>Totals Excluding Pending Items</b>					
<b>LABOR AND EMPLOYMENT</b>					
<b>TOTALS for ALL Departmental line items</b>	1,476,087,768	496,020,269	0	0	496,020,269
<i>FTE</i>	<u>1,763.4</u>	<u>1,753.6</u>	<u>0.0</u>	<u>0.0</u>	<u>1,753.6</u>
General Fund	38,416,175	35,040,149	0	0	35,040,149
Cash Funds	1,194,725,413	219,791,373	0	0	219,791,373
Reappropriated Funds	10,465,380	24,137,360	0	0	24,137,360
Federal Funds	232,480,800	217,051,387	0	0	217,051,387