

FY 2026-27 Budget Briefing Summary

Department of Labor and Employment

The Department of Labor and Employment administers unemployment insurance, family and medical leave insurance, and vocational rehabilitation programs. It also supports the state's workforce development centers, enforces the state's labor laws, regulates workers' compensation, and inspects a variety of industries. The Department's FY 2025-26 appropriation represents approximately 1.1 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

Summary of Request

Department of Labor and Employment

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
Total	\$496,020,269	\$35,040,149	\$219,791,373	\$24,137,360	\$217,051,387	1,753.6
FY 2026-27 Requested Appropriation						
FY 2025-26 Appropriation	\$496,020,269	\$35,040,149	\$219,791,373	\$24,137,360	\$217,051,387	1,753.6
R1 CDOO spend increase and new SPA	4,966,178	0	4,966,178	0	0	2.0
R2 Wage theft program inc	75,621	0	75,621	0	0	1.0
R3 ESJR program elimination	-500,000	-250,000	0	-250,000	0	0.0
R4 Office Just Transition reduction	-10,816	-10,816	0	0	0	0.0
R5 Labor Standards reduction	-122,154	-122,154	0	0	0	0.0
R6 Office Future Work reduction	-33,503	-33,503	0	0	0	0.0
R7 Ind Living Svcs reduction	-108,906	-108,906	0	0	0	0.0
Statewide R6 Hosp Grant reduce	-426,057	-426,057	0	0	0	-0.5
Impacts driven by other agencies	226,801	-181,079	207,700	30,395	169,785	4.2
Employee compensation common policies	13,777,466	953,965	5,623,258	58,113	7,142,130	0.0
Operating common policies	4,792,370	-1,669,944	405,532	62,117	5,994,665	0.0
Technical adjustments	-1,782,390	-181,781	-776,004	0	-824,605	0.0
Prior year actions	-272,131	323,843	-595,974	0	0	7.1
Total	\$516,602,748	\$33,333,717	\$229,697,684	\$24,037,985	\$229,533,362	1,767.4
Increase/-Decrease	\$20,582,479	-\$1,706,432	\$9,906,311	-\$99,375	\$12,481,975	13.8
Percentage Change	4.1%	-4.9%	4.5%	-0.4%	5.8%	0.8%

Changes assumed to be ongoing unless otherwise noted.

R1 Colorado Disability Opportunity Office (CDOO) spending authority increase and new special purpose authority (SPA) [legislation]: The Department asks for the following:

- Creation of a new special purpose authority for the grantmaking functions currently housed in the Colorado Disability Funding Committee for budget relief,
- Temporary pause in collecting historic license plate fees in FY 2026-27 for budget relief, and
- Additional spending authority and temporary FTE for the Colorado Disability Opportunity Office.

Year 1: Increased spending authority of \$4,996,178 from the Disability Support Fund, and 2.0 FTE.

Year 2: Spending authority of \$550,000 from the Disability Support Fund.

The request to create a new special purpose authority is discussed in the R1 briefing issue.

R2 Wage Theft Enforcement program spending authority increase: The Department asks for a two-year spending authority increase from the Wage Theft Enforcement cash fund for 1.0 FTE.

Year 1 and Year 2: Spending authority increase of \$75,621 from the Wage Theft Enforcement cash fund, and 1.0 FTE.

The Department seeks an additional FTE to support administrative tasks for the Wage and Hour Outstanding Losses Expenditure program, including to pay claims to wage theft victims.

R3 Employment Support and Job Retention (ESJR) program elimination [legislation]: The Department asks to eliminate the Employment Support and Job Retention program early for budget balancing.

Year 1 through Year 3: Reduction of \$250,000 General Fund and \$250,000 reappropriated funds.

This program would have sunset on September 1, 2029. It funds grants for wrap-around employment support services to unemployed and underemployed individuals.

R4 Office of Just Transition operating cost reduction: The Department asks to decrease General Fund to the Office of Just Transition for budget balancing.

Year 1: Reduction of \$10,816 General Fund.

The Department proposes to eliminate \$2,500 in sponsorship expenses for a conference, eliminate \$1,816 in out-of-state travel expenses, and reallocate \$6,500 operational expenses to the Just Transition cash fund.

R5 Labor Standards program reduction [legislation]: The Department asks to decrease General Fund to the Division of Labor Standards and Statistics for budget balancing.

Year 1: Reduction of \$122,154 General Fund.

The Department requests legislation to amend the required publication frequency of the supplemental healthcare staffing agency reports and the transportation network company reports from biannual to annual. The Department also requests legislation to streamline certain appeals processes.

R6 Office of Future Work reduction: The Department asks to decrease General Fund to the Office of the Future of Work for budget balancing.

Year 1: Reduction of \$33,503 General Fund.

The Department proposes a 2.5 percent reduction in General Fund appropriations to the State Apprenticeship Agency and four other streams of work in the Office.

R7 Office of Independent Living Services reduction: The Department asks to decrease General Fund to the Office of Independent Living for budget balancing.

Year 1: Reduction of \$108,906 General Fund.

The Department proposes a 1.6 percent General Fund reduction to grants across all nine Centers for Independent Living.

Statewide R6 prior reductions – Hospitality Education Grant reduction: The Department resubmits its FY 2025-26 request to decrease General Fund to the Hospitality Education Grant Program for budget balancing.

Year 1: Reduction of \$426,057 General Fund and 0.5 FTE.

The Hospitality Education Grant Program only funds ProStart through the Colorado Restaurant Foundation.

Impacts driven by other agencies: The request includes a net increase of \$226,801 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP6 SB24-205 AI compliance	\$334,766	\$24,892	\$136,241	\$17,231	\$156,402	2.8
NP IT accessibility	290,157	21,574	118,084	14,935	135,564	1.4
NP2 SB24-205 AI compliance	84,089	43,177	13,772	383	26,757	0.0
NP State accounting system (CORE) staff	56,903	6,098	27,892	303	22,610	0.0
NP Statewide enable AI	42,197	21,667	6,911	192	13,427	0.0
NP IT operating offset	-327,916	-168,376	-53,702	-1,494	-104,344	0.0
NP IT efficiencies	-253,395	-130,111	-41,498	-1,155	-80,631	0.0
Total	\$226,801	-\$181,079	\$207,700	\$30,395	\$169,785	4.2

Employee compensation common policies: The request includes a net increase of \$13.8 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$6,037,240	\$406,334	\$2,361,903	\$31,674	\$3,237,329	0.0
Salary survey	5,396,682	442,380	2,588,350	14,433	2,351,519	0.0
Unfunded liability amortization payments	1,569,227	61,915	432,321	9,968	1,065,023	0.0
Step plan	508,893	36,919	187,008	0	284,966	0.0
PERA direct distribution	183,824	3,198	31,196	1,520	147,910	0.0
Paid family and medical leave insurance	70,615	2,786	19,454	448	47,927	0.0
Short-term disability	10,985	433	3,026	70	7,456	0.0
Total	\$13,777,466	\$953,965	\$5,623,258	\$58,113	\$7,142,130	0.0

Operating common policies: The request includes a net increase of \$4.8 million for operating common policies.

Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	\$6,484,795	-\$1,977,011	\$2,953,806	\$62,311	\$5,445,689	0.0
Legal services	1,235,901	317,320	480,721	0	437,860	0.0
State accounting system (CORE)	282,164	1,671	79,612	195	200,686	0.0
Capitol Complex leased space	92	38	42	0	12	0.0
Administrative law judge services	-3,040,284	0	-3,040,284	0	0	0.0
Risk management & property	-103,967	-7,055	-35,404	-282	-61,226	0.0
Vehicle lease payments	-54,020	-4,319	-29,164	-91	-20,446	0.0
Workers' compensation	-12,311	-588	-3,797	-16	-7,910	0.0
Total	\$4,792,370	-\$1,669,944	\$405,532	\$62,117	\$5,994,665	0.0

Technical adjustments: The request includes a net decrease of \$1.8 million for lease adjustments, including a reduction of \$181,781 General Fund.

Prior year actions: The request includes a net decrease of \$272,131 for the impact of prior year budget decisions and legislation.

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

R1 New Special Purpose Authority: The Department requests legislation to create a new special purpose authority (SPA) to distribute grants currently funded by historic license plate fees and distributed by the Colorado Disability Funding Committee. Those license plate fees are subject to TABOR. Moving grant functions and funding to a SPA makes most fee revenue TABOR-exempt, providing \$13.6 million General Fund relief starting in FY 2027-28.

Budget Reduction Options: The Department requests reductions of \$951,436, representing 2.7 percent of its General Fund appropriations. The Department also proposes revenue enhancements estimated to make \$14.7 million General Fund available. Staff options would bring an additional \$2.3 million in General Fund relief.

Updates on Department Data Initiatives: The Quarterly Census of Employment and Wages (QCEW) is historically the most reliable source of employment and wage data to benchmark monthly jobs data. Colorado's QCEW data has had underreporting issues for two years. This briefing issue also shares updates on the Statewide Longitudinal Data System and outcomes reporting from the Eligible Training Provider List.

For More Information

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To read the entire briefing: Go to content.leg.colorado.gov/content/budget#budget-documents-section to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.