

Colorado’s Unemployment Insurance Trust Fund Status

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The lockdowns and business closures associated with the COVID-19 pandemic have produced record-high unemployment levels in Colorado. As a result of a sudden spike in unemployment insurance claims, Colorado’s Unemployment Insurance Trust Fund quickly depleted and fell into a debt financed by loans from the U.S. Treasury. Though income to the fund through higher employer taxes will automatically increase, it will still take years to repay the loans and rebuild the reserve.

Key findings:

- As of January 6th, Colorado is one of 17 states currently reliant upon federal loans and has the 9th-greatest amount of money outstanding in both absolute and population-adjusted dollars.

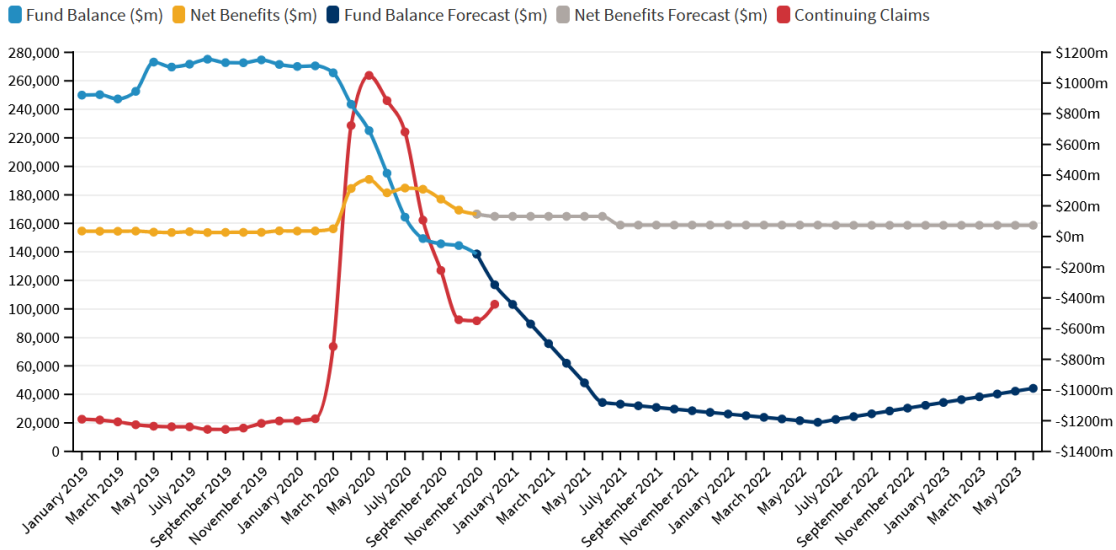
Rank - Federal UI Loans per Resident	State	Total Federal Loans Outstanding (1/6/21)	Federal UI Loans per Resident
1	Hawaii	\$702,203,995	\$496
2	New York	\$9,323,777,749	\$479
3	California	\$17,984,936,510	\$455
4	Massachusetts	\$2,201,221,744	\$319
5	Illinois	\$3,381,800,988	\$267
6	Texas	\$6,086,025,599	\$210
7	Minnesota	\$998,558,044	\$177
8	Connecticut	\$523,826,704	\$147
9	Colorado	\$808,229,530	\$140
10	Ohio	\$1,353,436,399	\$116
11	Kentucky	\$505,745,626	\$113
12	New Mexico	\$206,197,931	\$98
13	New Jersey	\$763,120,596	\$86
14	West Virginia	\$136,336,576	\$76
15	Pennsylvania	\$886,062,975	\$69
16	Louisiana	\$133,460,334	\$29
17	Nevada	\$82,337,773	\$27

- Before the pandemic, the UI Trust Fund had a reserve of \$1.11b. By November, it had depleted by over \$1.2b to a balance of -\$114.35m. At the start of the next fiscal year, July 1, 2021, the fund is projected to be \$1.08b in debt; this amounts to about \$240 per adult Coloradan.
- Between FY20 and FY23, total employer taxes for the Trust Fund are projected to grow at an average annual rate of 22.3%. For the fund to be restored to its pre-pandemic solvency by 2028, five years after the end of the latest projection, contributions will have to exceed payments by an average of over \$420m in each year after 2023.

The following graph displays the historical trends associated with continuing claims, benefits paid, and Trust Fund balance alongside Legislative Council Staff projections of the latter two.

Colorado's Unemployment Insurance Trust Fund

Continuing Claims is plotted on the left axis; all other series pertain to the right axis

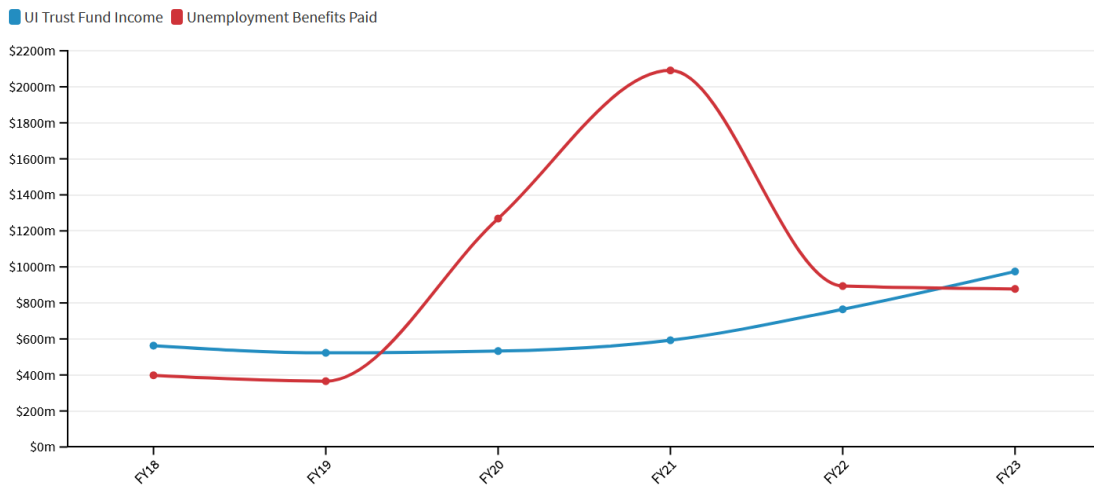


Sources: U.S. Department of Labor, Colorado Office of Labor Market Information, and Colorado Legislative Council Quarterly Forecasts • Historical data are actuals; projection values are linear interpolations of the latest annualized quarterly projection from the Colorado Legislative Council.

This second graph displays the historical and projected figures which describe the amounts of taxes paid annually to the UI Trust Fund from employers and the total annual amounts of unemployment benefits paid from the fund.

Total Payroll Taxes to the Colorado UI Insurance Trust Fund

Historical and projected values



Source: Colorado Legislative Council Quarterly Forecasts • Historical data are actuals; projection values are from the latest quarterly projection published by the Colorado Legislative Council.

Before March 2020, during a period of full employment in Colorado, the UI Trust Fund was stable and solvent at a reserve of over \$1b. By the time continuing claims peaked in May, the fund had only \$690m remaining. Since July, monthly benefit payments alone have exceeded fund balances. Total benefits are expected to have exceeded fund income during every month from April 2020 through January 2023; during that time, the fund will have depleted from its pre-pandemic level by about \$2.12b. Until the Trust Fund recovers, Colorado’s unemployment insurance program will remain reliant upon federal funding.