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FISCAL NOTE

Drafting Number: LLS 19-0955	Date: March 21, 2019
Prime Sponsors: Rep. Gray; Sullivan Sen. Todd	Bill Status: House Education
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Bill Topic: WORKFORCE DIPLOMA PILOT PROGRAM

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates a pilot program to make performance payments to program providers offering dropout recovery services. The bill increases state expenditures for three years, beginning with FY 2019-20 and ending with FY 2021-22.

Appropriation Summary: For FY 2019-20, the bill requires an assumed General Fund appropriation of \$1,012,201. See State Expenditures Section.

Fiscal Note Status: This fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 19-1236**

		FY 2019-20	FY 2020-21
Revenue			
Expenditures	General Fund	\$1,012,201	\$1,012,222
	Centrally Appropriated	\$2,651	\$2,651
	Total	\$1,014,852	\$1,014,873
Total FTE		0.2 FTE	0.2 FTE
Transfers		-	-
TABOR Refund	General Fund	-	-

Summary of Legislation

The bill creates the Workforce Diploma Pilot Program in the Colorado Department of Education (CDE) to provide performance payments to qualified providers of dropout recovery services for eligible adult students who achieve specified educational milestones. No later than August 15, 2019, and each August thereafter, the CDE must issue a request for qualified providers to participate in the program. The bill specifies the criteria to qualify as a provider. The CDE must review provider qualifications and determine eligibility, and publish a list of providers that meet the necessary criteria. A qualified provider is eligible for program payments for educational outcomes achieved 30 days or more after the CDE publishes the list.

The CDE must disburse payments to qualified providers in specified amounts for completion or attainment outcomes by eligible students. For example, the program awards \$250 for completion of each half-credit earned, or for attainment of an industry recognized employment skills certification, and \$1,000 for completion of an accredited high school diploma. Providers may receive payments for services provided to students who are at least 21 years old, are a resident of the state, and are not receiving state-funded payments for the full cost of the same course or program for which a qualified provider seeks a performance payment. The total amount of payments disbursed to one or more qualified providers for completion goals by eligible students may not exceed \$7,000 per student.

Qualified providers must submit invoices to CDE for payments for student completion or attainment of the specified outcomes. Performance payments are subject to available funding; however, if available funding is insufficient to satisfy all invoices received by specified submission dates, the CDE must reduce all grant payments by the same percentage until the grant funding runs out. The CDE must publish monthly reports for qualified providers indicating the total amount of payments made and students enrolled. Qualified providers are also required to collect and report data on program participation and student outcomes, which must be listed and summarized in legislative reports by the CDE to the General Assembly. The program is repealed July 1, 2022.

State Expenditures

Total funding for the program is at the discretion of the General Assembly. This fiscal note assumes that the bill increases state expenditures by \$1,014,873 and 0.2 FTE in both FY 2019-20 and FY 2020-21; however, the General Assembly could choose this amount, or a different amount to appropriate for the program. New state expenditures are displayed in Table 2 and discussed below.

Table 2
Expenditures Under HB 19-1236

	FY 2019-20	FY 2020-21
Department of Education		
Personal Services	\$10,009	\$10,027
Operating Expenses and Capital Outlay Costs	\$2,192	\$2,195
Performance Payments	\$1,000,000	\$1,000,000
Centrally Appropriated Costs*	\$2,651	\$2,651
FTE – Personal Services	0.2 FTE	0.2 FTE
Total Cost	\$1,014,852	\$1,014,873
Total FTE	0.2 FTE	0.2 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Personal services. The CDE will require 0.2 FTE in both FY 2019-20 and FY 2020-21 to develop a qualified provider submission and payment process, create and disseminate promotional materials, verify provider and student eligibility, verify specified outcomes, disburse payments, and provide program oversight and accountability. This is based on an assumed ten providers receiving performance payments.

Performance payments. There is limited information on the number of qualified providers operating dropout recovery programs, and the specific educational outcomes and attainment available from these programs for eligible students. The pilot program limits performance payments to no more than \$7,000 per eligible student. If qualified providers are able to deliver the specified outcomes or attainments up to the maximum available performance payment per student (\$7,000), \$1.0 million in program funding will provide funding to providers for up to 142 eligible students; however, the General Assembly may choose to appropriate a different amount for performance payments.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$2,651 in both FY 2019-20 and FY 2020-21.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2019-20, the fiscal note assumes the bill requires a General Fund appropriation of \$1,012,201 and 0.2 FTE to the Colorado Department of Education. Actual funding is at the discretion of the General Assembly.

State and Local Government Contacts

Education Higher Education