



## Legislative Council Staff

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# Revised Fiscal Note

(replaces fiscal note dated February 24, 2021)

**Drafting Number:** LLS 21-0486 **Date:** May 13, 2021  
**Prime Sponsors:** Rep. Sullivan; Ortiz **Bill Status:** Senate Business  
 Sen. Danielson; Rodriguez **Fiscal Analyst:** Erin Reynolds | 303-866-4146  
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**Bill Topic:** STATE APPRENTICESHIP AGENCY

**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 establishes a State Apprenticeship Agency in the Department of Labor and Employment. Beginning in FY 2021-22, it will increase state expenditures on an ongoing basis.

**Appropriation Summary:** In FY 2021-22, the bill requires an appropriation of \$485,249 to the Department of Labor and Employment.

**Fiscal Note Status:** The revised fiscal note reflects the reengrossed bill.

**Table 1**  
**State Fiscal Impacts Under HB 21-1007**

		Budget Year FY 2021-22	Out Year FY 2022-23
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund <sup>1</sup>	\$485,249	\$827,305
	Centrally Appropriated	\$57,379	\$141,685
	<b>Total Expenditures</b>	<b>\$542,628</b>	<b>\$968,990</b>
	<b>Total FTE</b>	<b>3.6 FTE</b>	<b>8.4 FTE</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

<sup>1</sup>When the State Apprenticeship Agency receives U.S. Department of Labor approval, it will be eligible for federal funding. This funding source shift will be addressed through the annual budget process.

## **Summary of Legislation**

The bill creates the State Apprenticeship Agency (SAA) as an independent Type 1 agency in the Department of Labor and Employment (CDLE). The bill also creates the State Apprenticeship Council (SAC) and the Interagency Advisory Committee on Apprenticeship (IAC).

**State Apprenticeship Agency.** The purpose of the SAA is to, among other duties:

- serve as the primary point of contact with the U.S. Department of Labor's Office of Apprenticeship;
- accelerate new apprenticeship program growth on a geographically diverse basis, especially in high-demand occupations;
- encourage the development of and assist in the establishment of apprenticeship programs and promote enrollment in apprenticeship programs by providing technical and compliance assistance to sponsors, apprentices, and apprenticeship programs;
- ensure program compliance with apprenticeship standards;
- register and oversee apprenticeship programs and apprenticeship agreements;
- perform quality assurance assessments and approve the appropriate implementation of an apprenticeship program;
- maintain records; and
- generally promote and support registered apprenticeship programs.

The executive director of CDLE appoints the SAA director, who may promulgate rules as necessary, including rules that address registration, sponsor requirements, curing noncompliance, and grievance procedures. The SAA will accept applications for registration of apprenticeship programs beginning July 1, 2023. The SAA may deregister an apprenticeship program for noncompliance with the requirements in the bill. The SAA must conduct a hearing upon request of the SAC or the IAC regarding issues of noncompliance and deregistration.

**State Apprenticeship Council.** The SAC will oversee registered apprenticeship programs for the building and construction trades. The SAC's 16 members are appointed by the Governor and the SAA director. Members may receive a per diem and reimbursement for travel and necessary expenses. The SAC will meet at least quarterly to:

- resolve conflicts and complaints related to apprenticeship agreements;
- review programs and make findings and enforcement decisions;
- recommend rules to the director as needed;
- provide technical and professional guidance for identifying and promoting best practices in registered apprenticeship programs; and
- annually report apprenticeship data to the CDLE, among other administrative functions.

**Interagency Advisory Committee on Apprenticeship.** The IAC will function in the same way as the SAC, meeting quarterly to oversee apprenticeship programs that are not within the building and construction trades. The IAC's 14 members are appointed by the Governor and the SAA director. Members may receive a per diem and reimbursement for travel and necessary expenses.

**Ad Hoc Committee.** The chairs of the SAC and IAC are required to establish the ad hoc joint resolution committee, consisting of two members from both the SAC and IAC. The ad hoc committee is created to resolve conflicts that arise between the two entities and to define jurisdiction.

**Sunset review.** This program repeals September 1, 2029, pending a sunset review.

## Background

State Apprentice Agencies currently exist in 30 states, as well as in the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands: <https://www.dol.gov/agencies/eta/apprenticeship>. A small LCS survey of apprenticeship agencies in states with similar populations to Colorado indicated that these agencies range in staff size from 7 to 39 FTE. In states without an SAA, the U.S. Department of Labor registers and oversees apprentice programs. There are currently over 480 registered apprenticeship programs in Colorado. Under current federal law, discretionary grants are available to operational state programs. Additional funding may become available through the National Apprenticeship Act, which is currently under consideration in Congress.

## State Expenditures

The bill increases state General Fund expenditures in the Department of Labor and Employment by \$542,628 and 3.6 FTE in FY 2021-22 and \$968,990 and 8.4 FTE in FY 2022-23, as shown in Table 2. Legal services costs will be reappropriated to the Department of Law. Information technology costs will be reappropriated to the Office of Information Technology.

**Table 2**  
**State Expenditures Under HB 21-1007**

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Department of Labor and Employment</b>		
Personal Services	\$274,117	\$663,751
Operating Expenses	\$4,455	\$10,800
Capital Outlay Costs	\$18,600	\$31,000
Legal Services	\$85,072	\$53,170
Per Diems and Expense Reimbursement	\$24,408	\$24,408
Staff Mileage	-	\$12,480
Centrally Appropriated Costs <sup>1</sup>	\$55,802	\$140,057
FTE – Personal Services	3.1 FTE	8.0 FTE
FTE – Legal Services	0.4 FTE	0.3 FTE
<b>CDLE Subtotal</b>	<b>\$462,454</b>	<b>\$935,666</b>

**Table 2  
 State Expenditures Under HB 21-1007 (Cont.)**

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Office of Information Technology</b>		
Personal Services	\$6,363	\$6,941
Operating Expenses	\$755	\$755
Computer Programming	\$57,480	\$9,440
Software License	\$14,000	\$14,560
Centrally Appropriated Costs <sup>1</sup>	\$1,576	\$1,628
FTE – Personal Services	0.1 FTE	0.1 FTE
<b>OIT Subtotal</b>	<b>\$80,174</b>	<b>\$33,324</b>
<b>Total</b>	<b>\$542,628</b>	<b>\$968,990</b>
<b>Total FTE</b>	<b>3.6 FTE</b>	<b>8.4 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Colorado Department of Labor and Employment.** The CDLE will have the following costs to implement the SAA. First-year costs have been prorated for the General Fund pay date shift and staggered FTE start dates.

- **Staff.** The CDLE requires 8.0 FTE to manage the fully implemented agency. In year one, staff will establish the SAA and seek federal approval. In year two, staff will take on duties for existing apprenticeship programs from the federal government. In year three, staff will begin accepting new applications. Positions are listed in order of hire date:
  - director (1.0 FTE beginning July 1, 2021);
  - policy advisor (0.5 FTE beginning July 1, 2021);
  - database and applications administrator (1.0 FTE beginning October 1, 2021);
  - operations and program manager (1.0 FTE beginning January 1, 2022);
  - apprenticeship quality assurance lead (1.0 FTE beginning January 1, 2022);
  - compliance reviewers (3.0 FTE beginning July 1, 2022); and
  - hearings officer (0.5 FTE beginning in July 1, 2022).
- **Legal services.** Legal services are estimated at 800 hours in FY 2021-22 and 500 hours in FY 2022-23 and future years. First-year costs assume rulemaking and counsel for the implementation and administration of the new agency, and 100 hours of legal services for both the SAC and IAC. Ongoing costs assume representation in registration and deregistration hearings, and ongoing counsel to the three entities.
- **Per diems and expense reimbursement.** The fiscal note assumes that all but the ex officio SAC and IAC members will be eligible for per diem and expense reimbursement at quarterly meetings. The per diem rate is currently \$76, and expense reimbursement is estimated to average \$150 per person per meeting.

- **Staff mileage.** Beginning in FY 2022-23, it is estimated that compliance reviewers will travel approximately 24,000 miles in total per year, at \$0.52 per mile.

**Office of Information Technology.** The OIT will have costs to support the information technology needs of the SAA program. The computer programming work will be primarily performed by a vendor that will develop an online registration system and integrate the system with other application databases at the CDLE. Software costs are ongoing. In addition, 0.1 FTE is required beginning in FY 2021-22 to serve as the help desk for the system. OIT costs will be reappropriated from the CDLE.

**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 \$57,379 in FY 2021-22 and \$141,685 in FY 2022-23 and ongoing.

## Effective Date

The bill takes effect July 1, 2021.

## State Appropriations

For FY 2021-22, the bill requires and includes an appropriation of \$485,249 to the Department of Labor and Employment and 3.1 FTE. Of this amount, \$85,072 is reappropriated to the Department of Law with 0.4 FTE, and \$78,598 is reappropriated to the Office of Information Technology with 0.1 FTE.

## State and Local Government Contacts

Information Technology

Labor