



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 21-0904 Date: August 4, 2021
Prime Sponsors: Rep. Sullivan; Young Bill Status: Signed into Law
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Bill Topic: FUNDS WORKFORCE DEVELOPMENT INCREASE WORKER SKILLS

- Summary of Fiscal Impact:
State Revenue (unchecked)
State Expenditure (checked)
State Transfer (checked)
TABOR Refund (unchecked)
Local Government (checked)
Statutory Public Entity (unchecked)

This bill creates the Investments in Reskilling, Upskilling, and Next-skilling Workers Program, and the Workforce Innovation Act. It provides funding for multiple education programs, and creates the Workers, Employers, and Workforce Centers Cash Fund. It transfers \$225.0 million to the cash fund and appropriates \$75.0 million to various workforce development programs. The bill increases state expenditures and local revenue and expenditures beginning in FY 2021-22.

Appropriation Summary: For FY 2021-22, this bill includes an appropriation of \$75.0 million to multiple agencies.

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

Table 1
State Fiscal Impacts Under HB 21-1264

Table with 4 columns: Category, Sub-category, Budget Year FY 2021-22, and Out Year FY 2022-23. Rows include Revenue, Expenditures (Cash Funds), Transfers (General Funds, Federal Funds, Cash Funds), Net Transfer (\$0), and TABOR Refund.

Summary of Legislation

This bill creates the Investments in Reskilling, Upskilling, and Next-skilling Workers Program, and the Workforce Innovation Act. It provides funding for multiple education programs, and creates the Workers, Employers, and Workforce Centers Cash Fund. It transfers \$225.0 million to the cash fund, and appropriates \$75.0 million to the programs mentioned in the bill. Any money not expended in these programs in FY 2021-22 is available for expenditure in subsequent years. These programs are repealed on July 1, 2027.

Investments in Reskilling, Upskilling, and Next-skilling Workers Program. This program will be an initiative of the Colorado Workforce Development Council (CWDC) to train unemployed and underemployed Coloradans during times of substantial unemployment. The bill appropriates \$25.0 million from the Workers, Employers, and Workforce Centers Cash Fund to the Department of Labor and Employment (CDLE) for use by the CWDC. The bill prohibits the CDLE and the CWDC from adding permanent staff to implement the bill, but the agencies may use temporary personnel. This bill clarifies that any limitations or requirements imposed on the use of federal funds do not apply to state appropriated funds. Beginning in 2022 and each December until 2026, the CWDC is required to report on program activities and outcomes to the General Assembly as part of the Colorado Talent Report.

Workforce Innovation Act. The bill appropriates \$35.0 million in FY 2021-22 from the Workers, Employers, and Workforce Centers Cash Fund to the CDLE for use by the CWDC. The CWDC will allocate funds to local workforce development boards for the purpose of creating a grant program and for statewide workforce innovation initiatives.

- **Grant program.** The CWDC will administer grants for improving outcomes for learners and workers, and helping Coloradoans prepare for well-paying, quality jobs. The CWDC will distribute grant funds based on the share of unemployment claims and total jobs lost in an area. Grant funds must be obligated by December 31, 2024 and expended by December 31, 2026.
- **Innovation initiatives.** The CWDC will conduct a stakeholder process in order to design statewide workforce innovation initiatives to address the negative economic impacts of the COVID-19 public health emergency. The programs or organizations that receive funding under this initiative must report information on how the funds were used and will be evaluated by the CWDC.

Education programs. The bill appropriates \$10.0 million to the Department of Higher Education and \$5.0 million to the Department of Education.

Background

The CWDC is a state workforce investment board formed in accordance with the federal Workforce Investment Act of 1998 with the purpose of improving the state's workforce system. Membership of the CWDC includes the Governor, four members of the General Assembly, and representatives from the business community and other local stakeholders. The CWDC is responsible for the oversight of the federal Workforce Innovation and Opportunity Act funds, which are \$26.3 million in FY 2020-21.

The COVID-19 pandemic has greatly impacted Colorado’s economy and workforce. According to the U.S. Bureau of Labor Statistics, in January 2020 Colorado’s unemployment was at 2.7 percent. As of February 2021 unemployment is at 6.6 percent, an increase in roughly 125,000 people.

State Transfers

This bill requires a one-time transfer of \$200.0 million from the American Rescue Plan Act of 2021 Cash Fund and \$25.0 million from the General Fund to the Workers, Employers, and Workforce Centers Cash Fund.

State Expenditures

In FY 2021-22, this bill increases state expenditures by \$75.0 million in multiple agencies. Costs, which are paid from the Workers, Employees, and Workforce Centers Cash Fund, are displayed in Table 2 and described below.

**Table 2
Expenditures Under HB 21-1264**

Cost Components	FY 2021-22	FY 2022-23
Department of Labor and Employment		
Workforce Development Areas	\$20,750,000	-
Reskilling Program Grants	\$3,000,000	-
Outreach, Digital Platforms, and Licenses	\$1,250,000	-
Workforce Innovation Grants	\$15,750,000	-
Grant Program Administrative Costs	up to \$1,750,000	-
Workforce Innovation Initiatives	\$15,400,000	-
Administrative Costs	up to \$2,100,000	-
CDLE Subtotal	\$60,000,000	\$0
Department of Higher Education		
Career and Technical Education Funding	\$10,000,000	-
DHE Subtotal	\$10,000,000	\$0
Department of Education		
Adult Education and Literacy Grant Program	\$4,850,000	-
Administrative Costs	\$150,000	-
CDE Subtotal	\$5,000,000	\$0
Total	\$75,000,000	\$0

Department of Labor and Employment. Total costs for the Reskilling, Upskilling, and Next-Skilling Workers Program (program), and the Workforce Innovation Act (act) are \$60.0 million. For the program, the CDLE will allocate \$20.75 million to workforce development areas; will expend \$3.0 million on grants; and \$1.25 million to purchase statewide software licenses for courses related to training and reskilling workers, as well as for a marketing and outreach campaign over the duration of the program. For the act, the CDLE will allocate \$17.5 million for grants, of which up to 10 percent may be used for implementation costs; and \$17.5 million for workforce innovation initiatives, of which up to 12 percent may be used for implementation costs.

Department of Higher Education. The bill appropriates \$10.0 million in funds for the purposes of technical education equipment, facilities, and instruction capacity. The department will allocate the funds to entities that provide career or technical education programs and are approved by the board.

Department of Education. The bill appropriates \$5.0 million for the Adult Education and Literacy Grant Program. Of this, approximately \$150,000 of the funds will be used for consultants to administer the additional grants over the next four years.

Local Government

To the extent that local government entities are awarded grant funding to carry out any of the above programs, this will increase local revenue and expenditures.

Effective Date

The bill was signed into law by the Governor and took effect on June 23, 2021.

State Appropriations

For FY 2021-22, this bill includes an appropriation from the Workers, Employers, and Workforce Centers Cash Fund as follows;

- \$60.0 million to the Department of Labor and Employment for use by the Colorado Workforce Development Council;
- \$10.0 million to the Department of Higher Education; and
- \$5.0 million to the Department of Education.

Remaining funds are further appropriated to the departments in subsequent years for the same purpose.

State and Local Government Contacts

Education	Information Technology	Labor	Higher Education
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