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# Revised Fiscal Note

(replaces fiscal note dated January 17, 2023)

<b>Drafting Number:</b>	LLS 23-0208	<b>Date:</b>	April 14, 2023
<b>Prime Sponsors:</b>	Sen. Zenzinger; Kirkmeyer Rep. Kipp; Catlin	<b>Bill Status:</b>	House Education
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**Bill Topic:**                    **ADULT EDUCATION**

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> School District

The bill modifies the Adult Education Grant Program in the Colorado Department of Education, and allows community colleges, local district colleges, and area technical colleges to award high school diplomas. The bill increases state and school district expenditures on an ongoing basis.

**Appropriation Summary:** For FY 2023-24, the bill requires an appropriation of \$2.0 million to the Colorado Department of Education.

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

**Table 1**  
**State Fiscal Impacts Under SB 23-007**

		<b>Budget Year FY 2023-24</b>	<b>Out Year FY 2024-25</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$2,000,000	\$2,000,000
	Centrally Appropriated	\$32,776	\$31,279
	<b>Total Expenditures</b>	<b>\$2,032,776</b>	<b>\$2,031,279</b>
	<b>Total FTE</b>	<b>1.7 FTE</b>	<b>1.6 FTE</b>
<b>Transfers</b>			
<b>Other Budget Impacts</b>	General Fund Reserve	\$300,000	\$300,000

## **Summary of Legislation**

The bill requires the General Assembly to appropriate \$2.0 million annually from the General Fund for the Adult Education Grant Program in the Colorado Department of Education (CDE) and makes the following changes to the grant program:

- adds digital literacy to the skills that adult education providers must offer and may use grant funds to provide;
- adds a high school diploma or the equivalent as an outcome of an adult education program, and modifies the definition of workforce development partnership;
- specifies that adult education and literacy programs may include in-person or online instruction, learning plans with the credits and courses needed to complete the program, or coaching and mentorship services;
- allows CDE to consider the average cost per eligible adult served by the adult education provider in awarding grants;
- modifies provider reporting requirements, including allowing CDE to establish certain requirements;
- specifies that an adult education provider's administrative costs associated with reporting and documentation must not exceed 10 percent of awarded funds; and
- allows CDE to use data matching with relevant state agencies to determine post-program outcomes, including employment, wage, credentials, and ability to support the academic achievement of participants' children.

Finally, the bill allows community colleges, local district colleges, and area technical colleges to develop minimum graduation requirements, and award high school diplomas. Service providers may partner with these schools to provide course that lead to a high school diploma or industry-recognized credential. Graduation requirements must be based on guidelines adopted by the State Board of Education.

## **Background**

The Adult Education Grant Program in the CDE provides funding to adult education providers to offer basic adult education in literacy and numeracy that leads leading to a postsecondary credential, employment, or additional skills. The program was appropriated \$1.8 million in FY 2022-23. In addition, the program received \$5.0 million in federal American Rescue Plan Act (ARPA) funds in FY 2021-22, which must be used by June 30, 2025. The program is currently staffed by 2.4 FTE, of which 1.0 FTE is a temporary position accompanying the federal ARPA funds.

**State Expenditures**

The bill increases state expenditures in CDE by \$2.0 million annually, beginning in in FY 2023-24, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2  
 Expenditures Under SB 23-007**

	FY 2023-24	FY 2024-25
<b>Department of Education</b>		
Personal Services	\$149,942	\$145,716
Operating Expenses	\$2,430	\$2,160
Capital Outlay Costs	\$13,340	-
Data System Changes	\$15,000	-
Adult Education Grants	\$1,819,288	\$1,852,124
Centrally Appropriated Costs <sup>1</sup>	\$32,776	\$31,279
<b>Total Cost</b>	<b>\$2,032,776</b>	<b>\$2,031,279</b>
<b>Total FTE</b>	<b>1.7 FTE</b>	<b>1.6 FTE</b>

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

**Colorado Department of Education.** The bill provides \$2.0 million to the CDE for the adult education grant program, of which a portion will be used for administrative costs and the remainder distributed as grants.

- **Staff.** CDE requires 1.7 FTE in FY 2023-24 and 1.6 FTE beginning in FY 2024-25 to implement the expanded program. Staff will conduct a new round of grant awards, including application review, processing, monitoring, and reporting, and implement the data matching to identify program outcomes. This includes staff in the Office of Adult Education and grant processing divisions. Standard operating and capital outlay costs are included. Costs in the first year are prorated for the General Fund paydate shift.
- **Data system changes.** CDE requires \$15,000 in FY 2023-24 only to modify the existing data system to include reporting of adult high school diplomas earned at community, area technical, and local district colleges. Work will be conducted by an existing vendor.
- **Grants.** After staffing and data system costs, approximately \$1.8 million annually is expected to be available for adult education grants.

**Institutions of higher education.** The bill increases workload and costs for institutions that provide adult education and literacy programs to include digital literacy, as well as for area technical colleges, community colleges, or local district colleges that offer high school diplomas. The fiscal note assumes that institutions will cover these costs through current revenue streams, which may include adult education grants.

**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 shown in Table 2.

## **Other Budget Impacts**

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

## **School District**

The bill may modify workload, and increase revenue and expenditures for a school district that provides an adult education and literacy program and receives a state grant through the program.

## **Effective Date**

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

## **State Appropriations**

For FY 2023-24, the bill requires and includes a General Fund appropriation of \$2,000,000 to the Colorado Department of Education. The CDE also requires 1.7 FTE.

## **State and Local Government Contacts**

Education

Higher Education