



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 21-0486 **Date:** February 24, 2021
Prime Sponsors: Rep. Sullivan; Ortiz **Bill Status:** House Business
 Sen. Danielson; Rodriguez **Fiscal Analyst:** Erin Reynolds | 303-866-4146
 Erin.Reynolds@state.co.us

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 fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 21-1007

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	General Fund ¹	\$485,249	\$827,305
	Centrally Appropriated	\$57,379	\$141,685
	Total Expenditures	\$542,628	\$968,990
	Total FTE	3.8 FTE	8.4 FTE
Transfers		-	-
TABOR Refund		-	-

¹When 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 (SAA). The purpose of the agency is to serve as the primary point of contact with the U.S. Department of Labor's Office of Apprenticeship; 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 agency director, who may promulgate rules as necessary, including rules affecting registration, performance, and legal compliance of apprenticeship programs. The agency will accept applications for registration of apprenticeship programs beginning July 1, 2023. The agency may deregister an apprenticeship program for noncompliance with the requirements in the bill. The agency must conduct a hearing upon request of the SAC or the IAC regarding issues of noncompliance and deregistration.

State Apprenticeship Council (SAC). The council will oversee registered apprenticeship programs for the building and construction trades. The council's 18 members are appointed by the Governor and the SAA director. Members may receive a per diem and reimbursement for travel and necessary expenses. The council 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; and provide technical and professional guidance for identifying and promoting best practices in registered apprenticeship programs; among other administrative functions.

Interagency Advisory Committee on Apprenticeship (IAC). The committee 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 committee's 12 members are appointed by the Governor and the SAA director. Members may receive a per diem and reimbursement for travel and necessary expenses.

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 3.8 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**

Cost Components	FY 2021-22	FY 2022-23
Department of Labor and Employment		
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 ¹	\$55,802	\$140,057
FTE – Personal Services	3.1 FTE	8.0 FTE
FTE – Legal Services	0.4 FTE	0.3 FTE
CDLE Subtotal	\$462,454	\$935,666
Office of Information Technology		
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 ¹	\$1,576	\$1,628
FTE – Personal Services	0.1 FTE	0.1 FTE
OIT Subtotal	\$80,174	\$33,324
Total	\$542,628	\$968,990
Total FTE	3.8 FTE	8.4 FTE

¹ 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 agency. 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 agency 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 below 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
 - hearing 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 an appropriation of \$485,249 to the Department of Labor and Employment and 3.8 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

Governor
Labor

Higher Education
Law

Information Technology
Personnel