



## Legislative Council Staff

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# Fiscal Note

<b>Drafting Number:</b>	LLS 22-0586	<b>Date:</b>	January 21, 2022
<b>Prime Sponsors:</b>	Rep. Gray; Sullivan Sen. Zenzinger	<b>Bill Status:</b>	House Education
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**Bill Topic:** CONTINUE WORKFORCE DIPLOMA PILOT PROGRAM

<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 type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill extends the Workforce Diploma Pilot Program indefinitely. It increases state expenditures on an ongoing basis beginning FY 2022-23.

**Appropriation Summary:** For FY 2022-23, the bill requires an appropriation of \$1,036,638 to the Colorado Department of Education.

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

**Table 1  
State Fiscal Impacts Under HB 22-1009**

		Budget Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$1,036,638	\$1,036,638
	Centrally Appropriated	\$7,296	\$7,296
	<b>Total Expenditures</b>	<b>\$1,043,934</b>	<b>\$1,043,934</b>
	<b>Total FTE</b>	<b>0.4 FTE</b>	<b>0.4 FTE</b>
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	General Fund Reserve	\$155,496	\$155,496

## Summary of Legislation

The Workforce Diploma Pilot Program in the Colorado Department of Education (CDE) pays qualified providers of dropout recovery services to assist adult students to obtain a high school diploma, as well as other workforce credentials. The pilot program was created in 2019 and repeals on July 1, 2022. This bill extends the program indefinitely, and requires that the CDE adjust payments to providers annually along with inflation.

## Background

The Workforce Diploma program pays providers for assisting eligible adult students to achieve specific outcomes. For example, the program awards \$250 for completion of academic credits or attainment of an industry recognized certification, and \$1,000 for completion of an accredited high school diploma. The total amount of payments disbursed for any one student may not exceed \$7,000.

The pilot program was established in FY 2019-20 with \$1.0 million General Fund, and reimbursed six qualified providers serving about 400 students who attained high school diplomas, skills certificates and industry recognized credentials. In FY 2020-21 and FY 2021-22, eight qualified providers were reimbursed \$200,000, serving about 200 students. As noted in the 2020 legislative report, the \$200,000 appropriation was fully expended before the September 2020 reimbursement deadline, and qualified providers were unable to be reimbursed for additional outcomes that may have been achieved in FY 2020-2021.

## State Expenditures

Starting in FY 2022-23, the bill increases state expenditures by \$1.04 million and 0.4 FTE in the CDE. New costs are displayed in Table 2 and discussed below.

**Table 2**  
**State Expenditures Under HB 22-1009**

<b>Cost Components</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
<b>Colorado Department of Education</b>		
Personal Services	\$36,638	\$36,638
Grant Disbursements	\$1,000,000	\$1,000,000
Centrally Appropriated Costs <sup>1</sup>	\$7,296	\$7,296
FTE – Personal Services	0.4 FTE	0.4 FTE
<b>Total</b>	<b>\$1,043,934</b>	<b>\$1,043,934</b>
<b>Total FTE</b>	<b>0.4 FTE</b>	<b>0.4 FTE</b>

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

**Personal services.** The CDE requires 0.4 FTE ongoing to maintain the annual call for providers, manage the submission and reimbursement process, verify student eligibility and completion of specified outcomes, market the program, enter into data sharing agreements, disburse payments, and provide program reporting, oversight and accountability. Workload assumes 8-10 qualified providers will participate in FY 2022-23, with more organizations applying in future years. Staff support is provided by the Adult Education Initiatives Office (0.3 FTE) and the Grants Fiscal Management Unit (0.1 FTE) in the CDE.

**Grant disbursements.** Funding to reimburse qualified providers is the largest cost component of the bill, and is at the discretion of the General Assembly. An appropriation of \$1.0 million for grant disbursements would support up to 500 adult students to obtain credits and skills certificates; the program anticipates assisting with up to 160 successful high school credentials from this population. This amount reflects the initial appropriation for the program in FY 2019-20.

**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 beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$155,496 in both FY 2022-23 and FY 2023-24, which will decrease the amount of General Fund available for other purposes.

## Effective Date

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

## State Appropriations

For FY 2022-23, the bill requires a General Fund appropriation of \$1,036,638 to the Colorado Department of Education and 0.4 FTE.

## State and Local Government Contacts

Education