



## Legislative Council Staff

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# Fiscal Note

**Drafting Number:** LLS 22-0702 **Date:** April 8, 2022  
**Prime Sponsors:** Rep. McCluskie **Bill Status:** House Education  
 Sen. Bridges; Lundeen **Fiscal Analyst:** Anna Gerstle | 303-866-4375  
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**Bill Topic:** REGIONAL TALENT DEVELOPMENT INITIATIVE GRANT PROGRAM

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

The bill creates the Regional Talent Development Initiative Grant Program to develop or expand talent development initiatives in identified regions of the state. The bill includes a state transfer and increase state expenditures through FY 2025-26.

**Appropriation Summary:** No appropriation is required. The Office of Economic Development and International Trade is continuously appropriated funds to pay for the expenditures described in this fiscal note.

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

**Table 1  
State Fiscal Impacts Under HB 22-1350**

		Budget Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>		-	-
<b>Expenditures</b>	Cash Funds	\$45,557,900	\$44,932,500
	Centrally Appropriated	\$26,647	\$26,647
	<b>Total Expenditures</b>	<b>\$45,584,547</b>	<b>\$44,959,147</b>
	<b>Total FTE</b>	<b>1.5 FTE</b>	<b>1.5 FTE</b>
<b>Transfers*</b>	Workers, Employers & Workforce Centers CF	(\$91,000,000)	-
	Regional Talent Devt Initiative Prog. Fund	\$91,000,000	-
	<b>Net Transfer</b>	<b>\$0</b>	-
<b>Other Budget Impacts</b>		-	-

<sup>1</sup> The transfer occurs three days after the bill's effective date. The fiscal note shows the transfer in FY 2022-23 for informational purposes, but will likely occur in the current FY 2021-22.

## Summary of Legislation

The bill creates the Regional Talent Development Initiative Grant Program in the Office of Economic Development and International Trade (OEDIT) to develop or expand talent development initiatives in identified regions of the state. The program is intended to meet workforce development needs; create pathways between K-12 education, higher education, and employment; provide opportunities for regional learners to gain economic mobility and earn a living wage; and meet regional labor market needs.

**Steering committee.** OEDIT must assemble a steering committee of business, civic, education, and nonprofit professionals to support the implementation of the grant program, including developing grant selection and prioritization criteria and an evaluation process.

**Administration.** OEDIT, with direction from the steering committee, may contract with another state agency or a third-party to administer the program, and must:

- contract with a third party to conduct a landscape analysis to identify statewide needs, opportunities, and challenges, based on grant opportunities that address similar issues;
- establish an application process for grants, which must include at least two grant application deadlines and be available by December 1, 2022;
- provide technical assistance prior to the grant application deadlines;
- establish eligibility and application procedures; and
- appoint a selection committee to review grant applications.

The bill establishes prioritization requirements, including that grants must differentiate between seed funding for innovative programs and expansion funding for existing initiatives, and that additional consideration must be given for rural applicants and projects that meet critical state workforce needs.

**Reporting.** OEDIT, in collaboration with the steering committee, must publish an annual report on the program, beginning November 1, 2023.

**Funding.** The bill creates the Regional Talent Development Initiative Grant Program Fund and requires that the \$91 million be transferred to the fund from the Workers, Employers, and Workforce Centers Cash Fund. Money in the fund is continuously appropriated to OEDIT, and no more than seven percent may be used for administrative costs.

The program is repealed July 1, 2028.

## State Transfers

Three days after the bill's effective date, the State Treasurer must transfer \$91.0 million from the Workers, Employers, and Workforce Centers Cash Fund to the Regional Talent Development Initiative Grant Program Fund, as follows:

- \$56,750,000 from federal ARPA funds; and
- \$34,250,000 from money that originated in the General Fund.

**State Expenditures**

The bill increases state expenditures in OEDIT by \$45.6 million in FY 2022-23 and \$45.0 million in FY 2023-24 from the Regional Talent Development Initiative Grant Program Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2  
 Expenditures Under HB 22-1350**

	FY 2022-23	FY 2023-24
<b>Office of Economic Development &amp; International Trade</b>		
Personal Services	\$129,481	\$129,481
Operating Expenses	\$2,025	\$2,025
Capital Outlay Costs	\$12,400	-
Third Party Administrator and Technology	\$2,300,000	\$2,300,000
Committee Travel & Expenses	\$48,000	-
Procurement & Account Management	\$75,000	\$70,000
Technical Assistance	\$240,000	-
Marketing	\$320,000	-
Grants	\$42,430,994	\$42,430,994
Centrally Appropriated Costs <sup>1</sup>	\$26,647	\$26,647
<b>Total Cost</b>	<b>\$45,584,547</b>	<b>\$44,959,147</b>
<b>Total FTE</b>	<b>1.5 FTE</b>	<b>1.5 FTE</b>

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

**Assumptions.** The fiscal note assumes that the majority of the \$91.0 million, including the third-party administrator and grant awards, will be spent in FY 2022-23 and FY 2023-24. The administrative costs that continue in FY 2024-25 and FY 2025-26 are assumed to be spent from the portion of program funding that originated from the General Fund.

**OEDIT.** OEDIT will require 1.5 FTE to establish program procedures, hire and oversee the third-party administrator, convene steering and selection committees, and otherwise manage the program. Standard operating and capital outlay costs are included. The office will also incur marketing, committee travel, and account management costs.

- **Contracting.** OEDIT will hire a third-party to administer the program and complete the landscape analysis. It is expected that contract will also include use of a technology platform to manage the grants. In addition, OEDIT will contract in FY 2022-23 only to provide technical assistance to potential grantees.
- **Grants.** After administrative and contracting costs, \$84.8 million is expected to be available for grants. This amount is likely to be awarded in the first two years.

**Other state agencies.** The Departments of Education, Labor and Higher Education will have a minimal workload increase to collaborate with OEDIT on the program. No change in appropriations is required for these agencies.

**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.

## Effective Date

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

## State Appropriations

No appropriation is required. The Regional Talent Development Initiative Grant Program Fund is continuously appropriated to the Office of Economic Development and International Trade.

## State and Local Government Contacts

Education  
Labor

Higher Education  
OEDIT

Information Technology