

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF OPPORTUNITIES FOR CREDENTIAL ATTAINMENT, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Sens. Zenzinger and Simpson
Reps. Esgar and Catlin

JBC Analyst: Amanda Bickel
Phone: 303-866-4960
Date Prepared: April 21, 2022

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

New Cash Fund (with Continuous Appropriation)

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/12/22.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Education Committee Report (04/14/22) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriation clause that provides an appropriation of \$800,000 General Fund to the Department of Education for FY 2022-23 for the Adult Education and Literacy Grant Program but does not provide other appropriations required by statutory provisions in the bill.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to change the existing clause to include the following appropriations for FY 2022-23:

- \$800,000 General Fund to the Department of Education for the Adult Education and Literacy Grant Program;
- \$1,000,000 from the Workers, Employers, and Workforce Centers Cash Fund, from money that originates as General Fund, to the Credentials to Support Colorado Jobs Cash Fund, which is continuously appropriated to the Department of Higher Education.
- \$1,800,000 General Fund to the Department of Higher Education for allocation by the Colorado Commission on Higher Education to fund student access to nondegree credential programs.

Points to Consider*General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million appropriations set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million obligations set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore appropriations from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates a one-time obligation and requires General Fund appropriations totaling \$2.6 million for FY 2022-23, reducing the \$900.0 million set aside by \$3.0 million in order to maintain a 15.0 percent statutory General Fund reserve. As currently drafted, the bill is also expected to require \$61,850 General Fund for administrative costs in the second half of FY 2024-25.

Legislative Appropriation Authority

Continuous spending authority, also known as **continuous appropriations**, allows departments to spend money for statutorily specified purposes up to the amount of money in the fund without seeking annual legislative approval. An annual appropriation provides a limit on spending authority, while a continuous appropriation provides unlimited spending authority.

This method of funding moves these expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process. Is it necessary for the Department of Higher Education to **not** seek annual authority from the General Assembly to spend money from the Credentials to

Support Colorado Jobs Cash Fund?

Is it necessary to create this cash fund or could money instead be appropriated directly to the Department of Higher Education from the Workers, Employers, and Workforce Centers Cash Fund from money that originates as General Fund?

Technical Issues

It is unclear whether the sponsors' intent is to appropriate money that originates as General Fund or federal funds into the Credentials to Support Colorado Jobs Cash Fund. The bill requires an appropriation from the Workers, Employers, and Workforce Centers Cash Fund to the Credentials to Support Colorado Jobs Cash Fund but neither the bill nor the fiscal note specifies whether this amount should be from money that originates as General Fund or federal Coronavirus State Fiscal Recovery Funds (ARPA Funds). Based on amounts remaining in the Workers, Employers, and Workforce Centers Cash Fund and appropriations in other bills, JBC Staff has drafted an amendment that appropriates money originating as General Fund. However, the Education Committee Report adds provisions requiring the Department to spend or obligate money by December 31, 2024, which is consistent with ARPA funds restrictions. If the one-time appropriations deposited to the Credentials to Support Colorado Jobs Cash Fund originate as General Fund, is this time limitation necessary? If not necessary, could administrative costs for the second half of FY 2023-24 also be supported by one-time funds?