

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING A STATEWIDE TEACHER EXTERNSHIP PROGRAM TO PROVIDE KINDERGARTEN THROUGH TWELFTH GRADE TEACHERS WORK-BASED LEARNING OPPORTUNITIES IN SPECIFIED DISCIPLINES, AND, IN CONNECTION THEREWITH, CREATING A TAX CREDIT FOR EMPLOYERS THAT PARTICIPATE IN THE EXTERNSHIP PROGRAM.

Prime Sponsors: Representative Titone

JBC Analyst: Abby Magnus

Phone: 303-866-2149

Date Prepared: April 27, 2023

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/11/23.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	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 Revised Fiscal Note (04/11/23) currently does not include necessary travel costs of \$21,600 General Fund for the Department of Labor and Employment. Legislative Council Staff and JBC staff concur that the bill requires the additional appropriation for travel costs in FY 2023-24.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.007	Bill Sponsor amendment
L.009/J.002	Bill Sponsor amendments - change fiscal impact <i>and</i> appropriation
L.010/J.004	Bill Sponsor amendments - change fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$142,318 General Fund to the Department of Labor and Employment for FY 2023-24. This provision also states that the appropriation is based on the assumption that the Department will require an additional 1.6 FTE.

L.007

Bill Sponsor amendment **L.007** (attached) removes the tax credit that allows participating employers to claim a credit for expenses incurred in placing a teacher in the externship. This amendment removes both future year costs for the Department of Revenue and the ongoing revenue decrease impacts currently in the bill. Legislative Council Staff and JBC Staff agree that this amendment does not impact appropriations for FY 2023-24.

L.009 and J.002

Bill Sponsor amendment **L.009** (attached) reduces the number of externship program models the Department will develop from three to one. Legislative Council Staff and JBC Staff agree this change would reduce the number of FTE necessary to implement the bill by 0.8 FTE, thereby reducing the necessary appropriation by \$55,339 General Fund in FY 2023-24.

To align with the impact of amendment **L.009**, staff has prepared amendment **J.002** (attached) to add a provision appropriating a total of \$86,979 General Fund to the Department of Labor and Employment for FY 2023-24. This provision also states that the appropriation is based on the assumption that the Department will require an additional 0.8 FTE.

L.010 and J.004

Bill Sponsor amendment **L.010** (attached) repeals the program after September 1, 2025. Legislative Council Staff and JBC Staff agree that this amendment does not impact appropriations for FY 2023-24.

At the request of the bill sponsor, staff has prepared amendment **J.004** (attached), which replaces **J.003** due to technical changes, to add a provision appropriating a total of \$223,039 General Fund to the Department of Labor and Employment for FY 2023-24. This provision also states that the appropriation is based on the assumption that the Department will require an additional 0.8 FTE and that the Department may expend this funding through FY 2024-25.

If the Committee adopts L.009 it should adopt J.002 and should NOT adopt J.001 or J.004.

If the Committee adopts L.010 it should adopt J.004 and should NOT adopt J.001 or J.002.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2023-24 based on the March 2023 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes two set-asides for legislation outside of the package: (1) \$30.0 million General Fund for bills that create ongoing obligations; and (2) \$469.0 million for bills that create one-time obligations for FY 2023-24 (see table below).

General Fund Appropriation Placeholders for Other 2023 Legislation	
Description	FY 2023-24
Legislation with Ongoing Fiscal Impacts	\$30,000,000
Legislation with One-time Fiscal Impacts	
Workforce-related legislation, including free credentials, math scholarships, adult education, and concurrent enrollment	103,000,000
Housing-related legislation, including property tax relief, land use, and public-private partnerships	221,000,000
Legislation related to topics other than workforce and housing, including rural opportunity, line of duty loss, and Proposition 122 implementation	145,000,000
Subtotal	\$469,000,000
TOTAL Placeholders for Other 2023 Legislation	\$499,000,000

The budget package accounts for the 15.0 percent reserve associated with the above placeholders (a total of \$74.9 million).

As amended by the previous committee reports, this bill creates an ongoing obligation and requires a General Fund appropriation of \$142,318 for FY 2023-24, reducing the \$30.0 million set aside by the same amount. The bill requires a General Fund appropriation of \$233,936 in FY 2024-25 and future years.

As amended by **L.009**, this bill creates an ongoing obligation and requires a General Fund appropriation of \$86,979 for FY 2023-24, reducing the \$30.0 million set aside by the same amount. With amendment **L.009**, the bill would require a General Fund appropriation of \$136,060 in FY 2024-25 and future years.

As amended by **L.010**, this bill creates a two year obligation and requires a General Fund appropriation of \$86,979 for FY 2023-24, reducing the \$30.0 million set aside by the same amount. With amendment **L.010**, the bill would require a General Fund appropriation of \$136,060 in FY 2024-25.

HB23-1198

JBC Staff Analysis

As amended by **J.004**, this bill creates a one-time obligation and requires a General Fund appropriation of \$223,039 for FY 2023-24, reducing the \$469.0 million set aside by the same amount.

TABOR/ Excess State Revenues Impact

The March 2023 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of \$720.9 million for FY 2023-24 and \$1.2 billion for FY 2024-25. These sums must be refunded to taxpayers out of the General Fund.

As amended by the previous committee reports, this bill is estimated to decrease General Fund revenues by \$340,000 in FY 2023-24, \$816,000 in FY 2024-25, \$1.1 million in FY 2025-26, and \$1.3 million in FY 2026-27, which will result in a decrease in the TABOR surplus liability of equal amounts.

Amendment **L.007** would eliminate the General Fund *revenue* impact.