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Final Fiscal Note

Drafting Number: LLS 23-0257 **Date:** June 29, 2023
Prime Sponsors: Sen. Lundeen; Bridges **Bill Status:** Signed into Law
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Bill Topic: **CAREER DEVELOPMENT SUCCESS PROGRAM**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> School District
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill increases overall funding for the Career Development Success Program and expands the number of programs and eligible students who can receive funding. The bill increases state expenditures starting in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$5.0 million to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 23-065

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	General Fund	\$5,000,000	\$5,000,000
	Centrally Appropriated	\$17,158	\$21,777
	Total Expenditures	\$5,017,158	\$5,021,777
	Total FTE	0.9 FTE	1.1 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$750,000	\$750,000

Summary of Legislation

The Career Development Success Program (CDSP) in the Colorado Department of Education (CDE) provides financial incentives to schools to encourage secondary students to enroll in qualified industry-credential programs, internships, or construction industry apprenticeship programs. Beginning FY 2023-24, the bill increases the annual minimum appropriation for the program from \$1.0 to \$9.5 million dollars, and extends the repeal date of the program from September 1, 2024, to September 1, 2034.

Of the total amount appropriated for the program, CDE must use \$5.0 million for FY 2023-24 to double the total per-pupil money awarded to school districts and charter schools that require all students to enroll in and successfully complete a qualifying program or advanced placement course prior to graduation. This additional funding may be reallocated for other CDSP financial incentives if any remains at the end of FY 2023-24.

Additionally, the bill:

- modifies definitions related to construction industry apprenticeships;
- eliminates the requirement that a student successfully complete a qualified program before the participating school may receive incentive funds;
- increases the award a district may receive to 120 percent of per pupil funding under CDSP for participating students who also qualify for free or reduced-price lunch; and
- allows schools to contract with third parties to administer CDSP programs.

Background

Created by House Bill 16-1289, the CDSP currently provides up to \$1,000 for each student who completes a qualified industry-credential program, internship, residency, apprentice program, or advanced placement course. The CDE collaborates with the Colorado Workforce Development Council in the Department of Labor and Employment, and with other partners in government, industry, and higher education to identify qualifying programs for students.

State law currently requires the program to have an annual appropriation of at least \$1.0 million. The FY 2022-23 appropriation for the program was \$4.52 million, and the same amount is in the FY 2023-24 Long Bill. In the last school year for which data are available, CDE received 12,573 requests for CDSP awards from school districts, and funded 9,130 requests (73 percent). The CDSP currently operates without dedicated staff.

State Expenditures

The bill increases state General Fund expenditures in the CDE by \$5.0 million annually, beginning in FY 2023-24. This estimate assumes a \$4.5 million annual appropriation under current law, via the Long Bill. Additional costs above current law amounts are detailed in Table 2 and described below.

**Table 2
Expenditures Under SB 23-065**

	FY 2023-24	FY 2024-25
Department of Education		
Personal Services	\$77,318	\$103,090
Operating Expenses	\$1,215	\$1,485
Capital Outlay Costs	\$6,670	-
Career Development Success Grants	\$4,914,797	\$4,895,425
Centrally Appropriated Costs ¹	\$17,158	\$21,777
Total Cost	\$5,017,158	\$5,021,777
Total FTE	0.9 FTE	1.1 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Education. The CDE requires staff to manage the additional funding, the remainder of which will be awarded as grants.

- **Personal services.** The CDE will add 1.0 FTE Senior Consultant and 0.1 FTE Director to the Office of Postsecondary and Workforce Readiness to manage the increased funding for the program. This work includes providing technical assistance to school districts, data collection, analysis, determining award amounts, providing outreach, and collaborating with other agencies to ensure program success. Personal service costs in FY 2023-24 include standard operating and capital outlay costs, and have been prorated for the General Fund pay date shift and a September 1, 2023, start date.
- **Career Development Success Grants.** After administrative expenses, about \$4.9 million in FY 2023-24 is expected to be available to award to participating schools. Of the total \$9.5 million that the bill requires, including both Long Bill appropriations and the funding provided in the bill, \$5.0 million must be used for certain incentives.

In subsequent years, the bill requires that at least \$9,500,000 be appropriated for the program. Assuming that funding through the Long Bill remains constant at \$4.5 million, the additional funding required by the bill is estimated at \$5.0 million. After administrative costs, about \$4.9 million will be available for distribution.

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. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amount in Table 1.

School Districts

Participating schools will have continuing workload and revenue increases to participate in the program. Schools in which all students complete a qualifying industry-credential program, workplace training program or advanced placement course will receive additional funding.

Effective Date

The bill was signed into law by the Governor on May 16, 2023, and takes effect on August 7, 2023, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires and includes a General Fund appropriation of \$5.0 million to the Colorado Department of Education, and 0.9 FTE.

State and Local Government Contacts

Education

Information Technology