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Revised Fiscal Note

(replaces fiscal note dated January 24, 2023)

Drafting Number:	LLS 23-0257	Date:	April 3, 2023
Prime Sponsors:	Sen. Lundeen; Bridges	Bill Status:	Senate Appropriations
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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 an appropriation of \$5.48 million to the Colorado Department of Education, assuming the 2023-24 Long Bill passes as introduced. See State Appropriations section for detail.

Fiscal Note Status: The revised fiscal note reflects the introduced bill as amended by the Senate Education committee.

Table 1
State Fiscal Impacts Under SB 23-065

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	General Fund	\$5,480,000	\$480,000
	Centrally Appropriated	\$17,158	-
	Total Expenditures	\$5,497,158	\$480,000
	Total FTE	0.9 FTE	-
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$822,000	\$72,000

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 \$5.0 million dollars, and extends the repeal date of the program from September 1, 2024, to September 1, 2034.

The bill also appropriates \$5.0 million in additional funding 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 \$5.5 million in FY 2023-24 only. Costs 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	-
Operating Expenses	\$1,215	-
Capital Outlay Costs	\$6,670	-
Career Development Success Grants	\$5,394,797	\$480,000
Centrally Appropriated Costs ¹	\$17,158	-
Total Cost	\$5,497,158	\$480,000
Total FTE	0.9 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.

The fiscal note assumes that the because the additional funding is on a one-time basis, the associated staff costs will occur in FY 2023-24 only. Should CDE require additional administrative resources in subsequent years based on future funding amounts provided to the program, the fiscal note assumes it will be addressed through the annual budget process or future legislation.

- **Career Development Success Grants.** After administrative expenses, about \$5.4 million in FY 2023-24 is expected to be available to award to participating schools. In subsequent years, the bill requires an additional \$480,000 for the program, assuming that the amount appropriated in the FY 2023-24 Long Bill (\$4.52 million) continues in future years.

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 \$1,500,000 in FY 2023-24 and FY 2024-25, decreasing the amount of General Fund available for other purposes.

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 takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires a General Fund appropriation of \$5.48 million to the Colorado Department of Education, and 0.9 FTE.

This fiscal note assumes that the Long Bill passes as introduced. If the 2023-24 Long Bill is enacted with a different amount or is not enacted, this bill will require a different appropriation, potentially up to \$10.0 million.

State and Local Government Contacts

Education

Information Technology