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Final Fiscal Note

Drafting Number: LLS 23-0856 Date: June 29, 2023
Prime Sponsors: Rep. McCluskie; Pugliese Bill Status: Signed into Law
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Bill Topic: SUPPORT IN-DEMAND CAREER WORKFORCE

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates two new programs to encourage the completion of credentials for specific occupations and provides funding for new short-term nursing programs. The bill increases state expenditures through FY 2026-27.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$45.0 million to multiple state agencies.

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

Table 1
State Fiscal Impacts Under HB 23-1246

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill creates two new programs to encourage the completion of credentials for specific occupations and provides funding for new short-term nursing programs.

In-Demand Short-Term Credentials Program. The In-Demand Short-Term Credentials Program provides funding to eligible institutions to cover tuition, fees, books, and material supplies for students pursuing short-term credentials in early childhood, education, law enforcement, firefighting, forestry, construction, and nursing. Eligible institutions include community colleges, technical colleges, local district colleges, area technical colleges, and Colorado Mesa University.

This program is administered by the State Board for Community Colleges and Occupational Education in the state's Community College System (CCCS) and continues through FY 2025-26. The bill appropriates \$38.6 million dollars for the program, of which no more than 1 percent may be used for administration and no more than \$80,000 may be used for marketing purposes.

Construction Registered Apprenticeship Grant Program. The Construction Registered Apprenticeship Grant Program provides grants for apprenticeship programs in the construction trades to provide training to apprentices at no cost. This program is administered by the Office of Future Work in the Colorado Department of Labor and Employment (CDLE). The bill appropriates \$1.4 million for the program in FY 2023-24.

Nursing program. The bill provides \$5.0 million to the Department of Higher Education (CDHE) to establish two new short-term degree nursing programs at community and technical colleges.

Funding and reporting. All funds are appropriated in FY 2023-24 and unspent funds at the end of the fiscal year are carried over to future years for any additional program spending. CDHE and CDLE must report program outcomes and costs to administer the program to the legislature on an annual basis. These programs are repealed July 1, 2027. The bill also adds language that requires unspent money after December 30, 2024 from certain appropriations to the "Economic Recovery and Relief Cash Fund" to be reverted to the "American Rescue Plan Act of 2021" Cash Fund.

State Expenditures

The bill increases state expenditures in the CDHE by \$43.6 million in FY 2023-24, paid from the General Fund and spent through FY 2025-26. The bill also increases state expenditures in the CDLE by \$1.3 million in FY 2023-24 and \$131,235 in FY 2024-25, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1246

	FY 2023-24	FY 2024-25
Department of Higher Education		
Aid to Eligible Students	\$38,134,000	-
Administration Expenses	\$386,000	-
Marketing Expenses	\$80,000	-
Nursing Degree Programs	\$5,000,000	-
CDHE Subtotal	\$43,600,000	
Department of Labor and Employment		
Personal Services	\$81,714	\$89,142
Operating Expenses	\$1,755	\$1,755
Capital Outlay Costs	\$6,670	-
Grants	\$1,218,964	-
Centrally Appropriated Costs ¹	\$37,805	\$40,338
FTE – Personal Services	1.2 FTE	1.3 FTE
CDLE Subtotal	\$1,346,808	\$131,235
Total	\$45,037,805	\$131,235
Total FTE	1.2 FTE	1.3 FTE

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

Department of Higher Education. The CDHE will pass-through \$38.6 million to CCCS to administer the In-Demand Short-Term Credentials Program, and distribute \$5 million for the development of two new nursing programs at community and technical colleges. The general assembly may appropriate portions of the \$38.6 million as line-items to individual community colleges. Cost components are described below.

- **Aid to eligible students.** After subtracting \$80,000 for marketing expenses and 1 percent of \$38.6 million for administration costs, the remaining funds will cover student tuition, fees, books and material supplies for eligible programs. Unspent funds in FY2023-24 will carry over to future years.
- **Administrative costs.** For the credential program, the bill allows 1 percent, or \$386,000, of the \$38.6 million to be used for administrative costs. The fiscal note assumes that CCCS will use the full allowable amount and that costs may include staffing, data collection, reporting, and other implementation costs.
- **Marketing expenses.** CCCS will spend the allowable amount to develop materials to encourage current students to participate in the credential program.
- **Nursing degree program development.** CDHE will have workload to distribute funds to CCCS, to be further allocated to two new short-term degree programs for nursing students.

Department of Labor and Employment. The bill provides \$1.4 million to CDLE to provide grant aid to apprenticeship programs, a portion of which will be used for administrative expenses.

- **Staffing.** CDLE will require 1.3 FTE for an Administrator and Auditor to implement the program, including an application process, grant selection and monitoring, and reporting. Costs include operating expenses and capital outlays costs, and staffing costs are prorated for the General Fund pay date shift in the first year.
- **Grants.** After accounting for two years of administrative expenses, \$1.3 million is expected to be available for grants.

Other state agencies. The bill increases workload for the Office of Economic Development, CCCS, and the Colorado Department of Education to collaborate with CDLE on grant program guidelines. 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.

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 amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill was signed into law by the Governor and took effect on May 16, 2023.

State Appropriations

For FY 2023-24, the bill requires and includes \$45.0 million in General Fund appropriations as follows:

- \$43.6 million to the Department of Higher Education, of which \$38.6 million is for use by the State Board for Community Colleges and Occupational Education; and
- \$1.4 million to the Department of Labor and Employment, and 1.2 FTE.

Any unexpended funds are further appropriated for FY 2024-25 and FY 2025-26.

State and Local Government Contacts

Economic Development
Labor

Education

Higher Education