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Fiscal Note

Drafting Number:	LLS 24-0628	Date:	February 14, 2024
Prime Sponsors:	Sen. Coleman; Zenzinger Rep. Herod	Bill Status:	Senate Education
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Bill Topic: **CREDENTIAL QUALITY APPRENTICESHIP CLASSIFICATION**

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill requires that state agencies evaluate if non-degree credentials meet certain standards and apply an international classification system to credential pathways and apprenticeships. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$287,331 to multiple state agencies.

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

Table 1
State Fiscal Impacts Under SB 24-143

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$287,331	\$260,432
	Centrally Appropriated	\$41,705	\$52,131
	Total Expenditures	\$329,036	\$312,564
	Total FTE	2.4 FTE	3.0 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$43,100	\$39,065

Summary of Legislation

The bill requires that state agencies evaluate if non-degree credentials meet certain standards and apply an international classification system to credential pathways and apprenticeships, as detailed below.

Non-degree credential framework. The bill requires that the Colorado Department of Higher Education (CDHE), in collaboration with the Colorado Workforce Development Council (CWDC), Department of Education (CDE), Department of Labor and Employment (CDLE), and the Office of Economic Development and International Trade (OEDIT) on an annual basis:

- evaluate non-degree credentials offered through state-recognized programs to ensure the credentials meet quality standards; and
- supply the CWDC with a list of credential programs that meet the quality standards, for inclusion in the Colorado Talent Report and in a credential registry.

Application of International Standard Classification of Education. By January 1, 2025, CDHE must complete a stakeholder engagement process to study and make recommendations related to:

- adopting the International Standard Classification of Education (ISCED) as the state's standard framework for classifying non-degree credentials;
- the application of ISCED within the state education and workforce system; and
- how ISCED equivalency levels may be implemented and assigned to credentials, pathways, and apprenticeships.

The results of this process must be reported to legislative committees before January 1, 2025.

By January 1, 2025, CDHE must assign ISCED equivalency levels to the stackable credential pathways. By January 1, 2026, the Office of Future of Work in CDLE must determine ISCED equivalency levels for each registered apprenticeship program, which must be included on all public listings and apprenticeship certificates of completion.

Background

[Senate Bill 22-192](#) required that the CDHE create a framework for evaluating access to and quality of non-degree credentials, and identifying alignment between credentials and work-based learning.

A non-degree credential is a postsecondary certificate, apprenticeship certificate of completion, professional license, or industry certification.

The ISCED is a framework for organizing education programs and applying standard definitions that allow for comparison of different programs and qualifications. It was adopted by the United Nations Educational Scientific, and Cultural Organization (UNESCO) in November 2011.

State Expenditures

The bill increases state expenditures in CDHE and CDLE by about \$330,000 in FY 2024-25 and \$313,000 beginning in FY 2025-26, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under SB 24-143**

	FY 2024-25	FY 2025-26
Department of Labor & Employment		
Personal Services	\$39,307	\$49,134
Operating Expenses	\$1,037	\$1,165
Capital Outlay Costs	\$6,670	-
Data System Updates	\$52,200	-
Centrally Appropriated Costs ¹	\$8,366	\$10,458
FTE – Personal Services	0.4 FTE	0.5 FTE
CDLE Subtotal	\$107,580	\$60,756
Department of Higher Education		
Personal Services	\$165,547	\$206,934
Operating Expenses	\$2,560	\$3,200
Capital Outlay Costs	\$20,010	-
Centrally Appropriated Costs ¹	\$33,339	\$41,674
FTE – Personal Services	2.0 FTE	2.5 FTE
CDHE Subtotal	\$221,456	\$251,807
Total	\$329,036	\$312,564
Total FTE	2.4 FTE	3.0 FTE

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

Department of Labor and Employment. CDLE will incur ongoing staff costs and one-time data system costs to implement the bill.

- **Staffing.** CDLE requires an ongoing 0.5 FTE ongoing to collaborate with other agencies in the stakeholder process, evaluate non-degree credentials for approximately 331 registered apprenticeship programs, and assign ISCED levels for new and existing apprenticeship programs. Costs include standard operating and capital costs, including a software license for the new staff. First year costs are prorated based on a September 2024 start date.

- **Data system updates.** The bill requires that ISCED codes are displayed in apprenticeship certificates, training provider lists, and the Colorado State Apprenticeship Directory. The cost to update these systems is estimated \$52,200 in FY 2024-25 only, including \$22,200 to update the software interface for the apprenticeship directory and \$30,000 to update the user interface for the training provider lists. Costs are based on existing vendor rates.

Department of Higher Education. The CDHE will incur staff costs to implement the bill.

- **Staffing.** The CDHE requires 2.5 FTE beginning in FY 2024-25 to manage the stakeholder process, required reporting, and ongoing assignment of ISCED equivalencies to non-degree credentials. These staff will also evaluate non-degree credentials and apply the quality standard framework across the educational and workforce development systems. Costs include standard operating and capital costs and first year costs are prorated based on a September 2024 start date.

Other state agencies. The bill also increases workload for CDE and OEDIT to collaborate with CDHE and CDLE to ensure that programs align with the quality standards and assign ISCED classifications, and to participate in the ISCED stakeholder process. This change in workload is assumed to be minimal; no change in appropriations is required.

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

State Appropriations

For FY 2024-25, the bill requires the following General Fund appropriations:

- \$188,117 to the Department of Higher Education, and 2.0 FTE; and
- \$99,214 to the Department of Labor and Employment, and 0.4 FTE.

State and Local Government Contacts

Education
Labor

Economic Development

Higher Education

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).