



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-315: POSTSECONDARY & WORKFORCE READINESS PROGRAMS

Prime Sponsors:

Sen. Bridges; Kirkmeyer
Rep. Bird; Sirota

Fiscal Analyst:

Anna Gerstle, 303-866-4375
anna.gerstle@coleg.gov

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Fiscal note status: This revised fiscal note reflects the reengrossed bill. The bill was recommended by the Joint Budget Committee.

Summary Information

Overview. The bill creates a postsecondary workforce readiness funding distribution mechanism in the Colorado Department of Education, and repeals or phases-out several related programs.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- School Districts

Appropriations. For FY 2025-26, the bill requires and includes a net reduction in appropriations of \$5.7 million in the Colorado Department of Education.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	-\$5,568,339	-\$5,534,959
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	3.9 FTE	4.4 FTE

¹ Fund sources for these impacts are shown in the tables below

Table 1A
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund ¹	\$0	\$0
Cash Funds – State Education Fund	-\$4,200,641	-\$4,200,641
Cash Funds – Marijuana Tax Cash Fund	-\$1,476,948	-\$1,476,948
Centrally Appropriated	\$109,250	\$142,630
Total Expenditures²	-\$5,568,339	-\$5,534,959
Total FTE	3.9 FTE	4.4 FTE

¹ The bill has a net zero impact on the General Fund, shifting \$4.8 million in General Fund spending in FY 2025-26 and \$9.8 million in FY 2026-27 from two repealed or phased-out grant programs to the new PWR program.

² This amount does not include \$164,083 in FY 2025-26 costs paid out of already appropriated funds for the CDIP program. These expenditures are included in the State Expenditures section below, which reflects the full administrative costs of the PWR program.

Summary of Legislation

The bill creates a new postsecondary workforce readiness (PWR) funding distribution mechanism and repeals or reduces funding for several grant programs.

Postsecondary and Workforce Readiness

The bill creates a postsecondary workforce readiness funding distribution mechanism in the Colorado Department of Education (CDE). The State Board of Education (SBE) may adopt rules implementing the mechanism, CDE may receive gifts, grants, and donations for it, and CDE must report to the General Assembly the effectiveness of the new, consolidated program. It includes three types of funding, as discussed below.

Start-Up Funding

The SBE must adopt a formula to distribute start-up funding to local education providers (LEPs) for the development and implementation of programs that improve equity of student access to postsecondary credit, industry-recognized credentials, or work-based learning. Start-up funding is distributed in FY 2025-26 through FY 2027-28.

The bill specifies factors to be considered in the formula distributing start-up funding and how the funds may be spent. CDE may use up to 5 percent in FY 2026-27 and FY 2027-28 for administrative costs.

Innovation Grant Program

Beginning in FY 2028-29, the bill creates the John W. Buckner PWR Innovation Grant Program in CDE to award grants to LEPs that are required to adopt priority improvement or turnaround plans, or that demonstrate a low level of attainment on the PWR readiness indicator for the prior school year.

Grants may be used for the development and implementation of programs that support students in completing postsecondary credit, credentials, or work-based learning. The bill specifies criteria that CDE must consider in awarding grants or prioritizing LEPs.

Grants may continue for up to three budget years, reviewed annually by CDE. CDE may use up to 5 percent of grant program funding for administrative costs, and may contract with an organization to implement a program for multiple eligible LEPs.

Sustain Funding

Beginning in FY 2026-27, CDE must determine each LEP's sustain funding, which is a reimbursement for students who obtained postsecondary credit, received a credential, or satisfied work-based learning requirements in the prior year. Reimbursement rates and other parameters are determined by the SBE.

For FY 2026-27, sustain funding is divided into the following categories of reimbursement:

- 20 percent for postsecondary credit attainment;
- 40 percent for industry-recognized credentials earned;
- 35 percent for work-based learning; and
- 5 percent for administrative costs incurred by CDE.

Beginning in FY 2027-28, the SBE shall determine the amounts for each category of reimbursement, except that 5 percent must continue to be available for administrative cost.

Sustain funding must be used to maintain or expand PWR readiness programs. Districts must distribute 100 percent of sustain funding associated with charter school students to the charter school. If the General Assembly does not appropriate sufficient funding, reimbursements are proportionately reduced.

Industry-Recognized Credentials

By January 30, 2026, and each year thereafter, the bill specifies that CDE and the Workforce Development Council in the Department of Labor and Employment, in collaboration with the Department of Higher Education (CDHE), the Community College System, and the Office of Economic Development and International Trade (OEDIT), must jointly develop a list of qualified industry credentials for the next school year.

The bill requires that LEPs regularly communicate with middle and high school students and their families about the availability of concurrent enrollment, industry credentials, and work-based learning programs.

Extended High School Programs

Under current law, districts receive a flat per pupil amount through the school finance formula for students who remain enrolled in a fifth year of high school while participating in extended high school programs, which include the Accelerating Students Through Concurrent Enrollment (ASCENT), Teacher Recruitment and Educator Preparation (TREP), and Pathways in Technology Early College High School (P-Tech) programs.

In FY 2025-26, the bill reduces the per pupil rate for the ASCENT program from \$10,480 to \$7,140. The bill repeals the ASCENT program beginning in FY 2026-27. It also requires that CDE convene a working group to make recommendations concerning the TREP and PTECH programs, to be reported to the Joint Budget Committee by December 1, 2025.

Repealed Programs and Funding Changes

The bill repeals the Concurrent Enrollment Expansion and Innovation Grant Program and the John Buckner Automatic Enrollment in Advanced Course Grant Program beginning in FY 2025-26. It also reduces funding for the Career Development Success Program (also referred to as the Career Development Incentive Program, or CDIP) from \$9.5 million to \$5.0 million in FY 2025-26, and then repeals the program beginning in FY 2026-27. A portion of the \$5.0 million may be used for PWR administrative costs.

The bill also modifies the School Counselor Corps Grant Program to allow the CDE to award grants, instead of the SBE.

Assumptions

For the purposes of estimating the decrease in the state share of school finance as a result of reducing and then eliminating the ASCENT program, the fiscal note assumes the reengrossed version of [House Bill 25-1320](#) as the current law baseline.

Additionally, the fiscal note assumes that costs associated with the transition from CDIP to the new structure will be paid from CDIP funds.

State Expenditures

On net and not including centrally appropriated costs, the bill decreases state expenditures in CDE by \$5.4 million in FY 2025-26 and \$5.5 million in FY 2026-27, from the State Education Fund and Marijuana Tax Cash Fund. The net change includes decreased spending from repealed or phased-out programs, and increased spending on the new PWR funding mechanism.

Department of Education

Net expenditure changes in CDE are shown in Table 2A and detailed below.

Table 2A
Summary of CDE Expenditures

Cost Component	FY 2025-26 Expenditures	FTE	FY 2026-27 Expenditures	FTE
Program Repeals and Phase-Outs	-\$10,696,304	-1.2 FTE	-\$28,412,839	-2.2 FTE
Postsecondary Workforce Readiness Program ¹	\$5,292,048	5.1 FTE	\$22,877,880	6.6 FTE
Total	-\$5,404,256	3.9 FTE	-\$5,534,959	4.4 FTE

¹ This amount includes \$164,083 in FY 2025-26 in costs paid out of already appropriated funds for the CDIP program. These costs are outlined in Table 2B.

Program Repeals and Phase-Outs

The bill reduces state expenditures by \$10.7 million and 1.2 FTE in FY 2025-26, and by \$28.4 million and 1.7 FTE beginning in FY 2026-27, as a result of repealing or phasing-out multiple programs. Specifically, expenditures are decreased by the following amounts:

- \$1.5 million and 0.3 FTE from the repeal of the Concurrent Enrollment Expansion and Innovation Grant Program beginning in FY 2025-26;
- \$251,913 and 0.3 FTE from the repeal of the John Buckner Automatic Enrollment in Advanced Course Grant Program beginning in FY 2025-26; and
- \$4.5 million and 0.6 FTE by reducing funding for CDIP in FY 2025-26, and \$9.5 million and 1.1 FTE from eliminating the program beginning in FY 2026-27; and
- \$4.4 million by lowering the ASCENT per pupil rate to \$7,104 in FY 2025-26, and \$17.2 million and 0.5 FTE by eliminating the program beginning in FY 2026-27. This reduction is to the state share of school finance.

Postsecondary Workforce Readiness Program

The bill increases expenditures in CDE by \$5.3 million in FY 2025-26 and \$22.8 million beginning in FY 2026-27 for the new PWR program. Costs are shown in Table 2B and discussed below. A portion of these expenses, about \$164,000, is expected to be paid from CDIP funds and thus, is not appropriated through this bill.

Table 2B
State Expenditures
Department of Education

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$493,472	\$652,020
Operating Expenses	\$6,528	\$8,448
Capital Outlay Costs	\$33,350	\$13,340
Data Collection Costs	\$52,950	\$0
Trainings	\$60,000	\$60,000
Distributions to LEPs	\$4,536,498	\$22,001,442
Centrally Appropriated Costs	\$109,250	\$142,630
Total Costs	\$5,292,048	\$22,877,880
Total FTE	5.1 FTE	6.6 FTE

Staff

CDE requires 5.1 FTE in FY 2025-26, and 6.6 FTE beginning in FY 2026-27. Staff costs are prorated for an August start date in FY 2025-26, and include the following:

- 1.0 FTE to manage data collection and verification;
- 3.0 FTE in the Division of Postsecondary Workforce Readiness to manage the new program and transition from CDIP to the new program;
- 1.1 FTE to process payment amounts and distributions;
- 1.0 FTE for program evaluation, reporting, and gathering stakeholder input, beginning in FY 2026-27; and
- 0.5 FTE to process for grant awards in FY 2026-27, decreasing to 0.3 FTE beginning in FY2027-28.

Data Collection

In FY 2025-26 only, CDE requires \$52,950 to make changes to the data collection system to collect the data required for determining LEP funding distributions.

Trainings

Beginning in FY 2025-26, CDE requires \$60,000 per year to conduct trainings statewide on PWR programs, options, and the new funding mechanism.

Distributions to LEPs

After administrative costs, about \$4.5 million is available to be distributed to LEPs in FY 2025-26. In FY 2026-27, \$22.0 million will be distributed; of which, \$9.7 million is expected to be through the start-up formula and \$12.3 million through sustain funding. The sustain funding in FY 2026-27 will be allocated for reimbursements as follows:

- \$2.5 million for postsecondary credit attainment;
- \$5.1 million for industry-recognized credentials earned; and
- \$4.4 million work-based learning.

Beginning in FY 2027-28, about \$9.7 million is expected to be available for start-up funding distributions to LEP, and \$14.2 million is expected to be available for sustain funding distributions, after administrative costs. The sustain funding amount accounts for a total estimated savings of \$21.3 million from repealing ASCENT, with no school finance hold harmless funding offsetting that amount and an assumed savings of \$6.7 million.

Other State Agencies

The bill increases workload for other state agencies to coordinate with CDE on the identification of industry-recognized credentials, including the CDLE, OEDIT, CDHE, and the community college system. This work is consistent with work already completed by these agencies; therefore, the fiscal note assumes that no appropriations are 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 the expenditure table above.

School District

The bill changes funding amounts for school districts. Districts will receive funding distributions through the PWR programs, depending on the start-up funding formula adopted by the SBE, innovation grants awarded by CDE, reimbursement amounts through sustain funding, and the number of students who pursue postsecondary options in each district. For some districts, new funding distributions will be offset by decreases from the repeal and/or reduction in several existing programs, including a reduction in total program funding as a result of the phase out of the ASCENT program. Exact funding impacts will vary by district and cannot be estimated.

Additionally, reducing the ASCENT per pupil rate in FY 2025-26 and eliminating it beginning in FY 2026-27 reduces the property tax revenue collected by some school districts as part of the local share of school finance. The reduction totals \$18,885 in FY 2025-26 and \$39,856 in FY 2026-27, and occurs in three fully locally funded school districts in FY 2025-26, and two locally funded districts in FY 2026-27.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that sections repealing the ASCENT program take effect July 1, 2026.

State Appropriations

For FY 2025-26, the bill requires and includes the following appropriation changes for the Colorado Department of Education the result in a net reduction of \$5,677,589:

- a reduction of \$4,773,583 from the General Fund, and 0.9 FTE;
- an increase of \$4,773,583 from the General Fund and 5.1 FTE;
- a reduction of \$1,476,948 from the Marijuana Tax Cash Fund, and 0.3 FTE;
- a reduction of \$6,703,048 from the State Education Fund; and
- an increase of \$2,502,407 from the State Education Fund.

State and Local Government Contacts

Education

Joint Budget Committee Staff