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Fiscal Note**Drafting Number:** LLS 24-0672
Prime Sponsors: Sen. Exum**Date:** January 30, 2024
Bill Status: Senate Business, Labor & Tech.
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colin.gaiser@coleg.gov**Bill Topic:** **COLORADO WORKFORCE DEMONSTRATION GRANTS PILOT PROGRAM****Summary of Fiscal Impact:** State Revenue State Transfer Local Government
 State Expenditure TABOR Refund Statutory Public Entity

The bill creates the Colorado Workforce Demonstration Grants pilot program in the Office of Economic Development to provide grants to eligible providers for workforce training programs. It increases state workload and expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$500,000 to the Office of Economic Development.**Fiscal Note Status:** The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 24-050

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	Cash Funds	\$500,000	\$500,000
	Centrally Appropriated	\$8,871	\$11,088
	Total Expenditures	\$508,871	\$511,088
	Total FTE	0.4 FTE	0.5 FTE
Transfers	General Fund	(\$500,000)	(\$500,000)
	Cash Funds	\$500,000	\$500,000
	Net Transfer	\$0	\$0
Other Budget Impacts	General Fund Reserve	\$75,000	\$75,000

¹ This transfer is made through an appropriation of funds.

Summary of Legislation

The bill creates the Colorado Workforce Demonstration Grants pilot program in the Office of Economic Development and International Trade (OEDIT) to provide grants to eligible providers for workforce training programs. To pay for the grants and program administration, the bill creates the Workforce Demonstration Grants Pilot Program Cash Fund, which will consist of money appropriated by the General Assembly. A portion of the funding may be used by OEDIT to administer the program.

The bill establishes requirements and application procedures for workforce training providers, and provides guidelines for how to prioritize applicants, including allocating one-third of money appropriated to the program to eligible workforce training providers that are qualified intermediaries. Grant recipients may only use grant money to pay for operating costs associated with training eligible participants, collecting data, and preparing outcome evaluations.

The bill requires grant recipients to report to the OEDIT certain information about the recipient's program and program participants. The OEDIT will conduct an evaluation of long-term wage outcomes for eligible participants, which will be consolidated into a single annual report to be submitted to relevant legislative committees.

The pilot program is repealed effective July 1, 2029, and any money remaining in the fund is transferred to the General Fund.

Assumptions

The bill does not specify funding for the pilot program, which is at the discretion of the General Assembly. The fiscal note assumes \$500,000 will be made available annually for the program.

State Transfers

Beginning in FY 2024-25, the bill is assumed to transfer \$500,000 annually from the General Fund to the Workforce Demonstration Grants Pilot Program Cash Fund. This transfer will occur via an appropriation to the fund from the General Fund.

State Expenditures

Beginning in FY 2024-25, the bill is assumed to increase state expenditures from the Workforce Demonstration Grants Pilot Program Cash Fund by an estimated \$500,000 per year. Costs are shown in Table 2 and discussed below.

Table 2
Expenditures Under SB 24-050

	FY 2024-25	FY 2025-26
Office of Economic Development		
Personal Services	\$41,227	\$51,596
Operating Expenses	\$512	\$640
Capital Outlay Costs	\$6,670	-
Workforce Demonstration Grants	\$451,541	\$447,764
Centrally Appropriated Costs ¹	\$8,871	\$11,088
Total	\$508,871	\$511,088
Total FTE	0.4 FTE	0.5 FTE

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

Office of Economic Development. Costs will increase in OEDIT to manage and fund the pilot program through FY 2028-29, as outlined below.

- **Staffing.** OEDIT requires 0.5 FTE of program management staff in FY 2024-25 and ongoing years to develop the application for eligible workforce providers; administer the grant program and develop policies, procedures, and guidelines; and collect data for the evaluation and report required by the bill. The fiscal note assumes a September 2024 start date and includes standard operating and capital costs.
- **Workforce demonstration grants.** After staffing costs, the bill will award at least \$451,541 in FY 2024-25 and \$447,764 in FY 2025-26 and ongoing years. The number and amount of grants are at the discretion of the OEDIT.
- **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.

Department of Higher Education. Workload will minimally increase in the Department of Higher Education to provide data to OEDIT. No change in appropriations is required.

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 an appropriation of \$500,000 from the General Fund to the Workforce Demonstration Grants Pilot Program Cash Fund, which is further appropriated to OEDIT, with 0.4 FTE.

State and Local Government Contacts

Higher Education
Treasury

Labor

Office of Economic Development

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](#).