

**Drafting Number:** LLS 13-0162 **Date:** January 28, 2013

Prime Sponsor(s): Rep. Duran; Melton Bill Status: House Business, Labor Economic and

Sen. Kerr Workforce Development

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**TITLE:** CONCERNING THE COLORADO CAREERS ACT OF 2013.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015		
State Revenue				
State Expenditures General Fund	\$2.3 million	\$2.3 million		
FTE Position Change	1.9 FTE	2.0 FTE		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.				
Appropriation Summary for FY 2013-2014: See State Appropriations section.				

### **Summary of Legislation**

Grant program. This bill creates the Career Pathways Program in the Division of Employment and Training in the Colorado Department of Labor and Employment (CDLE). The program will provide grants to eligible entities creating career pathways programs. A career pathways program is intended to enable individuals to acquire effective academic and employment training, professional certifications, and job placement. Eligible grant recipients include public institutions of higher education, local workforce investment boards, and employers or community-based organizations. The CDLE is required to adopt rules for the program, make grants to eligible entities consistent with criteria outlined in the bill, and evaluate the performance of grantees.

The bill creates the Career Pathways Cash Fund, to consist of money appropriated to it by the General Assembly, and subject to annual appropriations. Prior to September 2015, if the director of the division determines the program has been successful placing participants in jobs, the grant program may be extended. Otherwise, the program is repealed on January 31, 2016.

#### **Reporting Requirements.** House Bill 13-1004 has the following reporting requirements:

• No later than June 30, 2014, and annually thereafter, the CDLE must report the outcomes of the Career Pathways Grant Program, and goals for the upcoming reporting year. The report must be made to the business committees of the General Assembly.

- No later than November 1, 2013, and annually thereafter, the Colorado Office of Economic Development and International Trade (OEDIT) must prepare a report on workforce needs necessary to attract, develop, and retain business in the state. Copies of the OEDIT report must be sent to CDLE, the Department of Higher Education (DHE), and the business committees of the General Assembly.
- The DHE, and institutions of higher education, are requested to produce an annual report on the job status of former students of state institutions for the previous five years. This report is prepared subject to available appropriations, and using data that is currently collected. Local workforce investment boards, the CDLE, and the Department of Regulatory Agencies (DORA), may also share available data with DHE in the preparation of this report.

**Enhanced unemployment benefits.** Under current law, enhanced unemployment insurance benefits are authorized for a claimant engaged in an approved training program. This bill expands the definition of an approved training program to include workforce training programs provided by a non-profit agency. The bill also expands the definition of an eligible unemployment insurance claimant to include individuals who have exhausted all extended unemployment benefits, but are still unemployed.

# **State Expenditures**

A grant program meeting the requirements of the bill is expected to increase General Fund expenditures by \$2.3 million and 2.0 FTE in both FY 2013-14 and FY 2014-15. Estimated costs include program administration and career pathways training grants. These costs are described below and displayed in Table 1.

Table 1. Estimated Expenditures Under HB 13-1004			
<b>Cost Components</b>	FY 2013-14*	FY 2014-15	
Personal Services	\$102,038	\$113,377	
Standard Operating	11,306	1,900	
Travel	2,168	2,780	
Legal Services	1,931	-	
FTE	1.9	2.0	
Career Pathways Training Grants (250 participants * \$8,625 each			
across multiple grantees)	2,156,250	2,156,250	
TOTAL	\$2,273,693	\$2,274,307	

<sup>\*</sup> Personal services in FY 2013-14 are pro-rated to account for one month payday shift.

**Program Administration**. The bill creates a new grant program at the CDLE. The CDLE will establish program rules, create application procedures, develop criteria for evaluating applications, provide technical assistance, monitor grantees, assure accountability, and prepare program reports. The program can be administered with the addition of 1.0 FTE General Professional V and 1.0 FTE Program Assistant I. Additional costs include standard operating expenses for new FTE, travel, and 25 hours of legal services provided by the Department of Law.

*Career Pathways Training Grants.* Grant award moneys will comprise the largest cost component of the bill. Training grants will be awarded to eligible entities with the capacity to develop curriculum, offer training, recruit participants, provide job placement and support services, manage caseload, and provide reporting to CDLE.

Based on similar grants managed by the CDLE, a viable grant award is estimated to allow individual participants in grantee programs to receive training and job-placement services. For example, tuition and fees, support services, job placement and coaching, case management and other administrative expenses are estimated to require \$8,625 per participant annually. If the new grant program provides funds to support 250 participants across multiple programs, total grant awards are \$2,156,250.

**Reporting.** The reporting requirements for the DHE, the OEDIT, and the CDLE can be met within existing appropriations. DHE is requested to prepare a report on the employment status of graduates; however, only to the extent practicable, and within existing resources, using available data. Requiring the OEDIT to prepare a report on workforce needs necessary to attract and retain businesses in Colorado is not anticipated to increase expenses. The office is already engaged in analyzing workforce trends and business development.

*Enhanced unemployment benefits.* HB 13-1004 expands the definition of approved training and the definition of individuals who may become eligible for enhanced unemployment benefits. These changes potentially increase the number of eligible recipients; however, enhanced benefits are capped at \$8.0 million over a two year period. Once this funding is exhausted, no further enhanced benefits can be paid, and this bill does not alter the appropriation under current law.

### **Expenditures Not Included**

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. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB 13-1004*					
Cost Components	FY 2013-14	FY 2014-15			
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$13,411	\$13,411			
Supplemental Employee Retirement Payments	6,959	7,873			
TOTAL	\$20,400	\$21,314			

<sup>\*</sup>More information is available at: http://colorado.gov/fiscalnotes

## **State Appropriations**

For FY 2013-14, this bill requires an appropriation of \$2,273,693 General Fund and 2.0 FTE to the Colorado Department of Labor and Employment. Of this amount, the Department of Law requires \$1,931 in reappropriated funds.

## **Departments Contacted**

Counties	Municipalities	Higher Education	<b>Human Services</b>
Labor	Governor	Regulatory Agencies	