

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 15-0493 **Date:** July 9, 2015
Prime Sponsor(s): Rep. Lee; Foote **Bill Status:** Signed into Law
 Sen. Heath; Cooke **Fiscal Analyst:** Alex Schatz (303-866-4375)

BILL TOPIC: INNOVATIVE INDUSTRY WORKFORCE DEVELOPMENT PROGRAM

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	\$606,406	\$629,479
General Fund	582,698	597,525
Centrally Appropriated Costs**	23,708	31,954
FTE Position Change	1.0 FTE	1.3 FTE
Appropriation Required: \$582,698 - Department of Labor and Employment (FY 2015-16).		

* This summary shows changes from current law under the bill for each fiscal year.
 ** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill creates the Innovative Industries Workforce Development Program (program) in the Colorado Department of Labor and Employment (CDLE), cooperatively administered by the Colorado Workforce Development Council (CWDC) and the Division of Employment and Training (division). The program reimburses employers with high-level internships and apprenticeships in an innovative industry for up to \$5,000 in expenses per intern. An employer may be reimbursed for no more than 10 interns, and at least half of the reimbursement must be used to pay interns.

Qualified employers and positions are reviewed and approved by the division, with reimbursements available as of October 1, 2015. At least 80 percent of the participating employers must have fewer than 100 employees. The CWDC provides technical assistance, promotes the program, and prioritizes applications if there are more internships than available funding. The CWDC also submits an annual report on November 1 of each year from 2016 through 2018 to the finance and business committees of the General Assembly. The CWDC may contract with one or more intermediaries, up to \$10,000 per intermediary, to assist with certain aspects of the program.

In FY 2015-16, the bill requires the General Assembly to appropriate \$450,000 from the General Fund for reimbursements, plus additional appropriations for CDLE administration. This funding may be renewed by the General Assembly in FY 2016-17 and FY 2017-18. Any appropriation is available for use in the fiscal year following the appropriation.

The program is repealed on July 1, 2020.

State Expenditures

The bill results in increased expenditures by CDLE in FY 2015-16 through FY2017-18. Total costs for FY 2015-16 will be \$606,406 and 1.0 FTE, and costs in FY 2016-17 will be \$628,244 and 1.3 FTE. Table 1 summarizes new costs for CDLE administration and employer reimbursements. Personal services and operating costs in the first year are prorated to reflect the General Fund pay date shift and the effective date of the bill.

Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$56,466	\$75,290
FTE	1.0	1.3
Standard Operating Costs	1,029	1,235
Capital Outlay	4,703	0
Intermediaries	70,000	70,000
Travel	500	1,000
Employer Reimbursements	450,000	450,000
Centrally Appropriated Costs*	23,708	31,954
TOTAL	\$606,406	\$628,244

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

Assumptions. The fiscal note assumes the General Assembly will provide appropriations to support a consistent number of internships for the duration of the program. Personal services and operating costs are based on the assumption that, in each fiscal year of the program, \$450,000 is expended on at least 90 internship opportunities.

CDLE — Administration. To perform day-to-day program management, compile reports, survey participants, and other administration, the division will hire a full-time staff person in FY 2015-16, adjusted for the pay date shift. The CWDC will require part-time (0.3 FTE) assistance to provide technical support and guidance to the division and to integrate the bill with other workforce development programs. To provide expertise and contacts, the CWDC will expend \$70,000 for intermediaries in each fiscal year, sufficient to obtain assistance in seven innovative industry sectors.

CDLE — Employer reimbursements. At a \$450,000 funding level, the program supports 90 internships earning the maximum reimbursement of \$5,000. The program will support at least this number of internships and is expected to add internships until funding is exhausted each fiscal year.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 15-1230*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (HLD and STD)	\$8,038	\$10,453
Supplemental Employee Retirement Payments	4,377	6,443
Indirect Costs	11,293	15,058
TOTAL	\$23,708	\$31,954

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

Effective Date

The bill was signed into law by the Governor on May 26, 2015, and takes effect August 5, 2015, assuming no referendum petition is filed.

State Appropriations

For FY 2015-16, the bill requires, and includes, an appropriation of \$582,698 General Fund to the Department of Labor and Employment, and an allocation of 1.0 FTE.

State and Local Government Contacts

Office of Economic Development and International Trade
Office of State Planning and Budgeting
Labor and Employment

Higher Education
Education
Personnel