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Revised Fiscal Note

(replaces fiscal note dated April 19, 2022)

Drafting Number: LLS 22-0979
Prime Sponsors: Rep. Kipp
Sen. Bridges

Date: April 22, 2022
Bill Status: House Appropriations
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Bill Topic: **IMPROVING STUDENTS' POSTSECONDARY OPTIONS**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- School Districts

The bill creates grant and stipend programs, requires creation of an online tool kit and training, and makes other changes to improve postsecondary options for students and to increase the number of students completing federal and state financial aid applications. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$6,750,000 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Education Committee. It has been updated to reflect new information.

Table 1
State Fiscal Impacts Under HB 22-1366

		Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-	-
Expenditures	General Fund ¹	\$6,750,000	\$250,000	\$250,000
	Centrally Appropriated	\$124,769	\$122,513	\$69,484
	Total Expenditures	\$6,874,769	\$372,513	\$319,484
	Total FTE	7.1 FTE	7.0 FTE	4.0 FTE
Transfers		-	-	-
Other Budget Impacts	General Fund Reserve	\$1,012,500	\$37,500	\$37,500

¹ \$6.5 million of the General Fund funding shown in FY 2022-23 may be spent through FY 2024-25; the remainder is subject to annual appropriation.

Summary of Legislation

Postsecondary, Workforce, Career, and Education Grant Program. The bill creates a grant program in the Colorado Department of Education (CDE) to provide grants to local education providers (LEPs) to distribute information on federal and state financial aid applications, train counselors and other educators on best practices to support filling out the applications, assist students and families in completing the forms, and incorporate completion of student aid applications into individual career and academic plans (ICAPs).

Grants begin in FY 2022-23 and have a term of three years. The bill requires that the General Assembly appropriate \$5.0 million from the General Fund, which may be spent over three years. No more than three percent of the money appropriated for the program may be used for administrative expenses.

Financial literacy resource bank. The bill requires that CDE, in collaboration with Department of Higher Education (DHE), update information in the financial literacy resource back to include detailed resources about financial aid tools beginning in middle school or earlier, develop financial literacy training options aligned with financial aid information, and that include in-demand, high-wage jobs and the necessary training leading to those jobs. The bill requires that the General Assembly appropriate \$275,000 from the General Fund for the program, which may be spent over three years.

Stipends for financial aid training. The bill requires that CDE award a \$500 stipend to educators who successfully complete a training conducted by DHE to improve financial aid application completion rates. The General Assembly must appropriation \$200,000 from the General Fund for this purpose, which may be spent over three years.

Postsecondary and workforce readiness program. Under current law, DHE, CDE, and institutions of higher education must provide technical assistance to LEPs to implement postsecondary and workforce readiness, which may include the following:

- establishing regional coordinators to provide training that aligns with financial aid, financial literacy, and supports for financial aid application completion; and
- requiring regional coordinators to provide training and outreach to schools and coordinate with the outreach team in DHE.

The bill requires that the General Assembly appropriate \$25,000 to CDE from the General Fund for the program, which may be spent over three years.

State financial aid application. The bill requires that DHE make certain improvements to the Colorado application for state financial aid by July 1, 2024, including:

- improving the accessibility and ease of use;
- conducting focus groups and consulting organizations that support eligible students to streamline the application to mirror the federal form;
- assessing existing website functionality and identifying improvements; and
- providing support to CDE to assist students and families.

The General Assembly must appropriate \$320,000 from the General Fund for this purpose, which may be spent over three years.

Outreach team. The DHE must establish an outreach team to provide training to public schools to assist them in preparing students to transition from the K-12 system. The team must also provide outreach to individuals in workforce centers, correctional facilities, and foster youth. The training must be available to educators, along with training offered by CDE through the stipend program.

Online tool kit. The bill requires that DHE develop a tool kit providing free online resources for use by higher education administrators, middle and high schools, and non-profit organizations that support completion of state and federal financial aid forms. DHE must update the tool and display information on state and federal financial aid application completion rates on a local level, for use by school administrators. DHE must report to the relevant legislative committees on the tool kit and data on financial aid application completion rates. The General Assembly must appropriate \$680,000 from the General Fund for this purpose, which may be spent over three years.

ICAPs. The bill requires that each public school ensure that counselors or teachers, as part of maintaining a student’s ICAP, explain to a student’s legal guardian the availability and importance of completing the federal and state financial aid applications, and the availability of assistance to complete the forms if needed.

State Expenditures

The bill increases state expenditures in CDE and DHE by \$6.2 million in FY 2022-23, \$803,961 in FY 2023-24, and \$481,149 in FY 2024-24, paid from the General Fund. Expenditures are shown in Table 2 and detailed below. The fiscal note assumes that the amounts identified in the bill will be appropriated in FY 2022-23 and spent over three years in CDE, and two years in DHE.

**Table 2
 Expenditures Under HB22-1366²**

Cost Components	FY 2022-23	FY 2023-24	FY 2024-25
Department of Education			
Personal Services	\$217,228	\$168,677	\$159,100
Operating Expenses	\$3,780	\$2,700	\$2,565
Capital Outlay Costs	\$18,600	-	-
Grants	\$4,699,145	-	-
Resource Bank & Training Materials	\$28,205	-	-
Teacher Training Stipends	\$200,000	-	-
Centrally Appropriated Costs ¹	\$45,540	\$35,173	\$35,173
FTE – Personal Services	2.6 FTE	2.0 FTE	2.0 FTE
CDE Subtotal	\$5,212,498	\$206,550	\$196,838

Table 2
Expenditures Under HB22-1366² (Cont.)

Department of Higher Education			
Personal Services	\$380,525	\$335,569	-
Operating Expenses	\$6,750	\$5,400	-
Capital Outlay Costs	\$31,000	-	-
Online Toolkit for Financial Aid Apps	\$362,903	-	-
State Financial Aid App Improvements	\$119,690	-	-
Outreach Team Costs	\$89,061	\$88,203	\$88,203
Centrally Appropriated Costs ¹	\$79,229	\$87,340	\$34,311
FTE – Personal Services	4.5 FTE	4.0 FTE	2.0 FTE
DHE Subtotal	\$1,069,158	\$597,411	\$284,311
Total	\$6,281,656	\$803,961	\$481,149
Total FTE	7.1 FTE	7.0 FTE	4.0 FTE

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

² Non-personal services costs are shown in FY 2022-23 for informational purposes, but may be spent in subsequent years, depending on the bill specifications.

Colorado Department of Education. The CDE will require staff to oversee the new programs under the bill, and will have costs to issue grants and stipends, and to provide training materials, as described below.

- **Staffing.** CDE requires 2.6 FTE in FY 2022-23 and 2.0 FTE in FY 2023-24 and FY 2024-25 to implement the bill. Of this amount, 1.7 FTE are required to implement the grant program, including assistance to potential grantees, reviewing applications, awarding grants, and contracting, and 1.0 FTE is required to update and maintain the financial literacy bank, administer teacher training stipends, and conduct training for the new programs. An additional 0.1 FTE will oversee regional coordinators. Standard operating and capital outlay costs are included.
- **Grants.** After three years of administrative costs, there will be \$4.7 million available in grants to LEPs to improve training, materials, and resources to improve completion of financial aid applications.
- **Training materials and resource bank.** After administrative expenses, \$28,205 will be available for training materials, such as purchasing materials for the resource bank, training modules, or in-person training costs.
- **Teacher training stipends.** The bill provides \$500 stipends for teachers who complete training on improving financial aid information for students and families. The \$200,000 dedicated to this purpose will cover stipends for 400 teachers.

Department of Higher Education. The DHE will have costs for staff, developing the online tool kit, and other tasks, as described below.

- **Staffing.** DHE requires new staff for two years only to implement the bill, including 2.0 FTE that are required to develop and implement the online tool kit, 1.0 FTE to make improvements to the Colorado student financial aid application, and 2.0 FTE to establish the outreach team and conduct outreach to school districts, workforce centers, and correctional facilities. The FTE for the outreach team are assumed to be ongoing, and may be covered by the institution indirect cost recoveries in future years. FTE are prorated in the first year for the General Fund paydate shift, and standard operating and capital outlay costs are included.
- **Online toolkit.** After administrative expenses, \$363,443 will be available to make upgrades to the financial aid portal, create the tool kit, and compile reporting requirements.
- **Colorado student financial aid application improvements.** After administrative expenses, \$119,860 will be used for software and portal improvements.
- **Outreach team.** The fiscal note assumes that \$250,000 per year will be available for the outreach team, to be spent over two years. After administrative expenses, about \$88,000 per year will be available for travel costs, training, and materials associated with the outreach team.

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 in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts specified in Table 1, which will decrease the amount of General Fund available for other purposes.

School District

The bill will increase revenue for any school district that receives a grant. Workload for school districts will increase to participate in the programs created by the bill and to adjust ICAP procedures to include financial aid application specified in the bill.

Technical Note

For the Postsecondary, Workforce, Career, and Education Grant Program, the bill specifies that CDE may not use more than 3 percent of the annual appropriation for administrative expenses. Administrative costs in each of the three years are below this threshold, but total administrative costs over three years will exceed 3 percent of the required \$5.0 million appropriation for FY 2022-23 in the bill.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

In FY 2022-23, the bill requires the following General Fund appropriations:

- \$5,500,000 to the Colorado Department of Education, and 2.6 FTE; and
- \$1,250,000 to the Department of Higher Education, and 4.5 FTE.

State and Local Government Contacts

Education

Higher Education