



Legislative Council Staff

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Revised Fiscal Note

(replaces fiscal note dated April 8, 2024)

Drafting Number:	LLS 24-0963	Date:	April 26, 2024
Prime Sponsors:	Rep. McCluskie; Bacon Sen. Bridges; Lundeen	Bill Status:	Senate Education
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Bill Topic: **EDUCATION-BASED WORKFORCE READINESS**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input checked="" type="checkbox"/> School District

The bill requires the Colorado Department of Education to complete a financial study on postsecondary and workforce readiness programs, and creates the Colorado Statewide Longitudinal Data System in the Office of Informational Technology. The bill increases state expenditures, includes a state transfer, minimally increases school district workload, and may increase state revenue on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires and includes an appropriation of \$5.4 million to multiple state agencies. See State Appropriations section.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 24-1364

		Budget Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
Revenue		-	-	-
Expenditures	General Fund	\$800,005	\$1,414,552	\$1,426,501
	Cash Fund	\$4,635,416	\$364,584	-
	Centrally Appropriated	\$191,944	\$117,970	\$102,344
	Total Expenditures	\$5,627,365	\$1,897,106	\$1,528,845
	Total FTE	8.1 FTE	4.9 FTE	4.3 FTE
Transfers	General Fund	(\$5,000,000)	-	-
	Cash Fund	\$5,000,000	-	-
	Total Transfers	\$0	-	-
Other Budget Impacts	General Fund Reserve	\$120,000	\$212,183	\$213,975

Summary of Legislation

The bill requires the Colorado Department of Education (CDE) to complete a financial study and creates the Colorado Statewide Longitudinal Data System in the Office of Information Technology (OIT).

Financial study. The bill requires that CDE contract for a financial study to review of a variety of existing postsecondary and workforce readiness programs and to analyze potential costs and cost savings related to the programs. Specifically, the study must:

- analyze state and local education provider costs to offer such opportunities;
- examine cost variation by region, types of credentials offered, quality of non-degree credentials, and types of work-based learning opportunities;
- streamline financial administration and reporting into one comprehensive program;
- analyze different funding mechanisms and identify and model costs, benefits, and potential savings of funding mechanisms;
- project costs to expand opportunities for students and education providers;
- analyze state-level incentives and barriers for adoption of programs;
- review statutory purposes and outcomes of programs; and
- develop and implement recommendations for the FY 2025-26 budget.

In FY 2024-25, the General Assembly must appropriate \$800,000 from the General Fund for the study. State agencies with programs related to education and workforce must provide guidance as necessary. Legislative Council Staff and Joint Budget Committee Staff must provide input on the financial modeling on the costs and savings of these programs. The CDE must provide the financial study and final report to the General Assembly by December 1, 2024.

Statewide Longitudinal Data System. The bill creates the Colorado Statewide Longitudinal Data System (SLDS) in OIT to establish a means to share education and workforce data and outcomes that support decision making by students, families, educators, and policy makers. The bill creates the SLDS Cash Fund and requires that the State Treasurer transfers \$5.0 million into the fund in FY 2024-25, to be spent by OIT and CDE through FY 2026-27. OIT may seek, accept, and expend gifts, grants, and donations for the system.

OIT must adopt a timeline to phase-in the system, initiate work on the system, ensure data privacy and security, provide technical support to contributing agencies, and align existing data systems. State agencies are required to contribute data to the system beginning in FY 2025-26.

The bill creates the following boards to support the system:

- The **SLDS Governing Board**, which oversees creation of the system, establishes processes and procedures for aligning data systems, defining metrics, and determining system requirements, data sharing agreements and protocols. It includes leadership from contributing agencies, which include OIT, CDE, the Department of Early Childhood (CDEC), CDHE, CDLE, the Governor's Office, Office of State Planning and Budgeting (OSPB), the Department of Law (DOL). Nonvoting members also include the Colorado Community College System (CCCS) and the public.

- The **Systems Build and Implementation Interagency Advisory Group**, which advises the governing board on the technical development and implementation of the system. It includes staff with technical and systems expertise from contributing agencies.
- The **Sustainability Interagency Advisory Group**, which advises the governing board on the use and function of the system. It includes staff from contributing agencies who have an understanding of the data in the system and how agencies use it for decision making.

OIT must submit an interim report on the system to the General Assembly by January 15, 2025, and an annual report by April 15, 2026, and each year thereafter, that includes education and workforce outcomes.

State Revenue

The bill potentially increases state revenue from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

State Transfers

In FY 2024-25, the bill transfers \$5.0 million from the General Fund to the newly created SLDS Cash Fund.

State Expenditures

The bill increases state expenditures by \$5.6 million in FY 2024-25, \$1.9 million in FY 2025-26, and \$1.5 million in subsequent years, paid from the General Fund and SLDS Cash Fund. Expenditures are shown in Table 2.

The bill includes a requirement for General Fund appropriations of \$800,000 for the financial study and a \$5.0 million transfer for the SLDS. In the first year, costs are covered by the amounts provided, with about \$365,000 in the SLDS Cash Fund remaining to cover a portion of the SLDS costs in FY 2025-26. The remaining \$1.4 million in FY 2025-26 and all costs in subsequent years require General Fund in addition to the amounts provided in the bill.

**Table 2
 Expenditures Under HB 24-1364**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Education			
Personal Services	\$169,846	\$72,521	\$72,521
Operating Expenses	\$1,536	\$640	\$640
Capital Outlay Costs	\$6,670	-	-
Financial Study Contract	\$753,250	-	-
RFP	\$21,700	-	-
Technical Support	\$50,000	\$150,000	\$150,000
Centrally Appropriated Costs ¹	\$29,023	\$12,257	\$12,257
FTE – Personal Services	1.2 FTE	0.5 FTE	0.5 FTE
CDE Subtotal	\$1,032,025	\$235,418	\$235,418
Office of Information Technology			
Personal Services	\$817,630	\$514,292	\$401,101
Operating Expenses	\$8,832	\$5,120	\$3,840
Capital Outlay Costs	\$46,690	-	-
Data System Contract	\$3,000,000	-	-
Data Software License	\$500,000	\$500,000	\$500,000
Applications	\$59,267	\$5,400	\$4,050
Centrally Appropriated Costs ¹	\$162,921	\$98,226	\$75,111
FTE – Personal Services	6.9 FTE	4.0 FTE	3.0 FTE
OIT Subtotal	\$4,595,340	\$1,123,038	\$984,102
Department of Labor and Employment			
Vendor Costs – Employment & Training Systems – OIT	-	\$150,000	-
Vendor Costs – Unemployment Insurance – OIT	-	\$100,000	-
CDLE Subtotal	-	\$250,000	-
Department of Higher Education			
Contract Costs	-	\$196,000	\$186,000
CDHE Subtotal	-	\$196,000	\$186,000

Table 2
Expenditures Under HB 24-1364 (Cont.)

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Early Childhood			
Personal Services	-	\$30,798	\$61,595
Operating Expenses	-	\$512	\$1,024
Capital Outlay Costs	-	\$6,670	-
Vendor Costs	-	\$29,900	\$5,980
Integration – OIT	-	\$17,283	\$39,750
Centrally Appropriated Costs ¹	-	\$7,487	\$14,975
FTE – Personal Services	-	0.4 FTE	0.8 FTE
CDEC Subtotal	-	\$92,650	\$123,324
Total Cost	\$5,627,365	\$1,897,106	\$1,528,845
Total FTE	8.1 FTE	4.9 FTE	3.8 FTE

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

Department of Education. CDE will have staff and contractor costs to conduct the financial study and participate in the SLDS system.

- **Staff.** In FY 2024-25 only, CDE requires 0.2 FTE to manage the financial study contract. In FY 2024-25, CDE requires 1.0 FTE to participate in the development of the SLDS and manage the integration of CDE data collections into the new SLDS; this role reduces to 0.5 FTE in FY 2025-26 and ongoing to manage CDE system interactions with the SDLS.
- **Contract costs.** The bill provides \$800,000 for the financial study in FY 2024-25 only. After administrative costs and \$21,700 for procurement, about \$753,245 is available for the financial study contract. Actual costs will be determined through the procurement process.
- **Technical assistance.** In FY 2024-25 only, CDE requires \$50,000 in FY 2024-25 and \$150,000 in subsequent years for contract technical assistance to align CDE data systems with the SLDS. Work will include modifying current systems and building and maintaining integration between systems.

Office of Information Technology. OIT will incur staff, data system, and software licensing costs.

- **Staff.** OIT requires 6.9 FTE in FY 2024-25, 4.0 FTE in FY 2025-26, and 3.0 FTE in subsequent years to manage the implementation and ongoing function of the SLDS, including the following positions:
 - a project manager to manage the development and implementation of the SLDS;
 - data engineers to develop the processes for the other agencies to align with the new system and submit data;
 - a data architect to design the system and data flows;
 - a platform manager to implement the set-up of the new data platforms and connects to other platforms;
 - a data governance manager to ensure data collection and sharing meetings all policies, privacy, and other data regulations; and
 - a data analyst and visualization developer to produce reports and develop interactive dashboards.
- **Data system and software costs.** In FY 2024-25 only, OIT requires \$3.0 million to contract for the data system. Beginning in FY 2024-25, OIT requires \$500,000 per year for the software licenses associated with the SLDS. Application costs are estimated at \$59,267 in FY 2024-25, \$5,400 in FY 2025-26, and \$4,050 in subsequent years.

Department of Labor. In FY 2025-26 only, CDLE requires \$250,000 for vendor costs for software development and data submission to the SLDS from the employment and training systems (\$150,000), and unemployment insurance systems (\$100,000). These costs are reappropriated to OIT. The fiscal note assumes that the necessary system changes in the Office of Vocational Rehabilitation will be incorporated into an ongoing system modernization project. If it cannot be incorporated, CDLE costs will be \$40,000 higher than estimated.

Department of Higher Education. CDHE requires \$196,000 in FY 2025-26 and \$186,000 in subsequent years to provide data and connect the Student Unit Records System to the SLDS. Costs are assumed to be contract costs, and may be used for either vendor costs or contract staff, depending on whether existing vendors are utilized.

Department of Early Childhood. CDEC requires 0.4 FTE in FY 2025-26 and 0.8 FTE in subsequent years to develop and manage the connection of the Universal Preschool Program system to the SLDS, and will incur vendor costs for modifications. In addition, OIT manages the integration of CDEC systems and requires \$17,283 in FY 2025-26 and \$39,750 in subsequent years to complete the integration with SLDS. These costs are reappropriated to OIT. The fiscal note assumes that the Professional Development Information System (PDIS) will not be initially connected to the system. If initial planning requires the connection of the PDIS system to the SLDS, costs will be higher than estimated and requested through the annual budget process.

Office of Economic Development and International Trade. The bill increases workload and potentially costs for OEDIT to participate in the working groups and connect their data systems to the SLDS. It is unknown which data systems within OEDIT may need to be aligned with the SLDS. As a result, no appropriation is required and any resources in future years will be requested through the budget process.

Department of Law. The bill increases workload for the Department of Law to serve on the working groups and provide legal counsel to participating agencies related to the SLDS. No change in appropriations is required.

Governor's Office. The bill increases workload for the Governor's Office to serve on the working groups. No change in appropriations is required.

Legislative Department. The bill increases workload for Legislative Council Staff and Joint Budget Committee staff to provide input on the modeling for the financial study. No change in appropriations is 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 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. 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.

School Districts

The bill minimally increases workload for school districts that engage in the financial study process.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires the following appropriations:

- \$800,005 from the General Fund to the Colorado Department of Education, and 0.2 FTE;
- \$202,997 from the Statewide Longitudinal Data System Cash Fund to the Colorado Department of Education, and 1.0 FTE; and
- \$4,432,419 from the Statewide Longitudinal Data System Cash Fund to the Office of Information Technology, and 6.9 FTE, to be spent through FY 2026-27.

Departmental Difference

CDEC and OIT estimate that an additional \$233,068 in FY 2025-26 and \$47,086 in subsequent years is required for OIT staff to support the integration of CDEC systems into the SLDS. The fiscal note assumes that the new project staff in CDEC, vendor contracts, integration costs incurred by OIT, and technical OIT data integration staff are sufficient to manage the integration of CDEC systems into the SLDS.

State and Local Government Contacts

Early Childhood

Governor's Office of Boards and Commissions

Information Technology

Labor

Legislative Council Staff

Education

Higher Education

Joint Budget Committee Staff

Law

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](#).