

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**INTERIM SUPPLEMENTAL REQUESTS
FOR FY 2015-16**

DEPARTMENT OF HIGHER EDUCATION

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:
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Interim Supplemental Request

ROLL FORWARD REQUEST FOR CAREER PATHWAYS

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
FTE	0	0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

<p>Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]</p>	NO
<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]</p>	YES
<p>JBC staff and the Department agree that this request meets the JBC's supplemental criteria [a technical error/data not available when the original appropriation was made] but do not agree that interim supplemental criteria of Section 24-75-111, C.R.S., have been met. Specifically, the language of Section 24-75-111, C.R.S., speaks solely to "overexpenditure" authority and does not speak to roll-forward authority. Section 24-75-111.5 provides interim authority for roll-forwards but pertains solely to capital construction appropriations and not the operating budget.</p>	

Department Request: The Department requests a footnote providing FY 2015-16 roll-forward authority on the \$200,000 reappropriated funds appropriated in H.B. 15-1274 (Creation of Career Pathways for Students).

House Bill 15-1274 required the Colorado Workforce Development Council in the Department of Labor and Employment, in collaboration and consultation with partners including the Department of Higher Education and the community college system, the Department of Education, the Governor’s Office of Economic Development and International Trade, and partner industries and local educational institutions, design integrated career pathways within identified growth industries. A career pathway is a series of connected education and training strategies and support services that enable students to secure industry-relevant skills and certification, where applicable, to obtain employment within an occupational area, and to advance to higher levels of future education and employment.

The bill required:

- At least one career pathway be ready for implementation by or before the 2016-17 academic year, and at least two additional career pathways be ready for implementation at the beginning of each subsequent academic year.
- Following design and implementation of a new career pathway, the Departments of Higher Education and Labor and Employment collaborate to promote information concerning the program and provide online student support services.

The bill included FY 2015-16 General Fund appropriations of \$572,003 and 2.5 FTE to the Department of Labor and Employment (DOLE) of which more than half was reappropriated to the Department of Higher Education (DHE). *Part of the funding reappropriated to DHE was \$200,000 for Colorado Commission on Higher Education administration to complete "microsites", i.e., special websites that provide students with detailed information on the career pathways. **The Department requests roll-forward authority for this part of the FY 2015-16 appropriation.***

The Department explains the need for the roll-forward as follows:

- The appropriation for DOLE included 2.5 FTE who are integral to implementing the new program. The first FTE started at the beginning of February 2016 and a second at the beginning of April 2016. The pathways could not be built until these employees were hired.
- While statute provides until late August 2016 to complete the first microsite, the appropriation is only available until the end of FY 2015-16 based on the original appropriation.
- Without roll-forward authority, the Department will not be able to use the full amount appropriated over FY 2015-16 and FY 2016-17 to complete three microsites by the required deadlines, as up to \$200,000 of the FY 2015-16 funding will revert.

Staff Recommendation: Staff does **not** recommend the request on the grounds that:

- It does not strictly conform to the JBC's authority as outlined in Section 24-75-111, C.R.S. Staff consulted with Legislative Legal Services about this, and OLLS expressed an informal opinion that the existing statutory language does not incorporate authority to provide a roll-forwards through interim supplementals.
- Staff believes that the Departments of Higher Education and Labor and Employment could probably comply with the statutory requirements in H.B. 15-1274 without the roll-forward, particularly if a regular supplemental were subsequently granted during the 2017 legislative session.

However, staff also believes:

- Approving the request for roll-forward authority through an interim supplemental, if allowed by the Controller as well as the JBC, is more likely to result in the efficient implementation of H.B. 15-1274, which was adopted by the General Assembly in 2015 with bipartisan support.
- The JBC may have used 1331 authority to authorize operating budget roll forwards in the past.

The rules governing interim supplementals in Section 24-75-111 (5), C.R.S., require the Committee to introduce all interim supplementals that it approves.

Staff Analysis:

Background on H.B. 15-1274: House Bill 15-1274 (Garnett and Melton/Kerr and Woods) was one of a package of bipartisan workforce development bills adopted during the 2015 legislative session. The bill was designed to build on previous efforts to develop career pathways in close consultation with industry players. The pathways help inform students about industry needs and the training required.

The microsites provide information on each pathway and attach to an existing web-structure for College in Colorado, a state-administered federally-funded higher education website that provides comprehensive college and career planning information for Colorado students and high school counseling staff, as well as other Coloradans interested in retraining. (<https://www.collegeincolorado.org>)

The first pathway, funded through H.B. 13-1165, targeted advanced manufacturing careers (<https://cocareeractiontools.com/career-map>). The next pathway, funded through H.B. 15-1274, is expected to focus on information technology careers.

The fiscal note for this bill reflects funding for two years (FY 2015-16 and FY 2016-17), and the Department of Higher Education is working under the assumption that it must complete three pathways by August 2017 based on the bill's fiscal note. However, the bill itself requires the Workforce Development Council, in consultation with various partners, to design at least one pathway by the beginning of the 2016-17 academic year and "design at least two career pathways that are ready for implementation at the beginning of each subsequent academic year for critical occupations in growing industries". Thus, *staff assumes that the Department of Labor and Employment will submit an FY 2017-18 budget request to support ongoing development of career pathways or will propose statutory changes to the program.*

Implementation Timing:

- *Staff believes it would be beneficial to complete the initial pathways expeditiously so that the Executive and Legislative branches can determine if the initiative is working as intended or if changes may be needed.*

- *Staff believes DHE probably should have pursued roll-forward authority when the General Assembly was still in session and believes at least some of the problem was a communication break-down between College in Colorado and DHE administration. As described above, the Department of Higher Education attributes delays to the delays in bringing on new staff at the Department of Labor and Employment. (An initial attempt to hire the new staff authorized by the bill was delayed when those offered the job chose not to take it at the available salary.) However, DOLE transferred the required funds to DHE earlier in the year and believes DHE could have moved more quickly. DOLE has not requested a roll-forward, since the funds have already been transferred to DHE.*
- *Both DOLE and DHE indicate that the relatively slow implementation of the program reflect their efforts to ensure that it's done correctly. For example, DOLE staff indicate that some delays have been related to ensuring that it has structured the microsities showing career pathways so that they can endure even if "College in Colorado" does not survive. (Funding for College in Colorado is projected to be gone in about five years.) DHE, in turn, emphasizes that the contract for the new program cannot be properly finalized and implemented until the parties involved have decided which data sources will be used for the microsities for data on things like jobs available, average salaries, etc.*

Preferred DHE alternative (roll forward):

- To contract for all three of the new sites for FY 2015-16 and FY 2016-17 for \$400,000 at one time;
- Ensure that the contract with the vendor building the microsities includes sufficient detail that the project is done as desired.

Fall-back if roll-forward not-granted:

If roll-forward authority is not granted based on legal or other considerations, staff understands it the DHE will either:

- Lock in a new contract to the best of its ability by June 30. Once a contract is finalized, the funds are encumbered and may be rolled forward by the Controller, even if the microsite is not yet built;
- Allow the \$200,000 in FY 2015-16 funding (or some portion of it) to revert. Staff understands that this will result in a reversion to the General Fund. It could then use its current FY 2016-17 funding to build the first site and request an additional \$200,000 (or some other figure) for FY 2016-17 through the regular supplemental process to complete the additional two sites in FY 2016-17 and early FY 2017-18.

While these options may be feasible, DHE does not consider them optimal from an implementation perspective. Among other considerations, it is concerned that separating the contract into two sections may drive up the cost or reduce the quality of the product.