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Final Fiscal Note

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|-------------------------|--|------------------------|---|
| Drafting Number: | LLS 23-0647 | Date: | June 6, 2023 |
| Prime Sponsors: | Rep. Dickson; Amabile Sen. Marchman | Bill Status: | Sent to Governor |
| | | Fiscal Analyst: | Colin Gaiser 303-866-2677 colin.gaiser@coleg.gov |

Bill Topic: STUDY WORKFORCE TRANSITIONS TO OTHER INDUSTRIES

Summary of Fiscal Impact:

| | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill requires the Department of Labor and Employment to commission a study on the skill transferability of workers in the oil and gas industry and in occupations facing disruption due to automation and technological development. The bill increases state expenditures in FY 2023-24 and FY 2024-25.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$317,318 to the Department of Labor and Employment.

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

**Table 1
State Fiscal Impacts Under HB 23-1074**

| | | Budget Year FY 2023-24 | Out Year FY 2024-25 |
|-----------------------------|---------------------------|---------------------------|------------------------|
| Revenue | | - | - |
| Expenditures | General Fund | \$317,318 | \$23,090 |
| | Centrally Appropriated | \$3,826 | \$5,468 |
| | Total Expenditures | \$321,144 | \$28,558 |
| | Total FTE | 0.2 FTE | 0.3 FTE |
| Transfers | | - | - |
| Other Budget Impacts | General Fund Reserve | \$47,598 | \$3,464 |

Summary of Legislation

The bill requires the Office to Future of Work in the Department of Labor and Employment (CDLE) to solicit a vendor contract, through a competitive process, for a study to evaluate the skill transferability of workers in the oil and gas industry and in occupations in Colorado facing disruption due to automation and technological development. The bill specifies that the study must make policy recommendations, consult with relevant stakeholders, evaluate and analyze current funding sources available for workforce development, identify transferable skills and emerging industries, and identify ways to remove barriers to obtaining appropriate skills and licenses. The study must be completed on or before December 1, 2024, and a report submitted to the Governor's Office and relevant legislative committees.

State Expenditures

The bill increases General Fund expenditures by \$321,144 in FY 2023-24 and \$28,558 in FY 2024-25 in the CDLE. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1074

| | FY 2023-24 | FY 2024-25 |
|---|-------------------|-------------------|
| Department of Labor & Employment | | |
| Personal Services | \$17,318 | \$23,090 |
| Vendor Contract Cost | \$300,000 | - |
| Centrally Appropriated Costs ¹ | \$3,826 | \$5,468 |
| Total Cost | \$321,144 | \$28,558 |
| Total FTE | 0.2 FTE | 0.3 FTE |

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

Department of Labor and Employment. The CLDE will incur a cost of \$300,000 to commission the study required under the bill. This figure is based on the cost of recent studies and department contracts, relative to the size and scope of the study required by the bill, and the fiscal note assumes it will be spent over two years. In addition, the CDLE requires a 0.3 FTE term-limited position at Analyst IV level to select a vendor to conduct the study, coordinate with the Colorado Energy Office, oversee the vendor contract, and review drafts and final products. First year costs are prorated for the General Fund pay date shift and a September 1, 2023, start date.

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, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill was signed into law by the Governor on May 16, 2023, and takes effect on August 7, 2023, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires and includes a General Fund appropriation of \$317,318 to the Department of Labor and Employment, and 0.2 FTE. The department requires roll-forward spending authority for this amount through FY 2024-25.

State and Local Government Contacts

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