

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0737	Date: February 14, 2014
Prime Sponsor(s): Rep. Landgraf	Bill Status: House Business, Labor, Economic, and Workforce Development
	Fiscal Analyst: Alex Schatz (303-866-4375)

SHORT TITLE: VETERANS WORKFORCE ACCELERATOR GRANT PROGRAM

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	Minimal increase. See State Revenue section.	
State Expenditures	\$2,060,774	2,056,463
General Fund	2,045,087	2,040,384
Centrally Appropriated Costs**	15,687	16,079
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$2,045,087 - Department of Labor and Employment (FY 2014-15)		

* 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 Veterans Workforce Accelerator Grant Program (program) in the Colorado Department of Labor and Employment (CDLE). The State Workforce Development Council (state council) awards grants to a single grantee organization that provides advanced industry skills training. The grantee is entitled to a grant of up to \$2 million in FY 2014-15. Based on continued satisfaction of program objectives, the state council may make additional grants of up to \$2 million in FY 2015-16 and up to \$1 million in FY 2017-18. Grants require the applicant to secure an equal amount of dedicated matching funds.

By September 1, 2014, the CDLE must develop an application process, including deadlines, requirements for the grantee to provide reports on an annual or more frequent basis, and other grant program policies. A grant applicant must:

- provide detailed information about training, including industry demand for subject skills, measurable objectives and specific use of grant moneys;
- be affiliated with a regional group of advanced industry businesses, to include manufacturing and at least one other advanced industry;
- have access current industry equipment and technology for the training program; and
- plan to continue providing training after grant funding has ceased.

In addition to these eligibility criteria, in its selection of a single grantee, the state council must prioritize an applicant that provides training:

- in skills with immediate application in the region where training will occur;
- to U.S. military veterans as a core component of the training;
- as part of a collaboration with an institution of higher education for a manufacturing career pathway or similar program; and
- in cooperation with the local workforce center and veterans employment representatives.

The Veterans Workforce Accelerator Fund (fund) is created to receive appropriations from the General Assembly and gifts, grants, and donations. Subject to annual appropriation, the CDLE uses moneys in the fund for grants and administrative costs. While the program is active, moneys remain available in the fund if unspent at the end of the fiscal year.

On July 1, 2015, and each July 1 that the program is active, the CDLE provides a detailed annual report to the General Assembly regarding grants and training provided by the program. The program and fund are repealed in July 1, 2018.

State Revenue

The bill results in a minimal increase in cash fund revenue to the CDLE. The Veterans Workforce Accelerator Fund is authorized to receive gifts, grants, and donations. Revenue to the fund may include some amount of matching funds required by the program. Matching funds would be temporarily deposited in the fund, to be reinvested in the grantee's training program in the same fiscal year received. The bill does not require such deposit of matching funds, nor has any other source of gifts, grants, or donations been identified. Thus, the fiscal note concludes that the bill does not generate a significant amount of state revenue.

State Expenditures

The bill increases costs to the CDLE by \$2,060,774 and 0.5 FTE in FY 2014-15 and \$2,056,463 and 0.5 FTE in FY 2015-16. This includes direct costs for CDLE administration of \$45,087 in FY 2014-15 and \$40,384 in FY 2015-16 and future fiscal years until the program is repealed. The total increase in state expenditures, including centrally appropriated costs, is summarized in Table 1.

Table 1. Expenditures Under HB 14-1179		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$39,909	\$39,909
FTE	0.5	0.5
Operating Expenses	475	475
Capital Outlay Costs	4,703	0
Program Grants	2,000,000	2,000,000
Centrally Appropriated Costs*	15,687	16,079
TOTAL	\$2,060,774	\$2,056,463

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

Assumptions. General Fund is required to make appropriations required by the bill, as no other source of funding is identified. However, based on the workload and deliverables required prior to September 1, 2014, first-year expenses are not prorated. The fiscal note assumes that CDLE takes immediate action to implement the bill when it becomes effective, with any expenditures in FY 2013-14 absorbed within existing appropriations.

The fiscal note assumes the General Assembly makes all appropriations to the fund identified in the bill. The CDLE will exercise its discretion to make grants in all years that funds are available, and scheduled appropriations will be fully expended on grants. The General Assembly will also make annual General Fund appropriations to the fund for the operational expenses of the CDLE.

CDLE administration and grants. The bill generates workload equivalent to 0.5 FTE in CDLE, and the Division of Employment and Training will allocate staff with supervisory experience to develop application materials and guidelines, review applications, make grants, verify matching funds, monitor compliance and progress toward program objectives, and make reports. The CDLE will also make grants as funds become available.

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 bill generates workload within the scope of federally-supported programs within CDLE's Division of Employment and Training, requiring indirect cost recoveries at a rate of 21.49 percent of personal services costs (including benefits). 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 14-1179*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,082	\$3,082
Supplemental Employee Retirement Payments	2,771	3,093
Indirect Costs	9,834	9,904
TOTAL	\$15,687	\$16,079

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

Effective Date

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

State Appropriations

For FY 2014-15, the bill requires a General Fund appropriation of \$2,045,087 to the Veterans Workforce Accelerator Fund in CDLE, and an allocation of 0.5 FTE. To provide spending authority for the program, the bill also requires a cash fund appropriation of \$2,045,087 from the Veterans Workforce Accelerator Fund to CDLE.

State and Local Government Contacts

Labor and Employment

Higher Education

Military and Veterans Affairs