

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated January 15, 2014)

Drafting Number: LLS 14-0156	Date: January 27, 2014
Prime Sponsor(s): Rep. Fields	Bill Status: House Education
Sen. Zenzinger	Fiscal Analyst: Josh Abram (303-866-3561)

SHORT TITLE: ADULT EDUCATION AND LITERACY PROGRAMS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	Potential gifts, grants, or donations	
State Transfers	(\$1,104)	
Cash fund transfers	\$1,104	
State Expenditures	\$1,210,000	\$1,210,630
General Fund	\$1,200,000	\$1,200,000
Centrally Appropriated Costs**	10,000	10,630
FTE Position Change	1.0 FTE	1.0 FTE
Appropriation Required: \$1,200,000 General Fund, Colorado Department of Education (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

This fiscal note is being revised to correct a mathematical error in the summary box of the fiscal note dated January 15, 2014.

Summary of Legislation

This bill, ***recommended by the Economic Opportunity Poverty Reduction Task Force***, creates an adult education and literacy grant program in the Adult Education Office at the Colorado Department of Education (CDE). The State Board of Education (SBE) must adopt rules for the new program.

The grant program will provide state funding for adult education and literacy programs that participate in workforce development partnerships. Adult education and literacy programs provide eligible adults with basic education in literacy and numeracy, leading to additional skill acquisition, a post-secondary credential, and/or employment. A local education provider that operates an adult education program may apply to the CDE for a grant. Such providers include public and private schools, institutions of higher education, nonprofit community-based organizations, and other related agencies and consortia.

Grant recipients are required to provide specified information to the CDE, and the department is required to annually review the information and evaluate the effectiveness of grant awards. The department must prepare and submit an annual report to the governor's office, the SBE, and the Joint Budget Committee, education committees, and business committees of the General Assembly. The report must also be posted on the department's web site.

The CDE must convene periodic meetings of representatives from the Department of Higher Education, the Department of Labor and Employment, the community college system, other local education providers, and workforce development providers.

The bill creates the Adult Education and Literacy Grant Fund (fund) subject to annual appropriation by the General Assembly. For FY 2014-15, the bill appropriates \$1.2 million General Fund and transfers the remaining balance of the Family Literacy Education Fund, which is repealed by this bill. The fund may also receive public and private donations. The CDE may expend up to \$250,000 annually to administer the program, collaborate with state agencies and other partners, and evaluate grant recipients.

State Revenue

The bill permits the department to accept and expend donations or grants of any kind from public or private sources to credit to the fund; however, no amount of donations has been identified for this fiscal note.

State transfers. The bill repeals the Family Literacy Education Fund and transfers the remaining balance of \$1,104 to the Adult Education and Literacy Grant Fund on July 1, 2014.

State Expenditures

This bill increases state expenditures by \$1.2 million and 1.0 FTE in both FY 2014-15 and FY 2015-16. Increased costs are for program administration and operational expenses, and for grant awards to adult education programs. Total costs are detailed below and displayed in Table 1.

Table 1. Expenditures Under HB 14-1085		
Cost Components	FY 2014-15	FY 2015-16
Personal Services and Operating	\$83,773	\$79,070
FTE	1.0	1.0
Program Administration and Outreach	31,500	31,500
Evaluation and Reporting	75,000	75,000
Adult Education Literacy Grants	1,000,000	1,000,000
Centrally Appropriated Costs*	10,000	10,630
TOTAL	\$1,200,273	1,196,200

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

Program administration. The bill creates a new grant program at the CDE. The department will establish program rules, create application procedures, convene meetings of state agencies and community organizations, award grants, track and evaluate grant recipients, and assure accountability. Program staff will also provide outreach, technical assistance, and training, requiring statewide travel. Finally, the department will expend internal resources in information technology, human resources, accounting, budgeting, and management in support of the new program. The CDE requires the addition of 1.0 FTE Senior Consultant and associated costs to support the program.

Adult education literacy grants. It is anticipated that the program will award ten grants annually, each for \$100,000, with continued funding dependent on available appropriations. The grant amount is based on the department's experience administering similar federal grant programs for adult education, with a goal of serving more students and providing additional services. The goal of ten grant recipients is based on the current number of adult education programs receiving federal funds, and a projection of the number of programs that are likely to apply.

Third party evaluation and reporting. The CDE will contract a third party evaluator to assist with data collection, program evaluation, and reporting. The contractor will also provide guidance identifying and incorporating best practices in existing literacy programs. The department will select an evaluator through a competitive request for proposals (RFP). Based on experience with other federal grant projects, the professional third-party evaluator is estimated at \$75,000 annually.

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 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 14-1085*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,575	\$4,575
Supplemental Employee Retirement Payments	5,425	6,055
TOTAL	\$10,000	\$10,630

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

School District and Higher Education Impact

School districts and state supported institutions of higher education who partner with workforce development agencies to provide adult education and literacy programs are eligible to receive grants, increasing revenue for those schools, districts, or colleges that participate in the program.

Pursuant to Section 22-32-143, C.R.S., school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>.

Effective Date

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

State Appropriations

For FY 2014-15, the bill appropriates \$1,200,000 General Fund and 1.0 FTE to the Adult Education and Literacy Grant Fund for implementation of the bill by the Colorado Department of Education.

State and Local Government Contacts

Education

Higher Education

Labor

Law