

Colorado Legislative Council Staff Fiscal Note

STATE

REVISED FISCAL IMPACT

(replaces fiscal note dated February 19, 2010)

Drafting Number: LLS 10-0457

Date: April 26, 2010

Prime Sponsor(s): Sen. Carroll M.
Rep. Gagliardi

Bill Status: House Education

Fiscal Analyst: Josh Abram (303-866-3561)

TITLE: CONCERNING SCHOLARSHIPS FOR JOB TRAINING, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2010-11	FY 2011-12	FY 2012-13
State Revenue			
State Transfers or Diversions Transfer from the Colorado CollegeInvest Scholarship Trust Fund to the Teach Colorado Grant Initiative Fund			
State Expenditures Cash Funds Colorado CollegeInvest Scholarship Trust Fund	\$1.0 million	up to \$1.0 million	up to \$1.0 million
FTE Position Change			
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2010-11: None required. See State Appropriations section.			
Local Government Impact: None.			

Note: Any portion of the \$1.0 million left uncommitted at the end of FY 2010-11 is transferred to the Teach Colorado Grant Initiative Fund. See State Transfers section. State expenditures in FY 2011-12 and FY 2012-13 are permitted, but not required by the bill.

Summary of Legislation

This *reengrossed* bill creates the Colorado Job Retraining Scholarship Program in the Department of Higher Education (DHE). The student loan division, known as CollegeInvest, will implement and administer the program. Scholarships are intended to provide job training opportunities and increased access to higher education for persons receiving unemployment insurance benefits as of July 1, 2008.

The division is required to award \$1.0 million for the program in FY 2010-11, and is authorized, but not required to award \$1.0 million in both FY 2011-12 and FY 2012-13. Any portion of the \$1.0 million that remains uncommitted at the end of FY 2010-11 year is transferred to the Teach Colorado Grant Initiative Fund. Money transferred to the fund is continuously appropriated. In each year that the job training program makes awards, CollegeInvest must provide a status report to the Senate and House Education Committees. The program is repealed effective July 1, 2013.

Background

CollegeInvest. CollegeInvest, a division of the Department of Higher Education, was established by the General Assembly to increase students' access to higher education by:

- ▶ issuing bonds, whose proceeds are used for originating and/or purchasing student loans;
- ▶ administering the state's federal College Savings Plans (529 plans); and
- ▶ administering various scholarship and loan forgiveness programs.

CollegeInvest does not receive appropriations from the General Assembly; it pays for its operations through profits earned on its student loans, administrative fees received for managing 529 plans, and investment income. At the end of FY 2008-09, CollegeInvest's net assets in all funds totaled about \$3.0 billion. The fund balance in the Colorado CollegeInvest Scholarship Trust Fund is about \$60 million.

Teach Colorado Grant Initiative. This grant program in the DHE provides scholarships to students in teacher preparation programs who excel academically in high-need content areas. The DHE and the Colorado Department of Education collaborate yearly to identify such content areas. Current examples include mathematics, science, special education, and English language acquisition.

State Transfers or Diversions

This bill requires that CollegeInvest award \$1.0 million in FY 2010-11 year, but allows that any amount uncommitted at the end of that fiscal year be transferred to the Teach Colorado Grant Initiative Fund. The transferred funds are continuously appropriated to the DHE for the provision of scholarships to students preparing to teach in high-needs areas.

State Expenditures

This bill will result in total expenditures of \$1.0 million in FY 2010-11. Expenditures for scholarships in FY 2011-12 and FY 2012-13 are authorized but not required.

In 2009, there were approximately 238,000 persons receiving unemployment insurance payments. Of this population, there were approximately 700 instances of some type of training coded in the Department of Labor and Employment's records. As an illustration, if 700 eligible individuals qualify for assistance, each might receive \$1,428. Actual qualifying criteria and award amounts will be determined administratively by the division.

At the end of FY 2010-11, any uncommitted money is transferred to a separate grant program and available in the following fiscal year for scholarships. This fiscal note assumes that between both programs, the full amount of money will be distributed.

State Appropriations

The Joint Budget Committee introduced a package of bills to balance the FY 2010-11 budget that includes HB10-1383, which takes \$45.2 million out of the Colorado CollegeInvest Scholarship Trust Fund to support the General Fund. Of this amount, approximately \$15.0 million is appropriated to the Department of Higher Education for need based financial aid. This bill includes an appropriation adjustment to the 2010 Long Bill that reduces the \$15.0 million appropriation for financial aid by \$1 million, thereby leaving money in the trust fund for the scholarship program. No separate appropriation clause is required because moneys in the affected funds are continuously appropriated.

Departments Contacted

Higher Education