


 Colorado *Legislative Council Staff Fiscal Note*
STATE
FISCAL IMPACT

Drafting Number: LLS 07-0059
Prime Sponsor(s): Rep. Solano
 Sen. Williams

Date: January 15, 2007
Bill Status: House Education
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING THE CREATION OF A STATEWIDE SYSTEM OF EARLY CHILDHOOD COUNCILS.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue		
Gifts, Grants, Donations to Early Childhood Cash Fund	None Identified	None Identified
State Expenditures		
General Fund Appropriation to the Early Childhood Cash Fund	\$ 3,568,059	\$ 3,533,039
FTE Position Change	2.0 FTE	2.0 FTE
Effective Date: Upon Signature of the Governor		
Appropriation Summary for FY 2007-2008: See State Appropriations Section of Fiscal Note		
Local Government Impact: None		

Summary of Legislation

The bill repeals the Community Consolidated Child Care Services Pilot Program and incorporates the existing program and Early Childhood (EC) Councils into a new and expanded integrated statewide system of EC Councils. The bill sets forth the rules, regulations and membership of the EC Councils, creates the EC Council Advisory Team, establishes evaluation requirements, and creates the EC Cash Fund.

State Revenue

The bill creates the EC Cash Fund, which is to consist of moneys appropriated by the General Assembly and any gifts, grants, or donations received by the Colorado Department of Human Services (CDHS). The fiscal note assumes a General Fund appropriation of \$3,568,059 to the EC Cash Fund to cover the costs of the new and expanded integrated statewide system of EC Councils for FY 2007-08, and an appropriation of \$3,533,039 in FY 2008-09.

State Expenditures

Background. Currently, 17 site agencies are part of the Community Consolidated Child Care Services Pilot Program with 30 counties participating in the 17 pilot sites. Current year funding for the pilot program is \$1,600,172 federal Child Care Development Funds. The bill incorporates the

17 pilot sites and early childhood councils or partnerships into a new and expanded integrated statewide system of EC Councils.

Total Program Costs vs. Net Program Costs. Total program costs to expand EC Councils statewide are identified at \$5,250,751 in FY 2007-08 and \$5,215,731 in FY 2008-09. Costs are incurred in both the CDHS and the Colorado Department of Education (CDE). The **net fiscal impact of the bill is \$3,568,059 in FY 2007-08 and \$3,533,039 in FY 2008-09.** The fiscal note assumes that federal Child Care Development Funds will continue to be appropriated for the Community Consolidated Child Care Services Pilot Program in the annual Long Bill. Federal funds available for allocation in both FY 2007-08 and FY 2008-09 are identified at \$1,682,292. These federal funds offset total program costs under the bill resulting in net costs of about \$3.5 million for both fiscal years. Table 1 on page 3 identifies the bill's cost components according to statutory cite. The fiscal note assumes the addition of 20 new EC Councils, direct costs to support the councils, technical assistance, evaluation costs, annual conference costs, and administrative costs.

Department of Human Services. All moneys for the EC Councils are first appropriated to the department because it has governance over the councils (\$3,568,059 in year one and \$3,533,039 in year two). This said, the department currently has an interagency agreement with the CDE to perform work related to the pilot program for the Community Consolidated Child Care Services Pilot Program. Currently, all moneys appropriated for such services are transferred to CDE. Under HB07-1062, new costs are incurred in the CDHS to staff the EC Council Advisory Team and for the annual conference. In total, these costs are identified at \$228,015 in year one and \$223,508 in year two. The department will require 1.0 FTE in both fiscal years.

Department of Education. The department will incur new costs at \$3,340,044 in year one and \$3,309,532 in year two. The department will require 1.0 FTE in both fiscal years.

Section 26-6.5-110 (4) of the bill. This section allows the department to expend up to 5 percent of moneys annually appropriated from the Early Childhood Cash Fund for implementation costs; the department cannot exceed this 5 percent limit. As calculated, administrative costs represent 4.1 percent of total program costs in year one and 3.9 percent of total program costs in year two.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

Table 1: Costs Under HB07-1062		
Bill Statutory Cite — Program Costs	FY 2007-08	FY 2008-09
Section 26-6-5-103.7		
Coordinator of Direct Support Services to EC Councils	\$ 51,743 1.0 FTE	\$ 48,738 1.0 FTE
Direct Costs to Support EC Councils (37 councils total):		
15 Emerging Councils @ \$40,000 each	600,000	600,000
17 Capacity Building Councils @ \$100,000 each	1,700,000	1,700,000
5 Model Councils @ \$300,000 each	<u>1,500,000</u>	<u>1,500,000</u>
Section Total — All Costs in CDE	\$ 3,851,743	\$ 3,848,738
Section 26-6.5-105		
Staff to EC Council Advisory Team (costs in CDHS)	\$ 80,543 1.0 FTE	\$ 77,538 1.0 FTE
Technical Assistance:		
Contract Staff	62,122	59,117
37 Councils @ \$20,000 each (costs in CDE)	<u>740,000</u>	<u>740,000</u>
Section Total	\$ 882,665	\$ 876,655
Section 26-6.5-108		
Coordinator for EC Council Evaluation Activities (contract staff)	\$ 25,871	\$ 24,369
Evaluation Components:		
Plan Data, Progress of Child Outcomes, Program Performance, Council Process and Effectiveness (\$300,000 for 3 years = \$900,000)	300,000	300,000
State Efficiency and Effectiveness in Support of EC Council Advisory Team and Local EC Councils (\$20,000 for 2 years = \$40,000)	20,000	20,000
Barriers to Successful Operation of EC Councils (one-time cost of \$8,000)	8,000	0
Effectiveness of EC Councils in Serving Children and Families (one-time cost of \$15,000)	<u>15,000</u>	<u>0</u>
Section Total — All Costs in CDE	\$ 368,871	\$ 344,369
Section 26-6.5-109		
Annual Conference		
555 Attendees @ \$75/day for 3-day conference	\$ 124,875	\$ 124,875
Conference Staff Support (contract staff)	<u>22,597</u>	<u>21,095</u>
Section Total — All Costs in CDHS	\$ 147,472	\$ 145,970
PROGRAM TOTAL	\$ 5,250,751	\$ 5,215,731
LESS FEDERAL CHILD CARE DEVELOPMENT FUNDS	(1,682,692)	(1,682,692)
BILL TOTAL — Early Childhood Cash Fund	\$ 3,568,059	\$ 3,533,039
FTE	2.0	2.0

