


Colorado Legislative Council Staff Fiscal Note
STATE
REVISED FISCAL IMPACT
(replaces fiscal note dated January 15, 2007)

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

Date: April 11, 2007
Bill Status: House Appropriations
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	\$ 2,052,337	\$ 2,012,322
FTE Position Change	3.0 FTE	3.0 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		

This fiscal note is revised to reflect amendments adopted by the House Education Committee and to include new information received.

Summary of Legislation

The bill, as amended by the House Education Committee, 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 that may consist of no more than 25 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 \$2,052,337 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 \$2,012,322 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 and Federal Funds. Total program costs to add 8 EC Councils (25 total) are estimated at **\$3,485,029 in FY 2007-08 and \$3,445,014 in FY 2008-09** and include ongoing federal funding for the current Community Consolidated Child Care Services Pilot Program and child care quality initiatives. Federal Child Care Development Funds totaling \$6,672,167 are appropriated for child care quality initiatives in the annual Long Bill (SB07-239). Of this amount, \$972,438 is appropriated for the Community Consolidated Child Care Services Pilot Program. Of the moneys available for child care quality initiatives, \$1,432,692 federal funds are available to expand and add 8 new councils, or \$460,254 above the \$972,438 currently appropriated for this purpose. This amount is \$250,000 less than that identified in the fiscal note dated January 15, 2007. Because the bill limits the number of councils to 25, the program will not be statewide in scope. The department must set aside a portion of federal funds (estimated at \$250,000) to serve those communities who will be excluded from the statewide system of EC Councils due to the cap.

Net Program Costs. Costs are incurred in the CDHS, the Colorado Department of Education (CDE) and the Office of the Lt. Governor. The **net fiscal impact of the bill is \$2,052,337 in FY 2007-08 and \$2,012,322 in FY 2008-09 and 4.0 FTE in both fiscal years.** Table 1 on page 3 identifies the bill's cost components and identifies the respective departments where costs are incurred.

Department of Human Services. All moneys for the EC Councils are first appropriated to the department because it has governance over the councils. 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 provide general oversight and support to the EC Councils and ensure each council develops and executes strategic plans to respond to local needs and conditions. These costs are identified at \$51,743 in year one and \$48,738 in year two. The department will require 1.0 FTE in both fiscal years.

Department of Education. The department will incur new costs at \$3,352,743 in year one and \$3,318,738 in year two. The department will require 1.0 FTE in both fiscal years.

Office of the Lt. Governor. The office will require \$80,543 in FY 2007-08 and \$77,538 in FY 2008-09 to staff the EC Council Advisory Team; 1.0 FTE is required in both fiscal years.

Section 26-6.5-119 of the bill. This section allows the CDHS 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 for CDHS **under this bill** represent 4.7 percent of total program costs in year one and 4.6 percent of total program costs in year two. When factoring in the administrative costs in all three agencies, the 5 percent threshold is exceeded; the administrative costs are 9.7 percent in year one and 9.3 percent in year two. For this bill only, administrative costs represent 5.7 percent in year one and 5.5 percent in year two of **total** program funding (federal funds and Early Childhood Cash Fund). A revised fiscal note will attempt to identify the complete administrative costs for the program — the current pilot program and the expansion under HB07-1062.

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 (CDE)	\$ 51,743 1.0 FTE	\$ 48,738 1.0 FTE
Direct Costs to Support EC Councils (37 councils total):		
9 Emerging Councils @ \$50,000 each	450,000	450,000
11 Capacity Building Councils @ \$120,000 each	1,320,000	1,320,000
5 Model Councils @ \$196,000 each	<u>980,000</u>	<u>980,000</u>
Subtotal — CDE	\$ 2,801,743	\$ 2,798,738
Staff for General Oversight and Support to EC Councils — CDHS	\$51,743 1.0 FTE	\$48,738 1.0 FTE
Section Total	\$ 2,853,486	\$ 2,847,476
Section 26-6.5-105		
Staff to EC Council Advisory Team	\$ 51,743 1.0 FTE	\$ 48,738 1.0 FTE
Costs to Convene EC Council Advisory Team	28,800	28,800
Technical Assistance to EC Councils:		
25 Councils @ \$20,000 each	<u>500,000</u>	<u>500,000</u>
Section Total — All Costs in Lt. Governor's Office	\$ 580,543	\$ 577,538
Section 26-6.5-108		
Evaluation Components:		
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)	8,000	0
CCCAP Policies and Effectiveness (one-time cost)	8,000	0
Effectiveness of EC Councils in Serving Children and Families (one-time cost)	<u>15,000</u>	<u>0</u>
Section Total — All Costs in CDE	\$ 51,000	\$ 20,000
PROGRAM TOTAL	\$ 3,485,029	\$ 3,445,014
Less Federal Child Care Development Funds	(1,432,692)	(1,432,692)
BILL TOTAL — Early Childhood Cash Fund	\$ 2,052,337	\$ 2,012,322
FTE	4.0	4.0

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

State Appropriations

For FY 2007-08, the fiscal note indicates the following appropriations:

- Early Childhood Cash Fund \$ 2,052,337 General Fund
- Department of Human Services 2,052,337 Early Childhood Cash Fund and 1.0 FTE
- Department of Education* 3,352,743 Cash Funds Exempt Transfer and 1.0 FTE
- Office of Lt. Governor 80,543 Cash Funds Exempt Transfer and 1.0 FTE

** This appropriation to the Department of Education includes the \$1,432,692 in federal Child Care Development Funds appropriated in the Long Bill and is allocated under the bill for direct costs to support the EC Councils.*

Departments Contacted

- Education
- Human Services
- Lt. Governor's Office
- Public Health and Environment