

  
*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
<b>State Revenue</b>		
Gifts, Grants, Donations to Early Childhood Cash Fund	None Identified	None Identified
<b>State Expenditures</b>		
General Fund Appropriation to the Early Childhood Cash Fund	\$ 2,052,337	\$ 2,012,322
<b>FTE Position Change</b>	3.0 FTE	3.0 FTE
<b>Effective Date:</b> Upon Signature of the Governor		
<b>Appropriation Summary for FY 2007-2008:</b> See State Appropriations Section of Fiscal Note		
<b>Local Government Impact:</b> 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, \$1,432,692 is allocated for the Community Consolidated Child Care Services Pilot Program. 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 3.0 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 \$1,920,951 in year one and \$1,886,046 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 **under this bill** represent 7.6 percent of total program costs.

<b>Table 1: Costs Under HB07-1062</b>		
<b>Bill Statutory Cite — Program Costs</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
<b>Section 26-6.5-103.7</b>		
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	\$ 2,750,000	\$ 2,750,000
Less Federal Child Care Development Funds	(1,432,692)	(1,432,692)
Support Services to EC Councils — CDE	\$ 1,317,308	\$ 1,317,308
Staff for General Oversight and Support to EC Councils — CDHS	\$51,743 1.0 FTE	\$48,738 1.0 FTE
<b>Section Total</b>	<b>\$ 1,420,794</b>	<b>\$ 1,414,784</b>
<b>Section 26-6.5-105</b>		
Staff to EC Council Advisory Team — Office of Lt. Governor	\$ 51,743 1.0 FTE	\$ 48,738 1.0 FTE
Costs to Convene EC Council Advisory Team — Office of Lt. Governor	28,800	28,800
Technical Assistance to EC Councils:		
25 Councils @ \$20,000 each — CDE	<u>500,000</u>	<u>500,000</u>
<b>Section Total</b>	<b>\$ 580,543</b>	<b>\$ 577,538</b>
<b>Section 26-6.5-108</b>		
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>
<b>Section Total — All Costs in CDE</b>	<b>\$ 51,000</b>	<b>\$ 20,000</b>
<b>PROGRAM TOTAL</b>	<b>\$ 3,485,029</b>	<b>\$ 3,445,014</b>
<b>Less Federal Child Care Development Funds</b>	<b>(1,432,692)</b>	<b>(1,432,692)</b>
<b>BILL TOTAL — Early Childhood Cash Fund</b>	<b>\$ 2,052,337</b>	<b>\$ 2,012,322</b>
<b>FTE</b>	<b>3.0</b>	<b>3.0</b>

