



Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL

CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 10-0310 **Date:** January 19, 2010
Prime Sponsor(s): Rep. Solano; Benefield **Bill Status:** House Education
Fiscal Analyst: Sara McPhee (303-866-4782)
 Sen. Hodge; Hudak

TITLE: CONCERNING THE CREATION OF THE COLORADO QUALITY IN CHILD CARE INCENTIVE GRANT PROGRAM.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds		
Colorado Quality in Child Care Incentive Grant Program Cash Fund	\$533,411*	\$531,286*
State Expenditures		
Cash Funds		
Colorado Quality in Child Care Incentive Grant Program Cash Fund	\$528,891*	\$526,556*
Federal Funds		
FTE Position Change	0.5 FTE	0.5 FTE
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

* *State revenue and expenditures are conditional, contingent on support from federal funds and gifts, grants, and donations. Information provided from the Lieutenant Governor's Office indicates that these costs are consistent with a program that could be funded by the federal Early Learning Challenge Fund, if that money becomes available.*

Summary of Legislation

This bill, recommended by the Early Childhood and School Readiness Legislative Commission, creates the Colorado Quality in Child Care Incentive Grant Program in the Department of Human Services (DHS) to increase the quality of early child care and education providers. County governments, in collaboration with an early childhood council, may apply for the program. Counties are selected to receive a grant under the program based on criteria established by the State Board of Human Services which must include:

- blending Colorado Child Care Assistance Program slots with established high-quality programs;
- employing teachers with a bachelor or associate degree;

- having an existing quality rating or accreditation;
- improving a quality rating; or
- investing in professional development for teachers.

The bill creates the Colorado Quality in Child Care Incentive Program Cash Fund. The DHS is authorized to seek federal funding or gifts, grants, and donations to implement the program. No General Fund moneys may be used. If the DHS does not receive sufficient money, the department is to notify the Revisor of Statutes by July 1, 2011, and the program is repealed. If sufficient moneys are received, the DHS is to provide the Education and Health and Human Services Committees of the General Assembly with a report on or before July 30, 2012, and each year thereafter.

State Revenue

The bill allows the DHS to seek, accept, and spend federal moneys and other gifts, grants, and donations to implement the grant program. Based on the expenditures described in this fiscal note, the DHS would need to obtain at least **\$533,411 in federal funds or private gifts, grants, or donations** in FY 2010-11, although actual collections may vary greatly from this amount. Beginning in FY 2011-12, the DHS would need to obtain \$531,286 for ongoing costs. If the money is available, the fiscal note assumes that the grant will be funded by the federal Early Learning Challenge fund which will be disbursed from the Office of the Lieutenant Governor.

State Expenditures

An example of a grant program meeting the requirements of the bill could provide \$50,000 grants to 10 counties for an increase state expenditures by at least **\$528,891 and 0.5 FTE per year** beginning in FY 2010-11. These costs are *conditional*, contingent on the DHS receiving sufficient federal funding or other funding from gifts, grants, and donations. Actual costs could vary from the amount identified here, depending on how much DHS actually receives. Estimated costs include \$28,891 and 0.5 FTE for program administration and \$500,000 for grant awards. These costs are detailed below and displayed in Table 1.

Table 1. Expenditures Under HB 10-1026		
Cost Components	FY 2010-11	FY 2011-12
Personal Services	\$26,081	\$26,081
FTE	0.5	0.5
Operating Expenses and Capital Outlay	2,810	475
Grants	500,000	500,000
TOTAL	\$528,891	\$526,556

Grants to counties. It is anticipated that grant award moneys will comprise the largest cost component of the bill. The amount of grants from the program is dependent on the amount of funding DHS receives from federal sources and from private donations. To demonstrate how the grant program could work, the fiscal note assumes that the program will make \$50,000 awards to 10 counties for a total of \$500,000 in FY 2010-11. These grants will be used to provide incentives for child care providers to increase the quality of their programs.

Grant administration. The DHS requires \$28,891 and 0.5 FTE in FY 2010-11 to cover the personal services and operating expenses of the grant program, subject to the receipt of sufficient money from federal sources and private donations. Staff support is needed to work with the state board to establish policies and procedures, including developing the criteria for selecting grant recipients and setting application deadlines. This staff person will also prepare the annual report to the General Assembly.

Funding. The bill allows the DHS to accept federal moneys to fund the grant program. In July 2009, President Obama created the Early Learning Challenge Fund which will provide grants to states to develop and strengthen their early learning system. If Colorado receives money from this fund, the moneys may be used to implement the bill. If these moneys are not received, the program must be implemented with gifts, grants, and donations.

Expenditures Not Included

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 summarized in Table 2.

Table 2. Expenditures Not Included Under HB 10-1026*		
Cost Components	FY 2010-11	FY 2011-12
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,550	\$3,550
Supplemental Employee Retirement Payments	970	1,180
TOTAL	\$4,520	\$4,730

*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>

Local Government Impact

Counties that are selected to receive a grant will have increased revenue for their child care programs. County governments may have costs associated with applying for and participating in the grant program. Few counties have tiered reimbursement systems for child care providers, so it may be necessary for a county to develop a tiered reimbursement system in order to apply for a grant under the program. These costs cannot be quantified and participation in the program is voluntary.

State Appropriations

This bill does not require an appropriation clause because the cash fund is continuously appropriated. The fiscal note assumes that the Department of Human Services will notify the JBC if money is received.

Departments Contacted

Human Services
State

Law
Treasury

Education