

**STATE**

**CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 10-0308  
**Prime Sponsor(s):** Rep. Peniston  
 Sen. Steadman

**Date:** January 15, 2010  
**Bill Status:** House Education  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** CONCERNING THE CREATION OF THE EARLY CHILDHOOD EDUCATOR DEVELOPMENT SCHOLARSHIP PROGRAM.

<b>Fiscal Impact Summary</b>	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>
<b>State Revenue</b>		
Cash Funds		
Early Childhood Educator Development Scholarship Fund	\$208,359*	\$208,391*
<b>State Expenditures</b>		
Cash Funds		
Early Childhood Educator Development Scholarship Fund	\$201,455*	\$201,455*
<b>FTE Position Change</b>	0.4	0.4
<b>Effective Date:</b> August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2010-2011:</b> None required; see State Appropriations section.		
<b>Local Government Impact:</b> None		

\* *State revenue and expenditures are conditional, contingent on support from federal funds and from other gifts, grants, and donations. Federal funds, if any, are to be provided by the Race to the Top competition and Early Learning Challenge Grants. State revenue exceeds state expenditures in order to pay for costs noted in the Expenditures Not Included section of this fiscal note.*

**Summary of Legislation**

This bill, recommended by the Early Childhood and School Readiness Legislative Commission, creates the Early Childhood Educator Development Scholarship Program in the Colorado Department of Education (CDE). Subject to the receipt of sufficient money from federal sources and other donations, the department must create a scholarship program to assist persons employed in early childhood education to obtain an associate of arts degree. The department must establish rules, application procedures, and award amounts for the scholarship program. The bill sets forth some of the criteria the department must use for making awards. The department may add additional criteria, as necessary, to identify applicants with the greatest need. Recipients of awards from the program must be assigned a unique educator identifier.

The bill creates the Early Childhood Educator Development Scholarship Cash Fund to receive federal money and other donations. Scholarships from the program shall be paid from this fund. Moneys in the fund are continuously appropriated to the department for the direct and indirect program costs. The CDE is permitted to spend up to 1 percent of moneys appropriated from the fund to offset the expenses of administering the program.

### **State Revenue**

*Total state revenue is \$208,359 in FY 2010-11 and \$208,391 in FY 2011-12 and is contingent upon the receipt of moneys from federal and other sources.* The bill creates a cash fund to receive anticipated federal money. The bill also authorizes the department to accept other donations. No amount of money from federal or other sources is identified; however, this fiscal note assumes state revenue sufficient to cover program costs identified in both the State Expenditures section and the Expenditures Not Included section of this fiscal note.

### **State Expenditures**

A scholarship program meeting the requirements of the bill is expected to increase state expenditures by at least **\$201,455 and 0.4 FTE per year** beginning in FY 2010-11. State costs are **conditional**, contingent on the CDE receiving sufficient federal funding, and other funding, from private gifts, grants, or donations. Actual costs could vary from the amount identified here, depending on how much the CDE receives in federal funds or donations. This fiscal note assumes that scholarships and administrative expenses will only occur if sufficient money is available in the fund.

Total state expenditures are comprised of \$21,455 and 0.4 FTE for program administration and \$180,000 for scholarships. Total expenditures are described in more detail below and summarized in Table 1.

<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services	\$20,855	\$20,855
FTE	0.4	0.4
Printing & Postage	600	600
Scholarships	180,000	180,000
<b>TOTAL</b>	<b>\$201,455</b>	<b>\$201,455</b>

**Program Administration - \$21,455 and 0.4 FTE.** Subject to the receipt of sufficient money, the department will establish program rules, create application procedures, develop criteria for evaluating applications, award scholarships, process payments to institutions of higher education, track applications and awards, assure accountability, and assign the unique educator identifier to recipients. Additionally, the department will have expenses in human resources, accounting, budgeting, and management in support of the new program.

***Educator Development Scholarships — \$180,000.*** It is anticipated that providing scholarships will comprise the largest cost component of the bill. The amount of scholarships from the program is dependent on the amount of funding CDE receives from federal sources and from other donations; however, this fiscal note assumes that in order to create a viable program, scholarship amounts should be a minimum of \$1,500 per year, per recipient. Based on a similar scholarship program administered by a private non-profit (the Teacher Education and Compensation Helps Early Childhood program administered by Qualistar Early Learning), it is estimated that the department will receive 300 applications and award 120 scholarships. Therefore, the total cost for awards will be \$180,000 (120 awards \* \$1,500 = \$180,000).

Money in the fund is continuously appropriated, and the CDE is permitted to use up to 1 percent of money appropriated from the fund for administrative expenses. **Assuming that the full amount of funding is received, 1 percent of money appropriated from the fund (\$2,016) will be insufficient to cover the administrative cost of the bill.**

**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 departmental costs subject to this policy are summarized in Table 2.

<b>Table 2. Expenditures Not Included Under HB10-1030*</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,768	\$2,768
Supplemental Employee Retirement Payments	654	776
Indirect Costs	3,218	3,128
Workers Comp & Risk Management	264	264
<b>TOTAL</b>	<b>\$6,904</b>	<b>\$6,936</b>

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

**State Appropriations**

Moneys in the Early Childhood Educator Development Cash Fund are continuously appropriated. Therefore, upon receipt of sufficient gifts, grants, and donations, no separate appropriation clause is required in the bill.

**Departments Contacted**

Education                  Law                  Higher Education