


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 12-0633
Prime Sponsor(s): Sen. Lundberg

Date: February 14, 2012
Bill Status: Senate Health and Human Services
Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING THE REGULATION OF CHILD CARE CENTERS BY THE DEPARTMENT OF HUMAN SERVICES.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: None.		

Summary of Legislation

The bill eliminates references to "quality care" in the statutes governing child care licensing by the Department of Human Services (DHS). The bill also clarifies that when adopting rules for the Department of Defense (DOD) Quality Child Care Standards Pilot Program created by House Bill 11-1027 that the federal DOD quality standard are in addition to the state standards for child care centers and that the state law creating the pilot program should not be construed to give the DHS the authority to use the DOD quality standards as the basis for child care licensing in the state.

In addition, the bill ends the current periodic review of child care rules that takes places every five years. In place of the periodic review, the General Assembly, acting by resolution, or the Governor, through executive order, may initiate a review of child care rules and regulations by creating a committee consisting of representatives of the DHS, parents, child care providers, and representatives of the Department of Public Health and Environment (DPHE). The rule review committee is required to solicit input from parents, child care providers, child care experts, and the DPHE. Any rule review committee formed is required to issue a report of its findings and recommendations to the Governor, the DHS, the DPHE, the State Board of Human Services, and the relevant committee of the General Assembly.

State Expenditures

The bill could have an impact on costs in the DHS, but the impact depends on several factors and cannot be estimated at this time. Potential costs are described below.

Rule review. To the extent that the Governor or the General Assembly initiates a review of child care licensing rules more often than the current five-year cycle, costs could increase in the DHS and the DPHE. Staff in the DHS and DPHE will be required to serve on any review committee and will be required to facilitate public meetings, gather stakeholder input, write a report, and complete other tasks associated with the review of child care regulations. The departments could have savings if review committees are convened less often than every five years as under current law.

Potential loss of federal funds. The DHS receives about \$66 million per year in federal Child Care Development (CCD) Funds. The bulk of this funding (about \$50 million) goes to make Child Care Assistance Program (CCAP) payments to low-income families and the remainder is used to support a variety of quality initiatives such as Early Childhood Councils, the School-readiness and Quality Improvement Program, and the Child Care Resource and Referral system. The federal CCD program requires that families receiving CCAP payments have access to high quality care and that other quality-related targets are met. The change in regulatory focus created by this bill could limit the ability of the DHS to meet the CCD program requirements and could result in the loss of some or all of these federal funds, which would result in a reduction in funding to CCD supported programs or an increase in General Fund costs to cover the lost federal funds. *At this time, it is unknown if the bill could result in the state being out of compliance with the federal requirements and if so, what types of penalties or reductions in federal funding could occur.*

Departments Contacted

Human Services

Counties