

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0104 **Date:** January 12, 2015
Prime Sponsor(s): Rep. Pettersen **Bill Status:** House Education
 Sen. Kefalas; Todd **Fiscal Analyst:** Josh Abram (303-866-3561)

BILL TOPIC: INCREASING THE NUMBER OF CO PRESCHOOL PROGRAM STUDENTS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	\$11,311,683	\$11,310,548
General Fund	\$11.3 million	11.3 million
Centrally Appropriated Costs**	14,266	16,167
FTE Position Change	1.2 FTE	1.2 FTE
Appropriation Required: \$11,297,417 General Fund		

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill, **recommended by the Early Childhood and School Readiness Legislative Commission**, increases funding for the Colorado Preschool Program (CPP). Current law provides funding for 28,360 children to participate in the CPP for FY 2014-15 and beyond. Beginning with FY 2015-16, this bill increases the number of eligible children by 3,000 slots, from 28,360 to 31,360.

Background

The CPP is a state-funded early childhood education program administered by the Colorado Department of Education (CDE). The CPP allows eligible children to attend half-day or full-day preschool or full-day kindergarten. Eligible children attend high quality early childhood educational programs located in school districts, local child care centers, community preschools, or Head Start programs. The Division of Early Care and Learning in the Colorado Department of Human Services (DHS) is responsible for licensing early child care facilities, and for routinely inspecting licensed facilities for safety and compliance with regulations.

State law authorizes funding for 20,160 children to participate in CPP as half- or full-time preschool students, and authorizes funding for 8,200 children as CPP students or as full-day kindergarten students, when combined with a school district's other funding for kindergarten students. This bill funds an additional 3,000 slots for children to participate as half-time students; alternatively, the bill pays for 1,500 full-time students.

State Expenditures

For FY 2015-16 and FY 2016-17, this bill increases state General Fund expenditures by about \$11.3 million. However, the increase for school finance for FY 2016-17 could change, depending on how the negative factor is specified.

The bill also increases workload expenditures for both the CDE and DHS. Increased costs are summarized in Table 1 and explained below. Salary and benefit costs for new FTE paid from the General Fund are shown as an 11 month impact in FY 2015-16 in accordance with the pay-date shift (Section 24-50-104(8), C.R.S.).

Table 1. Expenditures Under HB 15-1024		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$69,774	\$72,382
FTE	1.2	1.2
Operating Expenses and Capital Outlay Costs	6,784	1,140
Printing and Travel	7,200	7,200
Centrally Appropriated Costs*	14,266	16,167
CPP Cost for School Finance	11,213,659	11,213,659
TOTAL	\$11,311,683	\$11,310,548

* Centrally appropriated costs are not included in the bill's appropriation.

Colorado Department of Education - \$46,855 and 0.5 FTE. The bill expands the CPP by 3,000 half-time slots. This expansion both increases the number of children served by CPP and the number of adults who will need professional development and technical support. Based on program rules mandating a class size limit of 16 children, the bill is anticipated to increase the number of CPP classrooms and the number of licensed adults requiring technical assistance and professional development. The CDE requires 0.5 FTE for professional staff (CPP Regional Support Specialist) to support quality implementation in new classrooms. The CPP Regional Support Specialist is responsible for monitoring CPP classrooms and providing technical assistance and coaching. Additionally, CDE staff must conduct more site visits as a result of the expansion, increasing travel expenses.

Colorado Department of Human Services - \$36,903 and 0.7 FTE. The Division of Early Care and Learning in the DHS is responsible for licensing new classrooms created by the CPP expansion. This is anticipated to increase licensing activities in the division and requires the addition of 0.7 FTE beginning with FY 2015-16. New staff are at the General Professional III level. Each licensing inspector carries a weighted caseload to ensure that facilities within their assigned area are inspected at a frequency of no less than once every 18 months.

School Finance. This bill increases by 3,000 the number of children served by the CPP. This addition increases the cost of school finance by \$11,213,659 for FY 2015-16 and FY 2016-17; the precise increase to school finance for FY 2016-17 could change depending on how the negative factor is specified.

Centrally appropriated costs. 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 estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 15-1024*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$8,858	\$9,663
Supplemental Employee Retirement Payments	5,408	6,514
TOTAL	\$14,266	\$16,167

**More information is available at: <http://colorado.gov/fiscalnotes>*

Local and School District Impact

The bill provides school districts and county-level operators of early childhood education providers additional funding to serve students.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2015-16, the Colorado Department of Education requires an appropriation of \$46,855 General Fund and 0.5 FTE; the Colorado Department of Human Services requires an appropriation of \$36,903 General Fund and 0.7 FTE.

For FY 2015-16, this bill requires an appropriation of \$11,213,659 General Fund for School Finance.

State and Local Government Contacts

Education Human Services