

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0508 **Date:** January 21, 2015
Prime Sponsor(s): Rep. Pettersen; Garnett **Bill Status:** House Education
 Sen. Todd **Fiscal Analyst:** Kristen Koehler (303-866-4918)

BILL TOPIC: EARLY CHILDHOOD EDUCATOR DEVELOPMENT SCHOLARSHIPS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	Potential increase from Gifts, Grants, and Donations.	
State Expenditures	at least \$478,755	at least \$496,553
General Fund	469,693	484,131
Centrally Appropriated Costs**	9,062	12,422
FTE Position Change	0.8 FTE	1.0 FTE
Appropriation Required: \$469,693 - Colorado Department of Human Services (FY 2015-16)		

* 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

The bill creates a scholarship grant program within the Colorado Department of Human Services (CDHS) to provide assistance to individuals who are obtaining a postsecondary credential in early childhood education. Scholarships are awarded by the DHS to qualifying entities, which includes tax-exempt non-profit organizations and institutions of higher education. To be eligible, a qualifying entity must have an operating scholarship program in place that awards scholarships to individuals seeking a postsecondary credential in early childhood education. Scholarship awards made by the DHS are made to each qualifying entity and not to students directly.

The bill requires the State Board of Human Services (state board) to create rules for the new scholarship program. The CDHS will review scholarship applications and make recommendations to the state board, as well as annually submit a report to the state board, the General Assembly, and the Governor. The CDHS may enter into a contract or interagency agreement with an entity, including another state agency, to accomplish the administrative duties assigned to the CDHS. The bill creates the Department of Education Administrative Cash Fund to receive payments for administrative services provided by the Colorado Department of Education (CDE), if any, related to the scholarship program through interagency agreement with the DHS.

Finally, the bill repeals the Early Childhood Educator Development Scholarship program that currently exists within the Colorado Department of Education (CDE).

Background

The Early Childhood Educator Development Scholarship Program was established in the CDE through House Bill 10-1030 to provide stipends to assist persons working in early childhood education with the costs of obtaining an Associate's degree. The program, which is funded solely through the receipt of federal moneys, or other gifts, grants, and donations, never became operational because it did not receive funds. Therefore, the repeal of this program from the CDE has no fiscal impact to the CDE.

State Revenue

The bill allows the CDHS to accept gifts, grants, and donations for the scholarship program. To the extent that the CDHS receives funds for the program, an increase in state revenue will increase; however, at this time, no sources of gifts, grants, or donations have been identified.

State Expenditures

A scholarship grant program meeting the requirements of the bill is expected to increase state expenditures by at least \$478,755 and 0.8 FTE in FY 2015-16, and by at least \$496,553 and 1.0 FTE in FY 2016-17. Costs are summarized in Table 1 and explained below. Personnel costs for FY 2015-16 have been adjusted to reflect the bill's August 5, 2015, effective date.

Table 1. Expenditures Under HB 15-1001		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$34,230	\$51,345
FTE	0.8 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,463	2,786
Scholarship Grant Awards	430,000	430,000
Centrally Appropriated Costs*	9,062	12,422
TOTAL	\$478,755	\$496,553

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

Program administration. Beginning in FY 2015-16, the CDHS will require additional personnel at the General Professional III level to establish program rules, create application procedures, develop award criteria, provide technical assistance, disseminate materials, conduct outreach and recruitment presentations, and manage, track, and report scholarship applications and awards. In addition, the CDHS is required to prepare an annual report to the state board, the General Assembly, and the Governor concerning the use of the moneys in the fund.

The state board is required to promulgate rules for the program, which may increase the workload impact to the Department of Law from legal services associated with this rulemaking. However, this workload impact is expected to be minimal and does not require additional appropriations.

Scholarship awards. The CDHS requires at least \$430,000 for scholarship awards in FY 2015-16. Providing scholarship awards will comprise the largest cost component of the bill. This fiscal note assumes that in order to create a viable scholarship program, scholarship awards should be a minimum of \$10,000 per qualified entity recipient, per year. Grant monies are distributed to qualified entities, which in turn distribute scholarships through the qualified entity's existing scholarship program to students attending the institution.

Assumptions. Based on a similar scholarship program administered by a private non-profit (the Teacher Education and Compensation Helps program administered by Qualistar Colorado) it is estimated that the CDHS will distribute approximately 43 grants to qualified institutions, who will then distribute scholarships of at least \$2,000 to each grant recipient, each year. By awarding \$10,000 to each qualified entity per year, each entity will be able to grant five, \$2,000 scholarships to students each year.

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 15-1001*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,409	\$8,028
Supplemental Employee Retirement Payments	2,653	4,394
TOTAL	\$9,062	\$12,422

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

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2015-16, the CDHS requires a General Fund appropriation of at least \$469,693 and 0.8 FTE.

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