

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF A FINANCIAL LITERACY PILOT PROGRAM FOR RESIDENTS OF COUNTIES.

Prime Sponsors: Senator Nicholson
Representative Lee

JBC Analyst: Byron DeLuke
Phone: 303-866-2061
Date Prepared: February 20, 2012

Summary of Amendments Made to the Bill After the 02/07/12 Legislative Council Staff Fiscal Note Was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs

Does Not Concur

Updated Analysis

Reason for the Update

Staff has updated the fiscal impact contained in the Legislative Council Staff's Fiscal Note dated 02/07/12 to include costs incurred by the Colorado State University (CSU) Extension Service under the pilot program. The CSU Extension is required to design the curriculum as well as to teach participants directly and/or train county workers and community volunteers to teach participants.

Legislative Council Staff did not include these costs because the Department of Higher Education analysis assumed that any costs incurred would be covered by fees from participants and counties. However, S.B. 12-021 requires that these fees be collected by the Department of Local Affairs and transferred to the Financial Literacy Pilot Program Fund. The legislation does not provide the Department with the authority necessary to pay CSU Extension directly with moneys from this fund. Moreover, the legislation stipulates that these moneys be subject to annual appropriation.

CSU Staff have estimated that it would cost \$170,000, including 6.0 FTE, to set up and run the pilot in four counties. While it is unknown how many counties will participate, this analysis assumes that at a minimum, a single county would take part, costing CSU Extension \$42,500, including 1.5 FTE.

Finally, the fiscal note included grants to counties from the Department of Local Affairs in the amount of \$20,000. These grants would be used by participating counties to pay staff, coordinate volunteers, and pay fees to the CSU Extension for training and direct teaching costs. However, because counties cannot pay fees directly to the CSU Extension Service for training or direct teaching costs, staff has lowered the dollar amount for grants to counties from \$20,000 to \$10,000. The revised costs are described in Table 1.

Table 1. Expenditures Under S.B. 12-021

Cost Components	FY 2012-13	FY 2013-14
DOLA Pilot Program Administration	\$15,933	\$15,933
FTE	0.3	0.3
DOLA Grants to Counties	10,000	10,000
CSU Extension Training and Direct Teaching Costs	42,500	42,500
FTE	1.5	1.5
Total Cash Funds	\$68,433	\$68,433

Amendments/Appropriation Status

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$25,933 cash funds and 0.3 FTE from the Financial Literacy Pilot Program Fund to the Department of Local Affairs and \$42,500 cash funds and 1.5 FTE from the Financial Literacy Pilot Program Fund to the Department of Higher Education for FY 2012-13.

Bill Sponsor Amendments

Staff is not aware of any sponsor amendments to be offered.

Points to Consider

Cost Assumptions: While S.B. 12-021 authorizes the Department of Local Affairs to seek gifts and donations to the Financial Literacy Pilot Program Fund, the Department has interpreted that the bill does not require such fund-raising. As a result, the fiscal impact estimates for the Department include grant administration of the pilot program only, and do not include resources and FTE needed to solicit and seek gifts, donations, and contributions to the fund. It is also unclear how many counties will apply and be selected to participate in the pilot program. This fiscal analysis assumes that a single county would take part in the program and receive a grant of \$10,000. CSU Extension is projected to spend \$42,500 on the pilot program in this county. However, up to four counties can be selected to participate.