

  
 Colorado *Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Note: This fiscal note is provided pursuant to Joint Rule 22 (b) (2) and reflects strike-below Amendment L.003.**

<b>Drafting Number:</b> LLS 12-0429	<b>Date:</b> February 7, 2012
<b>Prime Sponsor(s):</b> Sen. Nicholson Rep. Lee	<b>Bill Status:</b> Senate Local Government <b>Fiscal Analyst:</b> Bill Zepernick (303-866-4777)

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

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
<b>State Revenue</b>		
Cash Funds		
Financial Literacy Pilot Program Fund *	\$38,607	\$38,734
<b>State Expenditures</b>		
Cash Funds		
Financial Literacy Pilot Program Fund	At least \$35,933	At least \$35,933
<b>FTE Position Change</b>	0.3 FTE	0.3 FTE
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.		
<b>Local Government Impact:</b> See Local Government Impact section.		

\* Revenue is from potential gifts, grants, and donations, as well as user fees paid by program participants and counties. Revenue is higher than expenditures to account for costs in the Expenditures Not Included section of the fiscal note.

**Summary of Legislation**

The bill, *with SEBEC Amendment L.003*, creates the Financial Literacy Pilot Program in the Department of Local Affairs (DOLA) to be implemented in up to four selected counties. County participation is voluntary. Counties may apply and if selected, receive grant funding to implement a financial literacy program in their county. The Colorado State University (CSU) Extension Service is required to design the pilot program and curriculum. The pilot is to test two teaching methods: 1) CSU Extension Service teaching participants directly, and 2) CSU training county workers and community volunteers to teach participants. DOLA is required to develop and announce the program requirements, including the application process for counties, selection criteria, and other program details. The financial literacy programs are to commence on or after January 1, 2013, and end on December 31, 2015.

The bill outlines various program details including fees paid by participants on a sliding scale to take financial literacy classes and by counties to pay for the services of CSU extension. The bill creates the Financial Literacy Pilot Program Fund and specifies that all fees paid by participants and counties are to be paid to the fund. In addition, DOLA is authorized to receive gifts, grants, and donations in the Financial Literacy Pilot Program Fund to award grants to counties and to oversee the program.

### **State Revenue**

The bill increases revenue in the DOLA to the Financial Literacy Pilot Program Fund from gifts, grants, and donations, as well as from fee from counties and program participants. The DOLA is required to notify the Director of Research of the Legislative Council when sufficient funding has been received to implement the bill. This analysis estimates that ***at least \$38,607 in revenue is required*** to fund the pilot program in the first year, based on the estimate in the State Expenditures and Expenditures Not Included sections below. However, the actual amount of revenue required depends on how many counties will participate and how they will structure their financial literacy classes. Revenue from fees will also depend on the sliding scale established by the DOLA and the number of participants choosing to participate.

### **State Expenditures**

***The bill increases expenditures in the DOLA from the Financial Literacy Pilot Program Fund by at least \$35,933 per year beginning in FY 2012-13.*** This amount includes the costs for staff to administer the program, as well as the cost to provide a grant of \$20,000 to a single county. However, exact costs for grants to counties is unknown, as the number of counties selected and their plans to operate their financial literacy programs are not known at this time. Costs are described in Table 1 and the discussion below.

<b>Table 1. Expenditures Under SB 12-021</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Pilot Program Administration	\$15,933	\$15,933
FTE	0.3	0.3
Grants to Counties	20,000	20,000
<b>TOTAL</b>	<b>\$35,933</b>	<b>\$35,933</b>

***Pilot program administration.*** DOLA has costs of \$15,933 for staff and standard operating expenses to oversee and administer the pilot program. Duties include setting program rules, selecting counties, and coordinating between counties and the CSU Extension Service.

**Grants to counties.** At this time it is unknown how many counties will apply and be selected to participate in the pilot program. This analysis assumes that, at a minimum, a single county would receive a grant of at least \$20,000 to operate a financial literacy program under the pilot. This funding would be used to pay staff, coordinate volunteers, and pay fees to the CSU Extension Service for training or direct teaching costs.

**CSU Extension Service.** The CSU Extension Service will incur costs under the pilot program to train counties to use their financial literacy curriculum and/or to teach classes directly. It is assumed that any costs incurred by the CSU Extension Service will be covered by fees paid by participants and counties. The CSU Extension Service is also required to contract for an evaluation of the pilot program in FY 2014-15. These costs have not been estimated, but are assumed to be paid for by fees and/or gifts, grants, and donations.

**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 centrally appropriated costs subject to this policy are summarized in Table 2

<b>Table 2. Expenditures Not Included Under SB 12-021*</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,840	\$1,840
Supplemental Employee Retirement Payments	834	961
<b>TOTAL</b>	<b>\$2,674</b>	<b>\$2,801</b>

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

**Local Government Impact**

Counties that choose to participate in the pilot program will pay the CSU Extension Service either to receive training or conduct financial literacy classes. Counties will also incur costs to administer their programs, recruit volunteers and participants, and other tasks. Costs are assumed to be covered by grants provided by the DOLA. Counties may also contribute their own funds to support their financial literacy program under the pilot.

**State Appropriations**

The bill requires an appropriation of \$35,933 and 0.3 FTE to the Department of Local Affairs from the Financial Literacy Pilot Program Fund in FY 2012-13.

**Departments Contacted**

Local Affairs      Higher Education      Legislative Council      Counties