

**FINAL
FISCAL NOTE**

Drafting Number: LLS 12-0429
Prime Sponsor(s): Sen. Nicholson
 Rep. Lee

Date: June 12, 2012
Bill Status: Postponed Indefinitely
Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING THE CREATION OF A FINANCIAL LITERACY PILOT PROGRAM FOR RESIDENTS OF COUNTIES, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
Cash Funds		
Financial Literacy Pilot Program Fund *	\$61,107	\$61,234
State Expenditures		
Cash Funds		
Financial Literacy Pilot Program Fund *	\$58,433	\$58,433
FTE Position Change	1.3 FTE	1.3 FTE
Effective Date: The bill was postponed indefinitely by the House State, Veterans, and Military Affairs Committee on March 22, 2012.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: 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. These figures assume the pilot program is implemented in four counties.

Summary of Legislation

The bill 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 fees 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. The bill provides great flexibility to counties in setting up their financial literacy programs. Further, counties have the ability to partner with private organization and receive funding from other sources to support the grant program, as well as to chose whether to teach the financial literacy classes themselves or using CSU Extension Service staff, which makes the utilization of Financial Literacy Pilot Program Funds difficult to project. The revenue and expenditures discussed in the fiscal note attempt to estimate the minimum cost required for the pilot to begin.

This analysis estimates that *a minimum of \$61,107 in revenue is required* to fund the pilot program in the first year in all four counties, based on the estimate in the State Expenditures and Expenditures Not Included sections below. *At least \$29,232 is required* to implement the pilot if only one county participates. 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 costs by *at least \$58,433 and 1.3 FTE per year beginning in FY 2012-13* to begin the pilot in four counties. If the pilot is only implemented in one county, costs would increase by at least \$26,558 and 0.6 FTE. These costs in the DOLA and CSU Extension Service are paid from the Financial Literacy Pilot Program Fund and are as summarized in Table 1 and the discussion below.

Cost Components	FY 2012-13	FY 2013-14
Pilot Program Administration	\$15,933	\$15,933
FTE	1.3	1.3
CSU Extension Service	42,500	42,500
TOTAL	\$58,433	\$58,433

Pilot program administration. DOLA will have costs of \$15,933 and 0.3 FTE for staff and standard operating expenses to oversee and administer the pilot program. Duties include setting program rules, selecting counties, coordinating between counties and the CSU Extension Service, and pursuing potential funding opportunities.

CSU Extension Service. The CSU Extension Service will have costs of \$42,500 per year and require 1.0 FTE to participate in the pilot program in four counties (\$10,625 and 0.25 FTE per county). These costs are for staff to train counties to use the financial literacy curriculum and/or to teach financial literacy classes directly. The CSU Extension Service is also required to contract for an evaluation of the pilot program in FY 2014-15. These evaluation costs have not been estimated, but are assumed to be paid for by fees and/or gifts, grants, and donations.

Grants to counties. Grant money may be provided to participating counties to support the financial literacy programs created under the pilot. However, given that this analysis assumes that funding is provided directly to the CSU Extension Service to participate in the pilot and that the bill allows for counties to partner with outside organizations and use other county resources in supporting the pilot, grants to counties are not required to begin implementation of the pilots. If sufficient revenue from gifts, grants, and donations is available and counties seek additional grant funding, it is assumed that the DOLA would seek spending authority through the budget process to make these grants. Potentially, grant funding could be used coordinate volunteers, hire staff, recruit participants, and cover other expenses to implement the pilot beyond the minimal amount envisioned in this fiscal note.

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

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

*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. These costs may be partially offset by grant funding provided by the DOLA. Counties may also contribute their own funds and funding from outside partners to support their financial literacy program under the pilot.

State Appropriations

The bill requires total appropriations of \$58,433 from the Financial Literacy Pilot Program Fund and 1.3 FTE in FY 2012-13, including:

- \$15,933 and 0.3 FTE to the Department of Local Affairs; and
- \$42,500 and 1.0 FTE to the Department of Higher Education for allocation to the Board of Governors of the Colorado State University System.

Departments Contacted

Local Affairs Higher Education Legislative Council Counties