

REVISED FISCAL IMPACT

(replaces fiscal note dated February 7, 2012)

Drafting Number: LLS 12-0429

Date: March 9, 2012

Prime Sponsor(s): Sen. Nicholson
Rep. Lee

Bill Status: House SVMA

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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 *	\$71,107	\$71,234
State Expenditures		
Cash Funds		
Financial Literacy Pilot Program Fund	At least \$68,433	At least \$68,433
FTE Position Change	1.8 FTE	1.8 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
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.

The fiscal note has been revised to reflect amendments adopted by the Senate, as well as incorporate new information received from the Department of Higher Education.

Summary of Legislation

The *reengrossed 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. This analysis estimates that *at least \$71,107 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 costs by at least \$68,433 per year beginning in FY 2012-13 from the Financial Literacy Pilot Program Fund. These costs are in the DOLA and CSU Extension, as shown in Table 1 and the discussion below.

Table 1. Expenditures Under SB 12-021		
Cost Components	FY 2012-13	FY 2013-14
Pilot Program Administration	\$15,933	\$15,933
FTE	1.8	1.8
Grants to Counties	10,000	10,000
CSU Extension Service	42,500	42,500
TOTAL	\$68,433	\$68,433

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 \$10,000 to begin a financial literacy program under the pilot. This funding would be used to at least partially cover the costs to counties to start the pilot, hire staff, coordinate

volunteers, and pay fees to the CSU Extension Service for training or direct teaching costs. It is also assumed that fees from program participants, donations and assistance from private or nonprofit partners, or other county resources will also be required to operate the financial literacy program.

CSU Extension Service. The CSU Extension Service will have costs of \$42,500 per year and require 1.5 FTE for each county participating in the pilot program. These costs, paid from the Financial Literacy Pilot Program Fund, are for staff to train counties to use the financial literacy curriculum and/or to teach financial literacy classes directly. Costs incurred by the CSU Extension Service will be covered by funds in the Financial Literacy Pilot Program Fund. 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.

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 are assumed to be at least 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 \$68,433 from the Financial Literacy Pilot Program Fund and 1.8 FTE in FY 2012-13, including:

- \$15,933 and 0.3 FTE to the Department of Local Affairs; and
- \$42,500 and 1.5 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