



## Fiscal Note

### Legislative Council Staff

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## HB 25-1328: IMPLEMENT RECS DIRECT CARE WORKER STABILIZATION BD

#### Prime Sponsors:

Rep. Duran; Sirota  
Sen. Danielson; Bridges

#### Fiscal Analyst:

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**Fiscal note status:** This revised fiscal note reflects the introduced bill, as amended by the House Health and Human Services Committee, and includes additional updated estimates for department expenditures.

### Summary Information

**Overview.** The bill implements recommendations made by the Direct Care Workforce Stabilization Board related to health care benefits, trainings, and wages, among others.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures

**Appropriations.** For FY 2025-26, the bill requires appropriations totaling \$508,989 to the Department of Labor and Employment and the Department of Health Care Policy and Financing.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures	\$591,202	\$602,686	\$604,996
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	4.1 FTE	5.0 FTE	5.0 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A**  
**State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$288,564	\$317,022	\$317,253
Cash Funds	\$0	\$0	\$0
Federal Funds	\$220,425	\$185,210	\$187,289
Centrally Appropriated	\$82,213	\$100,454	\$100,454
<b>Total Expenditures</b>	<b>\$591,202</b>	<b>\$602,686</b>	<b>\$604,996</b>
<b>Total FTE</b>	<b>4.1 FTE</b>	<b>5.0 FTE</b>	<b>5.0 FTE</b>

## Summary of Legislation

The bill implements several recommendations made by the Direct Care Workforce Stabilization Board in the Department of Labor and Employment (CDLE) related to health care benefits, trainings, communications, compliance enforcement, and an advisory group for direct care workers. The bill also establishes new minimum wage requirements for the direct care workforce.

### Health Care Benefits

The bill requires the board to investigate health care benefits for direct care workers, including overall costs in comparison to other industries, reducing costs, and solutions for improving quality of care, among others.

### “Know Your Rights” Training

The CDLE must collaborate with the board to establish a “Know Your Rights” training for direct care workers, provide this training free-of-charge, and report data to the board regarding training completions. The training includes information pertaining to:

- base and overtime wages;
- rules for travel time;
- how to file a complaint;
- current state and federal laws; and
- where to access more information.

On or before October 1, 2026, employers must provide the training to direct care workers free-of-charge and allow them to complete it within regular paid working hours. Employers must also distribute a notice of rights, created by the Department of Health Care Policy and Financing (HCPF), to new and existing direct care hires that includes training and website information.

## Compliance Enforcement

The director of the Division of Labor Standards and Statistics in the CDLE must support direct care employers in complying with these provisions, and investigate violations related to training and labor standards.

Employers that violate direct care workforce regulations are subject to a fine of \$100 per worker affected by the violation. The fine doubles for each subsequent violation committed by the employer. Civil penalties collected as a result of these violations must be credited to the Wage Theft Enforcement Fund in the CDLE.

## Website and Communication Platform

The bill requires HCPF to establish a direct care worker website and communication platform by July 1, 2026. The website must include various trainings, information on worker's rights, and access to benefits, among other attributes. The communication platform must include information about qualified direct care workers, recruitment opportunities, and regular communication from HCPF, among other things.

On a regular basis, HCPF must grant the CDLE and relevant organizations access to the contact information for each direct care worker enrolled in the communication platform.

## Background

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[Senate Bill 23-261](#) created the Direct Care Workforce Stabilization Board in the CDLE to study and develop recommendations concerning direct care workers. Starting in 2024, the board is required to submit these recommendations to the General Assembly and Governor's Office. The [first set of recommendations](#) was published on September 1, 2024 and informed this bill. Through this bill, both the CDLE and HCPF received ongoing FTE to support efforts of the board.

Effective January 1, 2025, the Joint Budget Committee approved a \$17.00 per hour base wage requirement for all direct care workers in Colorado's home and community-based service settings. The base wage requirement was increased to \$18.81 per hour for workers in Denver. According to a review conducted by the Department of Personnel and Administration in 2025, all direct care workers employed by the state currently earn the minimum wage or more.

## Assumptions

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The fiscal note assumes that HCPF will complete the website and communication platform on July 1, 2026, and that CDLE will begin to administering the "Know Your Rights" training on October 1, 2026.

## State Revenue

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Starting in FY 2025-26, the bill may increase state revenue from fines imposed on direct care employers for violations of direct care workforce regulations. Employers are subject to a fine of \$100 per worker impacted, with the fine doubling for each subsequent violation committed. This revenue is classified as a damage award and is not subject to TABOR, and any penalties collected as a result are credited to the Wage Theft Enforcement Fund. Given the wide range of possible violations that could occur, the fiscal note cannot estimate the potential impact of these fine. However, it is assumed that direct care employers will either comply with the bill or cure violations and any revenue collected will be minimal.

## State Expenditures

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The bill increases state expenditures by about \$591,000 in FY 2025-26, \$603,000 in FY 2026-27, and \$605,000 in future years. These costs will be incurred in the CDLE and HCPF, as shown in Table 2 and described below. Costs are paid from the General Fund and federal funds.

**Table 2**  
**State Expenditures**  
**All Departments**

<b>Department</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Department of Labor and Employment	\$201,768	\$233,376	\$233,376
Department of Health Care Policy and Financing	\$389,434	\$369,310	\$371,620
<b>Total Costs</b>	<b>\$591,202</b>	<b>\$602,686</b>	<b>\$604,996</b>

### Department of Labor and Employment

State expenditures in the CDLE will increase by about \$202,000 in FY 2025-26 and \$233,000 in future years for staff costs, travel expenses, and software licenses, as shown in Table 2A.

**Table 2A**  
**State Expenditures**  
**Department of Labor and Employment**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$144,434	\$180,543	\$180,543
Operating Expenses	\$2,048	\$2,560	\$2,560
Capital Outlay Costs	\$13,340	\$0	\$0
Travel Expenses	\$2,000	\$2,000	\$2,000
Software Licenses	\$6,637	\$6,637	\$6,637
Centrally Appropriated Costs	\$33,309	\$41,636	\$41,636
<b>Total Costs</b>	<b>\$201,768</b>	<b>\$233,376</b>	<b>\$233,376</b>
<b>Total FTE</b>	<b>1.6 FTE</b>	<b>2.0 FTE</b>	<b>2.0 FTE</b>

### *Staff*

Beginning in FY 2025-26, the CDLE requires 1.0 FTE Policy Advisor V and 1.0 FTE Compliance Investigator II to develop the “Know Your Rights” training material, administer the trainings, assist employers with compliance, and coordinate with state agencies on the bill’s requirements. Staff costs and FTE are prorated in the first year based on the bill’s effective date.

### *Training*

The fiscal note estimates that about 40,700 direct care workers are employed in the state across 1,100 direct care employers. In the program’s first year, it is assumed that all workers will receive virtual training through the CDLE’s telecommunication platform, which can hold up to 1,000 attendees. It is thus estimated that the department will conduct about 41 training sessions between 2026 and 2027. In future years, the department will conduct 18 training sessions per year for new direct care workers that will be hired each year.

### *Compliance*

The fiscal note estimates that 4 percent of employers may violate provisions in the program’s first year, resulting in 44 investigations. In future years, while noncompliance is expected to decrease as employers better understand new requirements and cure past violations, increased awareness of labor rights may concurrently increase the number of complaints filed by direct care workers and investigations conducted by the department. The fiscal note assumes that complaints will increase by 25 percent per year and that it will take at least five years for the department to begin experiencing a decrease in overall compliance work, based on a similar awareness campaign in the construction sector.

## Software Licensing

Beginning in FY 2025-26, the CDLE requires about \$6,600 for various software licensing programs for new staff, of which \$1,080 is for a telecommunications platform upgrade that will allow the department to host up to 1,000 attendees for training sessions.

## Travel Expenses

The department requires \$2,000 per year for two trips to assist employers with compliance and investigate complaints related to direct care workforce standards.

## Legal Services

The CDLE requires up to 100 hours of legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to rulemaking, implementation, and ongoing administration of the program, as well as a rise in complaints.

## Department of Health Care Policy and Financing

State expenditures in HCPF will increase by about \$389,000 in FY 2025-26, \$369,000 in FY 2026-27, and \$371,000 in future years for staff and website costs, as shown in Table 2B below.

**Table 2B**  
**State Expenditures**  
**Department of Health Care Policy and Financing**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$191,919	\$231,741	\$231,741
Operating Expenses	\$3,200	\$3,840	\$3,840
Capital Outlay Costs	\$20,010	\$0	\$0
Website Build and Maintenance	\$125,400	\$74,910	\$77,220
Centrally Appropriated Costs	\$48,905	\$58,819	\$58,819
<b>Total Costs</b>	<b>\$389,434</b>	<b>\$369,310</b>	<b>\$371,620</b>
General Fund	\$144,557	\$154,691	\$154,922
Federal Funds	\$244,877	\$214,619	\$216,698
<b>Total FTE</b>	<b>2.5 FTE</b>	<b>3.0 FTE</b>	<b>3.0 FTE</b>

## Staff

Beginning in FY 2025-26, HCPF requires staff to manage the website build, enforce minimum wage requirements, and staff the new advisory board.

### *Website Management*

HCPF requires 1.0 FTE Policy Advisor V to redesign the direct care worker website and communication platform, gather and analyze data financial and benefits data, engage with the CDLE and direct care employers, and manage the website vendor. Staff costs and FTE are prorated in the first year based on the bill's effective date.

### *Enforcement*

HCPF requires 2.0 FTE Compliance Specialist III to enforce minimum wage increases for direct care workers through compliance audits, quality assurance measures, corrective actions, and compliance materials. The fiscal note assumes that over 1,000 direct care employers will require compliance audits on a six-year rolling review cycle. Staff costs and FTE are prorated in the first year based on the bill's effective date.

### *Website Build and Maintenance*

In FY 2025-26, HCPF will incur about \$125,000 of costs to contract with a vendor to build the new direct care worker website and communication platform. Based on the level of detail required by the bill, the fiscal note assumes that a contractor will perform 570 hours of work at a rate of \$220.00 per hour. Ongoing maintenance costs in future years are estimated to require 330 hours of work, at incrementally higher hourly rates per year. Actual contractor costs will be determined through the contracting process.

### **Other Agency Impacts**

The bill minimally increases workload in the Department of Regulatory Agencies for the Division of Professions and Occupations to provide information and outreach to licensed and registered workers impacted by the direct care workforce provisions. This workload can be accomplished within existing appropriations.

### **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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in the expenditure tables above.

### **Effective Date**

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

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For FY 2025-26, the bill requires the following appropriations:

- \$168,459 from the General Fund to the Department of Labor and Employment, and 1.6 FTE; and
- \$120,105 from the General Fund and \$220,425 from federal funds to the Department of Health Care Policy and Financing, and 2.5 FTE.

## State and Local Government Contacts

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Health Care Policy and Financing  
Information Technology  
Labor

Law  
Public Health and Environment  
Regulatory Agencies