This bill allows county block grant Temporary Assistance for Needy Families (TANF) moneys transferred to the Child Care Development Fund under current law to be used for child care quality activities as identified in the federal Child Care and Development Block Grant Act of 2014.

Summary of Legislation

The federal government provides TANF block grants to states. These funds may be used for cash benefits and services designed to help low-income families become self-sufficient. Colorado receives a TANF block grant of $136.1 million per year. Of this amount, $130.2 million is passed through as a block grant to counties to administer Colorado Works. The remainder is used for training and administration by the state. Counties may also use TANF funds in their block grants to pay for child welfare and child care assistance programs.

Federal law allows states to deposit any unexpended block grant funds in a reserve account, without a time limit. State law allows for large and small counties to hold certain levels of unspent TANF money at the local level; funds above these limits are then deposited into the state Long-Term TANF Reserve. This money may also be expended on benefits that meet the definition of federal assistance. For FY 2017-18, Colorado's TANF Long-Term Reserve is projected to total approximately $31.9 million.
State Expenditures

The bill potentially decreases the expenditure of federal TANF funds in the Department of Human Services starting in FY 2017-18. By allowing counties to spend county block grant funds on a new purpose such as child care quality activities, the bill potentially decreases the amount of unspent TANF funds that would have otherwise been returned to the Long-Term TANF Reserve and spent on state-level activities. The exact change in spending of federal funds from the Long-Term TANF Reserve cannot be projected and will depend on counties’ future use of TANF funds.

The bill also increases workload in the Department of Human Services to monitor county spending of TANF funds on child care quality initiatives. The fiscal note assumes this work can be accomplished within existing appropriations. Should this workload require additional staff, it is assumed that the Department of Human Services will request funding through the annual budget process.

Local Government Impact

The bill gives counties an additional option for spending county block grant funds, which will likely increase overall county spending within the existing county block grant and local TANF reserves. Spending on child care quality activities is voluntary and will depend on future decisions by counties.

Departmental Difference

The Department of Human Services estimates that the bill will increase costs by $60,591 and 0.8 FTE in FY 2017-18 and by $67,408 and 1.0 FTE in FY 2018-19 and future years, paid from the General Fund. These costs are for an additional staff person and associated operating expenses to review child care quality initiatives and monitor spending for all 64 counties. The fiscal note does not include these costs for the following reasons. First, the DHS already has staff responsible for monitoring TANF spending by counties and that work on child care quality initiatives generally. This bill does not impose any new or different monitoring requirements. Therefore, it is assumed that these existing staff can oversee the use of funds for the new purpose under the bill. Second, it is unknown how many counties will choose to use TANF funding for child care quality activities. If only a portion of counties choose to shift TANF funds toward child care quality, the corresponding workload would not justify the full FTE amount as estimated by the Department.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

<table>
<thead>
<tr>
<th>Counties</th>
<th>Human Services</th>
<th>Information Technology</th>
</tr>
</thead>
</table>

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: www.leg.colorado.gov/fiscalnotes.