



Legislative
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**FINAL
FISCAL NOTE**

Drafting Number: LLS 18-0109 **Date:** May 14, 2018
Prime Sponsor(s): Sen. Smallwood; Todd **Bill Status:** Signed into Law
 Rep. Kraft-Tharp; McKean **Fiscal Analyst:** Clare Pramuk | 303-866-2677
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Bill Topic: ENHANCED NURSE LICENSURE COMPACT

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

This bill adopts the Enhanced Nurse Licensure Compact and repeals the existing Nurse Licensure Compact. It increases cash fund revenue and expenditures to the Department of Public Safety and the Department of Regulatory Agencies. These impacts are ongoing.

Appropriation Summary: The Department of Public Safety requires an appropriation of \$233,702 for FY 2017-18 and \$336,009 for FY 2018-19. The Department of Regulatory Agencies requires an appropriation of \$114,000 for FY 2017-18 and \$134,746 for FY 2018-19. See the State Appropriations section for detail on fund sources and reappropriated funds.

Fiscal Note Status: This fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under SB 18-027**

		FY2017-18 <i>(current year)</i>	FY 2018-19	FY 2019-20
Revenue	Cash Funds	\$363,400	\$664,895	\$663,051
	Total	\$363,400	\$664,895	\$663,051
Expenditures	Cash Funds	\$347,702	\$470,755	\$516,658
	Centrally Appropriated	\$33,468	\$75,658	\$83,203
	Total	\$381,170	\$546,413	\$599,861
Total FTE		0.5 FTE	3.1 FTE	3.3 FTE

Transfers

Summary of Legislation

This bill adopts the Enhanced Nurse Licensure Compact (enhanced compact) and repeals the existing Nurse Licensure Compact (original compact). The enhanced compact requires that all registered and licensed practical nurses licensed after July 20, 2017, complete a fingerprint-based criminal history check in order to participate in the compact. Nurses holding a multi-state license prior to July 20, 2017, will be grandfathered into the enhanced compact.

Background

Senate Bill 06-20 directed the Governor to enter into a multi-state nurse licensure compact. The original compact established relationships between party states in the areas of jurisdiction, discipline, and information sharing. The original compact had a total of 25 member states and enabled nurses to practice physically, telephonically, or electronically in their home state and all other compact member states. As of July 20, 2017, 27 states have joined the enhanced compact, which allowed it to become effective with an implementation date of January 19, 2018. On that date, Colorado nurses holding a multi-state license under the original compact will only be able to practice outside of Colorado in Wisconsin, New Mexico, and Rhode Island rather than the original 25 states.

Assumptions

The fiscal note assumes the following:

- all new nurse licensees will submit a fingerprint-based criminal history record check;
- the number of new nurse licensees will increase 12 percent per year;
- the costs for implementation of the enhanced compact will be recovered through a fee increase on nurse licenses beginning in FY 2018-19;
- 3 percent of nurses will have something flagged in their criminal history record checks that requires a review by the Department of Regulatory Agencies (DORA), which equates to 276 flags in FY 2017-18, 309 flags in FY 2018-19, and 346 flags in FY 2019-20;
- 25 percent of flags will require additional investigation by DORA;
- 4 percent of flags will require adjudication by the Department of Law; and
- the compact fee will be equal to or less than the original compact fee.

State Revenue

This bill will increase cash fund revenue by \$363,400 in FY 2017-18, \$664,895 in FY 2018-19, and \$663,051 in FY 2019-20. Table 2 shows how this fee revenue will be distributed between the Identification Unit Cash Fund in the Department of Public Safety (DPS) and the Professions and Occupations Cash Fund in DORA.

**Table 2
 Revenue by Cash Fund**

Fiscal Year	DPS Identification Unit Cash Fund	DORA Professions and Occupations Cash Fund	Total
FY 2017-18	\$363,400		\$363,400
FY 2018-19	\$427,114	\$237,781	\$664,895
FY 2019-20	\$478,385	\$184,666	\$663,051

Fee impact on nurses. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The fiscal note addresses two fees related to this bill. The first is the estimated license fee increase paid by registered and licensed practical nurses; actual fee amounts will be set administratively by DORA based on cash fund balance, estimated program costs, and the number of licenses subject to the fee. The second fee is for fingerprint based criminal history record checks, which is set by DPS at \$39.50, \$10 of which is forwarded to the FBI. Table 3 below identifies the fee impact of this bill.

**Table 3
 Fee Impact on Nurses**

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2017-18	Fingerprint Background Check	\$39.50	9,200	\$363,400
	Nursing License* Fee Increase	-	-	-
FY 2017-18 Total				\$363,400
FY2018-19	Fingerprint Background Check	\$39.50	10,813	\$427,114
	Nursing License Fee Increase	\$4.56	52,145	237,781
FY 2018-19 Total				\$664,895
FT2019-20	Fingerprint Background Check	\$39.50	12,111	\$478,385
	Nursing License Fee Increase	\$4.56	40,497	184,666
FY 2019-20 Total				\$663,051

**Includes registered nurses and licensed practical nurses for new and renewal licenses.*

State Expenditures

This bill increases cash fund expenditures by \$381,170 and 0.5 FTE in FY 2017-18, \$546,413 and 3.1 FTE in FY 2018-19, and \$599,861 and 3.3 FTE in FY 2019-20. These expenditures are shown in Table 4 and explained below.

**Table 4
 Expenditures Under SB 18-027**

Cost Components	FY 2017-18	FY 2018-19	FY 2019-20
Department of Public Safety			
Personal Services	\$27,059	\$127,473	\$141,856
Operating Expenses and Capital Outlay Costs	\$114,643	\$100,406	\$112,421
FBI Pass Through	\$92,000	\$108,130	\$121,110
Centrally Appropriated Costs*	\$33,468	\$67,362	\$74,907
FTE – Personal Services	0.5 FTE	2.0 FTE	2.2 FTE
DPS (Subtotal)	\$267,170	\$403,371	\$450,294
Department of Regulatory Agencies			
Personal Services	-	\$38,403	\$38,403
Operating Expenses and Capital Outlay Costs	\$4,000	\$2,570	\$570
Legal Services	-	\$93,773	\$102,298
Computer System Changes	\$110,000		
Centrally Appropriated Costs*	-	\$8,296	\$8,296
FTE – Personal Services	-	0.6 FTE	0.6 FTE
FTE – Legal Services	-	0.5 FTE	0.5 FTE
DORA (Subtotal)	\$114,000	\$143,042	\$149,567
Total	\$381,170	\$546,413	\$599,861
Total FTE	0.5 FTE	3.1 FTE	3.3 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Colorado Bureau of Investigation, DPS. The Colorado Bureau of Investigation (CBI) will have an increase in expenditures of \$267,170 and 0.5 FTE in FY 2017-18, \$403,371 and 2.0 FTE in FY 2018-19, and \$450,294 and 2.2 FTE in FY 2019-20 and thereafter. These expenditures will come from the Identification Unit Cash Fund. During FY 2017-18, the CBI will have a significant increase in record checks prior to being able to recruit and train staff. As a result, the CBI may experience an increase in processing time for record checks. The costs associated with the bill for CBI include staffing, equipment, licenses and FBI pass through funds.

Division of Professions and Occupations, DORA. The division will have an increase in expenditures of \$114,000 and an increase in workload in FY 2017-18, \$143,042 and 0.6 FTE in FY 2018-19, and \$149,567 and 0.6 FTE in FY 2019-20 and thereafter. These expenditures will come from the Division of Professions and Occupations Cash Fund. In FY 2017-18, costs increase for the Office of Information Technology to modify the data systems so that the CBI and DORA can share information, to purchase hardware to interface with the compact administrator, and to extract data from the nurse licensing system and convert it to the format required for the compact data system. Based on information from the National Council of State Boards of Nursing, grant funds may be available to cover some of these costs. DORA staff will have expenses of \$4,000 in FY 2017-18 and \$2,000 in FY 2018-19 for compact related travel.

Beginning in FY 2018-19, the division will require an increase in legal services hours from the Department of Law to adjudicate cases that could not be resolved within DORA. For FY 2018-19, the division requires an additional 880 hours, which requires an allocation of 0.5 FTE to the Department of Law to adjudicate 11 cases. For FY 2019-20, the division requires an additional 960 hours which requires an allocation of 0.5 FTE to the Department of Law to adjudicate 12 cases.

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 estimated to be \$33,468 in FY 2017-18, \$75,658 in FY 2018-19 and \$83,203 in FY 2019-20.

Effective Date

The bill was signed by the Governor and took effect January 18, 2018. Section 1 takes effect July 17, 2018.

State Appropriations

For FY 2017-18, the following appropriations are required:

- \$233,702 to the Department of Public Safety from the Identification Unit Cash Fund and an allocation of 0.5 FTE;
- \$114,000 to the Department of Regulatory Agencies from the Division of Professions and Occupations Cash Fund, of which \$110,000 is reappropriated to the Office of Information Technology.

For FY 2018-19, the following appropriations are required:

- \$336,009 to the Department of Public Safety from the Identification Unit Cash Fund and an allocation of 2.0 FTE; and
- \$134,746 to the Department of Regulatory Agencies from the Division of Professions and Occupations Cash Fund, with an allocation of 0.6 FTE; of which \$93,773 is reappropriated to the Department of Law, with an allocation of 0.5 FTE.

State and Local Government Contacts

Information Technology	Law
Public Safety	Regulatory Agencies