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FISCAL NOTE

Drafting Number: LLS 20-0747 Date: March 23, 2020
Prime Sponsors: Sen. Gonzales; Moreno Bill Status: Senate Finance
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Bill Topic: CREATION OF THE FINANCIAL EMPOWERMENT OFFICE

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

The bill creates the Financial Empowerment Office in the Department of Law. The bill increases state and local expenditures on an ongoing basis.

Appropriation Summary: In FY 2020-21, the bill requires appropriations totaling \$221,016 to several state agencies. See State Appropriations Section.

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

Table 1 State Fiscal Impacts Under SB 20-193

Table with 3 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

Summary of Legislation

The bill creates the Financial Empowerment Office (office) in the Department of Law (DOL). The office is charged with growing the financial resilience and well-being of Coloradans through expanding access to safe and affordable banking; increasing access to affordable credit; expanding access to free individual financial counseling and coaching; and developing strong consumer protections.

In furtherance of these goals, the office may develop:

- methods, programs, and policies to increase access to safe and affordable financial products;
- tools and resources that advance, increase, and improve Colorado residents' financial management; and
- community-informed policies and systems that build ownership and wealth.

The office must:

- support local organizations that define and lead tailored financial resilience strategies;
- align, support, and build ties to help build financial education and well-being in local communities;
- establish a statewide coalition that includes the Office of the State Treasurer, local official, and others listed in the bill to discuss affordable banking products and help improve the financial stability of the unbanked;
- work with stakeholders to increase access to low-cost, credit-building loans and financial products;
- expand access to safe and affordable banking productions with low fees and easy account access;
- develop technical assistance to launch and expand local financial counseling and coaching, and to raise funds for these efforts;
- collaborate with the Office of the State Treasurer on the creation and management of a loan fund to support small, credit-building loans; and
- track community feedback on financial abuses and connect persons with enforcement actors at DOL and the Department of Regulatory Agencies.

By August 1, 2021, and every August 1 thereafter, the DOL must submit a report to the General Assembly regarding the office's work.

State Expenditures

The bill will increase state General Fund expenditures in DOL and Office of the State Treasurer by \$259,432 in FY 2020-21 and \$265,865 in FY 2021-22 and future years. These costs are shown in Table 2 and discussed below.

**Table 2
 Expenditures Under SB 20-193**

Cost Components	FY 2020-21	FY 2021-22
Department of Law		
Personal Services	\$151,021	\$164,750
Operating Expenses and Capitol Outlay Costs	\$15,100	\$2,700
Travel	\$8,940	\$8,940
Technical Assistance Materials	\$25,000	\$25,000
Fleet Vehicle	\$3,900	\$3,900
Centrally Appropriated Costs*	\$33,217	\$36,631
FTE – Personal Services	1.8 FTE	2.0 FTE
Law (Subtotal)	\$237,178	\$241,921
Office of the State Treasurer		
Personal Services	\$17,055	\$18,605
Operating Expenses and Capital Outlay Costs	-	-
Centrally Appropriated Costs*	\$5,199	\$5,339
FTE – Personal Services	0.4 FTE	0.4 FTE
Treasury (Subtotal)	\$22,254	\$23,944
Total	\$259,432	\$265,865
Total FTE	2.2 FTE	2.4 FTE

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

Department of Law. The bill requires the Attorney General to appoint a director of the office and allows the director to hire staff as necessary. The department requires an Administrator V and Program Community Professional Specialist IV to build, maintain, and facilitate the office and carry out its duties. In addition, the DOL requires travel costs for 12 stakeholder meetings each year throughout the state. These costs are estimated to be \$8,940 for mileage, hotels, and per diem. Technical assistance materials, such as mailings, are estimated to cost \$25,000 per year. The administrator will require a fleet vehicle, provided by the Department of Personnel and Administration, at a leased cost of \$3,900 per year. First-year costs are prorated to reflect the General Fund paydate shift.

In addition, the bill requires the DOL to work with the State Treasurer to create and manage a loan cash fund to support small credit-building loans. Once the program has been established and its parameters known, this fiscal note assumes that additional staffing resources will be addressed through the annual budget process. Based on similar programs run by other financial empowerment programs, credit-building loans may range from \$500 to \$5,000. This fiscal note assumes funding for these loans will be provided by gifts, grants, or donations and administered by community banking partners. The number of loan recipients will depend on the amount of funding received.

Office of the State Treasurer. The Office of the State Treasurer requires 0.4 FTE Policy Advisor to prepare for coalition meetings, work collaboratively and provide advice to DOL and stakeholders, and conduct research and outreach as required. First-year costs are prorated to reflect the General Fund paydate shift.

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 \$38,418 in FY 2020-21 and \$41,970 in FY 2021-22.

Local Government

Workload will increase for local governments that participate in any coalition or stakeholder groups. These workload increases will vary by jurisdiction and have been not been estimated.

Effective Date

The bill takes effect July 1, 2020.

State Appropriations

In FY 2020-21, the bill requires a General Fund appropriation of \$203,961 to the Department of Law and 1.8 FTE, of which \$3,900 is reappropriated to the Department of Personnel and Administration. In addition, the bill requires a General Fund appropriation of \$17,055 to the Office of the State Treasurer and 0.4 FTE.

State and Local Government Contacts

Information Technology

Law

Regulatory Agencies

Treasury