



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 22-0855 **Date:** August 10, 2022
Prime Sponsors: Rep. McCluskie; Sirota **Bill Status:** Signed into Law
 Sen. Moreno; Buckner **Fiscal Analyst:** Anna Gerstle | 303-866-4375
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Bill Topic: EFFECTIVE DATE OF DEPARTMENT OF EARLY CHILDHOOD

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill moves up the start date for the new Department of Early Childhood. It includes a one-time transfer from the General Fund and increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill includes an appropriation of \$3,826,413 to the Department of Early Childhood.

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

Table 1
State Fiscal Impacts Under HB 22-1197

		Current Year FY 2021-22	Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-	-
Expenditures	General Fund	\$326,413	\$745,612	\$745,612
	Cash Funds	\$3,500,000	-	-
	Centrally Appropriated ¹	-	\$126,406	\$126,406
	Total Expenditures	\$3,826,413	\$872,018	\$872,018
	Total FTE	1.8 FTE	6.0 FTE	6.0 FTE
Transfers	General Fund	(\$3,000,500)	-	-
	Cash Fund	\$3,000,500	-	-
	Net Transfer	\$0	-	-
Other Budget Impacts	General Fund Reserve	\$43,739	\$111,842	\$111,842

¹ These costs are included in the General Fund appropriation in FY 2021-22 and will be centrally appropriated beginning in FY 2022-23. See State Expenditures section.

Summary of Legislation

The bill moves up the start date for the new Department of Early Childhood (DEC) from July 1, 2022, to the effective date of the bill. The bill also appropriates funds to the DEC and transfers \$3,000,500 from the General Fund to the Information Technology Capital Account in the Capital Construction Fund.

Background

House Bill 21-1304 created the new Department of Early Childhood, beginning July 1, 2022. A transition working group created by the bill released a [transition plan](#) for the department and [recommendation](#) for the statewide, universal preschool program that will begin in FY 2023-24. The fiscal note assumes that establishment of programs and specific duties in the DEC, including relocating any existing programs, will be added through other legislation during the 2022 legislative session.

State Transfers

On April 1, 2022, the bill requires that the State Treasurer and State Controller transfer \$3,000,500 from the General Fund to the Information Technology Capital Account in the Capital Construction Fund.

State Expenditures

The bill increases state expenditures in the DEC by \$3.8 million in the current FY 2021-22, and \$0.9 million beginning in FY 2022-23. Costs are from the General Fund and the Capital Construction Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB-1197

	FY 2021-22	FY 2022-23	FY 2023-24
Department of Early Childhood			
Personal Services	\$245,837	\$737,512	\$737,512
Operating Expenses	\$3,240	\$8,100	\$8,100
Capital Outlay Costs	\$37,200	-	-
Data Systems	\$3,500,000	-	-
Emp. Benefits. & Supp. Retirement Payments ¹	\$40,136	\$126,406	\$126,406
Total Cost	\$3,826,413	\$872,018	\$872,018
Total FTE	1.8 FTE	6.0 FTE	6.0 FTE

¹ These costs are appropriated in FY 2021-22 and will be centrally appropriated beginning in FY 2022-23. See further explanation below.

Department of Early Childhood. The bill increases expenditures in the new DEC to hire 6.0 FTE to serve as department leadership. Staffing is paid from the General Fund, prorated to 1.8 FTE in the current FY 2021-22, and includes standard operating and capital outlay costs. The following positions will be hired:

- Executive Director;
- Chief Financial Officer;
- Human Resources Director;
- Human Resources Specialist;
- Data Systems and Analysis Director; and
- Program Delivery Director.

Data systems. The bill increases expenditures in the DEC by \$3.5 million in FY 2021-22 for capital investment in data systems to support the creation of the new universal preschool program. Costs are paid from the Information Technology Capital Account in the Capital Construction Fund.

Employee benefits and supplemental retirement payments. The bill requires certain costs for employee health, life, dental, and short term disability insurance, as well as supplemental retirement payments to PERA. These costs are typically centrally appropriated. Due to the timing of this bill and because it is a new department, these costs are directly appropriated in the bill for FY 2021-22, and will be centrally appropriated beginning in FY 2022-23. These costs are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 13.4 percent of General Fund appropriations in FY 2021-22 and 15 percent of appropriations in FY 2022-23 and future years must be set aside in the General Fund statutory reserve beginning. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$43,739 in FY 2021-22, and \$111,842 beginning in FY 2022-23, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill was signed into law by the Governor and took effect on March 1, 2022.

State Appropriations

For the current FY 2021-22, the bill includes the following appropriations to the Department of Early Childhood:

- \$326,413 from the General Fund, and 1.8 FTE; and
- \$3,500,000 from the Information Technology Capital Account in the Capital Construction Fund.

For FY 2022-23, the bill requires a General Fund appropriation of \$745,612 to the Department of Early Childhood, and 6.0 FTE. This appropriation is assumed to be included in the Long Bill.

State and Local Government Contacts

Governor's Office
Information Technology

Human Services
Joint Budget Committee