



Legislative Council Staff
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Final Fiscal Note

Drafting Number: LLS 22-0441 Date: July 20, 2022
Prime Sponsors: Rep. Herod; Hooton Bill Status: Signed into Law
Sen. Gonzales; Rankin Fiscal: Christina Van Winkle | 303-866-6289
Analyst: Christina.VanWinkle@state.co.us

Bill Topic: SMALL COMMUNITY-BASED NONPROFIT GRANT PROGRAM

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

The bill creates the Small Community-Based Nonprofit Infrastructure Grant Program in the Department of Local Affairs to provide grants to eligible recipients for infrastructure and capacity building. It increases state expenditures from FY 2022-23 through FY 2025-26.

Appropriation Summary: For FY 2022-23, the bill requires and includes an appropriation of \$35 million to the Department of Local Affairs.

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

Table 1
State Fiscal Impacts Under HB 22-1356

Table with 4 columns: Budget Year FY 2022-23, Out Year FY 2023-24, Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Cash Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts.

1 Money that is appropriated in FY 2022-23 may be expended through December 30, 2024 without further appropriation, subject to the requirements for obligating and expending money received under the federal American Rescue Plan Act of 2021. Beginning in FY 2024-25, staff costs will be appropriated from the General Fund. See State Expenditures section.

## **Summary of Legislation**

The bill creates the small community-based nonprofit infrastructure grant program in the Division of Local Government (division) in the Department of Local Affairs (DOLA) to provide grants to eligible recipients for infrastructure and capacity building. Eligible recipients are small community-based nonprofit organizations that have been impacted by the COVID-19 public health emergency.

The division will contract with up to ten regional access partners (partners) to award and monitor grants and allocate money to the selected partners to distribute to grant recipients. The division will engage with nonprofit organization stakeholders to develop policies and procedures to administer the program. Applicants must provide evidence that the organization was impacted by the COVID-19 public health emergency. The division must implement an outreach strategy for eligible recipients.

Grant awards may not exceed 30 percent of the recipient's annual operating budget, and may not exceed \$100,000. Grants must be awarded by December 30, 2024. Upon awarding a grant, partners will enter into a contract with the recipient, and may dispense up to 50 percent of the total value of contract payments immediately upon execution of the contract. Recipients may use award money for infrastructure and capacity building purposes, including data technology needs, professional development, strategic planning, communications, and exiting program expansion, development or evaluation.

The bill directs the General Assembly to appropriate \$35 million in FY 2022-23 from the Economic Recovery and Relief Cash Fund to the division. Money appropriated is available for expenditure by the division in subsequent fiscal years, subject to the requirements for obligating and expending money received under the federal ARPA Act. The division is authorized to use up to 5 percent of the appropriation for implementation and administration costs, and each regional access partner is authorized to use up to 5 percent of the amount awarded to recipients for costs associated with awarding and monitoring the grants.

The grant program repeals July 1, 2027.

## **State Expenditures**

The bill increases state expenditures in the Department of Local Affairs by \$14 million in FY 2022-23 and FY 2023-24, and by \$6.9 million in FY 2024-25, paid from the Economic Recovery and Relief Cash Fund, and the General Fund in FY 2024-25. These expenditures represent staff costs through FY 2025-26, and grant money dispersed by December 30, 2024. Estimated expenditures are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under HB 22-1356**

	FY 2022-23	FY 2023-24	FY 2024-25
<b>Department of Local Affairs</b>			
Personal Services	\$29,615	\$29,615	\$29,615
Operating Expenses	\$675	\$675	\$675
Capital Outlay Costs	\$6,200	-	-
Grant Awards and Regional Partner Admin	\$14,000,000	\$14,000,000	\$6,870,000
Centrally Appropriated Costs <sup>1</sup>	\$13,429	\$12,450	\$12,450
<b>Total Cost</b>	<b>\$14,049,919</b>	<b>\$14,042,740</b>	<b>\$6,912,740</b>
<b>Total FTE</b>	<b>0.5 FTE</b>	<b>0.5 FTE</b>	<b>0.5 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**DOLA.** The department will require 0.5 FTE for a community and economic development specialist from FY 22-23 through FY 2025-26 to manage the contracts with the regional access partners, develop the policies and procedures for the grant program, implement an outreach strategy to eligible recipients, and oversee the reporting requirements. The fiscal note assumes that funding to regional partners for awarding grants will be provided in equal disbursements of about \$14 million FY 2022-23 and FY 2023-24, and the remaining \$6.9 million will be awarded by December 30, 2024 in FY 2024-25.

Regional access partners will award a minimum of 350 grants, with a maximum award amount of \$100,000. Partners may use up to 5 percent of the grant award amount for costs associated with awarding and monitoring grants. Based on the available funding for grant awards after subtracting the division's administrative costs, up to \$1.7 million is authorized to cover partner administrative costs, and \$33.1 million will be awarded to recipients over the grant award period. All grants must be awarded by December 30, 2024.

**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 Table 2.

## Effective Date

The bill was signed into law by the Governor and took effect on June 3, 2022.

## State Appropriations

In FY 2022-23, the bill requires and includes a \$35 million appropriation from the Economic Recovery and Relief Cash Fund to the Department of Local Government, and 0.5 FTE. This appropriation is further appropriated for the same purpose through December 30, 2024.

**State and Local Government Contacts**

Information Technology

Local Affairs