



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated April 22, 2022)

<b>Drafting Number:</b>	LLS 22-0489	<b>Date:</b>	May 2, 2022
<b>Prime Sponsors:</b>	Rep. Gonzales-Gutierrez; Pelton Sen. Bridges; Coram	<b>Bill Status:</b>	Senate Finance
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**Bill Topic:** CRITICAL SERVICES FOR LOW-INCOME HOUSEHOLDS

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill provides funding for implementation and updates of multiple electronic state benefit systems, and creates a community food access program. It increases state expenditures from FY 2022-23 through FY 2024-25.

**Appropriation Summary:** For FY 2022-23, the bill requires and includes an appropriation of \$14.0 million to multiple agencies.

**Fiscal Note Status:** The revised fiscal note reflects the reengrossed bill.

**Table 1  
State Fiscal Impacts Under HB 22-1380**

	Budget Year FY 2022-23	Out Year FY 2023-24	Out Year FY 2024-25
<b>Revenue</b>	-	-	-
<b>Expenditures</b>			
Cash Funds <sup>1</sup>	\$14,000,000	-	-
Centrally Appropriated	\$28,164	\$38,227	\$22,716
<b>Total Expenditures</b>	<b>\$14,028,164</b>	<b>\$38,227</b>	<b>\$22,716</b>
Total FTE	1.8 FTE	2.5 FTE	1.5 FTE
<b>Transfers</b>	-	-	-
<b>Other Budget Impacts</b>	-	-	-

<sup>1</sup> Money that is appropriated in FY 2022-23 may be expended in subsequent fiscal years without further appropriation, subject to the requirements for obligating and expending money received under the federal American Rescue Plan Act of 2021. See State Expenditures section.

## **Summary of Legislation**

The bill requires and funds implementation of a new electronic benefit management system in the Department of Human Services (DHS), as well as programming updates for other electronic benefit systems. It also creates a community food access program in the Department of Agriculture (CDA).

**Benefits management system.** Currently, program management systems that counties use to manage certain benefits and services for programs such as the Supplemental Nutrition Assistance Program (SNAP), Medicaid and Colorado Works are not standardized across the state. The bill requires implementation of a new work management system that can interface with the Colorado Benefits Management System (CBMS) and other DHS technology systems used to process, approve and manage various benefit applications, and provides \$3 million in funding to accomplish this work.

**Fuel assistance transfer system.** State statute currently requires the DHS to complete programming by January 1, 2024 to connect the Colorado Low-income Energy Assistance program (LEAP) eligibility system with the CBMS, which would allow state fuel assistance payments to LEAP program beneficiaries to be credited to their electronic benefits transfer service cards. This bill provides \$2 million to conduct this programming, and extends the program implementation date to July 1, 2024.

**SNAP system programming.** The bill provides the DHS with \$1 million in funding to update the state system that electronically transfers benefits for SNAP, a program that provides individuals who meet certain income and resource requirements with cash benefits to purchase or grow food. The funding will also be used to update the website that SNAP beneficiaries can use to apply for and manage their benefits online, including for additional translation services and functionality.

**Community food access program.** The bill creates the Community Food Access program in the CDA to improve access to and lower prices for healthy foods in low-income or underserved areas in Colorado by supporting small grocery retailers. The program will include a small business consortium to provide technical assistance and subsidies to Colorado food producers and small retailers, a small food business recovery and resilience grant program that will provide one-time grants to small food retailers and family farms, and an advisory committee to assist with the grant program. The food access program is repealed on September 1, 2027.

**ARPA Act requirements.** The bill directs the General Assembly to appropriate a total of \$15.0 million in FY 2022-23 from the Economic Recovery and Relief Cash Fund to the DHS and the CDA to accomplish the work required by the bill. This appropriated funding is available for expenditure by the departments in subsequent fiscal years, subject to the requirements for obligating and expending money received under the federal ARPA Act. This includes spending or obligating these appropriations by December 30, 2024, and expending all appropriations by December 31, 2026.

## **State Expenditures**

The bill increases state expenditures in the DHS and CDA by \$6.2 million in FY 2022-23, by \$4.5 million in FY 2023-24, and by \$4.0 million in FY 2024-25, paid from the Economic Recovery and Relief Cash Fund. These expenditures represent the initial \$14.0 million appropriation being spent over a three-year period. Estimated expenditures are shown in Table 2 and detailed below.

**Table 2**  
**Expenditures Under HB 22-1380**

<b>Cost Components</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
<b>Department of Human Services</b>			
Work Management System	\$3,000,000	-	-
Fuel Assistance Transfer System	\$2,000,000	-	-
Electronic Benefits Transfer Programming	\$1,000,000	-	-
<b>DHS Subtotal</b>	<b>\$6,000,000</b>	-	-
<b>Department of Agriculture</b>			
Personal Services	\$112,998	\$147,048	\$85,778
Operating Expenses	\$2,430	\$3,375	\$2,025
Capital Outlay Costs	\$18,600	-	-
Small Business Consortium	-	\$465,000	\$465,000
Grant Program and Advisory Committee	-	\$3,320,046	\$3,320,046
Travel Mileage	\$910	\$910	\$910
Marketing Contract	\$15,000	-	-
Grant Management System	\$1,756	\$17,560	\$8,780
Legal Services	\$3,943	\$3,943	\$3,943
Centrally Appropriated Costs <sup>1</sup>	\$28,164	\$38,227	\$22,716
FTE – Personal Services	1.8 FTE	2.5 FTE	1.5 FTE
<b>CDA Subtotal</b>	<b>\$183,801</b>	<b>\$3,996,109</b>	<b>\$3,909,198</b>
<b>Total Cost</b>	<b>\$6,183,801</b>	<b>\$3,996,109</b>	<b>\$3,909,198</b>
<b>Total FTE</b>	<b>1.8 FTE</b>	<b>2.5 FTE</b>	<b>1.5 FTE</b>

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

**Department of Human Services.** The bill provides the DHS with \$6.0 million to implement a new electronic state benefit management system, and to provide programming updates for other existing electronic benefit systems. The DHS will work with the Office of Information Technology (OIT), contractors, and local governments to implement and update these systems. The fiscal note shows these costs as occurring in FY 2022-23; should additional time be required to complete these systems, it is assumed that roll-forward spending authority will be addressed through the annual budget process if necessary.

- **Work management system.** The bill provides the DHS with \$3.0 million to implement a work management system that will provide uniform benefit and case management services to counties across the state, with the goal of streamlining application processes, reducing administrative costs, and improving access to and delivery of services.

- **Fuel assistance transfer system.** The bill provides the DHS with \$2.0 million to conduct program updates that will connect systems that support energy assistance customers with other public assistance programs, allowing LEAP fuel assistance payments to be credited to the electronic benefits transfer service cards of program beneficiaries.
- **Electronic benefits transfer programming.** The bill provides the DHS with \$1.0 million to conduct programming updates for the electronic benefit transfer system that processes Colorado's SNAP benefits, as well as the website that beneficiaries can use to apply for and manage their benefits online. The DHS will work with a contractor to conduct this work, and may use up to 10 percent of the appropriated funding for direct and indirect administration costs.

**Department of Agriculture.** To implement the community food access program, the CDA requires 1.8 FTE in FY 2022-23, 2.5 FTE in FY 2023-24 and 1.5 FTE in FY 2024-25. These staff include a program manager, administrative assistant, grants specialist and a purchasing agent. The program manager and administrative assistant will be responsible for implementing the program, including stakeholder outreach, recruiting members for the small business consortium, coordinating with various partners and providing other support as needed. The grants specialist and purchasing agent will be responsible for assisting with procurement and accounting, and to oversee funding reporting for state and federal tracking requirements. Standard operating and capital outlay costs are included, as well as costs for travel and a marketing contract to assist with stakeholder outreach.

- **Small business consortium.** The bill creates a community food consortium for small food retailers and Colorado-owned and Colorado-operated farms. The consortium is tasked with providing technical assistance and subsidies, connecting small food producers with retailers, operating as a food value chain coordinator, and supporting negotiations. The bill provides \$1.0 million for the consortium to provide these services, of which, the CDA may use up to 7 percent for administrative costs.
- **Grant program and advisory committee.** The bill creates the Small Food Business Recovery and Resilience Grant Program, as well as an advisory committee to assist with the grant program. The grant program is tasked with awarding one-time grants, up to \$25,000 each, to small food retailers and family farms for: operating costs; purchasing costly equipment; providing accounting and book management support; and purchasing or updating sales systems. The advisory committee must make recommendations and assist with development of the grant process, including disbursement of grant funding. Grants will be distributed with the assistance of 3 to 5 non-profit organizations across the state in FY 2023-24 and FY 2024-25.

The CDA must also develop an outreach strategy for farms and retailers interested in participating in the consortium or applying for grants, and submit a report to the General Assembly by January 30, 2027, with information about the grant program. The bill provides \$7.0 million for the grant program, advisory committee, and outreach and reporting requirements, of which, the CDA may use up to 10 percent for administrative costs.

- **Grant reporting database.** The CDA will require access to a grant program database to manage program grantees. The fiscal note assumes the CDA will contract for these services at a rate of \$17,560 a year, prorated for around one month of usage in FY 2022-23 and for half a year in FY 2024-25.

- **Legal services.** The CDA will require 40 hours of legal services annually in FY 2022-23 through FY 2024-25 for assistance with rulemaking. Legal services are provided by the Department of Law at a rate of \$98.57 an hour. Given the small amount of hours, it is assumed that any reappropriation of funds to the Department of Law will be addressed through the annual budget process.

**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.

## Local Government

Starting in FY 2022-23, workload will increase for counties to coordinate with the DHS and other partners for implementation of the new electronic state benefit management system, and to provide training and information to county human services workers about other benefit management system updates. Administrative costs for county departments associated with benefit management may decrease on an ongoing basis as a result of these system changes.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State Appropriations

In FY 2022-23, the bill requires a \$14.0 million appropriation from the Economic Recovery and Relief Cash Fund, of which:

- \$6.0 million is to the Department of Human Services; and
- \$8.0 million is to the Department of Agriculture, and 1.8 FTE.

It is assumed that the appropriation to the Department of Agriculture should include roll forward spending authority through December 30, 2024.

## State and Local Government Contacts

Agriculture  
Information Technology

Counties  
Law

Human Services