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Fiscal Note

Drafting Number: LLS 24-0864 Date: March 1, 2024
Prime Sponsors: Rep. Bradfield; Lukens Bill Status: House Trans., Hous. & Local Govt.
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Bill Topic: PROGRAMS FOR THE DEVELOPMENT OF CHILD CARE FACILITIES

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

The bill creates three programs for the development of child care facilities in the Department of Local Affairs. It increases state expenditures through FY 2027-28, and may increase local government revenue and expenditures from grants.

Appropriation Summary: For FY 2024-25, the bill requires appropriations totaling \$3.7 million to multiple state agencies.

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

Table 1
State Fiscal Impacts Under HB 24-1237

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

## **Summary of Legislation**

The bill creates three programs in the Department of Local Affairs (DOLA) for the development of child care facilities. The DOLA must create and implement the programs in collaboration with the Department of Early Childhood (CDEC), and each program will continue for four years until July 1, 2028. The DOLA is required to report annually on programs to legislative committees.

**Child Care Facility Development Toolkit and Technical Assistance Program.** DOLA must develop a toolkit for the development of child care facilities and provide technical assistance to child care providers, developers, employers, and local governments to help in understanding the technical aspects of developing child care facilities. DOLA must establish policies and procedures for the program by November 1, 2024.

**Child Care Facility Development Planning Grant Program.** This grant program will provide grants to local governments to make regulatory updates or improvements in processes that will support the development of child care facilities. The division must develop a menu of recommended policy or regulatory tools, and eligible recipients for the grant must implement one or more of such tools off the menu or another local policy or program that streamlines the regulatory environment for child care facilities. DOLA must establish policies and procedures for the program by September 1, 2024.

**Child Care Facility Development Capital Grant Program.** This grant program will provide grants to local governments or public-private partnerships to construct, remodel, renovate, or retrofit a child care facility to meet a demonstrated need for child care in a local government's community. Grant recipients are required to provide financial matches towards projects. DOLA must establish policies and procedures for the program by September 1, 2024.

## **State Expenditures**

The bill increases state expenditures in the DOLA by \$3.7 million in FY 2024-25 and \$3.5 million from FY 2025-26 to FY 2027-28, paid from the General Fund. The bill also increases expenditures in CDEC by \$52,000 in FY 2024-25 and \$48,000 from FY 2025-26 to FY 2027-28. Expenditures are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under HB 24-1237**

	<b>FY 2024-25</b>	<b>FY 2025-26</b>
<b>Department of Local Affairs</b>		
Personal Services	\$288,013	\$288,013
Operating Expenses	\$4,992	\$4,992
Capital Outlay Costs	\$20,010	-
Consultants and Technical Assistance	\$350,000	\$350,000
Planning Grants	\$950,000	\$950,000
Facility Development Capital Grants	\$1,800,000	\$1,800,000
System Costs	\$214,533	\$29,700
Centrally Appropriated Costs <sup>1</sup>	\$71,853	\$71,853
FTE – Personal Services	3.9 FTE	3.9 FTE
<b>DOLA Subtotal</b>	<b>\$3,699,401</b>	<b>\$3,494,558</b>
<b>Department of Early Childhood</b>		
Personal Services	\$38,497	\$38,497
Operating Expenses	\$640	\$640
Capital Outlay Costs	\$3,335	-
Centrally Appropriated Costs <sup>1</sup>	\$9,359	\$9,359
FTE – Personal Services	0.5 FTE	0.5 FTE
<b>CDEC Subtotal</b>	<b>\$51,831</b>	<b>\$48,496</b>
<b>Total</b>	<b>\$3,751,232</b>	<b>\$3,543,054</b>
<b>Total FTE</b>	<b>4.4 FTE</b>	<b>4.4 FTE</b>

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

**Department of Local Affairs.** The bill requires staff and funding to deliver the services and grants for the three programs.

- **Staff.** The DOLA requires 3.9 FTE to implement programs from FY 2024-25 to FY 2027-28. Staff activities include developing eligibility and award standards; providing administrative, fiscal, and staff oversight; developing a toolkit for the development of child care facilities; providing technical assistance to local governments; collaborating with the CDEC and other stakeholders; tracking and managing the grant administration process; and compiling information for annual reports.
- **Program costs.** From FY 2024-25 to FY 2027-28, the DOLA requires \$3.1 million annually to provide grants and technical assistance to program participants. These program costs are estimates only; actual funding may be set at the discretion of the General Assembly. The exact amount and number of grant awards will be determined by the DOLA based on final appropriations and program participation. The fiscal note assumes the following amounts for each of the three programs:

- \$350,000 for consultants and technical assistance to advise and support the development planning and implementation of child care facilities;
  - \$950,000 for planning grants, assuming awards of approximately \$63,000 to 15 local governments to support the development of child care facilities; and
  - \$1.8 million for facility capital grants, assuming awards of \$300,000 to fund 6 capital development projects from local governments.
- **System costs.** The DOLA requires approximately \$215,000 initially in FY 2024-25 and \$29,700 in later years to contract to develop and maintain new systems for program and grant management.

**Department of Early Childhood.** The CDEC requires 0.5 FTE annually from FY 2024-25 to FY 2027-28 to collaborate with the DOLA to develop program policies and procedures and to provide ongoing program support and technical assistance.

## Local Government

If local governments apply to the child care development programs created by the bill, they will have increased workload to prepare application materials. If grants are awarded, revenue and expenditures will increase to develop child care facilities and meet any funding match requirements.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

For FY 2024-25, the bill requires General Fund appropriations totaling \$3,670,020, as follows:

- \$3,627,548 to the Department of Local Affairs, and 3.9 FTE; and
- \$42,472 to the Department of Early Childhood, and 0.5 FTE.

## State and Local Government Contacts

Counties	Early Childhood	Local Affairs
Municipalities		

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).