



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated March 1, 2024)

Drafting Number:	LLS 24-0864	Date:	April 3, 2024
Prime Sponsors:	Rep. Bradfield; Lukens Sen. Marchman; Rich	Bill Status:	House Appropriations
		Fiscal Analyst:	Shukria Maktabi 303-866-4720 shukria.maktabi@coleg.gov

Bill Topic: **PROGRAMS FOR THE DEVELOPMENT OF CHILD CARE FACILITIES**

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

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

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$42,472 to the Colorado Department of Early Childhood.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Transportation, Housing, and Local Government Committee.

Table 1
State Fiscal Impacts Under HB 24-1237

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$42,472	\$39,137
	Cash Funds	\$3,261,404	\$3,261,404
	Centrally Appropriated	\$47,955	\$47,955
	Total Expenditures	\$3,351,831	\$3,348,496
	Total FTE	2.5 FTE	2.5 FTE
Transfers¹	General Fund	(\$3,300,000)	(\$3,300,000)
	Cash Funds	\$3,300,000	\$3,300,000
	Net Transfer	\$0	\$0
Other Budget Impacts	General Fund Reserve	\$6,371	\$500,871

¹ In the first year, the funding is transferred from the General Fund via a transfer made by the State Treasurer. In FY 2025-26 through FY 2027-28, any funding from the General Fund to the new cash fund is assumed to be transferred to the fund via an appropriation made by the General Assembly through the annual budget process.

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. The bill also creates a cash fund and transfers money to the fund to support these programs.

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, local governments, public schools, and higher education institutions 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, public-private partnerships, public schools, and higher education institutions 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.

Child Care Facility Development Cash Fund. The bill creates a cash fund to support the child care programs and transfers \$3.3 million to the fund in FY 2024-25. Money in the fund is continuously appropriated to DOLA and consists of any money transferred or appropriated to the fund. DOLA may use up to 7 percent of money transferred to the fund for direct and indirect administrative expenses. Any unspent funds will be transferred to the General Fund on July 1, 2028.

State Transfer

In FY 2024-25, the bill transfers \$3.3 million from the General Fund to the newly created Child Care Facility Development Cash Fund. It is assumed that \$3.3 million will be appropriated to the cash fund from the General Fund each year through the annual budget process for FY 2025-26 through FY 2027-28. Any unspent funds will be transferred back to the General Fund on July 1, 2028.

State Expenditures

The bill increases state expenditures in the DOLA by \$3.3 million per year from FY 2024-25 to FY 2027-28, paid from the Child Care Facility Development Cash 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, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

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

	FY 2024-25	FY 2025-26
Department of Local Affairs		
Personal Services	\$160,672	\$160,672
Operating Expenses	\$2,560	\$2,560
Capital Outlay Costs	\$6,670	-
Consultants and Technical Assistance	\$350,000	\$350,000
Planning Grants	\$950,000	\$950,000
Facility Development Capital Grants	\$1,761,404	\$1,768,074
System Costs	\$30,098	\$30,098
Centrally Appropriated Costs ¹	\$38,596	\$38,596
FTE – Personal Services	2.0 FTE	2.0 FTE
DOLA Subtotal	\$3,300,000	\$3,300,000
Department of Early Childhood		
Personal Services	\$38,497	\$38,497
Operating Expenses	\$640	\$640
Capital Outlay Costs	\$3,335	-
Centrally Appropriated Costs ¹	\$9,359	\$9,359
FTE – Personal Services	0.5 FTE	0.5 FTE
CDEC Subtotal	\$51,831	\$48,496
Total	\$3,351,831	\$3,348,496
Total FTE	2.5 FTE	2.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs. The bill increases state expenditures in the DOLA for the three new programs by \$3.3 million annually from FY 2024-25 to FY 2027-28. The DOLA may use up to 7 percent of appropriated funding, or \$231,000, to cover the administrative costs for the programs. Estimated administrative and program costs are outlined below.

- **Administrative Costs.** The DOLA requires 2.0 FTE to develop eligibility and award standards; provide administrative, fiscal, and staff oversight; develop a toolkit for the development of child care facilities; provide technical assistance to local governments; collaborate with the CDEC and other stakeholders; track and manage the grant

administration process; and compile information for annual reports. The DOLA also requires approximately \$30,000 annually to develop and maintain new systems for programs and grant management. These costs can be accommodated within the appropriation.

- **Program costs.** After administrative expenses, \$3.1 million remains for the DOLA to provide in grants and technical assistance to program participants annually from FY 2024-25 to FY 2027-28. The exact amounts and number of grant awards will be determined by the DOLA based on 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
 - approximately \$1.8 million for facility capital grants, assuming awards of around \$300,000 to fund 6 capital development projects from local governments.

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.

Institutions of higher education. If institutions of higher education 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.

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 a General Fund appropriation of \$42,472 to the Department of Early Childhood, and 0.5 FTE.

Money in the Child Care Facility Development Cash Fund is continuously appropriated to DOLA and no additional appropriation is required.

State and Local Government Contacts

Counties

Early Childhood

Local Affairs

Municipalities

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](#).