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Fiscal Note

Drafting Number: LLS 24-0572 Date: February 23, 2024
Prime Sponsors: Rep. Young; Sirota Bill Status: House Health & Human Services
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Bill Topic: SUNSET CONTINUE CDEC EXECUTIVE DIRECTOR RULE-MAKING

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

Sunset bill. This bill continues the rulemaking authority for the Executive Director of the Department of Early Childhood, which is scheduled to repeal on September 1, 2024. State fiscal impacts under the bill include only the continuation of the program's current expenditures. The program is continued through September 1, 2031.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$44,035 to the Department of Early Childhood.

Fiscal Note Status: The fiscal note reflects the introduced bill. The fiscal note is preliminary and will be updated if more information become available.

Table 1
State Fiscal Impacts Under HB 24-1332^1

Table with 3 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26. Rows include New Impacts (Revenue, Expenditures), Continuing Impacts (Revenue, Expenditures), and Other Budget Impacts (General Fund Reserve).

1 Table 1 shows the new impacts resulting from changes to the program under the bill, and the continuing impacts from extending the program beyond its current repeal date. Because the bill continues a program without making any changes, there are no new impacts. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

## **Summary of Legislation**

Under current law, the rulemaking authority of the Executive Director of the Department of Early Childhood (CDEC) is repealed September 1, 2024. The bill continues that authority for seven years until September 1, 2031.

## **Background**

House Bill 21-1295, which established the functions of and programs within the CDEC, gave the rulemaking authority for CDEC to the Executive Director and created a rules advisory council to provide recommendations to the director. The sunset report from the Department of Regulatory Agencies is available [here](#).

## **Continuing Program Impacts**

Based on the sunset report, the Department of Early Childhood is expected to have expenditures of \$52,842 and 1.0 FTE for rulemaking, including supporting the rules advisory council and providing other core rulemaking functions. If this bill is enacted, current expenditures will continue for the program starting in FY 2024-25. If this bill is not enacted, the program will end on September 1, 2024, and state expenditures will decrease by an estimated \$44,035 in FY 2024-25 and \$52,842 beginning in FY 2025-26. The estimated reduction in FY 2024-25 is prorated for the September 1 repeal date.

Legal services for rulemaking are provided by the Department of Law. In FY 2024-25, CDEC was appropriated about \$1.0 million for legal services. If the bill is not enacted, the fiscal note assumes that any reductions in legal services will occur through the annual budget process. It will be updated if more information becomes available.

## **Other Budget Impacts**

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

## **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 \$44,035 to the Department of Early Childhood, and 0.8 FTE. If appropriations for this purpose are included in the FY 2024-25 Long Bill, an appropriation in this bill is not required.

## **State and Local Government Contacts**

Early Childhood

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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](#).