



Legislative
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FISCAL NOTE

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Prime Sponsors:

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Bill Status: Transportation Legislation
Review Committee Bill Request
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Bill Topic: FOSTER CHILDREN DRIVING LICENSES

**Summary of
Fiscal Impact:**

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill directs the Department of Personnel and Administration to establish a program that allows foster children to purchase auto insurance from the department. It also clarifies that a minor who is 16 years old may purchase auto insurance, allows foster children to obtain a driver license with proof of financial responsibility, and reduces the age the state or a county must obtain permission from a foster parent to help a foster child obtain an instruction permit. It increases state and local revenues and expenditures on an ongoing basis.

**Appropriation
Summary:**

In FY 2019-20, the bill requires appropriations of \$1,441,665 to the Department of Personnel and Administration and \$6,750 to the Department of Revenue.

**Fiscal Note
Status:**

The fiscal note reflects the bill draft requested by the Transportation Legislation Review Committee

**Table 1
State Fiscal Impacts Under Bill 1**

		FY 2019-20	FY 2020-21
Revenue		up to \$1,265,000	up to \$1,265,000
Expenditures	General Fund	up to \$1,441,665	up to \$1,460,048
	Cash Funds	\$6,750	-
	Centrally Appropriated	\$34,179	\$40,828
	Total	up to \$1,482,594	up to \$1,500,876
	Total FTE	2.1 FTE	2.5 FTE
Transfers		-	-
TABOR Refund	General Fund	up to \$1,265,000	up to \$1,260,000

Summary of Legislation

This bill clarifies that a minor who is at least 16 years of age can purchase auto insurance. It exempts a foster child from having a foster parent or other legal guardian sign an affidavit of liability if he or she holds evidence of financial responsibility. It lowers the age that the state or a county must obtain permission from a foster parent or guardian to help a foster child obtain a permit from 17 1/2 years old to 17 years old. It allows each county department of human services or social services that has custody of a foster child or ward of the court to implement a program that provides foster kids under the age of 18 with a driver permit if the minor's foster parent consents or the county has first consulted with the foster parent for a child 17 years old or older. Further, it allows anyone who is at least 21 of age and holds a driver license to instruct a foster child with a driving permit and sign a foster child's driving logs.

The bill directs the Department of Personnel and Administration (DPA) to create a program that pools the insurance of a child who has been in a foster home for at least one year with the insurance on the state fleet to make it less expensive for the foster child. DPA may accept gifts, grants, and donations to implement this program.

Data and Assumptions

Of the 145,000 total 16 and 17 year olds in Colorado in 2017, 67,252 possessed a minor driver license, or 46 percent. Additionally, based on information from the Department of Human Services (DHS), there were approximately 500 foster children aged 16 and 17 years that were in the foster care system for more than a year in FY 2017-18. Assuming a similar percentage of qualified foster children obtain a minor driver license, approximately 230 foster children will obtain a license per year.

State Revenue

Beginning in FY 2019-20, state General Fund revenue may increase by up to \$1.3 million from insurance payments provided by foster children for insurance provided through DPA, and is subject to TABOR. Additionally, state revenue may increase to the extent that DPA receives any gifts, grants, or donations to implement a program for foster children to purchase insurance. Any gifts, grants, or donations received by the department are exempt from the state TABOR limit.

State Expenditures

Beginning in FY 2019-20, this bill will increase state General Fund expenditures by approximately \$1.5 million per year, as shown in Table 2 and described below. It will also increase state cash fund expenditures by \$6,750 in FY 2019-20 only.

**Table 2
Expenditures Under Bill 1**

	FY 2019-20	FY 2020-21
Department of Personnel		
Personal Services	\$160,561	\$192,673
Operating Expenses and Capital Outlay Costs	\$16,104	\$2,375
Insurance Coverage	up to \$1,150,000	up to \$1,150,000
Insurance Deductible	up to \$115,000	up to \$115,000
DRIVES Programming	\$6,750	-
Centrally Appropriated Costs*	\$34,179	\$40,828
FTE – Personal Services	2.5 FTE	2.5 FTE
Total Cost	\$1,482,594	\$1,500,876
Total FTE	2.1 FTE	2.5 FTE

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

Department of Personnel and Administration. This bill will increase General Fund expenditures in DPA by up to approximately \$1.5 million and 2.1 FTE in FY 2019-20 and up to approximately \$1.5 million and 2.5 FTE in FY 2020-21. These expenditures are outlined below.

- *Insurance coverage.* To meet the requirements of the bill, it is assumed that DPA will purchase auto insurance for each participant in the program. See Technical Note. Due to higher risk factors, it is assumed that each auto insurance policy would cost \$5,000 per year, and that approximately half of the youth insured will have one auto incident per year, with a deductible of \$1,000. If all 230 of the foster children estimated to qualify for this program obtained insurance through DPA, this would result in an expenditure increase of up to \$1.2 million per year for insurance plans, and up to \$115,000 per year for deductibles. To the extent that the actual population of minors who obtain insurance through DPA is different than the estimate in this fiscal note, the department will seek any additional resources through the annual budget process.
- *Personal services.* DPA will require 2.5 FTE to implement this insurance program. These positions will develop and implement the program, as well as develop auto insurance coverage with insurance companies. These positions will work closely with the DHS and the 64 county human services departments to ensure auto insurance coverage is available to foster children. Personal services impacts in FY 2019-20 are prorated to reflect the General Fund pay date shift and an assumed start date of August 1.

Department of Revenue. In FY 2019-20, this bill will increase expenditures in DOR by \$6,750 to program the DRIVES system to allow foster children over the age of 17 to be issued an instruction permit without a liable party. This is expected to take 30 hours of programming at a cost of \$225 per hour. Additionally, workload will increase in the Department of Revenue to engage in any required rulemaking and update forms, manuals, and the department's website to reflect the change in law, as well as provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increases or costs associated with these activities can be accomplished within existing appropriations.

Department of Human Services. Beginning in FY 2019-20, this bill will increase workload for the Division of Child Welfare in DHS to provide training to county child welfare staff. It is assumed any increase in workload can be accomplished within existing appropriations.

TABOR Refund. The bill is expected to increase state General Fund obligations for TABOR refunds by approximately \$1.3 million in FY 2019-20. Under current law and the June revenue forecast, TABOR refunds are expected to be paid in the following year via reimbursements to local governments for senior and disabled veteran property tax exemptions. The bill will not affect the amount of these reimbursements.

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 estimated to be \$34,179 in FY 2019-20 and 40,828 in FY 2020-21.

Local Government

Beginning in FY 2019-20, this bill will potentially increase county revenue and expenditures, as described below.

This bill allows each county department of human services or social services that has custody of a foster child or ward of the court to implement a program that provides foster kids under the age of 18 with a driver permit if the minor's foster parent consents or the county has first consulted with the foster parent for a child 17 years old or older. To the extent that a county implements the program described in the bill, its workload and expenditures may increase. Local county revenue may also increase to the extent that they receive any gifts, grants, or donations to implement this program.

Technical Note

The state of Colorado is self-insured and liability insurance for the state fleet is provided through this self-insurance pursuant to the Risk Management Act and the Colorado Governmental Immunity Act (CGIA). Foster children do not qualify for self-insurance coverage through the state as the children are not public employees. Therefore, DPA has no ability to pool insurance to reduce rates.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2019-20, this bill requires a General Fund appropriation of \$1,441,665 to the Department of Personnel and Administration and allocation of 2.1 FTE, and a cash fund appropriation of \$6,750 from the Licensing Services Cash Fund to the Department of Revenue.

State and Local Government Contacts

Counties	Human Services	Information Technology
Judicial	Personnel	Public Safety
Regulatory Agencies	Revenue	Transportation

