



**Colorado
Legislative
Council
Staff**

HB16-1183

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 19, 2016)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0859
Prime Sponsor(s): Rep. Buckner
Sen. Crowder

Date: April 13, 2016
Bill Status: Conference Committee
Fiscal Analyst: Chris Creighton (303-866-5834)

BILL TOPIC: ALIGNING FED CHANGES TO CHILD CARE ASSISTANCE PROGRAM

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	<u>\$484,954</u>	<u>\$66,591</u>
Federal Funds	472,411	53,835
Central Appropriations	12,543	12,756
FTE Position Change	1.0 FTE	1.0 FTE
Appropriation Required: \$472,411 - Department of Human Services (FY 2016-17).		
Future Year Impacts: Ongoing state expenditure increase.		

Note: This fiscal note has been revised to reflect all amendments adopted by the Senate.

Summary of Legislation

The *revised* bill makes changes to align state law on eligibility for the Colorado Child Care Assistance Program (CCCAP) with federal law. Specifically, if an eligible participant's income rises above the level set by the county to deny child care assistance during the twelve-month eligibility period, the county must continue providing the child care subsidy until the next twelve-month redetermination period.

During the subsequent redetermination period, if the participant's income level exceeds the allowable level to qualify for assistance, the county may deny the participant by immediately notifying them that they are no longer eligible. The county must provide no less than 90 days and is encouraged to provide six months of the subsidy while the participant makes other child care arrangements. If the participant's income exceeds the maximum federal eligibility level at any point, no child care assistance is to be provided.

This bill also allows counties to use their child care block grant allocation for activities to improve the quality of child care, as described by the Child Care Development Block Grant Act of 2014.

Background

The CCCAP in the Department of Human Services (DHS) provides subsidies to families meeting income and eligibility requirements to offset the cost of child care. Under current law, a county may provide child care assistance to any family whose income does not exceed 85 percent of the state median income for a family of the same size. Under federal guidelines, counties must provide child care assistance to families that have income of 130 percent or less of the federal poverty guideline. Under current law, counties must immediately notify a family if their income exceeds the allowable level and is encouraged to provide 6 months of child care assistance with at least 90 days being required. Currently there is no twelve-month period of continuous eligibility once the allowable income level is exceeded.

State Expenditures

For FY 2016-17, this bill increases state expenditures by \$484,954 and 1.0 FTE. FY 2017-18, expenditures are increased by \$66,591 and 1.0 FTE. These costs, paid from federal funds are shown in Table 1 and described below.

Table 1. Expenditures Under HB16-1183		
Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$52,885	\$52,885
FTE	1.0 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,653	950
Computer Programming	413,873	0
Centrally Appropriated Costs*	12,543	12,756
TOTAL	\$484,954	\$66,591

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

Department of Human Services. This bill increases state expenditures in the DHS by \$71,081 and 1.0 FTE for a program administrator beginning FY 2016-17. This position will oversee county use of child care block grant funds for quality improvement initiatives. Currently, these initiatives are conducted and managed at the state level.

Computer programming. Office of Information Technology (OIT) workload increases on behalf of DHS in FY 2016-17 only. Rules and reporting changes will need to be made to the Child Care Automatic Tracking System (CHATS). These changes require 7,383 hours of contract work and will cost \$413,873.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB16-1183.		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$8,017	\$8,017
Supplemental Employee Retirement Payments	4,526	4,739
TOTAL	\$12,543	\$12,756

Local Government Impact

This bill extends period for which child care assistance must be provided and will result in families using child care assistance for longer periods of time. Assuming the total funding for child care assistance remains the same, this may result in a smaller number of families receiving assistance. This bill also gives counties additional authority to use child care block grant funding for quality improvement purposes. Counties choosing to use funding in this way will have additional costs and workload to manage these projects.

Effective Date

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

State Appropriations

For FY 2016-17, this bill requires an appropriation of \$472,411 from federal funds and an allocation of 1.0 FTE to the Department of Human Services. \$413,873 is reappropriated to the Office of Information Technology.

Departmental Difference

In addition to the \$413,873 needed for CHATS programming, the DHS estimated General Fund costs of \$219,281 and 3.0 FTE for FY 2016-17 and \$156,834 and 2.0 FTE for FY 2017-18 to implement this bill. These funds are for a program administrator to oversee county child care quality improvement expenditures, an auditor to audit program expenditures to ensure compliance with program objectives and federal regulations, and a temporary contract technician to update contracts with all 64 counties. This fiscal note estimates that 1.0 FTE will be sufficient to allow DHS to perform this work. While counties will have additional authority to use their child care block grant funds, the amount of grant funding remains unchanged and staff is already in place to update contracts and audit county grant expenditures. This analysis further estimates that the program administrator position is an allowable expense under the federal child care development block grant.

State and Local Government Contacts

Counties Human Services Information Technology

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: www.colorado.gov/fiscalnotes.