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SB 20-029

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 7, 2020)

Drafting Number: LLS 20-0401
Prime Sponsors: Sen. Fields; Moreno
Rep. Coleman; Duran

Date: March 5, 2020
Bill Status: Senate Appropriations
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Bill Topic: **COST OF LIVING ADJUSTMENT FOR COLORADO WORKS PROGRAM**

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

The bill increases the amount of basic cash assistance for Colorado Works recipients by 5.0 percent for FY 2020-21, and then increases that amount by 1.5 percent in subsequent years. The Joint Budget Committee must review the sustainability of the Colorado Long-Term Works Reserve to fund these increases. This bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$4,081,755 to the Department of Human Services.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Finance Committee.

**Table 1
State Fiscal Impacts Under SB 20-029**

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	Federal Funds	\$4,081,755	\$5,367,508
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill increases the amount of basic cash assistance for Colorado Works recipients by 5.0 percent for FY 2020-21. In each subsequent year, the amount must be adjusted upward by 1.5 percent.

Beginning in FY 2021-22, and each year thereafter, the bill directs the Joint Budget Committee to review the sustainability of the Colorado Long-Term Works Reserve as a source of funding for the cost of living adjustment, and to consider additional sources of funding, if the reserve fund falls below \$34 million.

Background

The federal government provides Temporary Assistance to Needy Families (TANF) block grants to states. The Department of Human Services (CDHS), in connection with county governments, administers Colorado Works, the state's TANF program. The funds may be used for cash benefits and services designed to help low-income families become self-sufficient. Colorado receives a TANF block grant of \$136.1 million per year. Of this amount, approximately \$128 million is passed through to counties to administer Colorado Works. In FY 2018-19, counties spent \$81.6 million on basic cash assistance. The remainder was used for training and administration by the state.

Federal law allows states to deposit any unexpended TANF funds in a reserve account, without a time limit. This money may also be spent on benefits that meet the definition of federal assistance, as well as to support related programs such as child welfare and child care assistance. At the beginning of FY 2018-19, Colorado's TANF Long-Term Works Reserve was \$91 million. Expenditures associated with the 5.0 percent increase in basic cash assistance and subsequent cost of living adjustments will be appropriated from the state's TANF Long-Term Works Reserve.

State Expenditures

The bill increases expenditures of federal funds in the CDHS by \$4.1 million in FY 2020-21 to incorporate the 5.0 percent increase in basic cash assistance, and by \$5.4 million in FY 2021-22 for the 1.5 percent cost of living adjustment. Expenditures will continue to increase by 1.5 percent for subsequent years. The bill will also increase workload in CDHS to make system modifications to the Colorado Benefits Management System (CBMS). This work will require 893 contractor hours billed at \$130 per hour, which can be accomplished within existing appropriations for CBMS modifications.

Effective Date

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

State Appropriations

For FY 2020-21, the bill requires an appropriation of \$4,081,755 to the Department of Human Services from the Colorado Long-Term Works Reserve Cash Fund.

State and Local Government Contacts

Counties Human Services Information Technology Law