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Fiscal Note

Drafting Number: LLS 21-0680 **Date:** April 9, 2021
Prime Sponsors: Sen. Jaquez Lewis; Winter **Bill Status:** Senate SVMA
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Bill Topic: **REMOVE BARRIERS TO CERTAIN PUBLIC OPPORTUNITIES**

Summary of Fiscal Impact:

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

The bill repeals the prohibition to provide state and local benefits to unlawfully present individuals. The bill will increase state and local revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$178,627 to the Department of Human Services.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 21-199

	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	-	-
Expenditures		
General Fund ¹	\$47,768	\$20,724
Federal Funds	\$130,859	\$42,551
Total Expenditures	\$178,627	\$63,275
Transfers	-	-
TABOR Refund	-	-

¹ The bill may also increase state expenditures by an undetermined amount to provide state benefits to unlawfully present individuals, see Expenditure Section for more information.

Summary of Legislation

This bill repeals the broad prohibition of providing state and local public benefits to individuals not lawfully present, and repeals specific requirements that individuals must be lawfully present when applying for a professional licenses, public works contracts, and local business licenses. The bill expands what forms of identifications may be accepted by state agencies and repeals the Secure and Verifiable Identity Act.

Finally, the bill prohibits the General Assembly from appropriating additional funding in FY 2021-22 for the purposes of providing state or local benefits to individuals who are not lawfully present. Instead, it specifies that state agencies must request any additional funding through the annual budget process starting in FY 2022-23.

Background

Under 8 USCS § 1621, unlawfully present individuals are ineligible to receive any "state and local benefits" unless a state enacts a law granting eligibility to these individuals. State and local benefits are defined in federal law to include the following, if provided by a state or local government:

- grants;
- contracts;
- loans;
- professional or commercial licenses;
- retirement benefits;
- welfare and food assistance;
- healthcare;
- disability benefits;
- public or assisted housing;
- postsecondary education;
- unemployment benefits; or
- any other similar benefits.

State Revenue

If more individuals apply for professional licenses, revenue to the Professions and Occupation Cash Fund in the Department of Regulatory Agencies will increase. Because fees are set based on a variety of factors and the number of unlawfully present people who may seek a state license is a small percentage of the overall state population, state revenue is not expected to increase significantly. Similarly, if the bill results in more applications for child care licenses and background checks, revenue to the Child Care Licensing Cash Fund in the Department of Human Services (DHS) and the CBI Identification Unit Cash Fund in the Department of Public Safety will increase. Revenue to these cash funds are subject to the TABOR revenue limit.

State Expenditures

The bill will increase expenditures in the DHS to update Information Technology (IT) systems, increase and decrease workload in certain state agencies, and may increase state expenditures for certain state benefits by an undetermined amount, as described below.

DHS IT Modifications. The bill will increase expenditures in the DHS by \$178,627 in FY 2021-22 and \$63,275 in FY 2022-23 to update several IT systems. Specifically, the child welfare IT system (TRAILS) and the Child Care Licensing Database require updates so the systems can accept alternative forms of identification other than social security numbers or tax ID numbers for so family care homes and child care center licensing purposes. Updates to TRAILS assumes about 460 hours of work at a rate of \$157 per hour and updates to the Licensing Database are about 850 hours at a rate of \$125 per hour. Costs in FY 2022-23 include on-going maintenance costs at 200 hours per year for TRAILS and 255 hours for the Licensing Database. These upgrade costs receive a 75 percent federal match.

Updates are also required to Colorado's public benefit management system (CBMS), which determines eligibility and tracks payments for many public benefits. This work is estimated to take around 330 hours which can be absorbed within existing annual appropriations for CBMS system modifications.

Workload increases. The Department of Regulatory Agencies may have an increase in applications to process for registration, certification, and licensing in the professions that they regulate. This increase is expected to be addressed within existing appropriations.

Workload decreases. The bill will decrease workload for various state agencies to no longer verify lawful presence when processing applications for a professional license, certain state-funded assistance programs, or similar state and local public benefits. The Colorado Department of Labor and Employment will no longer be required to check and audit contractors to ensure that they do not employ persons who are not lawfully present. No change in appropriations is required due to these minimal workload savings.

Potential state expenditures. The fiscal note assumes that the bill will increase eligibility only for state programs that are not entitlements and are provided on a first-come, first-serve basis, and are not subject to federal requirements concerning lawfully present status. Starting in FY 2021-22, if more individuals receive state benefits, the bill will decrease the amount of benefits available to individuals who are eligible under current law. The General Assembly may choose to increase appropriations in order to keep current per-person funding levels constant.

For informational purposes, Table 2 has identified programs in the Department of Human Services and the Department of Health Care Policy and Financing that may be impacted by this bill. Assuming eligible populations for these state programs increase by 3.0 percent (the estimated portion of Colorado's population that is not lawfully present), state expenditures may increase by up to \$22.9 million. This estimate represents total benefit costs and includes General Fund, Cash Funds, and federal funds. Because it is unknown how many individuals will seek government resources, any increase in appropriations will be requested through the annual budget process.

Table 2
Potential Increase in Expenditures Under SB 21-199

	FY 2020-21 Appropriation	Potential Expenditure Increase ²
State Program		
Community Behavioral Health Programs – DHS	\$249,000,000 ¹	\$7,470,000
Family Support Services Program – HCPF	\$7,515,264	\$225,458
Supported Living Services Program – HCPF	\$9,893,584	\$296,808
Dental Health Care Low Income Seniors – HCPF	\$2,990,358	\$89,711
Indigent Care Program - HCPF	\$493,375,663	\$14,801,270
	Total Cost	Up to \$22,883,247

¹ Includes funds received from federal government not represented in state budget.

² Assumes a 3.0 percent increase in utilization.

TABOR refunds. The bill increases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2023-24.

Local Government

If more individuals apply for local business licenses, revenue and expenditures to local governments will increase. In addition, expenditures for local governments will increase to provide additional local benefits. To the extent the bill expands state benefits that are administered at the local level, expenditures for county departments will increase to determine eligibility and to administer benefits. Costs to administer benefits to unlawfully present individuals will vary by county based on the number of unlawfully present individuals seeking services in a certain county.

Effective Date

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

State Appropriations

For FY 2021-22, the bill requires an appropriation of \$178,627 to the Department of Human Services, of which \$47,768 is General Fund and \$130,859 is federal funds.

State and Local Government Contacts

Counties
Higher Education
Labor
Military Affairs
Personnel
Regulatory Agencies
Transportation

Education
Human Services
Law
Municipalities
Public Safety
Revenue

Health Care Policy and Financing
Information Technology
Local Affairs
Natural Resources
Public Health and Environment
Secretary of State