



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 21-0879 Date: April 19, 2021
Prime Sponsors: Sen. Story; Sonnenberg Bill Status: Senate Education
Rep. Tipper; Van Beber Fiscal Analyst: Anna Gerstle | 303-866-4375
Anna.Gerstle@state.co.us

Bill Topic: INCREASE CAPACITY EARLY CHILDHOOD CARE & EDUCATION

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checked)
State Transfer (checkbox)
TABOR Refund (checkbox)
Local Government (checked)
Statutory Public Entity (checkbox)

The bill creates four new early childhood care and education grant programs and modifies two other grant programs in the Colorado Department of Human Services (CDHS). The bill increases state expenditures on an ongoing basis.

Appropriation Summary: In the current FY 2020-21, the bill includes an appropriation of \$8.8 million for the CDHS. In FY 2021-22, the bill includes an appropriation of \$4.2 million, and requires an additional appropriation of \$16.8 million for the CDHS.

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

Table 1
State Fiscal Impacts Under SB 21-236

Table with 4 columns: Category, Current Year FY 2020-21, Budget Year FY 2021-22, Out Year FY 2022-23. Rows include Revenue, Expenditures (General Fund, Federal Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

1Any unexpended funds in FY 2020-21 may be used in FY 2021-22.

## **Summary of Legislation**

The bill creates four new early childhood care and education grant programs and modifies two existing grant programs in the Colorado Department of Human Services (CDHS). These programs are described below.

**Employer-based Child Care Facility Grant Program.** The bill creates the Employer-based Child Care Facility Grant Program to provide eligible employers with money to construct, remodel, renovate, or retrofit a child care center to provide licensed child care services to its employees. Eligible employers must provide a financial match of 50 percent for for-profit employers and 25 percent for nonprofit or government employers. The CDHS must solicit applications by June 30, 2021, and begin awarding grants by September 1, 2021. The bill appropriates \$8.8 million for the program and repeals July 1, 2024.

**Early Care Education Recruitment and Retention Grant and Scholarship Program.** The bill creates the Early Care Education Recruitment and Retention Grant and Scholarship Program to award grants to licensed early child care programs and nonprofit entities or institutions of higher education that administer scholarship programs to improve teacher recruitment and retention. The bill appropriates \$1.1 million for the program. Grants may be used to cover:

- tuition, fees, and materials for early childhood courses that lead to a degree or credential;
- costs for an educator to earn a coaching or mentorship certification;
- paid release time or substitute costs for an educator to pursue training;
- costs for providers, institutions, and early childhood councils to create a grow-your-own program;
- financial incentives for current or potential educators to pursue training; and
- payments for apprenticeships for work-based learning opportunities.

**Child Care Teacher Salary Grant Program.** The bill creates the Child Care Teacher Salary Grant Program to allow child care centers and eligible family child care homes to increase salaries of its educators. Among other requirements, grant recipients must verify that they have at least a Level 3 rating under the Colorado Shines system, and that they are actively serving families that are subsidized through the Colorado Child Care Assistance Program (CCCAP). The CDHS must establish the percentage salary increase, based on the number of applications and available appropriations. The bill appropriates \$3.0 million for the program.

**CIRCLE Program.** The bill creates the Community Innovation and Resilience for Care and Learning Equity (CIRCLE) program to address systemic challenges that have worsened as a result of the COVID-19 pandemic. Grants may be awarded to child care centers and family child care homes that are eligible to receive federal child care and development block grant funds, early childhood councils, and approved community-based entities or government agencies. Grants may be used to:

- make child care more affordable for families;
- increase access for children from birth to age three;
- strengthen business practices; and
- ensure equitable access for children, including those with special needs.

**Program modifications.** The bill eliminates the grant deadlines, repeal dates and required range for grant awards for the Child Care Sustainability Grant Program. It also eliminates the repeal date for the Emerging and Expanding Child Care Grant Program, and allows the program appropriation for outreach and technical assistance to be used in FY 2021-22.

## Background

Passed during the 2020 special legislative session, House Bill 20B-1002 created the Child Care Sustainability Grant Program to provide grants to child care providers who experienced reduced enrollment and increased costs, including those in danger of closing. It was funded with \$34.8 million from the General Fund.

HB 20B-1002 also created the Emerging and Expanding Child Care Grant Program to provide grants to child care providers to cover costs associated with expanding or starting a child care center or family child care home. It was funded with \$8.7 million from the General Fund.

## State Expenditures

The bill increases state expenditures in CDHS by \$8.8 million in the current FY 2020-21, \$21.0 million in FY 2021-22 and FY 2022-23. Costs are listed in Table 2 and discussed below. Expenditures are paid from either the General Fund or federal funds.

**Table 2**  
**Expenditures Under SB 21-236**

|   | FY 2020-21<br><i>(current)</i> <sup>1</sup> | FY 2021-22          | FY 2022-23          |
|---|---|---------------------|---------------------|
| <b>Department of Human Services</b>       |   |                     |                     |
| Personal Services                         | \$89,817                                    | \$228,043           | \$228,043           |
| Operating Expenses                        | \$1,350                                     | \$3,780             | \$3,780             |
| Capital Outlay Costs                      | \$6,200                                     | \$18,600            | -                   |
| Travel and Software Licenses              | \$2,633                                     | \$7,300             | \$7,300             |
| Public Awareness                          | -   | \$16,000            | \$16,000            |
| Employer-Based Facility Grants            | \$8,700,000                                 | -                   | -                   |
| Recruitment & Retention Grants            | -   | \$1,100,000         | \$1,100,000         |
| Child Care Teacher Salary Grants          | -   | \$3,000,000         | \$3,000,000         |
| CIRCLE Grants                             | -   | \$16,626,277        | \$16,626,277        |
| Centrally Appropriated Costs <sup>2</sup> | \$18,127                                    | \$48,634            | \$48,634            |
| <b>Total Cost</b>                         | <b>\$8,818,127</b>                          | <b>\$21,048,634</b> | <b>\$21,030,034</b> |
| <b>Total FTE</b>                          | <b>1.0 FTE</b>                              | <b>2.8 FTE</b>      | <b>2.8 FTE</b>      |

<sup>1</sup> Expenses shown in FY 2020-21 will also be spent in FY 2021-22.

<sup>2</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Employer-based Child Care Facility Grant Program.** The CDHS requires 1.0 FTE to implement this program, which is paid for in FY 2020-21, with a majority of the work occurring in FY 2021-22. The bill identifies \$8.8 million for grants to be awarded to employers to build or renovate on-site child care facilities. This program is funded through the General Fund.

**Teacher Salary and Recruitment and Retention grant programs.** Beginning in FY 2021-22, the CDHS requires 1.0 FTE to implement the teacher salary and recruitment and retention programs. The staffing will include 0.5 FTE for a program manager and 0.5 FTE for a contract administrator to support both programs. The bill identifies \$1.1 million to be awarded as grants through the teacher salary grant program, and \$3.0 million to be awarded through the recruitment and retention grant program. Costs for these two programs include staff travel, software licenses, and public communications, and are paid for by federal Child Care and Development Fund money.

**CIRCLE Program.** The fiscal note assumes that the CIRCLE program will be funded by \$16.8 million in federal Child Care and Development funds. It is estimated that about \$16.6 million will be awarded as grants, with the remainder covering the cost of 1.8 FTE for a program manager and contract administrator to support the program and associated travel, software licenses, and public awareness costs.

**Other state agencies.** The bill increases workload for the departments of Education, Higher Education, and Labor and Employment to collaborate with CDHS on the grant programs, including developing eligibility criteria for apprenticeships to receive grant funds through the Early Care Recruitment and Retention program. Institutions of higher education that receive a grant will experience workload to apply for and implement the grant. No change in appropriations is required for these agencies.

**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 \$18,127 in FY 2020-21 and \$48,634 in FY 2021-22 and FY 2022-23.

## **Local Government**

The bill increases revenue and workload for any local government entity that receives a grant from the newly created grant programs.

## **Effective Date**

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

## **State Appropriations**

In the current FY 2020-21, the bill includes a General Fund appropriation of \$8.8 million to the Colorado Department of Human Services, with 1.0 FTE. Unexpended funds may be spent in FY 2021-22 for the same purposes.

In FY 2021-22, the bill includes an appropriation of \$4.2 million in federal child care development funds to the Colorado Department of Human Services, with 1.0 FTE.

In addition, the bill requires an appropriation of \$16,800,000 in federal child care development funds to the Colorado Department of Human Services, with 1.8 FTE.

## **State and Local Government Contacts**

Counties

Human Services

School Districts

Education

Information Technology

Higher Education

Labor