

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE DEPARTMENT OF EARLY CHILDHOOD, AND, IN CONNECTION THEREWITH, ESTABLISHING THE DUTIES OF THE DEPARTMENT OF EARLY CHILDHOOD AND THE EXECUTIVE DIRECTOR OF THE DEPARTMENT, RELOCATING EARLY CHILDHOOD PROGRAMS FROM THE DEPARTMENTS OF HUMAN SERVICES AND EDUCATION TO THE DEPARTMENT OF EARLY CHILDHOOD, AND CREATING THE COLORADO UNIVERSAL PRESCHOOL PROGRAM.

Prime Sponsors: Reps. Sirota and Garnett
Sens. Buckner and Fenberg

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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

Significant Cost Increase in Second Year

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 03/21/22.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The JBC Staff Fiscal Analysis reflects a more recent estimate of the amounts transferring to the new department based on anticipated Long Bill appropriations consistent with Joint Budget Committee actions to date and new data from the Department of Human Services on the share of centralized services that support the Office of Early Childhood. All the updates have a net \$0 impact in total, but they impact the amounts transferring by department. The table below summarizes the revised adjustments to total appropriations by department, based on the most recent estimate. Legislative Council Staff concurs with the updated estimates of the transfers necessary to implement the bill.

H.B. 22-1295 NET CHANGE IN APPROPRIATIONS BY DEPARTMENT						
DEPARTMENT	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Human Services	(\$425,972,458)	(\$104,952,906)	(\$56,415,581)	(\$10,493,863)	(\$254,110,108)	(160.6)
Early Childhood	430,139,805	107,715,039	56,415,581	11,899,077	254,110,108	167.1
Health Care Policy and Financing	0	0	0	0	0	0.0
Governor	(177,426)	(177,426)	0	0	0	0.0
Education	(575,522)	76,400	0	(651,922)	0	(6.0)
Law	118,284	0	0	118,284	0	0.7
TOTAL	\$3,532,683	\$2,661,107	\$0	\$871,576	\$0	1.2

Most of the fiscal impact of the bill is moving money between departments, but there are some new costs associated with the bill. There are no updates to the estimated new costs associated with the bill from what was identified in the Legislative Council Staff Revised Fiscal Note dated 03/21/22. The provisions that drive new costs include the following:

- Rule Making - \$53,400 General Fund for per diem, travel, and operating expenses of the Rules Advisory Council.
- Legal Services - \$118,284 General Fund and 0.7 FTE for legal assistance from the Department of Law for rulemaking related to the preschool program, local coordinating organizations, program duties, and Colorado Child Care Assistance Program, among other areas.
- K12 Computer Programming - \$76,400 General Fund for the Department of Education to update data systems and implement data sharing agreements.
- Online Kindergarten Readiness - \$101,023 General Fund and 0.5 FTE to implement the pilot program.
- Local Coordinating Organizations(LCOs) - \$2,312,000 General Fund for administrative costs of the LCOs in building capacity and implementing the preschool program.

The shifting of funds and duties between departments results in a net increase in money that is reappropriated from one department to another in the amount of \$871,576, but this is just an increase in money that is double counted in the budget, rather than an increase in the money needed to implement the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.016	Bill Sponsor amendment - does not change the FY 22-23 fiscal impact, but does impact out years
L.019/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$3,532,683 for FY 2022-23, including \$2,661,107 General Fund and \$871,576 reappropriated funds and moving money between departments as described in the Fiscal Impact of Bill as Amended to Date section. This provision also states that the appropriations are based on the assumption that an additional 1.2 FTE will be required statewide.

L.016 Bill Sponsor amendment **L.016** (attached) makes the following changes to the fiscal impact:

- Specifies that school districts, charter schools, and preschool providers that receive funding through a contract with school districts or charter schools must receive at least the amount of preschool funding in FY 23-24 that they received in FY 22-23, and specifies that calculation
- Removes the local contribution requirement
- Clarifies the distribution of preschool funds for children age 3 and younger
- Clarifies the method for calculating the transfer from the State Education Fund or General Fund to the Preschool Programs Cash Fund in FY 23-24 and stipulates that it is based on the state share of program expenditures in FY 22-23 attributable to enrollment in the Colorado Preschool Program and preschool students with a disability

The first three bullets change the expected distribution of state funding in FY 23-24 and the last slightly increases the projected transfer from the State Education Fund to the Preschool Programs Cash Fund in FY 23-24 from \$129.4 million to \$136.8 million. There is no change in the FY 22-23 fiscal impact.

L.019 Bill Sponsor amendment **L.019** (attached) makes contracting with a provider for the Online Kindergarten Readiness Pilot Program permissive, rather than required, and subject to available appropriations in FY 23-24. It also changes the timeline for contracting with a provider. Based on these changes, the revised fiscal impact of the Online Kindergarten Readiness Pilot Program is \$42,000 General Fund in FY 22-23 to issue a request for proposals and conduct a survey, compared to the original estimated impact of \$101,023 General Fund and 0.5 FTE. The FY 23-24 fiscal impact is dependent on available funding and discretionary decisions of the General Assembly.

If sponsor amendment L.019 is adopted, then **J.002** (attached) should be adopted, rather than J.001, to reflect the revised fiscal impact of the Online Kindergarten Readiness Pilot Program.

Points to Consider*General Fund Impact*

The Joint Budget Committee (JBC) is developing a budget package for FY 2022-23. This bill requires a General Fund appropriation of \$2,661,107 for FY 2022-23, reducing the General Fund available for other FY 2022-23 appropriations by this amount.