

**JBC STAFF FISCAL ANALYSIS
SENATE 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, CREATING THE COLORADO UNIVERSAL PRESCHOOL PROGRAM, AND MAKING AND ADJUSTING APPROPRIATIONS.

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 03/23/22.

	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

Legislative Council Staff and JBC staff agree that the amendments adopted on House Second reading (03/24/22) and in the Senate Education Committee (03/25/22) do not change the fiscal impact.

The JBC Staff Fiscal Analysis reflects a more recent estimate of the funds moving to the new department based on the introduced Long Bill and the correction of some technical errors. These changes are net neutral in total, but impact the funding levels by department.

In addition, the JBC Staff Fiscal Analysis includes a revised estimate of the cost for the Rules Advisory Council, adding one staff support position (0.9 FTE in the first year) and \$74,990 General

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JBC Staff Analysis

Fund in addition to the \$53,400 General Fund already in the bill for per diem and travel costs.

The table below summarizes the revised adjustments to total appropriations by department. Legislative Council Staff concurs with the updated estimates.

H.B. 22-1295 Net Change in Appropriations by Department						
Department	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Human Services	(\$427,118,572)	(\$105,602,706)	(\$56,440,631)	(\$10,494,063)	(\$254,581,172)	(160.6)
Early Childhood	\$428,989,686	106,068,806	56,440,631	11,899,077	254,581,172	167.5
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	\$1,236,450	\$365,074	\$0	\$871,376	\$0	1.6

Most of the fiscal impact of the bill is moving money between departments, but there are some components of the bill that drive new costs. The provisions that drive new costs include the following:

- Rule Making - \$128,390 General Fund and 0.9 FTE for staff support, 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 - \$42,000 General Fund to implement the pilot 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 \$871,376, 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.005	Staff-prepared appropriation amendment

Current Appropriations Clause in the Bill

The bill includes an appropriation clause that contains technical errors and needs updating so that the money moved between departments corresponds to current appropriations in the Long Bill.

Description of Amendments in This Packet

J.005 Staff has prepared amendment **J.005** (attached) to change the existing clause to make the appropriations and adjustments to appropriations by department identified in the table above.

The staff prepared amendment corrects technical errors and updates the money moved between departments to correspond with current appropriations in the Long Bill. Specifically, the amendment:

- Corrects the line item name for the supplemental amortization equalization disbursement.
- Reduces appropriations for the operational support contract with the Department of Human Services by \$200,000. The net impact is a \$200,000 decrease in reappropriated funds for the Department of Human Services.
- Increases the General Fund moved from the Department of Human Services to the Department of Early Childhood by \$650,000 to reflect the introduced Long Bill that increased appropriations by \$500,000 for family resource centers and \$150,000 for child abuse prevention.
- Corrects an omission of 10.0 FTE in the existing clause associated with the \$856,925 total funds for the universal preschool team. The money and FTE were included in the Long Bill, but the appropriations clause in this bill included only the money and omitted the FTE.
- Increases the cash funds and federal funds moved from the Department of Human Services to the Department of Early Childhood for indirect cost assessments by a total of \$496,114 based on the indirect cost recovery plan included in the introduced Long Bill. Also, changes the allocation of the indirect cost assessments by division to reflect more recent estimates from the Department of Early Childhood.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

HB22-1295**JBC Staff Analysis**

This bill creates an ongoing obligation and requires a General Fund appropriation of \$365,074 for FY 2022-23, reducing the \$40.0 million set aside by the same amount.