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Final Fiscal Note

Drafting Number: LLS 22-0931 Date: August 15, 2022
Prime Sponsors: Sen. Fields; Sonnenberg Bill Status: Signed into Law
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Bill Topic: CHILD CARE SUPPORT PROGRAMS

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

The bill provides funding for a variety of early childhood programs and creates an advisory group and training program for family, friend, and neighbor providers. The bill increases state expenditures in FY 2022-23 and FY 2023-24.

Appropriation Summary: For FY 2022-23, the bill requires and includes an appropriation of \$99.5 million to the Department of Early Childhood.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 22-213

Table with 3 columns: Category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (Cash Funds, Federal Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts.

Summary of Legislation

The bill provides funding for a variety of early childhood programs and creates an advisory group and training program for family, friend, and neighbor (FFN) providers.

Funding for early childhood programs. The bill makes the following appropriations to child care-related programs, assumed to be located in the Department of Early Childhood (DEC):

- \$50.0 million from federal funds for the Child Care Sustainability Grant Program;
- \$16.0 million from the Economic Recovery and Relief Cash Fund (ERRCF) for the Emerging and Expanding Child Care Grant Program, of which \$2.2 million is for early childhood councils;
- \$10.0 million from the ERRCF for the Employer-Based Child Care Facility Grant Program, and extension of the program through September 1, 2024;
- \$1.0 million from the ERRCF to create the home visiting grant program; and
- \$15.0 million from the ERRCF for the Early Care Recruitment and Retention Grant and Scholarship Program. Of that amount, \$5.0 million must be dedicated for the home visiting workforce, early childhood mental health consultants, and early intervention providers.

The appropriations listed above are for FY 2022-23. ERRCF appropriations must be obligated by December 1, 2024, and the CCDF appropriation is available to be spent through FY 2023-24.

Emerging and Expanding Child Care Grant Program. The bill requires that, to the extent practicable, early childhood councils may receive up to 25 percent of an emerging and expanding child care grant in advance to administer grant programs and maintain business operations. It also requires the DEC to offer technical assistance to applicants and grant recipients.

FFN advisory group. The bill creates the FFN advisory group in the DEC to advise the department on the needs of FFN providers and make recommendations on regulations, policies, funding and procedures that would benefit the community. The bill specifies the compensation of the group, and that members may receive compensation and reimbursement for expenses.

FFN training and support program. The bill creates the FFN training and support program in the DEC to support community-based and non-profit organizations that provide information, materials, training programs, and technical assistance accessing state programs to FFN providers.

The DEC must create a website for the FFN community to access training, technical assistance, and resources, and must make existing state programs available to the FFN community. Existing state programs include home visitation, early intervention, early childhood mental health consultants, workforce recruitment and retention, and family resource center services. The bill provides \$7.5 million from the ERRCF to the DEC for the FFN advisory group and training program.

State Expenditures

The bill increases state expenditures in the DEC by \$98.4 million in FY 2022-23 from the ERCCF and federal funds. Funding provided in the bill may be spent through December 2024; as a result, half of the costs shown for FY 2024-25 will be paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under SB22-213**

| | FY 2022-23 | FY 2023-24 | FY 2024-25 |
|--|---------------------|--------------------|--------------------|
| Department of Early Childhood | | | |
| Personal Services | \$616,135 | \$792,892 | \$792,892 |
| Operating & Capital Outlay Expenses | \$80,755 | \$15,930 | \$15,930 |
| Child Care Sustainability Grant Program | \$50,000,000 | - | - |
| Emerging & Expanding Child Care Grant | \$15,415,028 | - | - |
| Employer-Based Child Care Facility Grant | \$9,787,768 | - | - |
| Home Visiting Programs | \$955,578 | - | - |
| Early Care Recruitment & Retention Grant | \$14,445,868 | - | - |
| FFN – Training Program | \$6,985,635 | - | - |
| Centrally Appropriated Costs | \$151,423 | \$192,321 | \$192,321 |
| Total Cost | \$98,438,190 | \$1,001,143 | \$1,001,143 |
| Total FTE | 9.6 FTE | 12.1 FTE | 12.1 FTE |

Department of Early Childhood. The bill specifies the funding amounts for each program, which are assumed to be spent through December 30, 2024. The fiscal note assumes that a portion of the funding will be used to cover administrative expenses in FY 2022-23, FY 2023-24, and half of FY 2024-25. Administrative costs beginning January, 2025, through the end of the program in December, 2026 are assumed to be paid from the General Fund.

- **Child Care Sustainability Grant Program.** This spending authority is intended to cover potential federal Child Care Development Grant funds that the DEC may receive and spend in FY 2022-23.
- **Emerging and Expanding Child Care Grant.** The DEC requires 3.5 FTE to administer the program; 3.0 FTE represents a continuation of current program staff levels, plus 0.5 FTE for ARPA reporting and tracking. About \$15.4 million is expected to be available for grants and technical assistance, with up to \$2.2 million required to be used for early childhood councils.

- **Employer-based Child Care Facility Grant.** The DEC requires 0.5 FTE in FY 2022-23 and 1.5 FTE beginning in FY 2023-24. The FY 2023-24 staffing represents a continuation of current program staff levels (funding for the FTE in FY 2022-23 is included in the Long Bill), plus 0.5 FTE for ARPA reporting and tracking. About \$9.8 million is expected to be available for grants and technical assistance.
- **Home visiting programs.** The DEC requires 0.3 FTE to expand home visiting services to additional families. While the programmatic work will be accomplished within current resources, 0.3 FTE is required for contract and accounting functions. About \$955,578 will be available for grants and services to expand other family strengthening programs.
- **Early Care Recruitment and Retention Grant.** The DEC requires 2.5 FTE in FY 2022-23 and 4.0 FTE in FY 2023-24 to administer the program. The FY 2023-24 staffing represents a continuation of current program staff levels (FY 2022-23 is included in the Long Bill), 0.5 FTE for ARPA reporting and tracking, and 2.0 FTE to process additional educator credential applications as a result of the expanded program. About \$14.4 million is expected to be available for grants and technical assistance, of which \$2.0 million must be dedicated to home visiting workforce, early childhood mental health consultants, and early intervention providers.
- **FFN program costs.** The DEC will require 2.8 FTE to implement the FFN training and support program. After administrative costs, about \$7.0 million will be available for per diem and travel for the advisory group, meeting and website costs, and vendor training costs.

Effective Date

The bill was signed into law by the Governor on June 3, 2022 and it and took effect on July 1, 2022.

State Appropriations

In FY 2022-23, the bill requires and includes the following appropriations to the Department of Early Childhood:

- \$50,000,000 from federal Child Care Development Funds; and
- \$49,500,000 from the Economic Recovery and Relief Cash Fund, and 9.6 FTE.

State and Local Government Contacts

Human Services