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Revised Fiscal Note

(replaces fiscal note dated November 17, 2023)

Drafting Number:	LLS 23B-0006	Date:	November 18, 2023
Prime Sponsors:	Sen. Zenzinger; Bridges Rep. Bird; García	Bill Status:	House Appropriations
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Bill Topic: **SUMMER EBT PROGRAM**

Summary of Fiscal Impact:

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

The bill creates the Summer Electronic Benefits Transfer for Children Program to provide monthly food and nutrition benefits to low-income students in summer months. The bill increases state and school district expenditures on an ongoing basis beginning in FY 2023-24.

Appropriation Summary: The bill requires appropriations to multiple state agencies of \$6.6 million for the current FY 2023-24 and \$4.5 million for FY 2024-25.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the Senate Appropriations Committee.

Table 1
State Fiscal Impacts Under SB 23B-002

		Current Year FY 2023-24	Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-	-
Expenditures	General Fund	\$3,310,282	\$2,194,132	\$2,144,132
	Federal Funds	\$3,310,282	\$2,194,132	\$2,144,132
	Centrally Appropriated	\$57,935	\$154,603	\$154,603
	Total Expenditures	\$6,678,499	\$4,542,867	\$4,442,867
	Total FTE	2.8 FTE	7.5 FTE	7.5 FTE
Transfers		-	-	-
Other Budget Impacts	General Fund Reserve	\$496,542	\$329,120	\$321,620

Summary of Legislation

The bill creates the Summer Electronic Benefits Transfer (EBT) for Children Program, administered by the Department of Human Services (CDHS) in partnership with the Colorado Department of Education (CDE). This federally funded program provides a monthly food stipend of \$40 to eligible low-income students in summer months through an electronic benefits card. The benefit is entirely federally funded. Costs for administering the program is split evenly between state and federal funds.

The CDHS must develop program rules, conduct outreach to households and organizations, and distribute benefits to qualified households, complying with all federal guidelines for the program. The CDE must conduct outreach and provide technical assistance to school food authorities. The CDE must also collect student-level data from school food authorities and share with CDHS, ensuring that information is protected according to federal and state laws.

The bill requires the General Assembly to appropriate the following amounts from the General Fund to cover administrative costs for the program:

- at least \$3,140,412 in FY 2023-24 and at least \$1,800,323 in FY 2024-25 to the CDHS; and
- \$169,870 in FY 2023-24 and \$393,806 in FY 2024-25 to the CDE.

The departments may retain any unspent funding for continued administration of the program in future years.

State Expenditures

The bill increases state expenditures in the CDHS and CDE by a total of \$6.7 million in FY 2023-24, by \$4.5 million in FY 2024-25, and by \$4.4 million in FY 2025-26 and future years, paid equally from the General Fund and federal funds. These costs, which are only for administration of the program, are shown in Table 2 and detailed below. The EBT benefits provided to children, estimated at up to \$42 million per year, are paid directly by the federal government and are not accounted for in the state budget.

Table 2
Expenditures Under SB 23B-002

	FY 2023-24	FY 2024-25	FY 2025-26
Department of Human Services			
Personal Services	\$136,030	\$328,034	\$328,034
Operating Expenses	\$2,048	\$5,120	\$5,120
Capital Outlay Costs	\$26,680	-	-
Card Set-up / Benefit Issuance	\$2,887,500	\$2,117,500	\$2,117,500
System Update - CBMS	\$850,500	\$300,000	\$300,000
System Update – Benefit Issuance	\$1,900,000	-	-
Contractor – Contact Center	\$360,000	\$750,000	\$750,000
Contractor – Community Partners	\$65,000	\$100,000	\$100,000
Contractor – Resource Development	\$53,066	-	-
Centrally Appropriated Costs ¹	\$30,868	\$76,039	\$76,039
FTE – Personal Services	1.6 FTE	4.0 FTE	4.0 FTE
<u>CDHS Subtotal</u>	<u>\$6,311,692</u>	<u>\$3,676,693</u>	<u>\$3,676,693</u>
<i>General Fund</i>	\$3,140,412	\$1,800,327	\$1,800,327
<i>Federal Funds</i>	\$3,140,412	\$1,800,327	\$1,800,327
<i>Centrally Appropriated</i>	\$30,868	\$76,039	\$76,039
Department of Education			
Personal Services	\$141,320	\$408,131	\$408,131
Operating Expenses	\$1,536	\$4,480	\$4,480
Capital Outlay Costs	\$26,680	-	-
Administrative Funding for SFAs	\$170,204	\$275,000	\$275,000
Data Contractor	-	\$100,000	-
Centrally Appropriated Costs	\$27,067	\$78,564	\$78,564
FTE – Personal Services	1.2 FTE	3.5 FTE	3.5 FTE
<u>CDE Subtotal</u>	<u>\$366,807</u>	<u>\$866,175</u>	<u>\$766,175</u>
<i>General Fund</i>	\$169,870	\$393,806	\$343,806
<i>Federal Funds</i>	\$169,870	\$393,805	\$343,805
<i>Centrally Appropriated</i>	\$27,067	\$78,564	\$78,564
Total Costs	\$6,678,499	\$4,542,867	\$4,442,867
Total FTE	2.8 FTE	7.5 FTE	7.5 FTE

Centrally appropriated costs are not included in the bill's appropriation.

Department of Human Services. Expenditures in the CDHS will increase by \$6.3 million in the current FY 2023-24 to establish the new program, and \$3.7 million in FY 2024-25 and future years to operate the program. The fiscal note assumes that federal funding will match fifty percent of the administration costs to provide around 350,000 students with benefits each summer beginning in 2024.

- **Staff.** The CDHS requires 4.0 FTE to develop policies and systems for the program; ensure federal compliance; coordinate with the CDE on policies and student data collection; and manage external contracts. Staff costs for initial program development are prorated for a December/January 2023 start date, and staff costs for program implementation are prorated for an April/May 2024 start date.
- **EBT card set-up and benefit issuance.** The CDHS will have annual costs to set up EBT cards and issue benefits to 350,000 students. Currently, the card set-up rate is \$6.84 per card, and data transfer for benefit issuance is \$1.41 for the three summer months. These cost will reduce to \$5.24 and \$0.81, respectively, in FY 2024-25 due to updated contract rates.
- **System updates.** The CDHS will update existing systems to manage and issue the new benefit. This requires an initial investment of 6,750 hours of work at \$126 per hour to update the Colorado Benefits Management System (CBMS), along with ongoing system maintenance costs, and a one-time cost of \$1,900,000 to update the benefit issuance system.
- **Contractors.** The CDHS will contract with a vendor to answer client questions beginning in March of FY 2023-24, and with community partners to perform outreach and engagement among eligible households, schools, and community stakeholders. The fiscal note assumes CDHS will also contract with a vendor in FY 2023-24 to develop and provide resources, training, and technical assistance to local community-based organizations and emergency food providers.
- **Federal benefit.** By participating in the Summer EBT program, benefits to eligible Colorado recipients could be up to \$42 million per year, paid by the federal government. This assumes that up to 350,000 children will be eligible for \$120 in benefits each summer (\$40 x 3 months). As mentioned above, this federal spending is not accounted for in the state budget.

Department of Education. Expenditures in the CDE will increase for staffing, contracting, and administrative funding for school food authorities. The fiscal note anticipates federal funding will match 50 percent of these costs.

- **Staff.** The CDE requires 3.5 FTE to provide outreach and train school food authorities; develop and oversee the data collection process; and disburse administrative funding to school food authorities. Staff are prorated in the first year for an assumed March start date. A portion of this funding will be used to contract for staff to support the data vendor; communicate with districts on data collection; and to update existing data on an ongoing basis.

- **Administrative funding for School Food Authorities.** The CDE will disburse \$275,000 annually to school food authorities to cover administrative costs for data collection and submission beginning in FY 2023-24. This amount is prorated in the first year.
- **Data contractor.** In FY 2024-25 only, the CDE requires \$100,000 for a data contractor to match and validate submitted data from school food authorities before the data is provided to CDHS.
- **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 shown in Table 2.

School Districts

Workload and costs will increase for school districts to provide student data to the CDE. As discussed above, \$275,000 will be provided annually to school districts to cover costs related to this work.

Effective Date

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

State Appropriations

For the current FY 2023-24, the bill requires total appropriations of \$6,620,564, split evenly between General Fund and federal funds, as follows:

- \$6,280,824 to the Department of Human Services, and 1.6 FTE; and
- \$339,740 to the Department of Education, and 1.2 FTE.

For the FY 2024-25, the bill requires total appropriations of \$4,184,743, split evenly between General Fund and federal funds, as follows:

- \$3,600,654 to the Department of Human Services, and 4.0 FTE; and
- \$787,611 to the Department of Education, and 3.5 FTE.

State and Local Government Contacts

Education

Human Services