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Final Fiscal Note

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Prime Sponsors: Rep. Sirota; Martinez Bill Status: Signed into Law
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Bill Topic: SOCIAL WORK LICENSURE COMPACT

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

The bill enacts the interstate Social Work Licensure Compact in Colorado. The bill increases state expenditures starting in FY 2024-25 and increases state revenue starting in FY 2025-26.

Appropriation Summary: For FY 2024-25, the bill includes an appropriation of \$78,750 to the Department of Regulatory Agencies.

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

Table 1
State Fiscal Impacts Under HB 24-1002

Table with 5 columns: Category, Sub-category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refund).

Summary of Legislation

The bill enacts the Social Work Licensure Compact, which allows social workers to apply to the Department of Regulatory Agencies (DORA) to receive a license to practice in all member states of the compact. A fingerprint background check is required with the application. The compact takes effect when seven states have enacted the compact, and is administered by the Social Work Licensure Compact Commission.

Social Work Licensure Compact. The bill requires DORA to coordinate compact participation. Among other duties, DORA must process social worker applications for compact participation, ensure applicants meet criteria established by the commission, and share relevant licensing data with the commission. Additionally, the compact establishes procedures for sharing disciplinary information between states, legal proceedings related to licensees, and compact enforcement.

Compact Commission. The bill establishes an interstate commission to adopt and enforce rules, manage administration of the compact, and facilitate the exchange of information between member states. It must meet at least once per year and includes one representative from each member state. The commission is funded primarily by an annual assessment on member states to cover expenses, but may also receive gifts, grants, and donations.

Assumptions

Compact enactment. As of January 2024, one state, Missouri, has enacted the compact. Legislation is currently pending in 20 other states. This fiscal note assumes that the compact will take effect by July 1, 2024, following its enactment by a sufficient number of state legislatures during the 2024 session. Establishing and organizing the commission and compact structure will take time, and full administration of the compact is assumed to begin by January 2026.

Colorado social worker licensure. As of January 2024, there are about 10,700 licensed social workers in the state. DORA will be required to increase license fees on this population, who renew their licenses every two years, to pay for the costs of administering the compact. It is further assumed that 30% of licensed social workers, or about 3,200, will submit a background check and apply for compact participation when it is available, which is assumed to be FY 2025-26. Some revenue and expenditure impacts could shift between fiscal years if the compact is implemented sooner or later than this date.

State Revenue

For FY 2025-26, the bill increases state cash fund revenue by \$586,500, to the Division of Professions and Occupations (DPO) Cash Fund in DORA and the Colorado Bureau of Investigation (CBI) Identification Unit Cash Fund in the Department of Public Safety (CDPS). Fee revenue is from compact fees paid to DORA, and background check fees paid to CDPS.

On an ongoing basis, revenue will increase to the DPO Cash Fund in DORA by about \$460,100 every two years starting in FY 2027-28, assuming the fee is charged as part of the two-year renewal cycle for social worker licenses. These impacts are shown in Table 2 and discussed in more detail below.

**Table 2
Fee Impact on Social Workers**

Fiscal Year	Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
FY 2025-26	Compact Participation Fee	\$43	10,700	\$460,100
	CBI Background Check Fee	\$39.50	3,200	\$126,400
			FY 2025-26 Total	\$586,500
FY 2027-28	Compact Participation Fee	\$43	10,700	\$460,100
				FY 2027-28 Total

Fee impact on social workers. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill increases licensing fees and background check fees on social workers.

- **License fees – DORA.** Beginning in FY 2025-26 and every two years thereafter, DORA will collect about \$460,000 in additional fees to cover compact administration costs. As shown in Table 2, the fiscal note estimates a \$43 fee every two years. This fee amount is an estimate only, actual fees will be set administratively by DORA based on cash fund balance, program costs, and the number of licenses subject to the fee. The table assumes that all social workers will pay an increase fee, regardless of their participation in the compact.
- **Fingerprint-based background checks – CDPS.** This bill increases state cash fund revenue from fingerprint-based criminal history background checks to the CBI Identification Unit Cash Fund in the CDPS by \$126,400 in FY 2025-26. This assumes 3,200 checks will be conducted in FY 2025-26. Revenue will minimally increase in future years to the extent additional social workers apply for compact participation.

The current fee for background checks is \$39.50, which includes \$11.25 for a Federal Bureau of Investigation (FBI) fingerprint-based check, which is passed on to that federal agency. The federal portion of this fee is excluded from the state TABOR limit, meaning \$90,400 of this total is subject to TABOR. The background check is required only upon initial application for compact participation.

State Expenditures

The bill increases state expenditures in DORA and the CDPS by about \$88,000 in FY 2024-25, about \$213,000 in FY 2025-26, and about \$229,000 in FY 2026-27 and beyond. Expenditures for DORA are paid from the Division of Professions and Occupations Cash Fund, and expenditures for the CDPS are paid from the CBI Identification Unit Cash Fund. Expenditures are shown in Table 3 and detailed below.

**Table 3
Expenditures Under HB 24-1002**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Regulatory Agencies			
Personal Services	\$34,440	\$60,260	\$72,890
Operating Expenses	\$640	\$1,152	\$1,408
Capital Outlay Costs	\$6,670	-	-
Legal Services	-	-	\$115,218
Travel	\$2,000	\$2,000	\$2,000
Licensing System	\$35,000	\$2,500	\$2,500
Compact Membership Fee	-	\$15,000	\$15,000
Centrally Appropriated Costs ¹	\$9,226	\$16,444	\$20,027
FTE – Personal Services	0.5 FTE	0.9 FTE	1.1 FTE
FTE – Legal Services	0.0 FTE	0.0 FTE	0.5 FTE
DORA Subtotal	\$87,976	\$97,357	\$229,043
Department of Public Safety			
Personal Services	-	\$36,049	-
Operating Expenses	-	\$768	-
Capital Outlay Costs	-	-	-
FBI Pass-through	-	\$36,000	-
Processing costs	-	\$31,312	-
Centrally Appropriated Costs ¹	-	\$11,337	-
FTE – Personal Services	-	0.6 FTE	-
CDPS Subtotal	-	\$115,466	-
Total	\$87,977	\$212,823	\$229,043
Total FTE	0.5 FTE	1.5 FTE	1.6 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. DORA will administer the state's participation in the compact, provide enforcement, and handle any complaints and disciplinary actions related to multistate licensees.

- **Staffing.** DORA requires 1.1 FTE to administer the compact when fully implemented. This staff level is phased in over three years. 0.5 FTE is required in FY 2024-25 for initial compact implementation, 0.9 FTE is required in FY 2025-26 to review compact applications, and 1.1 FTE required beginning in FY 2026-27 for enforcement, additional complaint investigations, and education and outreach. Initial program administration FTE are prorated for a September 1, 2024 start date, with additional administration and investigation FTE prorated for a January 1, 2026 start date. Standard operating and capital outlay costs are included for this new staff.
- **Legal services.** DORA requires 50 hours of legal services in FY 2024-25 to assist with initial compact administration, which can be accomplished within current appropriations. Starting in FY 2026-27, DORA requires 900 hours of legal services related to enforcement and complaint investigations. Legal services are provided by the Department of Law at a rate of \$128.02 per hour.
- **Travel.** DORA will send an employee to serve as the state's representative on the compact commission. The commission is assumed to meet once per year. Travel costs for each meeting are estimated at \$2,000, based on similar meetings attended by the department.
- **Licensing system changes.** In FY 2024-25, DORA requires \$35,000 to incorporate compact participation into DORA's licensing system. Ongoing maintenance costs are estimated at \$2,000 beginning in FY 2025-26. Changes will be implemented by the Office of Information Technology (OIT).
- **Compact membership fee.** The compact commission may levy an annual membership fee on states that participate. This fee is estimated at \$15,000, beginning in FY 2025-26.

Department of Public Safety. The bill increases overall expenditures from the CBI Identification Unit Cash Fund in DPS by \$115,466, as described below. In subsequent years, the additional workload and cost can be accomplished within current appropriations.

- **Staffing.** For FY 2025-26 only, DPS will require 0.3 FTE Fingerprint Examiner II and 0.2 FTE Data Specialist to process an estimated 3,200 fingerprint background applications from social worker compact applications. A Fingerprint Examiner II can process 8,250 requests per year, and a Data Specialist 16,500. Training costs for this FTE is included.
- **FBI pass-through.** The CDPS passes \$11.25 of every application on to the federal government. With 3,200 applications, the equates to \$36,000 for FY 2024-25.
- **Processing costs.** There are the following costs associated with each background check application: \$6.10 dedicated to equipment maintenance; \$1.55 for print digitization; \$0.88 to access the Colorado Crime Information Center for information pertinent to the background check; and \$0.63 printing and postage costs.

Judicial Department. Starting in FY 2025-26, the trial courts in the Judicial Department may experience an increase in workload to adjudicate civil cases or appeals challenging jurisdictional decisions or handling compact-related proceedings. The fiscal note assumes that any increase will be minimal.

Department of Personnel and Administration. Starting in FY 2025-26, the bill may increase workload for administrative law judges in the Office of Administrative Courts to hear cases challenging disciplinary actions by DORA. This workload is expected to be minimal and no change in appropriations is required.

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.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

The bill takes was signed into law by the Governor on June 3, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill includes an appropriation of \$78,750 from the Division of Professions and Occupations Cash Fund to the Department of Regulatory Agencies, and 0.5 FTE. Of this amount, \$35,000 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Information Technology
Personnel

Judicial
Public Safety

Law
Regulatory Agencies

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).