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Fiscal Note

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Prime Sponsors:	Sen. Marchman; Priola Rep. Joseph; McLachlan	Bill Status:	Senate Education
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Bill Topic: **OUTDOOR NATURE-BASED PRESCHOOL PROGRAMS**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill adds outdoor nature-based preschool programs to the definition of child care center for licensing purposes. It increases state and local expenditures on an ongoing basis beginning in FY 2024-25, and increases state revenue in FY 2025-26.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$293,974 to multiple state agencies.

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

Table 1
State Fiscal Impacts Under SB 24-078

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$293,974	\$262,864
	Centrally Appropriated	\$50,982	\$50,713
	Total Expenditures	\$344,956	\$313,577
	Total FTE	2.7 FTE	2.7 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$44,096	\$39,430

Summary of Legislation

The bill defines outdoor nature-based preschool programs (outdoor programs) as child care centers for licensing purposes. Outdoor programs serve children between three and eight years of age and operate at least 50 percent in a department-approved outdoor space.

The Department of Early Childhood (CDEC) must develop rules for outdoor program licensing by December 31, 2025, and provide trainings to licensing staff and to outdoor program staff on their operations. The CDEC can collaborate with existing outdoor programs to implement the trainings, and with local fire departments and the Department of Public Health and Environment (CDPHE) for certain safety and sanitary facility requirements.

Background & Assumptions

Currently, outdoor programs are not licensed in Colorado and nationally, with the exception of Washington. These outdoor programs differ from traditional child care centers in term of the facilities' indoor and outdoor environments, and instead operate in natural environments and use non-traditional equipment and materials. Thus, different licensing standards are required for outdoor programs and the fiscal note assumes that CDEC will be required to continually create and approve site-specific plans for each program to ensure that safety standards are maintained for children in these programs.

The fiscal note assumes 10 outdoor programs will become licensed through this bill. To the extent that there are more outdoor schools than estimated, revenue and expenditures will be higher than discussed below and will be addressed through the budget process.

State Revenue

Beginning in FY 2025-26, the bill will increase revenue to the Child Care Licensing Cash Fund in the Department of Early Childhood by a minimal amount for outdoor nature-based preschool programs to pay a licensing fee. The fiscal note assumes that there will be ten such centers; however, the amount of fee revenue depends on the number of children enrolled in those schools.

The existing fee structure for child care facilities is based on capacity, with preschools with 5-15 children paying \$200, preschools with 16-30 children paying \$175 plus \$3 per child, and preschools with 31 or more children paying \$300 plus \$3 per child. For informational purposes, if five of the expected schools are small schools with less than 15 children, and five are medium schools with 20 children each, \$2,375 in revenue would be generated.

Child care licensing fees are set in rule by the CDEC. As a result, the long-term structure of fees for outdoor preschools may be adjusted by rule in future years, through a specific fee for outdoor preschools, an adjustment to all child care licensing fees, or continuation of the current fee structure. Because of the limited amount of potential revenue under the current fee structure, the fiscal note assumes that General Fund is required.

State Expenditures

The bill increases state expenditures by about \$345,000 in FY 2024-25 and \$314,000 in FY 2025-26, primary in CDEC, paid from the General Fund. It also increases expenditures in the CDPHE. Costs are shown in Table 2 and detailed below.

**Table 2
Expenditures Under SB 24-078**

	FY 2024-25	FY 2025-26
Department of Early Childhood		
Personal Services	\$177,124	\$193,285
Operating Expenses	\$2,944	\$3,200
Capital Outlay Costs	\$20,010	-
Trainings for Outdoor Programs	\$50,000	\$50,000
Trainings for Licensing Staff	\$8,556	-
Centrally Appropriated Costs ¹	\$43,056	\$46,872
FTE – Personal Services	2.3 FTE	2.5 FTE
CDEC Subtotal	\$301,690	\$293,357
Department of Public Health and Environment		
Personal Services	\$35,341	\$16,378
Centrally Appropriated Costs ¹	\$7,925	\$3,842
FTE – Personal Services	0.4 FTE	0.2 FTE
CDPHE Subtotal	\$43,266	\$20,220
Total	\$344,956	\$313,577
Total FTE	2.7 FTE	2.7 FTE

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

Department of Early Childhood. Beginning in FY 2024-25, the CDEC will have costs for staff to implement licensure for outdoor programs and to provide trainings to outdoor programs and internal staff. The fiscal note assumes that CDEC costs are paid out of the General Fund, as the any licensing fee revenue received is not sufficient to cover costs.

- **Staff.** The CDEC requires 2.5 FTE to develop licensing rules for outdoor programs; manage the licenses of outdoor programs, including overseeing site-specific inspections and reviewing program plans; work with outdoor programs to develop their required safety plans; and develop and provide trainings to outdoor programs on the new licensing regulations. Workload will also increase to solicit and manage the contract with the organization providing trainings to outdoor program staff on the operations of their programs, as discussed below. Staff costs are prorated for an August 1, 2024 start date.

- **Trainings for outdoor programs.** Beginning in FY 2024-25, the CDEC requires \$50,000 annually to contract an organization to provide trainings to outdoor program staff on implementing and operating outdoor programs. Trainings, tailored for either directors or teachers of outdoor programs, cover curriculum development, addressing learning needs, budgeting, site development, and building community partnerships. The cost of each training ranges from \$690 to \$1,385 per person depending on the staff type, and the fiscal note assumes annual participation from staff of outdoor programs and the CDEC's internal licensing staff.

The fiscal note anticipates directors and staff to start completing trainings in FY 2024-25, so staff are prepared for when the CDEC promulgates the rules and starts issuing licenses to this program type in FY 2025-26. The fiscal note also assumes the state is covering these training costs as the bill requires the CDEC to provide outdoor programs with this training.

- **Trainings for CDEC staff.** In FY 2024-25, the CDEC requires \$8,556 to cover training expenses for licensing staff that oversee site inspections for outdoor programs, as described in the bill. Training topics include information on interpreting site plans, conducting inspections of outdoor program sites, and communicating with other state agencies that inspect outdoor programs. Costs include training attendance, transportation, and travel costs for 2.5 FTE.

Department of Public Health and Environment. The CDPHE requires 0.4 FTE initially in FY 2024-25, and 0.2 FTE in ongoing years, to collaborate with CDEC to develop standards for the operation of outdoor programs and enforce these standards. Staff activities include rulemaking, conducting site visits, record reviews, inspections, report development, travel, follow-up inspections as necessary, compliance assistance, outbreak investigations and enforcement. Staff costs are prorated for an August 1, 2024 start date.

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.

Local Government

Costs for local fire departments will increase to collaborate the CDEC and to ensure outdoor programs conform to licensing standards. These costs will vary by local government.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires General Fund appropriations totaling \$293,974 to multiple departments as follows:

- \$258,634 to the Department of Early Childhood and 2.3 FTE; and
- \$35,340 to the Department of Public Health and Environment, and 0.4 FTE.

State and Local Government Contacts

Counties	Early Childhood	Education
Fire Chiefs	Human Services	Judicial
Public Health and Environment	Public Safety	

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](#).