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Final Fiscal Note

Drafting Number:	LLS 24-0655	Date:	July 12, 2024
Prime Sponsors:	Sen. Marchman; Priola Rep. Joseph; McLachlan	Bill Status:	Signed into Law
		Fiscal Analyst:	Shukria Maktabi 303-866-4720 shukria.maktabi@coleg.gov

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 and includes an appropriation of \$214,910 to multiple state agencies.

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

**Table 1
State Fiscal Impacts Under SB 24-078**

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$184,910	\$193,770
	Child Care Licensing Cash Fund	\$30,000	\$30,000
	Centrally Appropriated	\$42,262	\$50,714
	Total Expenditures	\$257,172	\$274,484
	Total FTE	2.2 FTE	2.7 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$27,736	\$29,066

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 in FY 2024-25 and to outdoor program staff on their operations beginning in FY 2026-27. 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. The bill requires the General Assembly to appropriate \$30,000 from the Child Care Licensing Cash Fund for outdoor program licensing each year from FY 2024-25 to FY 2026-27.

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.

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 \$257,000 in FY 2024-25 and \$275,000 in FY 2025-26, primary in CDEC, paid from the General Fund and the Child Care Licensing Cash 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	\$145,451	\$193,285
Operating Expenses	\$2,304	\$3,200
Capital Outlay Costs	\$13,340	\$6,670
Trainings to Develop Outdoor Program Trainings	\$10,000	-
Trainings for Licensing Staff	\$8,474	\$4,237
Centrally Appropriated Costs ¹	\$34,337	\$46,872
FTE – Personal Services	1.8 FTE	2.5 FTE
CDEC Subtotal	\$213,906	\$254,264
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	\$257,121	\$274,484
Total FTE	2.2 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 staff. \$30,000 of total costs will be paid out from the Child Care Licensing Cash Fund and the remaining from the General Fund.

- **Staff.** The CDEC requires 1.8 FTE to develop licensing rules for outdoor programs; manage the licenses of outdoor programs, including overseeing site-specific inspections and reviewing program plans; and work with outdoor programs to develop their required safety plans. An additional 0.5 FTE will be required beginning in FY 2025-26 to develop and provide trainings to outdoor programs on the new licensing regulations. Staff costs are prorated for an August 1, 2024 start date.

- **Trainings for CDEC staff.** In FY 2024-25, the CDEC requires about \$8,000 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 2.0 FTE in FY 2024-25 and 1 FTE in FY 2025-26.
- **Trainings for outdoor programs.** In FY 2024-25, the CDEC requires \$10,000 to cover training expenses for licensing staff to develop and provide trainings to outdoor program staff on implementing and operating outdoor programs. Trainings to be developed and provided by CDEC staff, tailored for either directors or teachers of outdoor programs, cover curriculum development, addressing learning needs, budgeting, site development, and building community partnerships.

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 was signed into law by the Governor on June 6, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires and includes appropriations totaling \$214,910 to multiple departments as follows:

- \$179,569 to the Department of Early Childhood and 1.8 FTE, of which \$149,569 is from the General Fund and \$30,000 is from the Child Care Licensing Cash Fund; and
- \$35,341 to the Department of Public Health and Environment, and 0.4 FTE.

State and Local Government Contacts

Early Childhoods
Public Health and Environment

Human Services
Public Safety

Judicial

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](#).