



Legislative
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FISCAL NOTE

Drafting Number: LLS 18-1043	Date: March 29, 2018
Prime Sponsors: Rep. Coleman	Bill Status: House Business
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Bill Topic: EMERGENCY EMPLOYMENT SUPPORT SERVICES PILOT PROGRAM DOLA

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue (<i>potential</i>)	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government (<i>potential</i>)
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill creates a three-year emergency employment support services pilot program in the Department of Local Affairs (DOLA). It increases state expenditures and may increase state revenue between FY 2018-19 and FY 2021-22. It has the potential to increase in revenue and expenditures for local governments over the same period.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$687,500 and an allocation of 0.5 FTE to the Department of Local Affairs.

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

**Table 1
State Fiscal Impacts Under HB 18-1310**

		FY 2018-19	FY 2019-20
Revenue	Cash Funds	-	-
Expenditures	General Fund	\$687,500	\$825,000
	Centrally Appropriated	\$2,307	\$2,517
	Total	\$689,807	\$827,517
	Total FTE	0.5 FTE	0.5 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill creates a three-year Emergency Employment Support Services Pilot Program in the Division of Local Government in the Department of Local Affairs (DOLA). The program will begin on September 1, 2018, and repeal on September 1, 2021, and has a mission of providing funding for emergency support services. DOLA is required to select ten rural counties and a limited number of zip codes within Pueblo, Arapahoe, Denver, and Adams counties to participate in the pilot program. In selecting the program area, DOLA must consider the counties and zip codes which have:

- the highest percentage of residents living at or below 200 percent of the federal poverty level;
- the highest percentage of residents without a high school diploma;
- the highest unemployment rates; and
- the lowest median income as a percentage of the state median income.

DOLA must develop a competitive request for proposals process to contract with an outside nonprofit entity to administer the pilot program, as well as program procedures and guidelines. This administering entity must develop formal memoranda of understanding with public agencies and private nonprofit organizations to provide employment, job training, and job retention services to eligible individuals.

Financial terms. For FY 2018-19, the bill requires the General Assembly to appropriate \$687,500 to DOLA. The department is authorized to solicit, accept, and expend gifts, grants, and donations for implementing and operating the pilot program. DOLA may use up to 5 percent (\$34,375 in FY 2018-19) of the appropriation annually to oversee the pilot program. The administering entity may use up to 15 percent (\$103,125 in FY 2018-19) of the appropriation annually to operate the pilot program. The remaining funds may be used only for reimbursements to service providers. The administering entity must develop a process to reimburse service providers up to \$400 per year for each eligible individual that received assistance. The DOLA must create a formula for distributing money within the chosen program areas using specified criteria.

Pilot program service providers. Service providers must submit reports to the administering entity that outline the type of service provided, the reason for the services, and basic demographic and geographic information about the individuals and service provision, and agree to participate in a follow-up analysis process at the end of the pilot program. Reimbursements received from the administering entity may not be used for job training or employment services currently provided by another source. Moneys may be used for emergency employment support services to assist with emergency needs as they pertain to individuals' employment or job training goals and to assist with ongoing job retention for up to 6 months after the date of employment.

Eligible individuals. Each individual must be at least 16 years of age, eligible to work in the United States, and actively pursuing employment or job training with the assistance of a public agency or private nonprofit organization that provides employment services and that has a memorandum of understanding with the administering entity.

Eligible expenses. Services that are eligible for reimbursement include transportation, emergency childcare, emergency housing, job training or education fees, work tools and equipment, food and nutrition, utility and internet bills, prepaid cell phones, licenses and certifications, legal services related to employment, interpretation expenses, qualified medical expenses, and other expenses that relate to employment or job training, but are not provided by any other funding source.

Reporting. At the conclusion of the pilot program, the administering entity is required to report to DOLA about the information provided by its service providers, a qualitative analysis based on interviews conducted with a representative sample of service providers about the efficacy of the program, and an account of the pilot program's expenditures.

State Revenue

Between FY 2018-19 and FY 2021-22, the bill may increase revenue from any gifts, grants, or donations received by DOLA for the pilot program. As of this writing, no source of these funds has been identified. Any gifts, grants, or donations received are exempt from the provisions of TABOR.

State Expenditures

This bill increases state General Fund expenditures in DOLA by \$689,807 and 0.5 FTE in FY 2018-19 and by \$827,517 and 0.5 FTE in FY 2019-20 and FY 2020-21. Expenditures will occur for two months of FY 2021-22, which are assumed to be about \$138,000 and 0.1 FTE.

**Table 2
 Expenditures Under HB 18-1310**

	FY 2018-19	FY 2019-20
Department of Local Affairs		
Personal Services	\$25,270	\$27,567
Operating Expenses and Capital Outlay Costs	\$5,178	\$475
Contracts for service	\$657,052	\$796,958
Centrally Appropriated Costs*	\$2,307	\$2,517
FTE – Personal Services	0.5 FTE	0.5 FTE
Total Cost	\$689,807	\$827,517
Total FTE	0.5 FTE	0.5 FTE

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

Department of Local Affairs. The bill requires 0.5 Administrator for DOLA to work with key stakeholders to plan, implement, and manage the new pilot program over the three-year period. First year costs assume the General Fund paydate shift and include capital outlay costs. Standard operating costs are included in all years. First year contracts for service are based on the required appropriation in the bill \$687,500, less direct administrative costs. Second year contracts for service assume full year funding of \$825,000, less direct administrative costs.

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 estimated to be \$2,307 in FY 2018-19 and \$2,517 in FY 2019-20.

Local Government

To the extent that any local governments contract to become service providers for the pilot program, revenue and expenditures will increase. The impact to a particular jurisdiction depends on the program areas selected by DOLA and the number of individuals served within that area. These impacts have not been estimated.

Effective Date

The bill takes effect July 1, 2018.

State Appropriations

For FY 2018-19, the bill requires an appropriation of \$687,500 General Fund and an allocation of 0.5 FTE to the Department of Local Affairs.

State and Local Government Contacts

Information Technology

Labor

Local Affairs