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Fiscal Note

Drafting Number: LLS 22-0411 **Date:** April 26, 2022
Prime Sponsors: Rep. Larson; Young **Bill Status:** House Education
 Sen. Zenzinger; Simpson **Fiscal Analyst:** Will Clark | 303-866-4720
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Bill Topic: **TRANSPORTATION INNOVATION GRANT 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"/> Local Government
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> School District

The bill creates the Competitive Transportation Innovation Grant Program in the Department of Education to address public school transportation shortages caused by the COVID-19 pandemic. The bill increases state expenditures and local revenue and expenditures through FY 2024-25.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$7.6 million to the Colorado Department of Education.

Fiscal Note Status: The fiscal note reflects the introduced bill. This analysis is preliminary and will be updated following further review and any additional information received.

Table 1
State Fiscal Impacts Under HB 22-1395

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	Cash Funds ¹	\$7,607,531	\$42,493
	Centrally Appropriated	\$16,744	\$6,697
	Total Expenditures	\$7,624,275	\$49,190
	Total FTE	1.0 FTE	0.4 FTE
Transfers		-	-
Other Budget Impacts		-	-

¹ Money that is appropriated in FY 2022-23 will be spent by grantees over a period of three fiscal years through FY 2024-25, subject to the requirements for obligating and expending money received under the federal American Rescue Plan Act of 2021. See State Expenditures section for more detail.

Summary of Legislation

The bill creates the Competitive Transportation Innovation Grant Program in the Department of Education (CDE) to address public school transportation shortages resulting from the COVID-19 pandemic. The program will provide grants to develop and implement specified innovative solutions, strategies and services. The program is open to school districts, charter schools, tribal governments, local governments, and community organizations that partner with school districts.

CDE must distribute grants by April 1, 2023. The program provides one-time grants in FY 2022-23, and requires grantees to spend all grant funding before June 30, 2025. Grantees must submit annual reports to the CDE by August 1 of 2024 and 2025, with information about the solutions, strategies, and services developed and implemented with the grant money. The CDE is required to submit annual reports about the program to the General Assembly by August 30 of 2024 and 2025. The program is repealed July 1, 2026.

Funding. The bill directs the General Assembly to appropriate funding in FY 2022-23 from the Revenue Loss Restoration Cash Fund to the CDE for the grant program. CDE may use up to two percent for administrative expenses. This appropriated funding is available for expenditure by the program grantees in subsequent fiscal years, including spending or obligating these appropriations by December 30, 2024.

State Expenditures

The General Assembly, at its discretion, may decide how much funding to allocate to the program. The fiscal note assumes that the bill increases state expenditures in the CDE by \$7.5 million in FY 2022-23 and \$49,190 in FY 2023-24 from the Revenue Loss Restoration Cash Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under HB 22-1395**

	FY 2022-23	FY 2023-24
Department of Education		
Personal Services	\$74,981	\$29,993
Operating Expenses	\$1,350	-
Capital Outlay Costs	\$6,200	-
Transportation Specialist Contractor	\$25,000	\$12,500
Grant Awards ²	\$7,500,000	-
Centrally Appropriated Costs ¹	\$16,744	\$6,697
Total Cost	\$7,624,275	\$49,190
Total FTE	1.0 FTE	0.4 FTE

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

² Grant awards are shown in FY 2022-23, but may be spent in subsequent years.

Department of Education. To implement the school transportation innovation grant program, the CDE requires 1.0 FTE in FY 2022-23 and 0.4 FTE in FY 2023-24 for a grants consultant to administer and oversee the grant, and to ensure compliance with program reporting requirements. Standard operating and capital outlay costs are included. The CDE will also incur a workload increase to handle federal funding reporting requirements.

- *Transportation specialist contractor.* The CDE will require \$25,000 in FY 2022-23 and \$12,500 in FY 2023-24 for a transportation expert to help review and approve grant applications, ensure grantees meet program requirements, and provide technical assistance. Contracting costs include 200 hours in FY 2022-23 and 100 hours in FY 2023-24, at a rate of \$125 an hour.
- *Transportation grants.* Grants from the program are the largest cost component. The fiscal note estimates the program will provide \$7.5 million in grants, but the actual appropriation is at the discretion of the General Assembly. Selection of grantees and grant amounts must be determined by the State Board of Education and the CDE.

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 and School Districts

In FY 2022-23, revenue and expenditures will increase for local governments and school districts to participate in the grant program.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$7,607,531 to the Department of Education from the Revenue Loss Restoration Cash Fund, and 1.0 FTE.

State and Local Government Contacts

Counties	Education	Higher Education
Local Affairs	Municipalities	Transportation