



Legislative Council Staff
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Fiscal Note

Drafting Number: LLS 23-0959 **Date:** March 27, 2023
Prime Sponsors: Sen. Bridges; Zenzinger **Bill Status:** Senate Appropriations
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Bill Topic: SEPARATING FEES IN RECORDS & REPORTS CASH FUND

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

Budget package bill. The bill eliminates the requirement that fees from background checks for child abuse and neglect be used to cover the costs of the appeals process in the Department of Human Services. The bill decreases state revenue and shifts expenditures from cash fund to General Fund starting in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill includes offsetting appropriation changes to the Department of Human Services. See State Appropriations Section.

Fiscal Note Status: The fiscal note reflects the introduced bill. The bill was recommended by the Joint Budget Committee as part of its FY 2023-24 budget package.

Table 1
State Fiscal Impacts Under SB 23-217

| | | Budget Year FY 2023-24 | Out Year FY 2024-25 |
|-----------------------------|---------------------------|-----------------------------------|--------------------------------|
| Revenue | Cash Funds | (\$1,471,257) | (\$1,471,257) |
| | Total Revenue | (\$1,471,257) | (\$1,471,257) |
| Expenditures | General Fund | \$1,341,564 | \$1,341,564 |
| | Cash Fund | (\$1,341,564) | (\$1,341,564) |
| | Total Expenditures | \$0 | \$0 |
| Transfers | | - | - |
| Other Budget Impacts | General Fund Reserve | \$201,235 | \$201,235 |
| | TABOR Refund | (\$1,471,257) | (\$1,471,257) |

Summary of Legislation

Currently, the Department of Human Services (CDHS) can establish and collect a fee on background checks of state child abuse or neglect records. These fees, which are deposited in the Records and Reports Cash Fund, are required to be used to cover the direct and indirect costs of the CDHS appeals process for individuals who are found to be responsible for child abuse or neglect.

The bill eliminates the requirement that the fees be used to cover the costs of the CDHS appeals process and makes changes to the 2023 Long Bill to instead fund the CDHS appeals process with General Funds. It also clarifies the authority of the Department of Early Childhood to establish and collect a fee for these types of records checks.

State Revenue

By covering the administrative expenses for the CDHS appeals process with General Fund, the bill will allow the CDHS and CDEC to reduce fees for background checks. The decrease is estimated at \$1,471,257 per year starting in FY 2023-24, deposited in the Records and Reports Cash Fund. This revenue is subject to TABOR.

State Expenditures

The bill has no net change on state expenditures. In FY 2023-24, the bill increases General Fund expenditures in the CDHS by \$1,341,564, and correspondingly decreases expenditures by the same amount from Records and Reports Cash Fund and reappropriated funds. These funds are used for indirect costs required by the appeals process, including employee insurance, legal services, administrative law judge services, risk management, and OIT services, and other similar costs. It is assumed that this shift in funding will continue in future years.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

TABOR refunds. The bill is expected to decrease 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 March 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2024-25. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

Effective Date

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

State Appropriations

For FY 2023-24, the bill requires and includes the following appropriations to the Department of Human Services:

- an increase of \$1,341,564 from the General Fund; and
- a decrease of \$1,341,564 from the Records and Reports Cash Fund; and
- a corresponding decrease of \$1,070,429 in reappropriated funds through indirect cost recoveries.

State and Local Government Contacts

Joint Budget Committee