



Legislative
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FISCAL NOTE

Drafting Number: LLS 20B-0006	Date: November 30, 2020
Prime Sponsors: Rep. Kipp; Landgraf	Bill Status: House Public Health
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Bill Topic: **EMERGENCY RELIEF PROGRAMS FOR CHILD CARE SECTOR**

Summary of Fiscal Impact:

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

This bill creates two grant programs to support child care in Colorado. Starting in the current FY 2020-21 and ending in FY 2021-22, this bill increases state expenditures.

Appropriation Summary: In the current FY 2020-21, this bill appropriates \$45.0 million to the Department of Human Services that may be used to cover certain costs in both FY 2020-21 and FY 2021-22. However, the fiscal note indicates that the bill requires an additional appropriation of \$16,345 to cover all costs across both years. See State Appropriations section.

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

Table 1
State Fiscal Impacts Under HB 20B-1002

		FY 2020-21* (current year)	FY 2021-22	FY 2022-23
Revenue		-	-	-
Expenditures	General Fund	\$44,816,153	\$200,192	-
	Centrally Appropriated	\$19,395	\$47,747	-
	Total	\$44,835,548	\$247,939	-
	Total FTE	1.2 FTE	3.0 FTE	-
Transfers		-	-	-
TABOR Refund		-	-	-

* The bill includes appropriations for the current FY 2020-21 that may roll forward to cover costs in the following fiscal years.

Summary of Legislation

The bill creates two grant programs in the Department of Human Services (CDHS) to support child care centers in the state: the Child Care Sustainability Grant Program (sustainability grant program) and the Emerging and Expanding Child Care Grant Program (expansion grant program). More detail about each program can be found below.

Child Care Sustainability Grant Program. The purpose of the sustainability grant program is to support licensed child care providers and neighborhood youth organizations that are open and operating, including those in danger of closing. The CDHS must develop a process for soliciting, vetting, awarding, and monitoring grants, under the sole source procurement authority. The CDHS must also develop a formula to allocate grant money to eligible entities. Grant awards must range from \$500 to \$35,000, with grant amounts determined by January 31, 2021, and awarded by February 28, 2021. The CDHS must consider a number of factors, as outlined in the bill, when deciding grant awards. The key criterion is the eligible entity's licensed child care capacity. The bill appropriates \$34.8 million for sustainability grants. The sustainability grant program is repealed on June 30, 2023.

Emerging and Expanding Child Care Grant Program. The purpose of the expansion grant program is to expand access and availability of licensed child care in Colorado. The expansion grant program will provide grants to eligible entities (licensed child care providers who are open and operating, or actively pursuing a child care provider license), to help cover the costs associated with expanding or operating a child care center. The CDHS must develop a process for soliciting, vetting, awarding, and monitoring grants through statewide early childhood councils. Before January 2, 2021, the CDHS must develop an application process, which includes award criteria outlined in the bill. The key criteria in determining the amount of the grant award are the applicant's existing or proposed capacity, as well as need. The bill also requires applicants to provide assurance that zoning, fire, and health approval are underway, and provide written commitment to submit any reports required by the CDHS. Grant awards must range from \$3,000 to \$50,000 and the CDHS must begin the grant award process by January 31, 2021. The bill appropriates \$8.8 million for expansion grants. The expansion grant program is repealed on June 30, 2023.

State Expenditures

The bill is estimated to increase expenditures in the CDHS by \$45.1 million, in total, across both the current FY 2020-21 and FY 2021-22. Costs are summarized in Table 2 and described below. The bill includes appropriations in FY 2020-21 that may be rolled forward to FY 2021-22, as indicated in Table 2.

**Table 2
Expenditures Under HB 20B-1002**

	FY 2020-21 (current year)	FY 2021-22	FY 2022-23
Department of Human Services			
Sustainability Grants	\$34,806,917	-	-
Emerging and Expanding Grants*	\$8,751,329	-	-
Early Childhood Councils*	\$875,133	-	-
Personal Services*	\$81,726	\$196,142	-
Operating Expenses*	\$2,025	\$4,045	-
Capital Outlay Costs*	\$3,600	-	-
Sustainability Vendor*	\$145,423	-	-
Linguistics Vendor	\$150,000	-	-
Centrally Appropriated Costs**	\$19,395	\$47,747	-
Total Cost	\$44,835,548	\$247,934	-
Total FTE	1.2 FTE	3.0 FTE	-

* The bill includes appropriations for these items in the current fiscal year that may roll forward to FY 2021-22.

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

Grants. Starting in the current FY 2020-21, the CDHS will award \$34.8 million in sustainability grants and \$8.8 million in expansion grants. These grants must be disbursed within the timelines specified in the bill, and it is assumed that all grants will be awarded in FY 2020-21.

Early childhood councils. Starting in FY 2020-21, the fiscal note assumes that early childhood councils will retain 10 percent of the expansion grant program awards, totaling \$875,133 for their ongoing assistance and coordination for the program.

CDHS administrative support. The CDHS require 1.2 FTE in FY 2020-21 and 3.0 FTE in FY 2021-22 to support both grant programs. Costs for salary, operating, and other expenses for these staff, which are prorated for a January 2021 start date and the General Fund paydate shift, are shown in Table 2 above. These staff are responsible for:

- reviewing, processing, and monitoring grants and contracts;
- coordinating outreach related to grant programs;
- monitoring grants;
- compiling data from providers and grant recipients;
- processing reimbursements to early childhood councils
- reviewing report information, and
- providing licensing support to process and expedite applications. .

Vendors. Starting in the current FY 2020-21 and continuing into FY 2021-22, expenditures in the CDHS will increase by \$295,423 to contract with two vendors. The first vendor will provide electronic payment solutions to recipients of the sustainability program. In addition, the bill appropriates \$150,000 to provide linguistic and cultural competent outreach and technical application assistance.

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 \$19,395 in FY 2020-21 and \$47,747 in FY 2021-22.

Effective Date

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

State Appropriations

While the bill includes General Fund appropriations to the Department of Human Services totaling \$45,000,000 for FY 2020-21, the fiscal note estimates that \$45,016,345 is required.

The bill currently includes the following appropriations for FY 2020-21, with an asterisk indicating appropriations that may roll forward to the following year.

- \$34,806,917 for the sustainability grant program;
- \$8,751,329 for the expansion grant program*;
- \$416,621 for program administration*;
- \$875,133 for Early Childhood Councils*; and
- \$150,000 for linguistic and culturally competent outreach and technical application assistance.

The fiscal note estimate is the same for all the appropriations listed above, except that \$432,961 should be appropriated for program administration in FY 2020-21, assuming roll forward authority to FY 2021-22.

State and Local Government Contacts

Education
Information Technology

Human Services
Personnel