

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF COVID-19 EMERGENCY RELIEF GRANT PROGRAMS FOR THE CHILD CARE SECTOR, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Kipp and Landgraf  
Sens. Pettersen and Sonnenberg

JBC Analyst: Tom Dermody  
Phone: 303-866-4963  
Date Prepared: November 30, 2020

**Appropriation Items of Note**

**Appropriation Already Added to Bill, Amendment in Packet**

**General Fund Impact**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 11/30/20.

XXX	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

**Amendments in This Packet for Consideration by Appropriations Committee**

Amendment	Description
J.001	Staff-prepared appropriation amendment

**Current Appropriations Clause in Bill**

The bill includes an appropriation clause that appropriates \$45.0 million General Fund to the Department of Human Services for use by the Office of Early Childhood. The Fiscal Note indicates that the amount appropriated in the bill under allocates funding for the expected cost for program administration by \$16,340. Legislative Council Staff estimates the cost of program administration to be \$432,961, based on the assumption that the Office will require 1.2 FTE in FY 2020-21.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to change the existing clause to appropriate \$45,016,340 General Fund to the Department of Human Services, including \$432,961 for

program administration, based on the assumption that the Office of Early Childhood will require an additional 1.2 FTE.

**Points to Consider***General Fund Impact*

This bill requires a General Fund appropriation of \$45.0 million for FY 2020-21, reducing the amount of General Fund available for other purposes in FY 2020-21 or FY 2021-22 by the same amount.

There is significant uncertainty regarding the total amount of General Fund revenue that will be available in FY 2020-21 and FY 2021-22.

- *FY 2019-20 General Fund Reserve.* Based on the September 2020 economic forecasts, both the Office of State Planning and Budgeting (OSPB) and Legislative Council Staff (LCS) anticipate the General Fund reserve for the fiscal year ending June 30, 2020 to exceed the statutorily required reserve of \$363.5 million (3.07 percent of FY 2019-20 General Fund appropriations). OSPB anticipates an excess reserve of \$1,427.2 million and LCS anticipates an excess reserve of \$1,265.5 million.
- *FY 2020-21 General Fund Reserve.* The required General Fund reserve for the fiscal year ending June 30, 2021 is 2.86 percent of FY 2020-21 General Fund appropriations (currently \$306.9 million). Based on the September 2020 economic forecasts, both OSPB and LCS anticipate the General Fund reserve for the fiscal year ending June 30, 2021 to exceed the statutorily required reserve.
- *General Fund Revenue Uncertainty.* The OSPB and LCS projections of gross General Fund revenues to be collected differ significantly, with the OSPB projections exceeding those of LCS by \$887.6 million in FY 2020-21 and by \$292.0 million in FY 2021-22. In addition, the quarterly September 2020 economic forecasts do not reflect the revenue impacts of voter-approved statewide ballot measures (e.g., Proposition 116 which reduced the state income tax rate) or the economic impacts associated with the recent increases in COVID-19 cases. The economic forecasts that will be released on Friday, December 18, 2020, will reflect these impacts.