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Fiscal Note

Drafting Number: LLS 22-0498
Prime Sponsors: Sen. Lundeen, Rep. Bradfield
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Bill Status: Senate Judiciary
Fiscal: Christina Van Winkle | 303-866-6289
Analyst: Christina.VanWinkle@state.co.us

Bill Topic: SAFE NEIGHBORHOODS GRANT PROGRAM

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

The bill create the Safe Neighborhoods Grant Program within the Peace Officers Standards and Training Board in the Department of Law. It increases state expenditures and local government revenue and expenditures in FY 2022-23 and FY 2023-24.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$50.0 million to the Department of Law.

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

Table 1
State Fiscal Impacts Under SB 22-067

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue (Cash Funds), Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill creates the Safe Neighborhoods Grant Program in the Peace Officers Standards and Training Board (POST Board) to provide grants to local law enforcement agencies for critical incident training for peace officers. The bill directs the General Assembly to appropriate \$50.0 million in FY 2022-23 to the POST Board, of which 3 percent may be used to cover administration costs.

Grants must be awarded by January 6, 2023. Grant recipients must submit a report to the POST Board by September 1, 2023, describing their activities. By January 5, 2024, the POST Board must submit a report to relevant legislative committees summarizing these reports. The POST Board must promulgate rules to implement the grant program.

State Expenditures

The bill increases state expenditures in the Department of Law by \$50.2 million in FY 2022-23 and \$1.1 million in FY 2023-24, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB22-067

	FY 2022-23	FY 2023-24
Department of Law		
Personal Services	\$596,268	\$795,024
Operating Expenses	\$11,880	\$14,175
Capital Outlay Costs	\$68,200	-
Grant Awards	\$49,323,652	-
Centrally Appropriated Costs ¹	\$203,652	\$261,479
Total Cost	\$50,203,652	\$1,070,678
Total FTE	7.9 FTE	10.5 FTE

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

Grant funding. After accounting for administrative expenses, about \$49.3 million will be available to provide grants under the bill. It is assumed that funding will be obligated in the first year, and spent over a two-year period. See Technical Note for additional information that may impact the portion of funding available for grants.

Administration. The Department of Law requires 10.5 full-time staff to administer the grant program over a two-year period, including grant specialists, accountants, and procurement specialists. The fiscal note assumes that 250 local law enforcement agencies will seek grant funding and that each grant specialist will manage funding for 33 agencies. This staff will develop the grant solicitations, review grant proposals, award grants, develop customized contracts, and oversee grantees to ensure requested payments meet contract deliverables.

Staff will be required in the out-year to monitor contracts for compliance and process reimbursements to local law enforcement agencies. Personnel costs have been prorated to reflect the General Fund pay date shift, include operating and capital outlay costs, and assume a September 1 start date.

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.

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 beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$7.5 million in FY 2022-23 and \$121,380 in FY 2023-24, which will decrease the amount of General Fund available for other purposes.

Local Government

To the extent that local law enforcement agencies apply for and are awarded grant funding, local government revenue and expenditures will increase to implement critical incident training programs and submit reports to the POST Board.

Technical Note

The bill directs the General Assembly to appropriate \$50.0 million to the POST Board within the Department of Law. This fiscal note assumes that the source of these funds is the General Fund. However, under current law, the POST Board is not authorized to use General Funds. Therefore, as written, the Department of Law may not be able to implement this bill unless language is added explicitly authorizing the POST Board to use General Fund.

In addition, the bill requires an appropriation in FY 2022-23 and specifies allowable administrative costs of 3 percent. The timeline of the bill requires that administrative costs will extend into FY 2023-24. If the bill intends for the original appropriation to cover second-year costs, the included appropriation should include roll-forward authority to the Department of Law. Covering the second year administrative costs within the original appropriation would reduce the amount available for grants to \$48.5 million. If roll-forward authority is not included, second-year cost would be paid using additional General Fund.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

In FY 2022-23, the bill requires a General Fund appropriation of \$50,000,000 to the POST Board within the Department of Law, and 7.9 FTE.

State and Local Government Contacts

Law