



**Colorado  
Legislative  
Council  
Staff**

**Bill 2**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0341  
**Prime Sponsor(s):**

**Date:** October 23, 2015  
**Bill Status:** Early Childhood and School Readiness  
Legislative Commission Bill Request  
**Fiscal Analyst:** Lauren Schreier (303-866-3523)

**BILL TOPIC:** COLORADO PRESCHOOL PROGRAM EXPANSION

| Fiscal Impact Summary                                      | FY 2016-2017               | FY 2017-2018               |
|--|----------------------------|----------------------------|
| <b>State Revenue</b>                                       | <b><u>\$15,400</u></b>     | <b><u>\$15,400</u></b>     |
| Cash Fund  | <u>\$15,400</u>            | <u>\$15,400</u>            |
| <b>State Expenditures</b>                                  | <b><u>\$10,934,016</u></b> | <b><u>\$10,929,174</u></b> |
| General Fund   | 10,917,766                 | 10,912,613                 |
| Centrally Appropriated Costs                               | 16,250                     | \$16,561                   |
| <b>FTE Position Change</b>                                 | 1.2 FTE                    | 1.2 FTE                    |
| <b>Appropriation Required:</b> \$10,917,766 - General Fund |                            |                            |
| <b>Future Year Impacts:</b> Ongoing expenditure impact.    |                            |                            |

**Summary of Legislation**

This bill, *requested by the Early Childhood and School Readiness Legislative Commission Interim Committee*, increases funding for the Colorado Preschool Program (CPP). Under current law, 28,360 children are eligible to receive CPP funding in FY 2015-16 and beyond. Beginning in FY 2016-17, the bill increases the number of children eligible to receive CPP funding by 3,000 slots, allowing the program to serve 31,360 children.

**Background**

The CPP is the state-funded early childhood education program administered by the Colorado Department of Education (CDE). The CPP allows eligible children to attend half-day or full-day preschool or full-day kindergarten. Eligible children attend early childhood educational programs located in school districts, local child care centers, community preschools, or Head Start programs. The Division of Early Care and Learning in the Colorado Department of Human Services (DHS) is responsible for licensing early child care facilities, and for routinely inspecting licensed facilities for safety and compliance with regulations.

**State Revenue**

**The bill increases cash fund revenue by \$17,000 in FY 2016-17 and FY 2017-18.** The revenue increase is due to a projected rise in the number of preschool students requiring preschool facilities and providers. The Colorado Department of Human Services is responsible for licensing and inspecting preschools throughout the state, at an annual licensing fee of \$85 per facility. The bill is expected to require 200 newly licensed classrooms at an average size of 16 students per classroom (200 licenses \* \$85 annual licensing fee = \$17,000).

**State Expenditures**

**Beginning in FY 2016-17 and thereafter, the bill increases expenditures for school finance by approximately \$11 million.** However, the increase for school finance could change, depending on how the negative factor is specified.

The bill also increases workload in the CDE and the DHS, as highlighted in Table 1, and discussed below.

| <b>Table 1. Expenditures Under LLS 16-0341</b> |                     |                     |
|--|---------------------|---------------------|
| <b>Cost Components</b>                         | <b>FY 2016-17</b>   | <b>FY 2017-18</b>   |
| Personal Services                              | \$71,196            | \$71,196            |
| FTE  | 1.2 FTE             | 1.2 FTE             |
| Operating Expenses and Capital Outlay Costs    | \$5,753             | \$600               |
| Printing and Travel                            | \$7,200             | \$7,200             |
| CPP Cost for School Finance                    | \$10,840,817        | \$10,840,817        |
| Centrally Appropriated Costs*                  | \$16,250            | \$16,561            |
| <b>TOTAL</b>                                   | <b>\$10,941,216</b> | <b>\$10,936,374</b> |

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

**Colorado Department of Education — \$47,626 and 0.5 FTE.** The bill increases the CPP slots by 3,000 students. This expansion increases the number of students served by CPP and the number of adults who will need professional development and technical support. Based on program rules mandating a class size limit of 16 children, the bill is anticipated to increase the number of CPP classrooms and the number of adults requiring technical assistance and professional development. The CDE requires 0.5 FTE for professional staff to support quality implementation in new classrooms through technical assistance. Additionally, CDE staff must conduct more site visits as a result of the expansion.

**Colorado Department of Human Services — \$42,523 and 0.7 FTE.** The bill increases staffing needs in the Division of Early Care and Learning in the DHS for licensing new classrooms created under the CPP expansion. In order to comply with federal funding requirements, each licensing inspector in the DHS must inspect approximately 86 facilities per year.

**School finance.** The bill increases CPP slots by 3,000 and increases school finance costs by \$10,840,817 in FY 2016-17 and FY 2017-18. However, the exact increase may change based on future specifications of the negative factor.

**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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

| <b>Table 2. Centrally Appropriated Costs Under LLS 16-0341</b>       |                   |                   |
|--|-------------------|-------------------|
| <b>Cost Components</b>   | <b>FY 2016-17</b> | <b>FY 2017-18</b> |
| Employee Insurance (Health, Life, Dental, and Short-term Disability) | \$9,644           | \$9,644           |
| Supplemental Employee Retirement Payments                            | \$6,606           | \$6,917           |
| <b>TOTAL</b>   | <b>\$16,250</b>   | <b>\$16,561</b>   |

### **Local Government Impact**

The bill provides school districts and county-level operations of early childhood education providers additional funding to serve students.

### **State Appropriations**

In FY 2016-17, the bill requires the following appropriations:

- \$47,626 and an allocation of 0.5 FTE to the Colorado Department of Education;
- \$42,523 and an allocation of 0.7 FTE to the Colorado Department of Human Services;  
and
- \$10,840,817 General Fund for School Finance.

### **State and Local Government Contacts**

Human Services                      Education