



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 26, 2023)

Drafting Number: LLS 23-0989
Prime Sponsors: Rep. Jodeh

Date: April 27, 2023
Bill Status: House Appropriations
Fiscal Analyst: Colin Gaiser | 303-866-2677
colin.gaiser@coleg.gov

Bill Topic: TRANSFER REFUGEE SERVICES TO NEW AMERICANS OFFICE

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill transfers the administration of the Colorado Refugee Services Program from the Department of Human Services to the Department of Labor and Employment. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$286,523 to the Department of Labor and Employment.

Fiscal Note Status: This revised fiscal note reflects the introduced bill, as amended by the House State, Civic, Veterans, and Military Affairs Committee. It has also been updated to reflect new information and additional review.

Table 1
State Fiscal Impacts Under HB 23-1283

		Budget Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-	
Expenditures¹	General Fund	\$36,523	\$217,204	\$243,687
	Federal Funds	\$250,000	up to \$1,059,738	up to \$1,412,984
	Centrally Appropriated	\$9,154	\$34,679	\$34,679
	Total Expenditures	\$295,677	up to \$1,311,621	up to \$1,691,350
	Total FTE	0.4 FTE	2.0 FTE	2.0 FTE
Transfers		-	-	
Other Budget Impacts	GF Reserve	\$5,478	\$32,581	\$36,553

¹ Expenditures shown in Table 1 represent the net impact to CDLE and CDHS after transferring the federally funded Refugee Services Program to CDLE, as well as additional administrative expenses in the CDLE.

Summary of Legislation

The bill transfers the administration of the Colorado Refugee Services Program from the Department of Human Services (CDHS) to the Colorado Office of New Americans in the Department of Labor and Employment (CDLE), effective October 1, 2024. In preparation of the transfer, the bill requires the CDHS and the CDLE to enter into an interagency agreement by April 1, 2024.

Background and Assumptions

The Colorado Refugee Services Program is currently housed within the Office of Economic Security at CDHS. The Refugee Services Program is responsible for providing oversight and coordination of public and private resettlement resources in order to support refugees resettling in Colorado. The Refugee Services Program is primarily funded through an array of federal grants from the Office of Refugee Resettlement, which are passed through to nonprofit service providers offering programming for refugees, including education, English language learning, employment and career pathway opportunities, health care, youth services, and support for the elderly.

The FY 2023-24 Long Bill includes \$11 million in appropriations to the Refugee Services Program, of which \$8.2 million is federal funds from the federal Office of Refugee Resettlement and \$2.8 million is federal funds from the Temporary Assistance for Needy Families (TANF) Block Grant. These appropriations are informational only and actual federal funds for the program may differ based on the availability of federal funds and actual program expenses. The program is currently allocated 10 FTE.

Assumptions

The fiscal note assumes the following:

- the direct costs for Refugee Services Program paid with federal grants from the Office of Refugee Resettlement will continue at current levels in the CDLE;
- TANF funding will continue to be administered by the Department of Human Services and may be made available for refugee services, such as case management, through an interagency agreement or reappropriation of funds;
- per the Technical Note below, the bill is assumed to take effect on January 1, 2024, in order for planning and transition activities to be completed before the transfer occurs.

State Expenditures

On net, the bill increases state General Fund expenditures by about \$37,000 and federal funds expenditures by \$250,000 in FY 2023-24. These costs, which continue into FY 2024-25, include computer programming and technology-related costs in the CDLE to prepare for the transfer of the program, as well as staff to assist in the transition.

Beginning FY 2024-25, the direct costs of the Refugee Services Program are shifted from the CDHS to the CDLE (\$6.1 million in the first year and \$8.2 million thereafter). In addition, the CDLE will have increased administrative and centrally appropriated costs related to the new program, and additional General Fund expenditures are required to refinance administrative expenses in the CDHS that are

currently paid using federal funds. After accounting for these changes, costs will increase by up to \$1.3 million in FY 2024-25 and \$1.7 million in FY 2025-26, paid primarily with federal funds. These impacts are summarized in Table 2 and discussed below.

Table 2
Expenditures Under HB 23-1283

	FY 2023-24	FY 2024-25	FY 2025-26
Department of Human Services			
Refugee Services (FF)	-	(\$6,147,800)	(\$8,197,066)
Overhead Cost Refinancing (FF)	-	(\$79,449)	(\$105,932)
Overhead Cost Refinancing (GF)	-	\$79,449	\$105,932
FTE – Refugee Services	-	(7.5 FTE)	(10.0 FTE)
CDHS Subtotal	-	(\$6,147,800)	(\$8,197,066)
Department of Labor & Employment			
Refugee Services (FF)	-	\$6,147,800	\$8,197,066
Indirect Costs ¹ (FF)	-	up to \$1,139,187	up to \$1,518,916
Computer Programming (FF)	\$250,000	-	-
Personal Services (GF)	\$22,508	\$135,055	\$135,055
Capital Outlay (GF)	\$13,340	-	-
Operating Expenses (GF)	\$675	\$2,700	\$2,700
Centrally Appropriated Costs ²	\$9,154	\$34,679	\$34,679
FTE – Refugee Services (GF)	-	7.5 FTE	10.0 FTE
FTE – Administration (GF)	0.4 FTE	2.0 FTE	2.0 FTE
CDLE Subtotal	\$295,677	up to \$7,459,421	up to \$9,888,416
Total Cost	\$295,677	up to \$1,311,621	up to \$1,691,350
Total FTE	0.4 FTE	2.0 FTE	2.0 FTE

¹ CDLE's indirect costs are assumed to be paid from federal refugee services funding; however, the actual amount of indirect cost assessments allowed and whether indirect costs are from core funding or in addition to it will vary depending on federal grants.

² Centrally appropriated costs are not included in the bill's appropriation.

Department of Human Services

CDHS federal fund expenditures are reduced by \$6.2 million in FY 2024-25, and \$8.3 million in FY 2025-26 from transferring the Refugee Services Program to the CDLE on October 1, 2024. The share of DHS overhead costs attributable to the Refugee Services Program that are paid using federal funds (about \$106,000 per year) must be refinanced with General Fund as a result of the program transfer. These figures are shown in Table 2 above, resulting in a net decrease in CDHS expenditures of \$6.1 million in FY 2024-25 and \$8.2 million in FY 2025-26 and future years.

Department of Labor and Employment

CDLE will have costs in FY 2023-24 to prepare information technology systems for the transfer. Administrative staff will also phase in starting in FY 2023-24 to support the program. Then, beginning

in FY 2024-25, the CDLE will use federal funding from the federal Office of Refugee Resettlement shifted from the CDHS to operate the Refugee Services Program. Expenditures of federal funds will also increase the amount of federal funds subject to the department's indirect cost recovery. These impacts are described below.

Information technology transition costs. The CDLE will have costs of \$250,000 to transfer data and information technology systems from the CDHS. This work includes transferring Salesforce and other systems to the CDLE enterprise environment. Based on guidance from the federal government, it is assumed that federal funds can be used to cover these costs.

Administrative staff. The CDLE will require 2.0 FTE in the Executive Director's Office, including 1.0 FTE for a contract manager, 0.5 FTE for a budget analyst, and 0.5 FTE for an accountant, to provide administrative support for the transferred program. This is prorated to 0.4 FTE in FY 2023-24 to account for an April 2024 start date and the General Fund pay date shift. Currently, this work is performed by about 0.3 FTE in the CDHS, but additional staff is included for the CDLE to account for its smaller size and administrative structure. These costs are assumed to be paid from the General Fund.

Refugee services. Based on current appropriations for the Refugee Services Program, it is assumed that \$6.1 million in FY 2024-25 and \$8.2 million in federal funding will be available for the CDLE to operate the Refugee Services Program. The 10 FTE currently allocated to the program are assumed to transfer to the CDLE as well. Costs related to these staff, contracted providers, program operating expenses, ongoing IT maintenance and support, and other such costs will be paid from this line item.

Indirect cost assessments. For most of its federally funded programs, the CDLE assesses an 18.53 percent indirect cost recovery to support central administrative expenses. Assuming this rate is the maximum possible amount and that this indirect rate is applied to current federal grants amounts, this indirect cost assessment will result in up to \$1.5 million per year in federal funds being available for administrative expenses and overhead (prorated by 75 percent in FY 2024-25 to account for the transfer date). These costs will be used to cover the program's share of central administrative expenses. It is assumed that these costs will be addressed through the annual budget process and have not been estimated in this fiscal note. Given that federal rules require that indirect costs paid using federal funds only be used to support administrative costs attributable to the federally funded program, the amount actually used could be less than this amount.

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. 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.

Technical Note

While the bill takes effect on October 1, 2024, there are requirements in the bill (such as entering into an interagency agreement by April 1, 2024) that must occur earlier. The fiscal note assumes that the bill will take effect no later than January 1, 2024.

Effective Date

The bill takes effect October 1, 2024, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$286,523 to the Department of Labor and Employment, including \$36,523 General Fund and \$250,000 federal funds, and 0.4 FTE.

Departmental Difference

The CDLE estimate assumes that it will require an additional 4.0 FTE for administrative support for the Refugee Services Program, including 2.0 FTE for contract managers, 1.0 FTE for an accountant, and 1.0 FTE for a budget analyst. As described in the State Expenditure section above, the fiscal note includes 2.0 FTE for this work, based on the current administrative workload in the DHS and taking into account differences between CDHS and CDLE.

State and Local Government Contacts

Human Services

Information Technology

Labor