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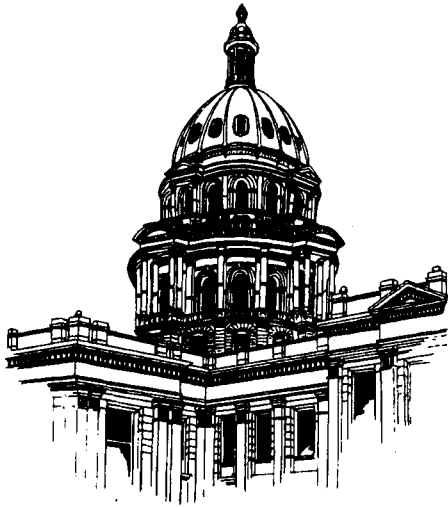
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0459 Study of Child Care in Colorado



Study of

Child Care

in Colorado

Report to the

COLORADO

GENERAL ASSEMBLY

Colorado Legislative Council
Research Publication No. 459
November 1999

RECOMMENDATIONS FOR 2000

**STUDY OF CHILD CARE
IN COLORADO**

**Report to the
Colorado General Assembly**

**Research Publication No. 459
November 1999**

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LEGISLATIVE COUNCIL

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November 1999

To Members of the Sixty-second General Assembly:

Submitted herewith is the final report of the Study of Child Care in Colorado. The interim committee was created pursuant to Senate Joint Resolution 99-034 to study the safety and quality of child care in Colorado.

At its meeting on November 15, 1999, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills therein for consideration in the 2000 session was approved.

Respectfully submitted,

/s/ Senator Ray Powers
Chairman
Legislative Council

RP/JB/pw

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STUDY OF CHILD CARE IN COLORADO

Members of the Committee

Senator Dottie Wham
Chairman
Senator Ken Arnold
Senator Doug Linkhart
Senator Pat Pascoe
Senator MaryAnne Tebedo

Representative Kay Alexander,
Vice Chairman
Representative Suzanne Williams
Representative Lynn Hefley
Representative Nancy Spence
Representative Lola Spradley
Representative Ron Tupa

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Jennifer Gilroy
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Jeff Conway
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EXECUTIVE SUMMARY

Committee Charge

The Interim Committee to Study Child Care in Colorado was created pursuant to Senate Joint Resolution 99-034 and charged with studying a variety of issues relating to child care. These issues included overall quality of child care in the state and recommendations for expected outcomes, quality of the workforce, licensing and regulation of child care providers, use of federal funds, and methods of facilitating the establishment of child care facilities in the workplace.

Committee Activities

The committee held eight meetings and received testimony on a variety of child care-related issues. The committee's initial meetings were dedicated to providing members with an overview of child care in Colorado. State departments providing testimony included the Departments of Human Services, Education, Public Health and Environment, Local Affairs, and Revenue. Panel presentations, comprised of many individuals, organizations, and representatives of local governments, were heard. Topics of discussion included the quality, cost and economic impact of child care, licensing and regulatory issues, family child care homes, child care centers, funding, training and continuing education for child care workers, staffing, compensation and benefits, and parent issues. Additionally, a presentation was given by the National Conference of State Legislatures on child care in other states.

The committee devoted an entire day to hear testimony from all 12 pilot sites participating in the Consolidated Child Care Program. Topics of discussion included the effects of waivers, the Colorado Preschool Program, the Colorado Child Care Assistance Program, professional development, the use of county budgets and multiple funding sources and financing structures, infant and toddler care, child care resource and referral, and the importance of partnerships and local decision making.

Testimony was also heard on private sector quality child care, enterprise zones, and the role of family development centers in child care. Lastly, the committee invited nine children to the Capitol to talk with them and hear about their child care experiences.

Committee Recommendations

As a result of committee discussion and deliberation, the committee recommends ten bills for consideration in the 2000 legislative session.

Bill A — Concerning Inspections of Child Care Facilities. The bill directs the Department of Human Services to respond to serious complaints lodged against a child care facility within 48 hours. The bill increases the number of child care facility inspectors by 12 for FY 2000-01.

Bill B — Concerning the Colorado Preschool Program. The bill increases the number of children who may participate in the Colorado Preschool Program by 1,000 children per year for five years, beginning in FY 2000-01; authorizes the use of two positions by one child to allow that child to attend preschool for a full day; and eliminates the requirement that children participating in the Colorado Preschool Program be a certain age.

Bill C — Concerning Consolidated Child Care Services. The bill includes a number of provisions pertaining to the consolidated child care pilot site agencies. Pilot site agencies are required to develop early childhood training plans, and are authorized to receive grants awarded by the Youth Crime Prevention and Intervention Program Board. The bill requires the Department of Human Services to establish a working group of pilot site agencies to develop models to improve outcome-based licensing, monitoring, and provider support. Lastly, the bill establishes a voluntary multi-tiered child care credentialing system in the Department of Human Services to be used in the pilot site agencies.

Bill D — Concerning the Creation of a Sales and Use Tax Exemption for Certain Items Acquired for use in Licensed Child Care Facilities. The bill creates a sales and use tax exemption for certain supplies and equipment to be used by licensed child care centers and licensed family child care homes, effective on or after July 1, 2000.

Bill E — Concerning Eligibility for the Colorado Child Care Assistance Program. The bill requires counties to provide child care assistance to recipients whose incomes are up to 150 percent of the federal poverty level. Additionally, the bill permits counties to provide child care assistance to recipients whose incomes fall into a range between 150 percent of the federal poverty level and 85 percent of the state's median income.

Bill F — Concerning Tax Credits for the Promotion of Child Care. The bill creates two nonrefundable income tax credits for employers and raises the amount that a taxpayer can claim under the existing tax credit.

Bill G — Concerning a State Income Tax Credit for Certain Employees of Child Care Facilities. The bill creates a three-tiered refundable state income tax credit for certain child care employees based upon the claimant's level of education. Additionally, the bill sets conditions and restrictions for claiming the tax credit.

Bill H— Concerning the Creation of an Interdisciplinary Child Care Commission. The bill creates a 17-member child care commission and specifies the appointing authorities. The bill lists the duties and reporting requirements of the commission.

Bill I— Concerning Child Care. The bill allows a county to transfer a portion of the county's Colorado Works Block Grant to programs funded by Title XX of the federal Social Security Act for child care. Bill I directs the Department of Human Services to develop a statewide system of child care resource and referral services promoting the availability of quality child care. The bill also includes technical changes to existing statutes.

Bill J— Concerning Criminal History Records Checks on Behalf of Certain Entities Engaged in Child Care Services. The bill clarifies that the Colorado Bureau of Investigation is required to access federal criminal history records when conducting a criminal history records check on behalf of an entity that provides child care services.

STATUTORY AUTHORITY AND RESPONSIBILITIES

The Interim Committee to Study Child Care in Colorado was created by Senate Joint Resolution 99-034. The committee was comprised of 11 members of the General Assembly; five from the Senate and six from the House of Representatives. The committee was directed to study a variety of issues relating to child care, including:

- the overall quality of child care in Colorado and recommendations for expected outcomes;
- the quality of the workforce that provides child care;
- licensing requirements for, and flexibility needs of, child care providers;
- alternative approaches to regulating the provision of child care;
- options for use of federal funds received by the state Department of Human Services for child care quality initiatives; and
- methods of encouraging or facilitating the location of child care facilities in workplaces.

COMMITTEE ACTIVITIES

State Oversight of Child Care

Licensing and inspections of child care facilities. The committee heard testimony on licensing requirements and the inspection process for child care facilities in the state from the Department of Human Services, the Department of Public Health and Environment, and owners/operators of licensed family child care homes and child care centers. The Division of Child Care in the Department of Human Services provided information on the state's child care regulatory model and the process applicants must go through to be licensed. The Department of Public Health and Environment provided information on the rules and regulations governing the sanitation of child care centers in the state.

Representatives of private child care providers, including large companies such as Children's World Learning Centers and Creme de la Creme Preschool, gave the perspective of those working under the existing regulatory framework. Several family child care home providers also presented testimony about the licensing process. Issues that were highlighted included the high number of children in unlicensed care, the need to educate providers about the licensing system and the benefit of being licensed, frequency of inspections, cumbersome rules, and the Division of Child Care licensing staff workload.

Accreditation, training and credentialing. The committee discussed accreditation of child care facilities, training, and credentialing of workers in the child care profession. A representative of the Colorado Early Childhood Professional Development Council provided information on the issues involved in a training system and credentialing system. Individual providers also spoke of their efforts to be accredited, availability and accessibility of early childhood development classes, and the pros and cons of a credentialing system.

The Colorado Child Care Assistance Program and Colorado Preschool Program. The committee heard testimony and reviewed the current status of the Colorado Child Care Assistance Program and the Colorado Preschool Program. Both state programs attempt to respond to the needs of low-income and at-risk children. The Colorado Child Care Assistance program provides subsidized child care to families who fall under certain poverty guidelines, while the Colorado Preschool Program offers at-risk children the opportunity to attend preschool. The committee heard from a variety of interested persons about the statewide need and demand for these services.

Criminal background checks. Representatives from the Department of Public Safety provided information to the committee on criminal background checks for child care workers. Under the current system, the Colorado Bureau of Investigation (CBI) conducts a background check for a fee. A criminal background check must be conducted on all child care center workers over the age of 18, and all family members over the age of 18 in a family child care home. The CBI coordinates its work with the Department of Human Services.

Recommendations. In response to issues raised concerning the oversight of child care facilities, the committee recommends Bills A, H, I, and J.

- Bill A increases the number of child care facility inspectors in the Department of Human Services by 12 and requires the department to respond to serious complaints against a facility within 48 hours.
- Bill H creates an interdisciplinary child care commission to continue studying child care issues in the state.
- Bill I allows a county to transfer a portion of its Colorado Works Block Grant to programs funded by Title XX of the federal Social Security Act in order to fund various programs for the improvement of child care; directs the Department of Human Services to develop a statewide system of child care resource and referral services; and makes several technical corrections to existing child care statutes.
- Bill J requires the Colorado Bureau of Investigation to access federal criminal history records when conducting background checks on child care workers.

Consolidated Child Care Pilot Program

Counties in the pilot program. The committee spent an entire day hearing the concerns and successes of the 12 Consolidated Child Care Pilot Program sites in the state. The program brings together the public and private sector in a collaborative effort to respond to child care needs in local communities. Representatives of the pilot programs brought forth a variety of issues, including the continued need for flexibility and waivers, pay and turnover issues in the work force, professional development of child care workers, the need for additional infant and toddler care slots, and the importance of partnerships and local decision making.

Recommendations. In an effort to foster the continued success of the Consolidated Child Care Pilot Program, the committee recommends Bill C. The bill requires pilot sites to develop early childhood training plans, and to work in conjunction with the Department of Human Services in developing models for licensing, monitoring, and provider support. The bill also urges counties to assess the success of the pilot programs and allows pilot site agencies to receive grants awarded by the Youth Crime Prevention and Intervention Program Board. Lastly, the bill establishes a voluntary credentialing system to be used by the pilot site agencies and administered by the Department of Human Services.

Quality and Affordability of Child Care

Defining quality. Defining what constitutes quality child care was a topic of frequent discussion. In holding a dialogue with various stakeholders (including parents, providers, and state and county officials), the committee heard testimony on what a quality

child care system entailed. A safe, nurturing environment for children, well-trained staff, low staff turnover, well-informed parents, adequate funding for classroom resources, and social and educational opportunities for children were identified as paramount for quality child care. Testimony from representatives of child advocacy organizations, such as the Colorado Children's Campaign, the Colorado Early Childhood Summit, and Educare, stressed how crucial early childhood development is to a child's later years and described the correlation between quality child care and early educational opportunities with later success in school and work.

Public - private initiatives. The committee heard testimony on the role that public-private partnerships can play in ensuring quality child care in the state. Representatives of Educare testified on several occasions, and spoke on Educare's efforts to create and implement a parent/public education campaign, provide one-time classroom improvements, and train teachers and improve early-learning programs in pilot sites in the state with \$10 million in private funds. Pilot site agencies participating in the Consolidated Child Care Program also noted the importance of coordination between public and private entities to improve child care.

Family development centers. Representatives from several centers made a presentation on the role and work of the centers, emphasizing their role in assisting families with child care. Family development centers provide an array of services and, in particular, attempt to reach low-income families. Examples of services provided by the centers include parenting classes, adult literacy classes, mental health services, substance abuse counseling, home visitations, child care resource and referral, and evening and week-end child care.

Parental concerns. The committee heard testimony from parents regarding child care. Issues of concern raised by parents included the lack of child care close to home and/or at their place of work, affordability, inadequate number of slots for infants and toddlers, safety, quality, and lack of child care for school-age children needing after school supervision.

Recommendations. The committee recommends Bills B and E. Bill B increases the number of children who may participate in the Colorado Preschool Program (CPP) by 1,000 children per year for five years, beginning in FY 2000-01. The bill also allows a single child to enroll in the program using two positions, thus allowing that child to attend a full day of preschool. Bill E requires counties to provide child care assistance to families whose incomes are less than 150 percent of the federal poverty level. It also allows counties increased flexibility in offering assistance to families with incomes up to 85 percent of the state's median income.

Work Force Issues

Pay and benefits for employees. The committee heard testimony from a range of child care providers and representatives of child care associations on low wages paid to child care workers and the lack of benefits in the profession as a whole (health and life insurance, sick leave, and vacation).

Employee turnover and quality of the work force. In conjunction with committee discussion about pay and benefits for child care workers, there was also discussion about the high rate of turnover in the child care profession. Providers expressed frustration at their attempts to find and retain quality workers. The current economy offers potential workers other job alternatives for higher pay. The committee discussed the need to train and keep high-quality people in the child care field.

Grant programs and tax credits. The committee learned about the variety of ways in which the state and local communities are responding to child care issues through grant programs and tax credits. The Department of Local Affairs provided information on the Community Development Block Grant Program and gave an overview of grant funding through the Youth Crime Prevention and Intervention Program. The committee heard testimony from the United Way of Colorado about how enterprise zone status has allowed low income families to receive subsidized child care. The Department of Revenue provided data on the number of income tax returns claiming child care tax credits.

Recommendations. The committee recommends Bills D, F, and G. Bill D creates a sales and use tax exemption for specific supplies and equipment used by licensed child care centers and family child care homes. Bill F provides a new tax credit for employers whose benefit plans offer child care and for employers who subsidize employee child care costs. The bill also raises the existing tax credit for a monetary or in-kind contribution to promote child care. Bill G establishes a three-tiered refundable income tax credit for certain classifications of child care workers.

Other Issues Discussed

Overview of child care in other states. The National Conference of State Legislatures provided an overview of child care issues in other states. The presentation included a discussion on the need for quality child care, training and education for workers, reimbursement rates for providers, licensing and regulatory models across the states, national statistics ranking the states in child care categories, and the general state of child care nationwide.

Funding for child care. The committee requested a briefing on funding issues involved in child care programs. Both the Department of Human Services and Joint Budget Committee staff gave overviews on funding sources and the current funding levels for child care programs. There was detailed discussion on the potential use of Temporary Assistance to Needy Families (TANF) funds for child care and the status of unspent TANF funds.

Children's panels. The committee heard testimony from two panels of children in child care situations. One panel was comprised of children ages four and five who were attending a child care center; the second panel included children ages eight and nine who were receiving before and after school child care. All the children were asked to describe their day in child care (what they liked to do, what they liked to eat, what they did not like to do, etc.).

SUMMARY OF RECOMMENDATIONS

As a result of the committee's activities, the following bills are recommended to the Colorado General Assembly.

Bill A — Increasing the Number of Child Care Inspectors and Specifying a Time Frame Within Which Child Care Facility Inspectors are to Respond to Complaints Lodged with the Department of Human Services

The committee heard testimony from the Department of Human Services, representatives of the child care profession, and advocates for quality child care on the state's child care facilities licensing and regulatory program. Additionally, the committee heard testimony from Joint Budget Committee staff on FY 1999-00 funding requests and funding decisions for child care facility inspectors in the department.

Bill A requires the Department of Human Services to respond and conduct an on-site investigation to serious complaints about a licensed child care facility within 48 hours of receipt. Additionally, the bill increases the number of child care facility inspectors by 12 in the Department of Human Services for FY 2000-01. Bill A is assessed at having a fiscal impact of \$955,314 federal funds in both FY 2000-01 and FY 2001-02.

Bill B — The Colorado Preschool Program

The committee heard testimony from the Department of Education on the Early Childhood Leadership Team, the Consolidated Child Care Pilot Program, the Colorado Preschool Program, and the Out of School Time Programs for school-age child care. Additionally, the committee devoted a day to hear testimony from the 12 consolidated child care pilot program sites on local collaborative efforts to provide child care.

Bill B increases the number of children who may participate in the Colorado Preschool Program (CPP) by 1,000 children per year for five years, beginning in FY 2000-01. The bill further provides that a single child may enroll in the program using two positions, thus allowing that child to attend a full day of preschool. The bill eliminates the age requirement for children participating in the CPP, thus allowing children under the age of four to participate in the program. [NOTE: Current law restricts the number of children in the CPP to 9,050 for FY 1999-00.] Bill B is assessed at having a fiscal impact of \$2,497,500 General Fund in FY 2000-01, and \$4,995,000 in FY 2001-02.

Bill C — Consolidated Child Care Services

The committee heard testimony from all 12 community consolidated child care pilot site agencies. Bill C includes the following provisions:

- *Early Childhood Training Plans* – Requires community consolidated child care pilot site agencies to identify and develop early childhood training plans based upon community needs and available resources; specifies that the plans shall include principal elements of recent credentialing models for early childhood educators when state moneys are a source of funding to the pilot site agency; and requires the plans to be administered through the Department of Education or a not-for-profit association whose primary interest is the education of young children.
- *Outcome-Based Models* – Directs the Department of Human Services to establish a working group representative of the 12 original pilot site agencies to develop up to four models for improved outcome-based licensing, monitoring, and provider support; allows any of the pilot site agencies to implement one of the models; and directs the working group to evaluate the models after three years and to recommend which model or combination of models would be best for statewide implementation.
- *Funding* – Allows pilot sites to receive grants awarded by the Youth Crime Prevention and Intervention Program Board.
- *Assessment* – Urges counties, in cooperation with non-profit and not-for-profit organizations, to assess the success of pilot programs; authorizes counties to match private contributions to the pilot programs with the county block grant moneys received pursuant to the Colorado Works Program.
- *Child Care Credentialing System* – Establishes a voluntary multi-tiered child care credentialing system in the Department of Human Services to be used in the pilot site agencies; requires the department to contract with an entity to administer the system; specifies that the entity shall collect fees to offset the costs of administering the system; and prohibits the General Assembly from appropriating state General Fund moneys for implementation or operation of the system.

Bill C is assessed as having a fiscal impact of \$559,903 federal funds in FY 2000-01 and \$502,438 federal funds in FY 2001-02. Federal Child Care Development Fund moneys are available to fund the bill's requirements.

**Bill D — Creation of a Sales and Use Tax Exemption for Certain Items
Acquired for Use in Licensed Child Care Facilities**

The committee heard testimony from representatives of the child care profession on the business aspects of operating family child care homes and child care centers. Topics of discussion included the cost of doing business, the amount charged for child care services, compensation and benefits packages, staff turnover, staff training, and the creation of incentives to encourage persons to remain in the child care profession. To this end, the committee is recommending three tax-related bills: Bill D, Bill F, and Bill G.

Bill D creates a sales and use tax exemption for certain supplies and equipment to be used by licensed child care centers and licensed family child care homes, effective on or after July 1, 2000. Bill D is anticipated to reduce General Fund revenues by \$601,000 in FY 2000-01 and \$620,000 in FY 2001-02. The cost to implement the bill is estimated at \$7,594 General Fund in FY 2000-01 and \$4,785 in FY 2001-02.

Bill E — Eligibility for the Colorado Child Care Assistance Program

The committee heard testimony about the Colorado Child Care Assistance Program, eligibility for the program, and the program's relationship to the Colorado Works Program. Current state law requires counties to provide child care assistance to families whose incomes are up to 130 percent of the federal poverty level, and allows counties to provide child care assistance to families transitioning off the Colorado Works Program or any other families whose incomes are below 185 percent of the federal poverty level.

Bill E requires counties to provide child care assistance to families whose incomes are up to 150 percent of the federal poverty level, and allows counties to provide child care assistance to families whose incomes fall into a range between 150 percent of the federal poverty level and the higher level of 85 percent of the state's median income. Lastly, the bill requires counties to phase out child care assistance over a period of six months for those families who have met or exceed the eligibility limits. Bill E is assessed at having a conditional fiscal impact in both FY 2000-01 and FY 2001-02.

Bill F — Tax Credits for the Promotion of Child Care

Bill F creates the following two nonrefundable income tax credits.

- A \$500 tax credit for employers who offer child care as part of a cafeteria benefits plan for employees. Permits the unused portion of the credit to be carried forward for the next five years.
- Employers who subsidize employees' child care costs are eligible for a tax credit equal to 40 percent of the total subsidy provided to the employees. Permits the unused portion of the credit to be carried forward for the next five years.

The bill also raises the amount that a taxpayer can claim under the existing tax credit for a monetary or in-kind contribution to promote child care from 25 percent of the total value of the contribution to 40 percent of the total value. Current tax credit language that prevents an employer from contributing to a child care facility in which the employer or a relative has a financial interest is deleted. Bill F is anticipated to reduce General Fund revenues \$23,733,871 in FY 1999-00; \$47,593,987 in FY 2000-01; and \$47,871,728 in FY 2001-02. No costs will be incurred to implement the bill.

Bill G — Creation of a State Income Tax Credit for Certain Employees of Child Care Facilities

Bill G creates a three-tiered refundable state income tax credit for certain employees of child care centers and family child care homes based upon the claimant's level of education. It specifies that a person can claim the tax credit if they have been employed at the same facility for at least six months of the taxable year, and restricts eligibility for the tax credit to individuals with federal adjusted gross income of \$25,000 or less. Bill G is anticipated to reduce General Fund revenues by \$1,720,481 in both FY 2000-01 and FY 2001-02. The cost to implement the bill is estimated at \$94,076 General Fund in FY 2000-01 and \$9,376 General Fund in FY 2001-02.

Bill H — Creation of an Interdisciplinary Child Care Commission

Over the course of the interim, the committee set aside time to discuss how best to fulfill its charge and focus the scope of its study. It was noted that due to the many issues surrounding child care and early childhood development and education, the General Assembly may need to pursue ongoing study of these topics.

Bill H creates a child care commission consisting of no more than 17 members, 11 of whom shall be appointed by the Governor, 3 of whom shall be appointed by the Speaker of the House, and 3 of whom shall be appointed by the President of the Senate. The bill lists the duties and reporting requirements of the commission. The commission is repealed effective July 1, 2004. Bill H is assessed at having a fiscal impact of \$4,560 General Fund in both FY 2000-01 and FY 2001-02.

Bill I — Child Care

Bill I includes the following provisions:

- allows a county to transfer a portion of the county's Colorado Works Block Grant to programs funded by Title XX of the federal Social Security Act in order to fund various programs for the improvement of child care;

- directs the Department of Human Services to develop a statewide system of child care resource and referral services promoting the availability of quality child care, and directs the executive director of the department to designate a public or private entity to administer the system;
- authorizes the State Board of Human Services to correct rule problems regarding new categories of child care facilities; and
- exempts out-of-state workers working in Colorado at children's resident camps (less than 90 days) from the state Central Registry review.

Bill I is assessed at having no fiscal impact.

Bill J — Criminal History Records Checks on Behalf of Certain Entities Engaged in Child Care Services

The committee heard testimony from the Department of Public Safety, Colorado Bureau of Investigation (CBI), on the criminal background checks process for child care employees.

Bill J bill clarifies that the CBI is required to access federal criminal history records when conducting a criminal history records check on behalf of an entity that provides child care services. Bill J is assessed at having no fiscal impact.

RESOURCE MATERIALS

The resource materials listed below were provided to the committee or developed by Legislative Council Staff during the course of the study. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver. For a limited period of time, the meeting summaries and materials developed by Legislative Council Staff are available on our web site at:

www.state.co.us/gov_dir/leg_dir/lcsstaff/1999/99interim.

<u>Meeting Summaries</u>	<u>Topics Discussed</u>
August 26 & 27, 1999	Overview by state departments with a role in child care; quality, safety, cost, and economics of child care; panel discussion on parents' issues relating to child care; licensing; quality initiatives; and the experience of three consolidated child care pilot sites.
September 9 & 10, 1999	Family child care homes; Colorado's child care licensing program and regulatory issues; funding overview; county perspective on funding for child care; and child care in other states as presented by staff from the National Conference of State Legislatures.
September 23, 1999	Twelve consolidated child care pilot sites testified, focusing on waivers; collaboration and partnerships at the local level; professional development; the Colorado Child Care Assistance Program; the Colorado Preschool Program; resource and referral; funding sources and financing structures; infant and toddler care; special needs children; and professional development.
September 24, 1999	The mission of Educare Colorado; private sector quality child care; enterprise zones; and the family development centers.
October 13, 1999	Children's panel — six young children from Mile High Child Care Centers and three school-age children in before and after school care at family child care homes; and regulatory and training issues and budget constraints as identified by child care center directors.
October 27, 1999	Consideration of proposed legislation for recommendation to the Legislative Council.

Memoranda and Reports

Reports provided to the committee:

Resource Notebook, Prepared by Departments of Human Services and Education and Child Care Profession.

Building Blocks - A Legislator's Guide to Child Care Policy, National Conference of State Legislatures (NCSL) Publication, December, 1997.

General Rules for Child Care Homes or Facilities, Department of Human Services.

Rules and Regulations Governing Sanitation, Department of Public Health and Environment.

Information of Child Care Tax Credits, Department of Revenue.

YMCA Guide to Quality Child Care.

State Departments Role in Child Care, Department of Local Affairs.

At each meeting, the committee received numerous memoranda, information sheets, and outlines provided by the various persons and organizations testifying on child care issues. These materials, although not listed here, are available in the Legislative Council offices and at the State Archives.

Bill A

BY SENATORS Tebedo, Arnold, Linkhart, Pascoe, and Wham;
also REPRESENTATIVES Alexander, Hefley, Tupa, and S. Williams.

A BILL FOR AN ACT

CONCERNING INSPECTIONS OF CHILD CARE FACILITIES, AND, IN CONNECTION
THEREWITH, INCREASING THE NUMBER OF CHILD CARE INSPECTORS,
SPECIFYING A TIME FRAME WITHIN WHICH CHILD CARE FACILITY
INSPECTORS ARE TO RESPOND TO COMPLAINTS LODGED WITH THE
DEPARTMENT OF HUMAN SERVICES CONCERNING A CHILD CARE
FACILITY, AND MAKING AN APPROPRIATION THEREFOR.

Bill Summary

"Inspections Of Child Care Facilities"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Directs the state department of human services to respond to serious complaints lodged against a child care facility within 48 hours. States the intent of the general assembly to increase the number of child care facility inspectors. Increases the number of child care facility inspectors by 12.

Makes an appropriation.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Part 1 of article 6 of title 26, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

26-6-107.5. Response to complaints - addition of child care facility

inspectors. (1) WHEN THE STATE DEPARTMENT RECEIVES A SERIOUS COMPLAINT ABOUT A CHILD CARE FACILITY LICENSED PURSUANT TO THIS PART 1 ALLEGING THE IMMEDIATE RISK OF HEALTH OR SAFETY OF THE CHILDREN CARED FOR IN SUCH FACILITY, THE STATE DEPARTMENT SHALL RESPOND TO AND CONDUCT AN ON-SITE INVESTIGATION CONCERNING SUCH COMPLAINT WITHIN FORTY-EIGHT HOURS OF ITS RECEIPT.

(2) (a) (I) THE GENERAL ASSEMBLY HEREBY FINDS THAT AN AUDIT COMPLETED BY THE STATE AUDITOR'S OFFICE IN 1995 REPORTED THAT THE STATE DEPARTMENT HAD NOT PROPERLY AND TIMELY CARRIED OUT ALL OF ITS CHILD CARE FACILITY LICENSING FUNCTIONS DUE TO INSUFFICIENT STAFF. THE GENERAL ASSEMBLY FURTHER FINDS THAT, IN AN EFFORT TO USE THE STATE DEPARTMENT'S LIMITED CHILD CARE RESOURCES MORE EFFECTIVELY AND EFFICIENTLY, IT PASSED LEGISLATION IN 1996 IMPLEMENTING A RISK-BASED APPROACH TO INSPECTING AND MONITORING CHILD CARE FACILITIES IN PLACE OF THE MANDATORY BIENNIAL REVIEWS OF EVERY FACILITY. THE GENERAL ASSEMBLY FINDS THAT IT WAS DETERMINED IN A FOLLOW-UP AUDIT CONDUCTED BY THE STATE AUDITOR'S OFFICE IN 1998, THAT THE STATE DEPARTMENT WAS STILL AT LEAST ONE MONTH LATE IN CONDUCTING INSPECTIONS OF APPROXIMATELY TWENTY-TWO PERCENT OF THE CHILD CARE FACILITIES IN COLORADO. IN ADDITION, OF THOSE FACILITIES ASSIGNED A HIGH RISK FACTOR AND THEREBY REQUIRING INSPECTIONS MORE FREQUENTLY THAN EVERY TWELVE MONTHS, TWENTY-SIX PERCENT WERE AT LEAST THREE MONTHS PAST DUE. IN EVALUATING THE IMPLEMENTATION OF THE RISK-BASED APPROACH TO INSPECTION AND MONITORING OF CHILD CARE FACILITIES, THE

GENERAL ASSEMBLY FINDS THAT THE IMPLEMENTATION OF THIS APPROACH HAS ACTUALLY INCREASED THE STATE DEPARTMENT'S WORKLOAD BY APPROXIMATELY SIXTEEN PERCENT.

(II) THE GENERAL ASSEMBLY FURTHER FINDS THAT A NATIONAL STUDY CONDUCTED BY THE CENTER FOR CAREER DEVELOPMENT IN EARLY CARE AND EDUCATION AT WHEELOCK COLLEGE CONCLUDED THAT COLORADO'S CHILD CARE FACILITY LICENSING STAFF HAD CASELOADS OF APPROXIMATELY TWO HUNDRED FIFTY CHILD CARE CENTERS PER FULL-TIME EQUIVALENT EMPLOYEE AND FIVE HUNDRED FAMILY CHILD CARE HOMES PER FULL-TIME EQUIVALENT EMPLOYEE. THE GENERAL ASSEMBLY FINDS THAT THE CASELOADS OF COLORADO CHILD CARE EMPLOYEES WITHIN THE DIVISION GREATLY EXCEED THE NUMBER OF CASES RECOMMENDED BY THE NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, WHICH ORGANIZATION HAS RECOMMENDED THAT CHILD CARE REGULATORS' CASELOADS SHOULD NOT EXCEED SEVENTY-FIVE CENTERS AND LARGE FAMILY HOMES PER FULL-TIME EQUIVALENT EMPLOYEE.

(III) THE GENERAL ASSEMBLY FURTHER FINDS THAT THE INSUFFICIENT NUMBER OF CHILD CARE FACILITY INSPECTORS PUTS CHILDREN AT RISK PARTICULARLY WHEN SERIOUS COMPLAINTS OF AN IMMEDIATE NATURE CONCERNING A CHILD CARE FACILITY ARE LODGED WITH THE STATE DEPARTMENT AND THE DEPARTMENT IS UNABLE TO RESPOND PROMPTLY AND CONDUCT AN ON-SITE INVESTIGATION OF THE COMPLAINT.

(IV) THE GENERAL ASSEMBLY HEREBY DETERMINES THAT THE HEALTH AND SAFETY OF THE CHILDREN OF THE STATE OF COLORADO IN CHILD CARE FACILITIES IS OF UTMOST CONCERN AND IMPORTANCE TO THE STATE.

THE GENERAL ASSEMBLY FURTHER FINDS THAT THE TIMELY AND PROPER INSPECTION OF CHILD CARE FACILITIES AND PROMPT RESPONSES TO SERIOUS COMPLAINTS ABOUT A CHILD CARE FACILITY ARE PRIORITIES AND THAT, IN ORDER TO FACILITATE SUCH TIMELY INSPECTIONS AND RESPONSES TO COMPLAINTS, THE STATE DEPARTMENT SHOULD BE PROVIDED WITH THE PERSONNEL NEEDED TO CONDUCT THE REQUIRED INSPECTIONS AND INVESTIGATIONS ON A THOROUGH AND TIMELY BASIS. ACCORDINGLY, THE GENERAL ASSEMBLY DETERMINES THAT IT IS IN THE BEST INTERESTS OF THE CITIZENS OF THE STATE OF COLORADO THAT THE NUMBER OF PERSONS CHARGED WITH THE DUTY OF INSPECTING, MONITORING, AND RESPONDING TO COMPLAINTS IN CHILD CARE FACILITIES IN THE STATE OF COLORADO BE INCREASED.

(b) FOR THE PURPOSES OF CONDUCTING THOROUGH AND TIMELY INSPECTIONS OF CHILD CARE FACILITIES LICENSED PURSUANT TO THIS PART 1 AND FOR THE PURPOSES OF PROVIDING SUFFICIENT INSPECTORS TO CONDUCT PROMPT RESPONSES AND INVESTIGATIONS AS DIRECTED IN SUBSECTION (1) OF THIS SECTION WHEN THE STATE DEPARTMENT RECEIVES A SERIOUS COMPLAINT AGAINST A CHILD CARE FACILITY LICENSED PURSUANT TO THIS PART 1, IN FISCAL YEAR 2000-01, THE NUMBER OF INSPECTORS SHALL BE INCREASED BY TWELVE FROM THE NUMBER OF INSPECTORS IN FISCAL YEAR 1999-2000.

SECTION 2. Appropriation. In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of human services, division of children, youth and families, for the fiscal year beginning July 1, 2000, the sum

of ___ dollars (\$), or so much thereof as may be necessary, for the implementation of this act.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

DRAFT

BILL A

Colorado Legislative Council Staff

STATE FISCAL IMPACT

Drafting Number: LLS 00-0279

Date: November 30, 1999

Prime Sponsor(s): Sen. Tebedo

Bill Status: Child Care Interim Committee

Rep. Alexander

Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING INSPECTION OF CHILD CARE FACILITIES, AND, IN CONNECTION THEREWITH, INCREASING THE NUMBER OF FULL-TIME CHILD CARE INSPECTORS, SPECIFYING A TIME FRAME WITHIN WHICH CHILD CARE FACILITY INSPECTORS ARE TO RESPOND TO COMPLAINTS LODGED WITH THE DEPARTMENT OF HUMAN SERVICES CONCERNING A CHILD CARE FACILITY, AND MAKING AN APPROPRIATION THEREFOR.

Table with 3 columns: Fiscal Impact Summary, FY 2000/2001, FY 2001/2002. Rows include State Revenues, State Expenditures, FTE Position Change, Other State Impact, Effective Date, Appropriation Summary, and Local Government Impact.

Summary of Legislation

The bill includes the following child care provisions:

- requires the state Department of Human Services (DHS) to respond and conduct an on-site investigation within 48 hours of receiving a serious complaint about a licensed child care facility; and
adds 12 child care facility inspectors to the department for FY 2000-01.

DRAFT

BILL A

State Expenditures

Background— FY 1999-00 Budget Request. DHS requested a transfer of \$774,664 federal Temporary Aid to Needy Families (TANF) funds into the federal Child Care Development Fund, to hire an additional 18.0 FTE to reduce the ratio of child care facilities to state staff by 50 percent (from 240 per state FTE to 137 per state FTE). Federal welfare reform legislation allows the states to transfer up to 30 percent of their TANF block grant to the federal Child Care Development Fund. During budget deliberations on this request, the Joint Budget Committee, and subsequently the General Assembly, did not fund the request for the reasons noted below:

- the General Assembly directed DHS, through HB 96-1006, to focus “limited resources available” on higher risk facilities;
- questions were raised regarding DHS’ allocation of state staff to the inspection of licensed child care facilities;
- an alternative regulatory model might be adopted; and
- an interim committee might be established to study child care regulations.

The department’s budget submission for FY 2000-01 does not request additional child care licensing staff.

Bill A Costs. DHS indicates that an additional 12 child care facility inspectors will enable the department to meet the required 48-hour response time when receiving a serious complaint. However, the department will require 18 child care facility inspectors in order to comply with other provisions of the bill recognizing the importance of thorough and timely monitoring of licensed child care facilities.

This fiscal note is based on the need for 18 child care facility inspectors rather than the bill’s language which adds 12 inspectors. DHS will require \$955,314 in FY 2000-01 and FY 2001-02. For the current fiscal year, DHS contracts with six counties to perform inspections of licensed child care facilities. These counties include: Delta, Denver, El Paso, Jefferson, Summit (includes inspections in Eagle, Garfield, Lake and Pitkin counties), and Weld. The contract staff in Denver and Jefferson counties inspect both licensed family child care homes and centers. The contract staff in the remaining counties inspect licensed family child care homes only and state staff inspect centers.

The fiscal note is based on the current FY 1999-00 total contract cost of \$676,686, which supports 12.75 FTE. The average cost per contract staff, including personal services and operating expenses, is \$53,073. This amount multiplied by 18.0 equals \$955,314, the cost of the legislation. The fiscal note assumes that no state staff will be hired, rather, the department will use the appropriated moneys to purchase contract staff.

DRAFT

BILL A

State Appropriations

Federal welfare reform legislation authorizes the states to appropriate two sources of federal funds: TANF and Child Care Development Fund moneys. Federal welfare reform legislation allows the states to transfer up to 30 percent of their TANF block grant to the federal Child Care Development Fund.

The fiscal note indicates that the Department of Human Services should receive an appropriation of \$955,314. The General Assembly may elect to appropriate from one the following sources:

- General Fund moneys;
- TANF funds transferred to the Child Care Development Fund; or
- Child Care Development Fund moneys allocated to the state and not yet committed or requested through the annual budget process.

Although the fiscal note identifies a federal funds fiscal impact, it is the purview of the General Assembly to determine the source of funding based on one of the three available and legitimate sources of funds for this legislation as noted above.

Departments Contacted

Human Services

Bill B

BY SENATORS Pascoe, Linkhart, and Wham;
also REPRESENTATIVES S. Williams, Alexander, Hagedorn, Hefley, and Tupa.

A BILL FOR AN ACT

CONCERNING THE COLORADO PRESCHOOL PROGRAM, AND MAKING AN
APPROPRIATION THEREFOR.

Bill Summary

"Colorado Preschool Program"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Increases the number of children who may participate in the Colorado preschool program by 1,000 children per year for 5 years, beginning in budget year 2000-01. Authorizes the use of 2 positions by one child to allow that child to attend preschool for a full day. Eliminates the requirement that children participating in the Colorado preschool program be a certain age.

Makes an appropriation.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 22-28-104 (1) (a) and (2) (d), Colorado Revised Statutes, are amended, and the said 22-28-104 (2) is further amended BY THE ADDITION OF THE FOLLOWING NEW PARAGRAPHS, to read:

22-28-104. Establishment of public preschool programs. (1) There is hereby established a state preschool program, which shall be implemented in school districts beginning in January of 1989. The purposes of the program are:

(a) To serve ~~four-year and five-year-old~~ children who lack overall learning readiness due to significant family risk factors, who are in need of language development, or who are receiving services from the state department of human services pursuant to article 5 of title 26, C.R.S., as neglected or dependent children and who would benefit from participation in the state preschool program;

(2) In recognition of the fact that there are thousands of children in Colorado not presently being served who would benefit from the state preschool program, the number of children that may participate in the state preschool program shall be increased:

(d) (I) To not more than 8,850 in the 1998-99 budget year and to not more than 9,050 in the 1999-2000 budget year. ~~and budget years thereafter.~~

(II) For the 1998-99 budget year through the 2000-01 budget year, the department shall allow school districts to apply to the department for authorization to serve no more than five hundred eligible children through a full-day kindergarten component of the district's preschool program. The department, using established criteria, shall select school districts to participate in such full-day kindergarten programs until the total number of full-day kindergarten positions applied for has been filled or the limitation of five-hundred children has been reached, whichever event occurs first.

(e) TO NOT MORE THAN 10,050 IN THE 2000-01 BUDGET YEAR;

(f) TO NOT MORE THAN 11,050 IN THE 2001-02 BUDGET YEAR;

(g) TO NOT MORE THAN 12,050 IN THE 2002-03 BUDGET YEAR;

(h) TO NOT MORE THAN 13,050 IN THE 2003-04 BUDGET YEAR;

(i) TO NOT MORE THAN 14,050 IN THE 2004-05 BUDGET YEAR AND BUDGET YEARS THEREAFTER.

SECTION 2. 22-28-104, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

22-28-104. Establishment of public preschool programs.

(3.5) ANY SCHOOL DISTRICT THAT PARTICIPATES IN THE STATE PRESCHOOL PROGRAM PURSUANT TO THIS ARTICLE SHALL BE ENTITLED TO ALLOW A SINGLE CHILD TO ENROLL IN THE PRESCHOOL PROGRAM USING TWO POSITIONS TO ALLOW THAT CHILD TO ATTEND A FULL DAY OF PRESCHOOL.

SECTION 3. Appropriation. In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of education, public school finance, total program, for the fiscal year beginning July 1, 2000, the sum of _____ dollars (\$ _____), or so much thereof as may be necessary, for the implementation of this act.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

DRAFT

BILL B

Colorado Legislative Council Staff
**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 00-0280

Date: November 30, 1999

Prime Sponsor(s): Sen. Pascoe

Bill Status: Child Care Interim Committee

Rep. Williams S

Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING THE COLORADO PRESCHOOL PROGRAM, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2000/2001	FY 2001/2002
State Revenues General Fund		
State Expenditures General Fund	\$2,497,500	\$4,995,000
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: Upon signature of the Governor.		
Appropriation Summary for FY 2000-2001: The bill requires a General Fund increase of \$2,497,500 in Department of Education, Public School Finance, Total Program.		
Local Government Impact: School districts that participate in the Colorado preschool program would receive state aid for the increased number of children that are authorized to participate in the program.		

Summary of Legislation

The Colorado preschool program serves four-year- and five-year-old children who lack overall learning readiness due to significant family risk factors, who are in need of language development, or who are receiving services from the Department of Human Services as neglected or dependent children. Under current law, the number of children who may participate in the Colorado preschool program is limited to not more than 9,050 per budget year.

This bill eliminates the requirement that children participating in the Colorado preschool program be four- or five years of age, and increases the number of children who may participate in the Colorado preschool program by 1,000 children per year for five years, beginning in FY 2000-01. The program size would increase to 14,050 in FY 2004-05 and budget years thereafter. The bill would allow any school district that participates in the program to allow a single child to enroll in the preschool program using two positions to allow that child to attend a full day of preschool.

DRAFT

BILL B

State Expenditures

This bill increases the number of children who may participate in the Colorado preschool program by 1,000 children per year for five years, beginning in FY 2000-01. The program size would increase to 14,050 in FY 2004-05 and budget years thereafter. Each program participant represents 0.5 FTE. Based on the state average per pupil funding of \$4,995 per student for FY 1999-00, the General Fund increase for Public School Finance, Total Program, is projected to be **\$2,497,500 in FY 2000-01** (1,000 children X 0.5 FTE X \$4,995 per pupil funding = \$2,497,500), and **\$4,995,000 in FY 2001-02** (2,000 children X 0.5 FTE X \$4,995 per pupil funding = \$4,995,000).

School District Impact

School districts that participate in the Colorado preschool program would receive state aid for the increased number of children that are authorized to participate in the program.

State Appropriations

The fiscal note implies that the General Fund appropriation for the Department of Education, Public School Finance, Total Program, would increase by \$2,497,500 in FY 2000-01.

Departments Contacted

Education Legislative Council Staff

Bill C

BY SENATORS Wham, Arnold, Linkhart, Pascoe, and Tebedo;
also REPRESENTATIVES Alexander, Tupa, and S. Williams.

A BILL FOR AN ACT

CONCERNING CONSOLIDATED CHILD CARE SERVICES, AND MAKING AN
APPROPRIATION THEREFOR.

Bill Summary

"Consolidated Child Care Services"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Requires community consolidated child care pilot site agencies to identify and develop early childhood training plans based upon community needs and available resources. Specifies that such training plans shall include principal elements of recent credentialing models for early childhood educators when state moneys are a source of funding to the pilot site agency, and shall be administered through the department of education or a not-for-profit association whose primary interest is the education of young children.

Directs the state department to establish a working group representative of the 12 original pilot site agencies to develop up to 4 models of methodologies for improved outcome-based licensing, monitoring, and provider support. Allows any of the pilot site agencies to implement one of the models. Directs the working group to evaluate the models after 3 years and to recommend which model or combination of models represents the best practices for statewide implementation. Directs the state department to implement the working group's recommendation and directs the state board of human services to promulgate rules facilitating such implementation.

Urges counties, in cooperation with non-profit and not-for-profit organizations, to assess the success of pilot programs. Authorizes counties to match private contributions to the pilot programs with the county block grant moneys received pursuant to the Colorado works program.

Establishes a voluntary child care credentialing system in the state department to be used in the community consolidated child care pilot site agencies. Explains that the child care credentialing system would be a multi-tiered system of credentials for persons working in early childhood care and education programs.

Requires the state department to contract with an entity to administer the child care credentialing system. Specifies that the entity shall collect fees received through operation of the system and apply said moneys to offset the costs of administering the system. Identifies the state department's duties in administering the contract. Establishes qualifications and requirements for any entity that contracts to administer the child care credentialing system. Authorizes the state department to apply for and receive public or private gifts, grants, or donations for implementation of the child care credentialing system. Prohibits the general assembly from appropriating state general fund moneys for implementation or operation of the program.

Instructs the state board of human services to adopt rules to implement the child care credentialing system. Directs the state department, on or before December 1, 2003, to submit a report concerning implementation of the child care credentialing system to the health, environment, welfare, and institutions committees of the senate and the house of representatives and to the newly created child care commission, effective July 1, 2004.

Makes an appropriation.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 26-6.5-103 (3), Colorado Revised Statutes, is amended, and the said 26-6.5-103 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

26-6.5-103. Program scope. (3) On or before October 1, 1997, the state department of human services, with input from the state department of education, shall designate not more than twelve pilot site agencies to deliver community consolidated child care services for children statewide. Of the pilot site agencies designated, at least one shall be located in each of the following areas of the state to assure adequate geographic distribution: A rural

community, an urban community other than the Denver metropolitan area, and a western slope community. The pilot site agencies shall:

(a) Consolidate or coordinate funding to create a seamless system;

(b) Ensure collaboration among public and private stakeholders in the delivery of early childhood care;

(b.5) IDENTIFY AND DEVELOP AN EARLY CHILDHOOD TRAINING PLAN BASED UPON THE NEEDS OF THE COMMUNITY SERVED BY THE PILOT SITE AGENCY AND THE RESOURCES AVAILABLE TO THAT PILOT SITE AGENCY, WHICH TRAINING PLAN SHALL INCLUDE THE PRINCIPAL ELEMENTS OF THE MOST RECENT CREDENTIALING MODEL FOR EARLY CHILDHOOD EDUCATORS IF STATE MONEYS ARE A SOURCE OF FUNDING FOR THE PILOT SITE AGENCY AND WHICH TRAINING PLAN SHALL BE ADMINISTERED BY THE DEPARTMENT OF EDUCATION OR A NOT-FOR-PROFIT ASSOCIATION WHOSE PRIMARY INTEREST IS THE EDUCATION OF YOUNG CHILDREN;

(c) Include as program components:

(I) Full-day and full-year programs;

(II) Educationally enriched programs;

(III) Health screenings and follow-ups;

(IV) Parent education and home visits upon the specific request of the parent or legal guardian of the child;

(V) Nutritionally sound meals and snacks;

(VI) Special needs services;

(VII) Staff development;

(VIII) Family support services; and

(IX) Opportunities for the involvement of volunteers and extended family members in the delivery of child care services in both traditional programs and cooperative child care programs.

(3.5) THE PILOT SITE AGENCIES MAY PARTICIPATE IN THE CHILD CARE CREDENTIALING SYSTEM ESTABLISHED IN PART 2 OF THIS ARTICLE.

(7) (a) THE STATE DEPARTMENT SHALL ESTABLISH A WORKING GROUP REPRESENTATIVE OF THE PILOT SITE AGENCIES DESIGNATED PURSUANT TO SUBSECTION (3) OF THIS SECTION, THE GOAL OF WHICH SHALL BE TO DEVELOP UP TO FOUR MODELS OF IMPROVED METHODOLOGIES FOR OUTCOME-BASED LICENSING AND MONITORING OF CHILD CARE FACILITIES AND TO PROVIDE SUPPORT TO CHILD CARE PROVIDERS. ANY OR ALL OF THE PILOT SITE AGENCIES DESIGNATED PURSUANT TO SUBSECTION (3) OF THIS SECTION MAY PARTICIPATE IN THE WORKING GROUP AND IN THE DEVELOPMENT OF SUCH NEW METHODOLOGY MODELS.

(b) WITH OVERSIGHT BY THE WORKING GROUP ESTABLISHED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (7), ANY OR ALL OF THE PILOT SITE AGENCIES DESIGNATED PURSUANT TO THIS SECTION MAY ELECT TO IMPLEMENT ONE OF THE RECOMMENDED MODELS DEVELOPED BY THE WORKING GROUP. ANY PILOT SITE AGENCY OPTING TO IMPLEMENT SUCH A MODEL SHALL WORK COOPERATIVELY WITH AND PROVIDE SUCH INFORMATION TO THE WORKING GROUP AS THE WORKING GROUP DEEMS NECESSARY IN ORDER TO EVALUATE THOROUGHLY THE MODEL UTILIZED BY THE PILOT SITE.

(c) THREE YEARS AFTER IMPLEMENTATION OF THE RECOMMENDED MODELS IN THE PILOT SITE AGENCIES, THE WORKING GROUP SHALL EVALUATE THE SUCCESSES AND SHORTCOMINGS OF THE VARIOUS MODELS FOR LICENSURE,

MONITORING, AND PROVIDER SUPPORT, AND SHALL DETERMINE WHICH MODEL OR COMBINATION OF MODELS REPRESENTS THE BEST PRACTICES TO BE IMPLEMENTED STATEWIDE. THE STATE DEPARTMENT SHALL THEREAFTER IMPLEMENT THE BEST PRACTICES METHODOLOGIES RECOMMENDED BY THE WORKING GROUP. THE STATE BOARD SHALL PROMULGATE RULES FACILITATING THE IMPLEMENTATION OF SUCH METHODOLOGIES ON A STATEWIDE BASIS.

SECTION 2. 26-6.5-104 (4), Colorado Revised Statutes, is amended to read:

26-6.5-104. Funding. (4) It is the intent of the general assembly that no additional state moneys be appropriated for the implementation of the pilot program for community consolidated child care services on or after July 1, 1999, EXCEPT FOR GRANTS AWARDED BY THE YOUTH CRIME PREVENTION AND INTERVENTION PROGRAM BOARD FOR EARLY CHILDHOOD EDUCATIONAL AND READING READINESS PROGRAMS THROUGH THE YOUTH CRIME PREVENTION AND INTERVENTION PROGRAM ESTABLISHED IN PART 28 OF ARTICLE 32 OF TITLE 24, C.R.S.

SECTION 3. Part 1 of article 6.5 of title 26, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

26-6.5-104.5. Quality evaluation and improvement of early childhood care and education programs - use of Colorado works moneys. COUNTIES ARE URGED TO PARTNER WITH NON-PROFIT OR NOT-FOR-PROFIT ORGANIZATIONS THAT EVALUATE THE QUALITY OF EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS IN THE PILOT SITE AGENCIES AND ASSIGN RATINGS THERETO IN AN EFFORT TO ASSESS THE SUCCESS OF SUCH PROGRAMS AND TO

IMPROVE THE ULTIMATE DELIVERY OF EARLY CHILDHOOD CARE AND EDUCATION. COUNTIES SO PARTNERING ARE FURTHER ENCOURAGED TO MATCH PRIVATE INVESTMENTS IN SUCH EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS WITH COUNTY BLOCK GRANT MONEYS FOR COLORADO WORKS PURSUANT TO PART 7 OF ARTICLE 2 OF TITLE 26 AND FEDERAL CHILD CARE DEVELOPMENT FUNDS IN AN EFFORT TO IMPROVE THE OVERALL QUALITY OF THOSE PROGRAMS.

SECTION 4. 24-32-2804 (7) (a), Colorado Revised Statutes, is amended to read:

24-32-2804. Early education and school readiness program - repeal. (7) **Selection criteria.** The board shall develop an equitable formula for distribution of grants pursuant to the provisions of this section that allows a jurisdiction to receive a preference if the jurisdiction can demonstrate:

(a) Coordination with one of the ~~eighteen~~ TWENTY-FOUR OR MORE pilot sites for consolidated child care services created pursuant to article 6.5 of title 26, C.R.S.; or

SECTION 5. Article 6.5 of title 26, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PART to read:

PART 2
CREDENTIALING SYSTEM FOR
CHILD CARE PROFESSIONALS

26-6.5-201. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS THAT:

(a) MANY PARENTS OF YOUNG CHILDREN WORK OUTSIDE THE HOME AND PLACE THEIR CHILDREN IN SOME FORM OF EARLY CHILDHOOD CARE;

(b) THE CONTINUED WELL-BEING OF THE STATE REQUIRES THAT EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS BE SAFE, NURTURING, AND CHALLENGING SO THAT CHILDREN CAN DEVELOP TO THEIR FULLEST CAPACITY AND PARENTS CAN WORK WITH PEACE OF MIND TO SUPPORT THEIR FAMILIES;

(c) CAREER DEVELOPMENT FOR PROFESSIONALS PROVIDING EARLY CHILDHOOD CARE AND EDUCATION IS A POWERFUL TOOL FOR ENSURING THE HIGH QUALITY OF EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS BY VALIDATING INCREASED SKILLS AND COMPETENCIES AND ENSURING THAT EACH PERSON WORKING WITH YOUNG CHILDREN HAS THE SAME BASIC KNOWLEDGE AND COMPETENCIES REGARDLESS OF WHERE THAT PERSON WORKS;

(d) A CREDENTIALING SYSTEM RECOGNIZING THE TRAINING AND EDUCATION LEVEL OF PROFESSIONALS PROVIDING EARLY CHILDHOOD CARE AND EDUCATION WILL INSTITUTE A CONSISTENT STANDARD THAT PARENTS CAN CONSIDER WHEN THEY ARE EVALUATING THE QUALITY OF CARE AVAILABLE THROUGH DIFFERENT CHILD CARE PROVIDERS AND TO ENSURE THEY ARE PURCHASING THE HIGHEST QUALITY CARE FOR THEIR CHILDREN.

26-6.5-202. Child care credentialing system - created - authority to contract. (1) THE STATE DEPARTMENT SHALL DEVELOP A VOLUNTARY CHILD CARE CREDENTIALING SYSTEM THAT RECOGNIZES THE TRAINING AND EDUCATIONAL ACHIEVEMENTS OF PERSONS PROVIDING EARLY CHILDHOOD CARE AND EDUCATION AND THAT SHALL BE USED ONLY BY COMMUNITY CONSOLIDATED CHILD CARE SERVICES PILOT SITE AGENCIES DESIGNATED PURSUANT TO SECTION 26-6.5-103 THAT CHOOSE TO PARTICIPATE IN THE SYSTEM. THE CHILD CARE CREDENTIALING SYSTEM SHALL BE A MULTI-TIERED

SYSTEM OF GRADUATED CREDENTIALS THAT REFLECTS THE INCREASED TRAINING, EDUCATION, KNOWLEDGE, SKILLS, AND COMPETENCIES OF PERSONS WORKING IN EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS IN THE PILOT SITE AGENCIES. THE CHILD CARE CREDENTIALING SYSTEM SHALL PROVIDE A FRAMEWORK FOR STANDARDIZATION OF PROFESSIONAL REQUIREMENTS AND TRAINING AND FOR COORDINATION AMONG CHILD CARE TRAINING PROGRAMS THAT RESULT IN COLLEGE CREDIT AND THOSE THAT DO NOT.

(2) (a) THE STATE DEPARTMENT SHALL CONTRACT WITH AN ENTITY THAT MEETS THE QUALIFICATIONS SPECIFIED IN PARAGRAPH (d) OF THIS SUBSECTION (2) TO ADMINISTER THE CHILD CARE CREDENTIALING SYSTEM. PURSUANT TO SAID CONTRACT, THE ENTITY SHALL COLLECT THE NEW AND RENEWAL CREDENTIAL FEES IN THE AMOUNT SET BY RULE OF THE STATE BOARD PURSUANT TO SECTION 26-6.5-203 (1) (h) AND APPLY THE REVENUE FROM THOSE FEES TO OFFSET THE COSTS INCURRED UNDER THE CONTRACT IN ADMINISTERING THE CHILD CARE CREDENTIALING SYSTEM. IN ADDITION, THE ENTITY MAY ACCEPT SUCH ADDITIONAL PUBLIC OR PRIVATE MONEYS AS MAY BE NECESSARY TO OFFSET THE COSTS INCURRED IN ADMINISTERING THE SYSTEM.

(b) UNDER THE CONTRACT ENTERED INTO PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2), THE ENTITY SHALL ADMINISTER THE CHILD CARE CREDENTIALING SYSTEM, INCLUDING BUT NOT LIMITED TO ACCEPTING AND REVIEWING CREDENTIAL APPLICATIONS, IN ACCORDANCE WITH THE RULES ADOPTED BY THE STATE BOARD PURSUANT TO SECTION 26-6.5-203. THE ENTITY SHALL MAKE RECOMMENDATIONS TO THE STATE DEPARTMENT CONCERNING WHETHER ANY CREDENTIAL APPLICATION SHOULD BE GRANTED.

(c) EACH CREDENTIAL SHALL BE ISSUED BY THE STATE DEPARTMENT, BASED UPON THE RECOMMENDATIONS OF THE ADMINISTERING ENTITY. IN ADDITION, THE STATE DEPARTMENT SHALL:

(I) MONITOR THE ENTITY'S ACTIVITIES IN ADMINISTERING THE CHILD CARE CREDENTIALING SYSTEM UNDER THE CONTRACT ENTERED INTO PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2); AND

(II) IN ORDER TO FACILITATE IMPLEMENTATION OF THE VOLUNTARY CREDENTIALING SYSTEM FOR CHILD CARE PROFESSIONALS IN THE PILOT SITE AGENCIES, BE AUTHORIZED TO SPEND FEDERAL FUNDS RECEIVED UNDER THE CHILD CARE DEVELOPMENT FUNDS THAT ARE DESIGNATED TO IMPROVE THE QUALITY OF CHILD CARE.

(d) ANY ENTITY THAT ENTERS INTO A CONTRACT PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) SHALL MEET THE FOLLOWING QUALIFICATIONS AND REQUIREMENTS:

(I) THE ENTITY SHALL NOT BE A DEPARTMENT IN THE EXECUTIVE BRANCH OF THE STATE GOVERNMENT;

(II) THE ENTITY SHALL NEITHER BE INVOLVED IN THE DIRECT PROVISION OF CHILD CARE, NOR INVOLVED IN ACTIVITIES RELATED TO CHILD CARE, IN SUCH A MANNER AS WOULD CREATE A CONFLICT OF INTEREST;

(III) THE ENTITY SHALL DEMONSTRATE EXPERIENCE AND KNOWLEDGE IN THE SKILLS AND QUALIFICATIONS NECESSARY FOR PROVIDING HIGH-QUALITY CHILD CARE; AND

(IV) UPON ENTERING INTO THE CONTRACT, THE ENTITY SHALL AGREE TO THE PERFORMANCE OF AN ANNUAL FISCAL AUDIT, PAID FOR BY THE ENTITY.

(3) THE STATE DEPARTMENT IS AUTHORIZED TO APPLY FOR AND ACCEPT ANY PUBLIC OR PRIVATE GIFTS, GRANTS, OR DONATIONS TO OFFSET THE COSTS INCURRED BY THE STATE DEPARTMENT IN THE IMPLEMENTATION OF THIS PART 2. ANY MONEYS SO RECEIVED SHALL BE APPROPRIATED BY THE GENERAL ASSEMBLY TO THE STATE DEPARTMENT FOR ALLOCATION TO THE CHILD CARE CREDENTIALING SYSTEM. IN NO EVENT SHALL THE GENERAL ASSEMBLY APPROPRIATE STATE GENERAL FUND MONEYS FOR IMPLEMENTATION OR OPERATION OF THE CHILD CARE CREDENTIALING SYSTEM.

26-6.5-203. Child care credentialing system - rules. (1) THE STATE BOARD SHALL ADOPT RULES ESTABLISHING AND IMPLEMENTING THE CHILD CARE CREDENTIALING SYSTEM, WHICH RULES SHALL ADDRESS, BUT SHALL NOT BE LIMITED TO:

(a) THE IDENTIFICATION OF SPECIFIC ENHANCED QUALIFICATIONS BASED UPON TRAINING, EDUCATION, KNOWLEDGE, SKILLS, AND COMPETENCY THAT PERSONS WORKING IN THE CHILD CARE INDUSTRY MUST DEMONSTRATE IN ORDER TO RECEIVE A CREDENTIAL;

(b) THE DIFFERENT TYPES OF CREDENTIALS BASED UPON THE LEVEL OF EDUCATION, TRAINING, KNOWLEDGE, SKILLS, AND COMPETENCY OF THE APPLICANT;

(c) THE DURATION OF THE CREDENTIALS AND THE CONTINUING REQUIREMENTS AN APPLICANT MUST SATISFY IN ORDER TO MAINTAIN SUCH CREDENTIALS;

(d) THE PROCEDURE FOR RENEWING A CREDENTIAL THAT HAS LAPSED;

(e) THE PROCEDURE FOR SUBMITTING APPLICATIONS FOR CREDENTIALS;

(f) THE CRITERIA THE STATE BOARD SHALL APPLY IN EVALUATING APPLICATIONS FOR CREDENTIALING;

(g) THE STANDARDS AND PROCEDURES THE ENTITY WITH WHICH THE STATE DEPARTMENT CONTRACTS PURSUANT TO SECTION 26-6.5-202 (2) SHALL APPLY IN ACCEPTING AND REVIEWING CREDENTIAL APPLICATIONS;

(h) THE AMOUNT OF THE NEW AND RENEWAL CREDENTIAL FEES TO BE PAID BY PERSONS APPLYING FOR THE CREDENTIALS, WHICH FEES SHALL NOT EXCEED THE DIRECT AND INDIRECT COSTS ASSOCIATED WITH THE ISSUANCE AND RENEWAL OF CREDENTIALS;

(i) DETERMINATIONS CONCERNING WHICH INSTITUTIONS OF HIGHER EDUCATION ARE ACCREDITED AND PROVIDE A COURSE OF STUDY OR DEGREE PROGRAM THAT IS ACCEPTABLE FOR CREDENTIALING PURPOSES;

(j) THE SCOPE OF ACCEPTABLE COURSE WORK THAT SHALL INCLUDE EARLY CHILDHOOD EDUCATION AND FAMILY STUDIES; AND

(k) WAIVERS TO THE FEES IN SPECIFIED CIRCUMSTANCES.

26-6.5-204. Report - recommendations. ON OR BEFORE DECEMBER 1, 2003, THE STATE DEPARTMENT SHALL SUBMIT TO THE HEALTH, ENVIRONMENT, WELFARE, AND INSTITUTIONS COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES AND TO THE CHILD CARE COMMISSION CREATED PURSUANT TO PART 3 OF ARTICLE 6 OF THIS TITLE, A REPORT CONCERNING IMPLEMENTATION OF THE CHILD CARE CREDENTIALING SYSTEM. THE REPORT SHALL INCLUDE BUT SHALL NOT BE LIMITED TO A SUMMARY OF THE CREDENTIALS OFFERED THROUGH THE CHILD CARE CREDENTIALING SYSTEM AND THE NUMBER OF PERSONS RECEIVING EACH TYPE OF CREDENTIAL. IN ADDITION, THE REPORT SHALL INCLUDE RECOMMENDATIONS CONCERNING

CONTINUATION OF THE CHILD CARE CREDENTIALING SYSTEM, EXPANSION OF THE CONSOLIDATED COMMUNITY CHILD CARE SYSTEM STATEWIDE, AND ANY SUGGESTED LEGISLATIVE CHANGES IN THE SYSTEM.

26-6.5-205. Repeal of part. THIS PART 3 IS REPEALED, EFFECTIVE JULY 1, 2004.

SECTION 6. Appropriation. In addition to any other appropriation, there is hereby appropriated, out of any federal child-care development funds not otherwise appropriated, to the department of human services, division of children, youth and families, for the pilot program for community consolidated child care services, for the fiscal year beginning July 1, 2000, the sum of _____ dollars (\$ _____), or so much thereof as may be necessary, for the implementation of this act.

SECTION 7. Effective date. This act shall take effect July 1, 2000.

SECTION 8. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

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BILL C

Colorado Legislative Council Staff

STATE
FISCAL IMPACT
No State General Fund Impact

Drafting Number: LLS 00-0281

Date: December 1, 1999

Prime Sponsor(s): Sen. Wham
Rep. Alexander

Bill Status: Child Care Interim Committee
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING CONSOLIDATED CHILD CARE SERVICES, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2000/2001	FY 2001/2002
State Revenues General Fund		
State Expenditures Federal Fund	\$ 559,930	\$ 502,438
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: July 1, 2000		
Appropriation Summary for FY 2000-2001: Department of Human Services \$ 559,930 FF (Child Care Development Fund)		
Local Government Impact: None		

Summary of Legislation

The bill includes the following provisions:

- *Early Childhood Training Plans* — requires community consolidated child care pilot site agencies to identify and develop early childhood training plans based upon community needs and available resources; specifies that the plans shall include principal elements of recent credentialing models for early childhood educators when state moneys are a source of funding to the pilot site agency; and requires the plans to be administered through the Department of Education or a not-for-profit association whose primary interest is the education of young children.
- *Outcome-Based Models* — directs the Department of Human Services to establish a working group representative of the 12 original pilot site agencies to develop up to four models for improved outcome-based licensing, monitoring, and provider support;

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allows any of the original pilot site agencies to implement one of the models; and directs the working group to evaluate the models after three years and to recommend which model or combination of models would be best for statewide implementation.

- *Funding* — allows pilot site agencies to receive grants awarded by the Youth Crime Prevention and Intervention Program board.
- *Assessment* — urges counties, in cooperation with non-profit and not-for-profit organizations, to assess the success of pilot programs; authorizes counties to match private contributions to the pilot programs with the county block grant moneys received pursuant to the Colorado Works Program.
- *Child Care Credentialing System* — establishes a voluntary multi-tiered child care credentialing system in the Department of Human Services to be used in the pilot site agencies; requires the department to contract with an entity to administer the system; specifies that the entity shall collect fees to offset the costs of administering the system; and prohibits the General Assembly from appropriating state General Fund moneys for implementation or operation of the system.

State Expenditures

The bill is assessed at having a fiscal impact of \$559,930 in FY 2000-01 and \$502,438 in FY 2001-02.

Section 26-6.5-103 (3) (b.5) — Requires each pilot site agency (18) to develop an early childhood training plan. It is assumed that for both FY 2000-01 and FY 2001-02 that all pilots will be ready to implement training programs addressing professional development, work force issues, and accreditation. It is assumed that the cost to implement and conduct each training program per site will be \$15,000 annually (18 pilot sites X \$15,000 = \$270,000).

Section 26-6.5-103 (7) — Requires DHS to establish a working group to develop up to four models of improved methodologies for outcome-based licensing and monitoring of child care facilities, and allows any or all of the pilot site agencies to implement one of the models. This section of the bill is estimated to cost \$261,761 in FY 2000-01 and \$204,269 in FY 2001-02, and the cost is based on the following assumptions:

- In addition to the current pilot members who meet periodically and whose expenses are paid from existing appropriations, ten additional members will be part of the working group that will develop the licensing models, and the actual and necessary expenses for these ten members will be paid from existing appropriations.
- A six-month contractor will be required in FY 2000-01 to develop a data base to collect information from the four models (\$45 per hour X 1,040 hours = \$46,800 for FY 2000-01 only).
- Four contract licensing staff, equivalent to General Professional III level, will be needed to help develop, monitor, collect data for four years (beginning with FY 2000-

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01), and interface with the Division of Child Care licensing program (Personal Services and Operating Expenses are estimated at \$214,961 in FY 2000-01 and \$204,269 in FY 2001-02).

Section 26-6.5-202 — Requires DHS to develop a voluntary child care credentialing system, for use by pilot site agencies only, that recognizes the training and educational achievements of persons providing early childhood care and education. The cost to develop this system is estimated at \$28,169 for both FY 2000-01 and FY 2001-02, and is based on the following assumptions:

- A credentialing system is currently under development with federal funds (\$35,000) and will be operational beginning in FY 2000-01. The University of Colorado at Denver, Center for Human Investment Policy, is developing a pilot apprenticeship program for child care workers.
- A contracting agency will administer the system, and will incur costs for staff support, operating, travel, computer programming, and marketing, estimated at \$35,669 for both fiscal years.
- An estimated 500 credentials will be issued at a cost of \$15 per credential per year, with the contractor responsible for collecting fees and using those fees to offset the cost of the contract (500 credentials X \$15 = \$7,500).
- Total credentialing system cost is \$28,169 and includes the contracting agency costs (\$34,669) minus the credential fees collected (\$7,500).

DHS indicates in its budget submission for FY 2000-01, in Change Request #118, that \$2,155,045 federal Child Care Development Fund moneys are available for child care quality initiatives. The bill's requirements fall under the child care quality initiatives umbrella, therefore, federal funds are available for appropriation by the General Assembly for this bill.

State Appropriations

The fiscal note indicates that the Department of Human Services should receive an appropriation of \$559,930 federal funds for FY 2000-01. Federal welfare reform legislation authorizes the states to appropriate two sources of federal funds: TANF and Child Care Development Fund moneys. Federal Child Care Development Fund moneys are available to fund the bill's requirements.

Departments Contacted

Education
Human Services

Bill D

BY REPRESENTATIVES Spradley, Alexander, Hefley, and S. Williams;
also SENATORS Tebedo, Arnold, Linkhart, Pascoe, and Wham.

A BILL FOR AN ACT

CONCERNING THE CREATION OF A SALES AND USE TAX EXEMPTION FOR
CERTAIN ITEMS ACQUIRED FOR USE IN LICENSED CHILD CARE
FACILITIES.

Bill Summary

"Sales & Use Tax Exemption For Child Care"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Creates a sales and use tax exemption for certain supplies and equipment to be used by licensed child care centers and licensed family child care homes. Makes the exemptions applicable to the sale and use of such items on or after July 1, 2000.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 39-26-114, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

39-26-114. Exemptions - disputes - credits or refunds - definitions - creation of fund - repeal.

(24) ALL SALES AND PURCHASES OF THE FOLLOWING ITEMS TO BE USED AT A LICENSED CHILD CARE CENTER, AS DEFINED IN SECTION 26-6-102(1.5), C.R.S., OR A LICENSED FAMILY CHILD CARE HOME, AS DEFINED

IN SECTION 26-6-102(4), C.R.S., SHALL BE EXEMPT FROM TAXATION UNDER THIS PART 1:

- (a) HEALTH CARE PRODUCTS;
- (b) BABY CARE PRODUCTS;
- (c) CHILDREN'S CLOTHING AND DIAPERS;
- (d) CLEANING AND SANITATION SUPPLIES;
- (e) TOYS AND PLAY EQUIPMENT;
- (f) EDUCATIONAL MATERIALS TO BE USED BY THE CHILDREN CARED FOR AT THE FACILITY; AND
- (g) FURNITURE TO BE USED EXCLUSIVELY FOR THE BENEFIT OF THE CHILDREN CARED FOR AT THE FACILITY.

SECTION 2. 39-26-203 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

39-26-203. Exemptions - definitions. (1) This part 2 is declared to be supplementary to the "Emergency Retail Sales Tax Law of 1935", part 1 of this article, and shall not apply:

(nn) TO THE STORAGE, USE, OR CONSUMPTION OF THE FOLLOWING ITEMS BY A LICENSED CHILD CARE CENTER, AS DEFINED IN SECTION 26-6-102(1.5), C.R.S., OR A LICENSED FAMILY CHILD CARE HOME, AS DEFINED IN SECTION 26-6-102(4), C.R.S.:

- (I) HEALTH CARE PRODUCTS;
- (II) BABY CARE PRODUCTS;
- (III) CHILDREN'S CLOTHING AND DIAPERS;
- (IV) CLEANING AND SANITATION SUPPLIES;
- (V) TOYS AND PLAY EQUIPMENT;

(VI) EDUCATIONAL MATERIALS TO BE USED BY CHILDREN CARED FOR AT THE FACILITY; AND

(VII) Furniture to be used exclusively for the benefit of children cared for at the facility.

SECTION 3. Effective date - applicability. This act shall take effect July 1, 2000, and shall apply to sales or use of baby care products, children's clothing and diapers, cleaning and sanitation supplies, toys and play equipment, educational materials to be used by the children cared for at the facility, and furniture to be used exclusively for the benefit of the children cared for at the facility on or after said date.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

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BILL D

Colorado Legislative Council Staff

STATE and LOCAL
FISCAL IMPACT

Drafting Number: LLS 00-0282
Prime Sponsor(s): Rep. Spradley
Sen. Tebedo

Date: December 1, 1999
Bill Status: Child Care Interim Committee
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING A SALES AND USE TAX EXEMPTION ON THE PURCHASE OF CERTAIN SUPPLIES USED BY LICENSED CHILD CARE PROVIDERS.

Fiscal Impact Summary	FY 2000/2001	FY 2001/2002
State Revenues		
General Fund	-\$601,000	-\$620,000
State Expenditures		
General Fund	\$7,594	\$4,785
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: TABOR Impact; impact on SB97-1 sales tax diversion		
Effective Date: The bill is effective upon signature of the Governor. The exemption is effective for purchases on or after July 1, 2000.		
Appropriation Summary for FY 2000-2001: \$7,594 General Fund appropriation required for the Department of Revenue		
Local Government Impact: The bill reduces the revenues of the state and statutory cities, counties, and certain special districts where the local sales tax is collected by the state.		

Summary of Legislation

Effective July 1, 2000, this bill would create a permanent sales and use tax exemption for certain supplies and equipment to be used by licensed child care centers and licensed family child care homes. Items that would be exempt from state sales and use tax by qualified purchasers include all sales and purchases of: health care products; baby care products; children's clothing and diapers; cleaning and sanitation supplies; toys and play equipment; educational materials to be used by the children cared for at the facility; and furniture to be used exclusively for the benefit of the children cared for at the facility.

The bill reduces the revenues of the state and statutory cities, counties, and certain special districts where the local sales tax is collected by the state, and creates a requirement for the expenditure of state General Fund moneys. Therefore, the bill is assessed as having state and local fiscal impact.

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BILL D

State Revenues

Including inflation, it is estimated that state General Fund tax revenue reductions that will occur by exempting the items specified in the bill from the imposition of state sales and use tax for purchases by licensed child care centers will be **\$601,000 in FY 2000-01** and **\$620,000 in FY 2001-02**. This estimate is based on two components: licensed day care homes, and licensed day care centers. The Department of Human Services Child Care Division indicates that there are currently 5,669 licensed day care homes and 2,594 licensed day care centers in Colorado. Approximately 2,000 new homes or day care centers apply for a day care license annually, and about the same number do not renew their licenses annually. Of this amount, 1,380 (69 percent) are day care homes and 620 (31 percent) are day care centers.

Licensed Day Care Homes. It is estimated that start-up costs for items covered by the bill (including high chairs, indoor play equipment and children's furniture) costs about \$350 for a licensed day care home. The annual cost for maintenance items covered by the bill are estimated to be \$750 per location. Based on start-up costs (\$350) for 1,380 new homes per year, and maintenance costs (\$750) for 5,669 ongoing day care homes annually, approximately \$4.73 million in qualified taxable purchases are made by licensed day care homes each year.

Licensed Child Care Centers. It is estimated that the average child care center spends \$14,427 on taxable purchases covered by the bill. This represents about 5.0 percent of total average revenues of \$299,000 per center. Since 59 percent of day care centers are non-profit or otherwise tax-exempt, 1,064 centers (41 percent) would benefit from the bill. Annual retail sales of \$15.35 million would be exempted from the imposition of sales tax by the bill.

Total Revenue Impact. Based on the effective state sales tax rate of 2.9 percent (3.0 percent state sales tax rate minus 3.33 percent vendor's discount), the bill would reduce state General Fund revenues by approximately \$582,000 in the current fiscal year ($\{ \$4.73 \text{ million} + \$15.35 \text{ million} \} \times 2.9 \text{ percent effective sales tax rate} = \$582,000$). Adjusted for inflation, it is estimated that the General Fund revenue reduction will be **\$601,000 in FY 2000-01**, and **\$620,000 in FY 2001-02**.

State Expenditures

The Department of Revenue will require a General Fund expenditure of **\$7,594 in FY 2000-01** and **\$4,785 in FY 2001-02** in order to implement the bill. The Department would be required to develop an application form, an exemption certificate, and an instruction booklet for the child care provider sales tax exemption. Costs include postage for mailings to applicants, printing forms and envelopes, mail labor costs, data entry, and costs for registration control.

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Expenditures Not Included

Pursuant to the Joint Budget Committee's budget policies, the following expenditures have not been included in this fiscal note:

- health and life insurance costs;
- short-term disability costs;
- inflationary cost factors;
- leased space; and
- indirect costs.

Other State Impacts

Under current law, SB97-1 requires the diversion of 10 percent of sales tax revenues to the Highway User Tax Fund for use on highway projects. This bill will reduce state sales tax revenues beginning in FY 2000-01, and will therefore, reduce the amount of state funds available for the SB 97-1 diversion. The reduced state revenues will mean a reduction of the amount of future state funds required to be refunded to taxpayers under the terms of TABOR, and less state funds will be available in the General Fund reserve. Table 1 summarizes the net impact of this bill on these state obligations. The changes in Table 1 are changes from a base that includes continuing capital construction projects.

Table 1. Additional Impact of Bill D (millions of dollars)

	FY 2000-01	FY 2001-02
General Fund Revenue	-\$0.60	-\$0.62
SB 97-1 Diversion	-0.06	-0.06
Excess General Fund Reserve	-0.54	-0.47
Federal Income Taxes Paid by Colorado Taxpayers	0.00	0.04
TABOR Refund (from prior year's excess revenue)	0.00	-0.63

Local Government Impact

Except for specific exceptions, sales and use tax exemptions authorized at the state level also apply to statutory cities, counties, and special districts since their sales and use tax is collected by the state. Home rule cities collect their own sales and use tax, and may determine their own tax base. No estimate has been made regarding the potential amount of sales and use tax revenue losses to local governments.

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BILL D

State Appropriations

The fiscal note implies that the Department of Revenue requires a General Fund appropriation of \$7,594 in FY 2000-01 to implement the bill.

Departments Contacted

Revenue Legislative Council Staff

Bill E

BY REPRESENTATIVES Tupa, Alexander, Hefley, and S. Williams;
also SENATOR Pascoe, Linkhart, and Wham.

A BILL FOR AN ACT

CONCERNING ELIGIBILITY FOR THE COLORADO CHILD CARE ASSISTANCE
PROGRAM.

Bill Summary

"Eligibility For Child Care Assistance"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Changes the maximum income eligibility level for mandatory child care assistance from not more than 130% of the federal poverty level to not more than 150% of the federal poverty level.

Changes the maximum income eligibility level for child care assistance provided at the counties' discretion from less than 185% of the federal poverty level to not more than 85% of the state's median income.

Requires counties to gradually transition families receiving child care assistance off of such assistance over a period of 6 months for those recipients who have exceeded income eligibility limits set by the county.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. (1) The general assembly hereby finds and declares that the levels of eligibility for receiving child care assistance pursuant to the Colorado child care assistance program no longer accurately reflect the varying levels of income of those needing child care services. The general assembly further finds and declares that counties ought

to have greater flexibility in setting levels of eligibility for child care assistance within the full range of eligibility allowed by federal law and in order to better reflect the various economies and diverse needs of all counties in the state.

(2) Therefore, the general assembly determines that it is in the best interests of the state to adjust the levels of eligibility for both mandatory and discretionary child care assistance and to mitigate the precipitous effects of the sudden loss of such assistance when a recipient's income exceeds the applicable eligibility level.

SECTION 2. 26-2-805 (1) (a) and (1) (b), Colorado Revised Statutes, are amended to read:

26-2-805. Services - assistance provided. (1) (a) Subject to available appropriations, and pursuant to rules promulgated by the state department, a county shall provide child care assistance to a participant or any person or family whose income is not more than one hundred ~~thirty~~ FIFTY percent of the federal poverty level.

(b) Subject to available appropriations and pursuant to rules promulgated by the state department, a county may provide child care assistance for a family transitioning off the works program or for any other family whose income ~~is below one hundred eighty-five percent of the federal poverty level~~ DOES NOT EXCEED EIGHTY-FIVE PERCENT OF THE STATE'S MEDIAN INCOME FOR A FAMILY OF THE SAME SIZE. A recipient of child care assistance shall be responsible for paying a portion of such child care based upon the recipient's income and the formula developed by rules of the state board. FOR ANY PARTICIPANT OR ANY PERSON OR FAMILY WHOSE INCOME RISES TO THE LEVEL SET BY THE COUNTY AT WHICH THE COUNTY MAY DENY SAID PARTICIPANT,

PERSON, OR FAMILY CHILD CARE ASSISTANCE, THE COUNTY SHALL CONTINUE TO PROVIDE SUCH ASSISTANCE FOR A PERIOD OF SIX MONTHS; EXCEPT THAT IN NO EVENT SHALL ASSISTANCE BE PROVIDED IF SAID INCOME EXCEEDS EIGHT-FIVE PERCENT OF THE STATE'S MEDIAN INCOME FOR A FAMILY OF THE SAME SIZE. DURING SUCH PERIOD THE COUNTY SHALL WORK WITH SAID PARTICIPANT, PERSON, OR FAMILY TO PROVIDE A GRADUAL TRANSITION OFF OF THE CHILD CARE ASSISTANCE PROVIDED PURSUANT TO THIS PARAGRAPH (b) OVER A SIX MONTH PERIOD.

SECTION 3. Effective date - applicability. (1) This act shall take effect September 1, 2000, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) The provisions of this act shall apply to applications and reapplications for child care assistance submitted on or after the applicable effective date of this act.

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BILL E

Colorado Legislative Council Staff

STATE AND LOCAL
CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 00-0284
Prime Sponsor(s): Rep. Tupa
Sen. Pascoe

Date: November 30, 1999
Bill Status: Child Care Interim Committee
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING AN INCREASE IN THE ELIGIBILITY LIMITS FOR THE COLORADO CHILD CARE ASSISTANCE PROGRAM.

Fiscal Impact Summary	FY 2000/2001	FY 2001/2002
State Revenues General Fund		
State Expenditures General Fund Cash Fund Exempt Federal Fund	Conditional Fiscal Impact	
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: September 1, 2000, unless a referendum petition is filed.		
Appropriation Summary for FY 2000-2001: None		
Local Government Impact: Conditional — cannot be quantified at this time.		

Summary of Legislation

The bill requires counties to provide child care assistance to families whose incomes are up to 150 percent of the federal poverty level, and allows counties to provide child care assistance to families whose incomes fall into a range between 150 percent of the federal poverty level and the higher level of 85 percent of the state's median income. The bill also requires counties to phase out child care assistance over a period of six months for those families who have met or exceed the eligibility limits.

State Expenditures

Section 26-2-805 (1) (a) — changes the maximum income eligibility level for mandatory child care assistance from 130 percent to 150 percent of the federal poverty level. At present, all counties have set their eligibility level between 150 percent and 185 percent of the federal poverty level except

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Hinsdale County (small county with only one child in its child care assistance caseload). Current county practice would indicate that sufficient funds are in the Colorado Child Care Assistance Program (CCCAP) to accommodate raising the “floor” from 130 to 150 percent. CCCAP is not an entitlement, and subject to available appropriations. However, increasing the maximum income level to those families who **must** be served may increase if the population group increases and more families apply for assistance. Base child care allocations, TANF transfers, or county actions to reduce services to optional income levels may be inadequate to meet these increases; counties may have to establish waiting lists, reduce reimbursement levels, or request that the Department of Human Services seek additional funding through the budget process. Potential future costs cannot be determined due to a number of variables.

Section 26-2-805 (1) (b) — allows counties to change the maximum income eligibility level for child care assistance from 185 percent of the federal poverty level to 85 percent of the state’s median income. Counties may increase the maximum income eligibility level up to 85 percent of the state’s median income, which in some years, may be higher than 185 percent of poverty. Because this provision of the bill is optional and dependent upon future local actions, the fiscal impact cannot be determined.

Section 26-2-805 (1) (b) — requires counties to transition families receiving child care assistance off such assistance over a six-month period once their incomes exceed eligibility limits. Each county has the ability to set both income eligibility levels as well as the terms of transitional assistance (transitional assistance may include full payment, partial payment, increased co-payment, etc.) Dependent upon local actions, this provision of the bill may warrant additional funding through the annual budget process. Potential future costs arising from this requirement cannot be determined at this time.

NOTE: The Department of Human Services (DHS) indicates that approximately 76 percent of the Colorado Child Care Assistance Program includes families whose incomes are below 130 percent of poverty.

Local Government Impact

The fiscal impact to counties under this bill is assessed as conditional. Counties have discretionary authority in administering their child care assistance programs. Because the program is funded with state General Fund, federal funds, and county funds, any local decisions resulting in the need for increased funding would impact county funds.

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State Appropriations

No appropriation is required for FY 2000-01.

Departments Contacted

Human Services

Bill F

BY REPRESENTATIVES Hefley, Alexander, Spence, and S. Williams;
also SENATOR Linkhart, Arnold, Pascoe, Tebedo, and Wham

A BILL FOR AN ACT

CONCERNING TAX CREDITS FOR THE PROMOTION OF CHILD CARE.

Bill Summary

"Tax Credits Promoting Child Care"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Creates a nonrefundable income tax credit for employers that offer child care as part of a cafeteria benefits plan for employees. Permits the unused portion of the credit to be carried forward for the next 5 years.

Creates a nonrefundable income tax credit for employers that subsidize employees' child care costs. Sets the tax credit at an amount equal to 40% of the total subsidy provided to the employees.

Increases the amount that a taxpayer can claim under the existing tax credit for a monetary or in-kind contribution to promote child care from 25% of the total value of the contribution to 40% of the total value.

Deletes the conflict of interest language from the existing child care income tax credit which prevents an employer from contributing to a child care facility in which the employer or a relative has a financial interest. Deletes the repeal date of January 1, 2005, for the existing child care income tax credit.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Part 5 of article 22 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SECTIONS to read:

39-22-523. Tax credit for child care - cafeteria plan. (1) FOR PURPOSES OF THIS SECTION, "TAXPAYER" MEANS A NATURAL PERSON, A C CORPORATION, AS DEFINED IN SECTION 39-22-103 (2.5), A PARTNERSHIP, AS DEFINED IN SECTION 39-22-103 (5.6), A LIMITED LIABILITY COMPANY THAT IS NOT A C CORPORATION, OR AN S CORPORATION, AS DEFINED IN SECTION 39-22-103 (10.5).

(2) WITH RESPECT TO INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2000, THERE SHALL BE ALLOWED TO ANY TAXPAYER THAT PROVIDES CHILD CARE AS PART OF A CAFETERIA PLAN OFFERED TO ITS EMPLOYEES PURSUANT TO 26 U.S.C. SEC. 125 DURING ALL OF THAT INCOME TAX YEAR A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN THE AMOUNT OF FIVE HUNDRED DOLLARS.

(3) IF THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THE PROVISIONS OF THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE TAXPAYER'S INCOME IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET AGAINST INCOME TAXES IN SAID INCOME TAX YEAR MAY BE CARRIED FORWARD AND USED AS A CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY FOR A PERIOD NOT TO EXCEED FIVE YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEARS POSSIBLE. ANY CREDIT REMAINING AFTER SAID PERIOD SHALL NOT BE REFUNDED OR CREDITED TO THE TAXPAYER.

39-22-524. Tax credit for child care - subsidy for employees.

(1) FOR PURPOSES OF THIS SECTION, "TAXPAYER" MEANS A NATURAL PERSON, A C CORPORATION, AS DEFINED IN SECTION 39-22-103 (2.5), A PARTNERSHIP, AS

DEFINED IN SECTION 39-22-103 (5.6), A LIMITED LIABILITY COMPANY THAT IS NOT A C CORPORATION, OR AN S CORPORATION, AS DEFINED IN SECTION 39-22-103 (10.5).

(2) WITH RESPECT TO INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2000, THERE SHALL BE ALLOWED TO ANY TAXPAYER THAT PROVIDES A MONETARY SUBSIDY TO ANY OF ITS EMPLOYEES FOR THE PAYMENT OF CHILD CARE SERVICES A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN THE AMOUNT EQUAL TO FORTY PERCENT OF THE TOTAL AMOUNT OF MONETARY SUBSIDIES PROVIDED TO SUCH EMPLOYEES DURING THAT INCOME TAX YEAR.

(3) IF THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THE PROVISIONS OF THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE TAXPAYER'S INCOME IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET AGAINST INCOME TAXES IN SAID INCOME TAX YEAR MAY BE CARRIED FORWARD AND USED AS A CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY FOR A PERIOD NOT TO EXCEED FIVE YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEARS POSSIBLE. ANY CREDIT REMAINING AFTER SAID PERIOD SHALL NOT BE REFUNDED OR CREDITED TO THE TAXPAYER.

SECTION 2. 39-22-121 (1), (3), and (7), Colorado Revised Statutes, are amended to read:

39-22-121. Credit for child care facilities. (1) (a) For income tax years commencing on or after January 1, 1999, BUT PRIOR TO JANUARY 1, 2000, any taxpayer who makes a monetary or in-kind contribution to promote child

care in the state shall be allowed a credit against the income tax imposed by article 22 of this title in an amount equal to twenty-five percent of the total value of the contribution except as otherwise provided in subsection (4) of this section.

(b) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2000, ANY TAXPAYER WHO MAKES A MONETARY OR IN-KIND CONTRIBUTION TO PROMOTE CHILD CARE IN THE STATE SHALL BE ALLOWED A CREDIT AGAINST THE INCOME TAX IMPOSED BY ARTICLE 22 OF THIS TITLE IN AN AMOUNT EQUAL TO FORTY PERCENT OF THE TOTAL VALUE OF THE CONTRIBUTION EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4) OF THIS SECTION.


(3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 1999, BUT PRIOR TO JANUARY 1, 2000, in no event shall credits be allowed pursuant to this section for contributions that are not directly related to promoting child care in the state or for contributions that a taxpayer makes to a child care facility in which the taxpayer or a person related to the taxpayer has a financial interest.

(b) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2000, IN NO EVENT SHALL CREDITS BE ALLOWED PURSUANT TO THIS SECTION FOR CONTRIBUTIONS THAT ARE NOT DIRECTLY RELATED TO PROMOTING CHILD CARE IN THE STATE.

(7) ~~This section is repealed, effective January 1, 2005.~~

SECTION 3. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section,

or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.


 Colorado Legislative Council Staff
DRAFT STATE FISCAL IMPACT

BILL F

Drafting Number: LLS 00-0294
Prime Sponsor(s): Rep. Hefley
 Sen. Linkhart

Date: December 1, 1999
Bill Status: Child Care Interim Committee
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING TAX CREDITS FOR THE PROMOTION OF CHILD CARE.

Fiscal Impact Summary	FY 1999/2000	FY 2000/2001	FY 2001/2002
State Revenues General Fund	-\$23,733,871	-\$47,593,987	-\$47,871,728
State Expenditures General Fund			
FTE Position Change	0.0 FTE	0.0 FTE	0.0 FTE
Other State Impact: TABOR Impact			
Effective Date: 90 days after adjournment, unless a referendum petition is filed. The bill would apply to income tax years commencing on or after January 1, 2000.			
Appropriation Summary for FY 2000-2001: None			
Local Government Impact: None Identified			

Summary of Legislation

This bill provides for new and increased income tax credits for promoting child care. Specific provisions of the bill include:

- **Tax Credit for Child Care - Cafeteria Plan.** For income tax years beginning on or after January 1, 2000, there would be an income tax credit of **\$500** for any taxpayer that provides child care as part of a cafeteria plan offered to its employees pursuant to 26 U.S.C. Sec. 125. Any unused portion of the credit could be carried forward against subsequent years' income tax liability for a period not to exceed five years;
- **Tax Credit for Child Care - Subsidy for Employees.** For income tax years beginning on or after January 1, 2000, any taxpayer that provides a monetary subsidy to any of its employees for the payment of child care services, would be eligible for an income tax credit equal to **40 percent** of the total amount of the monetary subsidy provided during that income tax year. Any unused portion of the credit could be carried forward against subsequent years' income tax liability for a period not to exceed five years; and

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- ***Tax Credit for Child Care Facilities.*** Under current law, beginning with income tax years commencing on or after January 1, 1999, a taxpayer may claim a tax credit of 25 percent for a monetary or in-kind contribution to promote child care. This bill would increase the tax credit to **40 percent** of the total value of the contribution for income tax years beginning on or after January 1, 2000. The bill also deletes the conflict of interest language from current law that prevents an employer from contributing to a child care facility in which the employer or a relative has a financial interest. Under current law, the tax credit for child care facilities would be repealed effective January 1, 2005. The bill would eliminate the repeal date and make the tax credit permanent.

The bill will reduce state General Fund revenues. Therefore, the bill is assessed as having state fiscal impact.

State Revenues

The bill provides for new and increased income tax credits for promoting child care, effective for income tax years beginning on or after January 1, 2000. On an accrual accounting basis, this will reduce state General Fund revenues beginning with a one-half year impact in FY 1999-00.

Tax Credit for Child Care - Cafeteria Plan. The bill authorizes an income tax credit of **\$500** for any taxpayer that provides child care as part of a cafeteria plan offered to its employees pursuant to 26 U.S.C. Sec. 125. It is estimated that a full-year state General Fund revenue reduction impact of this income tax credit is **\$14,917,000** beginning in **FY 2000-01**. A half-year impact on an accrual accounting basis of **\$7,458,500** is projected for **FY 1999-00**. The estimate is based on an assumption that 2,557 businesses in Colorado with greater than 100 employees offer Section 125 cafeteria benefits to their employees, and that 27,277 of the 118,019 business with 100 or less employees offer Section 125 cafeteria benefits to their employees. It is further assumed that these businesses will be able to offer child care as an option as part of the company's cafeteria plan with very little effort on the part of the employer.

Tax Credit for Child Care - Subsidy for Employees. Any taxpayer that provides a monetary subsidy to any of its employees for the payment of child care services would receive an income tax credit equal to **40 percent** of the total amount of the monetary subsidy provided during that income tax year.

Estimating the fiscal impact of this income tax credit is difficult because of a lack of appropriate data necessary to make an estimate. The information that follows provides the basis for the estimate of the state General Fund revenue impact of the income tax credit. A 1997 survey by the Bureau of Labor Statistics on employee benefits indicates that six percent of employees in medium and large establishments in private industry are eligible for monetary subsidies for child care. However, since the employee must have children of child care age, only a small percentage of

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employees are actually eligible to take advantage of these monetary subsidies offered by their employers. It is estimated that approximately 3.0 percent of employed Coloradans, or 52,661 individuals are currently able to use the subsidy. Assuming average annual child care cost of \$5,040, and further assuming an employer subsidy of 30 percent of child care costs, the average subsidy would be \$1,512. Based on the income tax credit of 40 percent of the total amount of the monetary subsidy provided, the full year value of the credit would be **\$31,849,373** beginning in **FY 2000-01**. A half-year impact on an accrual accounting basis of **\$15,924,687** is projected for **FY 1999-00**.

Tax Credit for Child Care Facilities. Under current law, beginning with income tax years commencing on or after January 1, 1999, a taxpayer may claim a tax credit of 25 percent for a monetary or in-kind contribution to promote child care. Since this income tax credit did not take effect until 1999, actual data has not yet been collected for the current credit. This bill would increase the tax credit to **40 percent** of the total value of the contribution for income tax years beginning on or after January 1, 2000. Based on the estimates used in the fiscal note for SB98-154, increasing the amount of this income tax credit from 25 percent of the total value of the contribution to 40 percent will result in an increase in the value of the credit of **\$350,684 in FY 1999-00** (one-half year on an accrual accounting basis), **\$827,614 in FY 2000-01**, and **\$1,105,355 in FY 2001-02**.

Revenue Impact Summary. Table 1 provides a summary of the income tax credits authorized by Bill F.

Table 1. Summary of Income Tax Credits Authorized by Bill F

Type of Credit	FY 1999-00	FY 2000-01	FY 2001-02
Cafeteria Plan Credit	\$ 7,458,500	\$14,917,000	\$14,917,000
Subsidy for Employees	15,924,687	31,849,373	31,849,373
Increase Credit for Promoting Child Care	<u>350,684</u>	<u>827,614</u>	<u>1,105,355</u>
Total	\$23,733,871	\$47,593,987	\$47,871,728

State Expenditures

State expenditures would be unaffected by the bill. Since the credit is non-refundable and the number of taxpayers expected to claim each credit is relatively low, the value of the credit would not need to be tracked by the Department of Revenue. Therefore, the bill does not require any computer programming costs. Any changes to forms and instructions would take place as part of the annual rewrite by the Department of Revenue.

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Other State Impacts

The reduced state revenues will mean a reduction of the amount of future state funds required to be refunded to taxpayers under the terms of TABOR, and less state funds will be available for in the General Fund reserve. Table 2 summarizes the net impact of this bill on these state obligations. The changes in Table 2 are changes from a base that includes continuing capital construction projects.

Table 2. Additional Impact of Bill F (millions of dollars)

	FY 1999-00	FY 2000-01	FY 2001-02
General Fund Revenue	-\$23.73	-\$47.59	-\$47.87
SB 97-1 Diversion	0.00	0.00	0.00
Excess General Fund Reserve	-23.73	-46.31	-45.56
Federal Income Taxes Paid by Colorado Taxpayers	8.07	16.15	16.28
TABOR Refund (from prior year's excess revenue)	0.00	-24.92	-48.62

State Appropriations

The fiscal note implies that no new spending authority or appropriations are required for FY 2000-01 to implement the bill.

Departments Contacted

Revenue Legislative Council Staff

Bill G

BY SENATORS Pascoe, Arnold, and Linkhart;
also REPRESENTATIVES S. Williams, Alexander, Hefley, and Tupa.

A BILL FOR AN ACT

CONCERNING A STATE INCOME TAX CREDIT FOR CERTAIN EMPLOYEES OF CHILD
CARE FACILITIES.

Bill Summary

"Child Care Worker Tax Credit"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Creates a refundable state income tax credit for certain employees of child care centers and family child care homes based upon their level of education. Specifies that a person can claim the tax credit if they have been employed at the same facility for at least 6 months of the taxable year. Creates a 3-tiered tax credit based upon the claimant's level of education.

Restricts eligibility for the tax credit to individuals with federal adjusted gross income of \$25,000 or less. Requires the claimant to provide documentation of educational achievement provided by the department of human services.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Part 1 of article 22 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

39-22-119.5. Tax credit for child care workers. (1) IF, FOR ANY INCOME TAX YEAR BEGINNING ON OR AFTER JANUARY 1, 2000, THE AMOUNT OF STATE REVENUES FOR THE STATE FISCAL YEAR ENDING IN THE IMMEDIATELY PRECEDING INCOME TAX YEAR EXCEEDED THE LIMITATION ON STATE FISCAL

YEAR SPENDING IMPOSED BY SECTION 20 (7) (a) OF ARTICLE X OF THE STATE CONSTITUTION AND THE VOTERS STATEWIDE DID NOT AUTHORIZE THE STATE TO RETAIN AND SPEND ALL OF THE EXCESS STATE REVENUES FOR THAT STATE FISCAL YEAR, THEN A RESIDENT INDIVIDUAL WHO HAS BEEN A FULL-TIME EMPLOYEE FOR AT LEAST SIX CONSECUTIVE MONTHS OF THE TAXABLE YEAR AT THE SAME LICENSED CHILD CARE CENTER OR LICENSED FAMILY CHILD CARE HOME SHALL BE ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT AS FOLLOWS:

(a) ONE THOUSAND DOLLARS IF THE PERSON IS CERTIFIED BY THE DEPARTMENT OF HUMAN SERVICES TO HAVE SUCCESSFULLY COMPLETED A BACCALAUREATE DEGREE FROM AN ACCREDITED INSTITUTION OF HIGHER EDUCATION THAT INCLUDED AN EMPHASIS ON EARLY CHILDHOOD EDUCATION OR FAMILY STUDIES;

(b) SEVEN HUNDRED FIFTY DOLLARS IF THE PERSON IS CERTIFIED BY THE DEPARTMENT OF HUMAN SERVICES TO HAVE SUCCESSFULLY COMPLETED A TWO-YEAR DEGREE FROM AN ACCREDITED INSTITUTION OF HIGHER EDUCATION THAT INCLUDED AN EMPHASIS ON EARLY CHILDHOOD EDUCATION OR FAMILY STUDIES; OR

(c) FIVE HUNDRED DOLLARS IF THE PERSON IS CERTIFIED BY THE DEPARTMENT OF HUMAN SERVICES TO HAVE RECEIVED A HIGH SCHOOL DIPLOMA OR ITS EQUIVALENT AND SUCCESSFULLY COMPLETED AT LEAST TWENTY-FOUR SEMESTER HOURS OF COURSE WORK AT AN ACCREDITED INSTITUTION OF HIGHER EDUCATION AND THAT COURSE WORK WAS IN EARLY CHILDHOOD EDUCATION OR FAMILY STUDIES.

(2) THE TAX CREDIT CREATED BY SUBSECTION (1) OF THIS SECTION SHALL ONLY BE CLAIMED BY PERSONS HAVING A FEDERAL ADJUSTED GROSS INCOME OF TWENTY-FIVE THOUSAND DOLLARS OR LESS FOR THE TAXABLE YEAR FOR WHICH THE CREDIT IS CLAIMED AND SUCH CREDIT SHALL BE IN ADDITION TO ANY CREDIT FOR WHICH THE TAXPAYER MAY BE ELIGIBLE PURSUANT TO THE PROVISIONS OF THIS ARTICLE.

(3) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE INCOME TAXES OTHERWISE DUE ON THE CLAIMANT'S INCOME, THE AMOUNT OF THE REFUND NOT USED AS AN OFFSET AGAINST INCOME TAXES MAY NOT BE CARRIED FORWARD AS AN OFFSET AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY AND SHALL BE REFUNDED TO THE CLAIMANT.

(4) NO PERSON SHALL CLAIM A TAX CREDIT PURSUANT TO THIS SECTION UNLESS THEY PROVIDE DOCUMENTATION TO THE DEPARTMENT OF REVENUE AT THE TIME OF CLAIMING SUCH TAX CREDIT THAT THE DEPARTMENT OF HUMAN SERVICES HAS CERTIFIED THAT THE CLAIMANT HAS ACHIEVED THE RESPECTIVE LEVEL OF EDUCATION TO QUALIFY FOR THE TAX CREDIT AS SET FORTH IN SUBSECTION (1) OF THIS SECTION.

SECTION 2. 26-1-111 (2), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

26-1-111. Activities of the state department under the supervision of the executive director. (2) The state department, under the supervision of the executive director, shall:

(t) PROMULGATE RULES IN ACCORDANCE WITH SECTION 39-22-119.5, C.R.S., FOR ESTABLISHING PROCEDURES AND FORMS FOR CERTIFYING EDUCATIONAL ACHIEVEMENT OF EMPLOYEES OF LICENSED CHILD CARE

CENTERS AND FAMILY CHILD CARE HOMES, DETERMINING WHICH PROGRAMS OR INSTITUTIONS ARE ACCREDITED IN THIS AREA, AND DEFINING THE SCOPE OF ACCEPTABLE COURSE WORK THAT SHALL INCLUDE EARLY CHILDHOOD EDUCATION AND FAMILY STUDIES.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

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Colorado Legislative Council Staff

STATE FISCAL IMPACT

Drafting Number: LLS 00-0332
Prime Sponsor(s): Sen. Pascoe
Rep. Williams S.

Date: November 30, 1999
Bill Status: Child Care Interim Committee
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING A STATE INCOME TAX CREDIT FOR CERTAIN EMPLOYEES OF CHILD CARE FACILITIES.

Table with 3 columns: Fiscal Impact Summary, FY 2000/2001, FY 2001/2002. Rows include State Revenues, State Expenditures, FTE Position Change, Other State Impact, Effective Date, Appropriation Summary, and Local Government Impact.

Summary of Legislation

This bill provides a refundable state income tax credit for certain employees of licensed child care centers and licensed family child care homes whose federal Adjusted Gross Income (AGI) is \$25,000 or less, based on their level of education.

The bill would be effective for any income tax year beginning on or after January 1, 2000, but would only be in effect if the amount of state revenues for the state fiscal year ending in the immediately preceding income tax year exceeded the limitation on state fiscal year spending imposed by Section 20(7)(a) of Article X (the TABOR Amendment) of the State Constitution.

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- \$1,000 if the person is certified by the Department of Human Services to have successfully completed a baccalaureate degree from an accredited institution of higher education that included an emphasis on early childhood education or family studies;
- \$750 if the person is certified to have successfully completed a two-year degree from an accredited institution of higher education that included an emphasis on early childhood education or family studies; and
- \$500 if the person is certified to have received a high school diploma or its equivalent and successfully completed at least 24 semester hours of course work at an accredited institution of higher education and that course work was in early childhood education or family studies.

State Revenues

The Department of Human Services has identified 1,203 licensed day care centers, 599 preschools, 792 school-age child care centers, and 5,669 licensed child care homes in the state in 1999. Based on the combined impact of the educational criteria identified in the bill that must be obtained to qualify for the three levels of income tax credit, the requirement that the full-time employee must have worked at the same licensed center or licensed child care home for at least six consecutive months, and the limitation that the credit may only be claimed by persons having a federal AGI of \$25,000 or less, it is estimated that only 2,294 individuals who work at these facilities will qualify for an average credit of \$750 per year. The federal AGI restriction of \$25,000 would be based on total household income, rather than applying to the wage income of the day care employee. The number of qualified employees have been reduced in recognition of the high rate of employee turnover in the industry.

Based on the assumptions identified above, the value of the refundable income tax credit is projected to be **\$1,720,481** annually beginning in **FY 2000-01**.

State Expenditures

The Department of Revenue has identified the one-time need for **\$84,700 in FY 2000-01** in order to implement the provisions of the bill. These costs are for 1,100 hours of contract computer programming at \$77 per hour - 900 hours to add a new line and key to the income tax system, and 200 hours to reprogram other internal files.

The bill requires the Department of Human Services to establish procedures to certify the educational achievement of employees of licensed child care centers and family child care homes. The department will have to determine which programs or institutions of higher education are accredited in the areas of early childhood education or family studies. The department assumes the need for 0.5 FTE contract staff person annually for four months at \$12.50 per hour to fulfill these efforts. The

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estimated annual personal services cost for this function is \$4,338. In addition, the department will require operating expenses of \$5,038 annually for postage, printing, and mailing costs. Total annual expenditures for the Department of Human Services are estimated to be \$9,376 annually beginning in FY 2000-01.

Expenditures Not Included

Pursuant to the Joint Budget Committee's budget policies, the following expenditures have not been included in this fiscal note:

- health and life insurance costs;
- short-term disability costs;
- inflationary cost factors;
- leased space; and
- indirect costs.

State Appropriations

The fiscal note would imply that the Department of Revenue would require an additional General Fund appropriation in the amount of \$84,700, and the Department of Human Services would require an additional General Fund appropriation in the amount of \$9,376 in FY 2000-01 to implement the provisions of the bill.

Departments Contacted

Revenue Human Services Legislative Council Staff

Bill H

BY REPRESENTATIVES Alexander, Tupa, and S. Williams;
also SENATORS Wham, Linkhart, and Pascoe.

A BILL FOR AN ACT

CONCERNING THE CREATION OF AN INTERDISCIPLINARY CHILD CARE
COMMISSION.

Bill Summary

"Child Care Commission"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Creates the child care commission. Specifies that the commission shall consist of no more than 17 members, 11 of whom shall be appointed by the governor, 3 of whom shall be appointed by the speaker of the house, and 3 of whom shall be appointed by the president of the senate. Specifies that members of the commission shall be representative of the cultural and geographic diversity of Colorado. Lists the duties of the commission, including continued study and evaluation of the broad range of issues impacting child care in Colorado. Lists the duties of the commission, including continued study and evaluation of the broad range of issues impacting child care in Colorado. Requires the commission to report to the general assembly on or before December 1, 2001, and on or before December 1 each year thereafter. Instructs the legislative members of the commission to submit proposals for legislation, if any, to the legislative council by the appropriate date.

Repeals the commission, effective July 1, 2004.

Requires the department of human services to report its findings, conclusions, and recommendations concerning the most thorough, timely, and cost-efficient means of conducting criminal background checks to the members of the child care commission no later than August 1, 2000.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 6 of title 26, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PART to read:

PART 3

CHILD CARE COMMISSION

26-6-301. Short title. THIS PART 3 SHALL BE KNOWN AND MAY BE CITED AS THE "CHILD CARE COMMISSION ACT".

26-6-302. Legislative declaration. (1) (a) THE GENERAL ASSEMBLY HEREBY FINDS THAT THE FUTURE OF COLORADO CHILDREN IS OF PRIMARY CONCERN TO THE CITIZENS OF THIS STATE AND THAT THE QUALITY OF CARE PROVIDED TO THESE YOUNG CHILDREN IS AN INTEGRAL COMPONENT IN THE DEVELOPMENT OF HAPPY, FUNCTIONAL, AND CONTRIBUTING ADULTS. HOWEVER, THE GENERAL ASSEMBLY HAS LEARNED THAT THE SAFETY AND QUALITY OF AVAILABLE CHILD CARE IS AT ISSUE IN COLORADO. REPORTS BY THE STATE AUDITOR'S OFFICE RELEASED IN APRIL OF 1995 AND IN AUGUST OF 1998 HAVE IDENTIFIED SEVERAL AREAS IN WHICH THE SAFETY AND QUALITY OF CHILD CARE IN COLORADO HAS BEEN COMPROMISED.

(b) THE GENERAL ASSEMBLY FURTHER FINDS THAT, BASED UPON THE EVIDENCE PRESENTED TO THE INTERIM COMMITTEE ON CHILD CARE ESTABLISHED PURSUANT TO SJR 99-034, THERE ARE MANY PROGRAMS THAT SHOULD BE CONSIDERED, TESTED, EVALUATED, OR ESTABLISHED THAT MAY BETTER SERVE CHILDREN IN THIS STATE AND HELP TO PROVIDE THEM WITH HIGH QUALITY, AFFORDABLE CHILD CARE. THE GENERAL ASSEMBLY RECOGNIZES THAT THE INTERIM COMMITTEE ON CHILD CARE ADDRESSED A WIDE RANGE OF ISSUES IN PROPOSED LEGISLATION BUT FURTHER NOTES THAT MANY ISSUES

WERE OF TOO GREAT A NATURE TO BE THOROUGHLY STUDIED BY THE COMMITTEE IN THE VERY LIMITED TIME AVAILABLE TO IT.

(c) ACCORDINGLY, THE GENERAL ASSEMBLY FINDS THAT IT IS APPROPRIATE AND IN THE BEST INTERESTS OF THE CITIZENS OF THE STATE OF COLORADO TO ESTABLISH A COMMISSION ON CHILD CARE TO CONTINUE STUDYING THE CRITICAL ISSUES IMPACTING CHILD CARE IN THE STATE OF COLORADO IN AN EFFORT TO IMPROVE THE QUALITY OF CHILD CARE PROVIDED TO THE YOUNGEST CITIZENS OF THE STATE.

26-6-303. Definitions. AS USED IN THIS PART 3, UNLESS THE CONTEXT OTHERWISE PROVIDES:

(1) "CHILD CARE FACILITY" MEANS ANY FACILITY REQUIRED TO BE LICENSED PURSUANT TO PART 1 OF THIS ARTICLE AND SHALL INCLUDE, BUT IS NOT LIMITED TO:

- (a) CHILD CARE CENTERS;
- (b) CHILD PLACEMENT AGENCIES;
- (c) FAMILY CHILD CARE HOMES;
- (d) FOSTER CARE HOMES;
- (e) HOMELESS YOUTH SHELTERS;
- (f) RESIDENTIAL CHILD CARE FACILITIES; AND
- (g) SECURE RESIDENTIAL TREATMENT CENTERS.

(2) "COMMISSION" MEANS THE CHILD CARE COMMISSION CREATED IN SECTION 26-6-304.

26-6-304. Child care commission - created. (1) (a) IN ORDER TO PROVIDE LEGISLATIVE OVERSIGHT AND THE CONTINUED STUDY AND FURTHER DEVELOPMENT OF RECOMMENDATIONS FOR IMPROVEMENTS IN THE DELIVERY

OF CHILD CARE IN THE STATE OF COLORADO, THERE IS HEREBY CREATED IN THE STATE DEPARTMENT THE CHILD CARE COMMISSION. THE COMMISSION SHALL CONSIST OF SEVENTEEN MEMBERS TO BE APPOINTED FOR TERMS OF THREE YEARS; EXCEPT THAT, OF THE MEMBERS FIRST APPOINTED, SIX MEMBERS SHALL BE APPOINTED FOR ONE YEAR, FIVE MEMBERS FOR TWO YEARS, AND SIX MEMBERS FOR THREE YEARS. THE APPOINTING AUTHORITIES SHALL JOINTLY DETERMINE WHICH COMMISSION MEMBERS SHALL SERVE REDUCED TERMS; EXCEPT THAT THE MEMBERS DESCRIBED IN PARAGRAPH (b) OF THIS SUBSECTION (1) SHALL BE INCLUDED IN THE GROUP OF MEMBERS FIRST APPOINTED FOR TWO YEARS. VACANCIES SHALL BE FILLED BY APPOINTMENT OF THE ORIGINAL APPOINTING AUTHORITY FOR THE REMAINDER OF THE UNEXPIRED TERM. INITIAL APPOINTMENTS SHALL BE MADE TO THE COMMISSION NO LATER THAN SEPTEMBER 1, 2000.

(b) THE GOVERNOR SHALL APPOINT ELEVEN MEMBERS OF THE COMMISSION, NO MORE THAN SIX OF WHOM SHALL BE FROM THE SAME POLITICAL PARTY, WHO SHALL BE REPRESENTATIVE OF THE CULTURAL AND GEOGRAPHIC DIVERSITY OF THE STATE AND AT LEAST ONE OF WHOM SHALL HAVE EXPERIENCE WORKING WITH CHILDREN WITH DISABILITIES. THE MEMBERS OF THE COMMISSION APPOINTED BY THE GOVERNOR SHALL ALSO BE REPRESENTATIVE OF THE FOLLOWING INTERESTS, ORGANIZATIONS, STATE AGENCIES, AND BOARDS:

(I) THE DIVISION OF CHILD CARE IN THE STATE DEPARTMENT OF HUMAN SERVICES;

(II) THE COMMUNITY CONSOLIDATED CHILD CARE SERVICES PILOT PROGRAM ESTABLISHED PURSUANT TO ARTICLE 6.5 OF THIS TITLE;

(III) EDUCATORS TEACHING CHILDREN IN PRESCHOOL, KINDERGARTEN, OR GRADES ONE THROUGH FIVE;

(IV) THE COLORADO DEPARTMENT OF HIGHER EDUCATION;

(V) VOCATIONAL AND TECHNICAL EDUCATION PROGRAMS;

(VI) THE COUNTY DEPARTMENTS OF SOCIAL SERVICES;

(VII) CHILD CARE FACILITIES;

(VIII) THE PUBLICLY-FUNDED CHILD CARE RESOURCE AND REFERRAL SYSTEM;

(IX) PARENTS OF CHILDREN CURRENTLY ENROLLED IN A PUBLIC OR PRIVATE EARLY CHILDHOOD CARE AND EDUCATION PROGRAM;

(X) THE BUSINESS COMMUNITY;

(XI) NON-PROFIT OR NOT-FOR-PROFIT ORGANIZATIONS THAT EVALUATE THE QUALITY OF EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS AND ASSIGN RATINGS THERETO IN AN EFFORT TO ASSESS THE SUCCESS OF SUCH PROGRAMS AND TO IMPROVE THE ULTIMATE DELIVERY OF EARLY CHILDHOOD CARE AND EDUCATION.

(c) SIX OF THE MEMBERS OF THE COMMISSION SHALL BE MEMBERS OF THE GENERAL ASSEMBLY AND SHALL BE APPOINTED AS FOLLOWS:

(I) THE PRESIDENT OF THE SENATE SHALL APPOINT THREE MEMBERS FROM THE SENATE TO SERVE ON THE COMMISSION, NO MORE THAN TWO OF WHOM SHALL BE MEMBERS OF THE SAME POLITICAL PARTY;

(II) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT THREE MEMBERS FROM THE HOUSE OF REPRESENTATIVES TO SERVE ON THE COMMISSION, NO MORE THAN TWO OF WHOM SHALL BE MEMBERS OF THE SAME POLITICAL PARTY.

(2) THE MEMBERS OF THE COMMISSION SHALL SERVE WITHOUT COMPENSATION; EXCEPT THAT THE MEMBERS SHALL RECEIVE REIMBURSEMENT OF THEIR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF THEIR OFFICIAL DUTIES WHILE SERVING ON THE COMMISSION.

(3) A MAJORITY OF THE MEMBERS OF THE COMMISSION SHALL CONSTITUTE A QUORUM. A QUORUM SHALL HAVE FULL AND COMPLETE POWER TO ACT UPON AND RESOLVE IN THE NAME OF THE COMMISSION ANY MATTER OR QUESTION PROPERLY BEFORE IT AT ANY MEETING. THE COMMISSION, AS SOON AFTER APPOINTMENT AS PRACTICABLE AND EACH YEAR THEREAFTER, SHALL ELECT FROM AMONG ITS MEMBERS A CHAIRPERSON, A VICE-CHAIRPERSON, AND A SECRETARY WHO SHALL HOLD OFFICE UNTIL THEIR SUCCESSORS ARE ELECTED. THE CHAIRPERSON, OR HIS OR HER DESIGNEE, SHALL PRESIDE AT ALL MEETINGS OF THE COMMISSION, AND THE SECRETARY, OR HIS OR HER DESIGNEE, SHALL MAKE A RECORD OF THE PROCEEDINGS THEREOF THAT SHALL BE PRESERVED IN THE OFFICE OF THE STATE DEPARTMENT.

(4) THE COMMISSION SHALL MEET AS OFTEN AS NECESSARY TO CARRY OUT ITS DUTIES AS SPECIFIED IN THIS PART 3. IN COMPLETING ITS DUTIES, THE COMMISSION SHALL SOLICIT INPUT FROM PARENTS, CHILD CARE PROVIDERS, AND OTHER INTERESTED PERSONS.

26-6-305. Child care commission - duties. (1) THE COMMISSION SHALL HAVE THE FOLLOWING DUTIES:

(a) TO CONTINUE THE STUDY OF THE OVERALL QUALITY OF CHILD CARE IN COLORADO;

(b) TO CONTINUE THE STUDY OF THE QUALITY, TRAINING, AND EXPERIENCE OF PERSONS PROVIDING CHILD CARE AND TO MAKE

RECOMMENDATIONS CONCERNING THE IMPROVEMENT OF THE QUALITY OF SUCH PROVIDERS;

(c) TO CONTINUE THE STUDY OF CRIMINAL BACKGROUND CHECKS OF CHILD CARE PROVIDERS, INCLUDING REVIEWING THE REPORT OF THE PILOT STUDY ESTABLISHED PURSUANT TO SECTION 26-6-115;

(d) TO CONTINUE THE STUDY OF LICENSING REQUIREMENTS FOR, AND FLEXIBILITY NEEDS OF, CHILD CARE PROVIDERS;

(e) TO CONTINUE THE STUDY OF ALTERNATIVE APPROACHES TO REGULATING THE PROVISION OF CHILD CARE IN THE STATE OF COLORADO;

(f) TO CONTINUE THE STUDY OF METHODS FOR ENCOURAGING OR FACILITATING THE LOCATION OF CHILD CARE FACILITIES IN WORKPLACES;

(g) TO STUDY THE LEVEL OF TRAINING REQUIREMENTS OF AND CREDENTIALING OPTIONS AVAILABLE TO CHILD CARE PROVIDERS, INCLUDING A STUDY OF THE SUCCESSES AND SHORTCOMINGS OF THE CREDENTIALING PROGRAMS IMPLEMENTED BY COMMUNITY CONSOLIDATED CHILD CARE PILOT SITE AGENCIES PURSUANT TO ARTICLE 6.5 OF THIS TITLE;

(h) TO EVALUATE THE POSSIBILITY OF ALTERNATIVE APPROACHES TO MONITORING, INSPECTING, AND INVESTIGATING CHILD CARE FACILITIES IN AN EFFORT TO USE STATE DEPARTMENT RESOURCES MORE EFFICIENTLY, TO ELIMINATE, IF APPROPRIATE, UNNECESSARY INSPECTIONS, AND TO IMPLEMENT SELF-AUDITING PROCEDURES, WHERE APPROPRIATE;

(i) TO STUDY THE EXTENT, QUALITY, AND IMPACT OF UNLICENSED CHILD CARE IN THE COLORADO;

(j) TO STUDY THE POSSIBILITY OF COMPLIMENTARY STATE LOAN PROGRAMS;

(k) TO STUDY METHODS FOR ENCOURAGING QUALIFIED INDIVIDUALS TO ENTER THE CHILD CARE PROFESSION;

(l) TO EVALUATE THE COMMUNITY CONSOLIDATED CHILD CARE SERVICES PILOT PROGRAM ESTABLISHED IN ARTICLE 6.5 OF THIS TITLE, TAKING INTO CONSIDERATION THE EVALUATION THAT IS TO BE COMPLETED BY OCTOBER 1, 2001, PURSUANT TO SECTION 26-6.5-105 (3);

(m) TO STUDY SUCH FURTHER ISSUES RELATED TO CHILD CARE THAT MAY IMPROVE THE QUALITY AND DELIVERY OF CHILD CARE IN COLORADO;

(n) TO EVALUATE THE DATA AND RESULTS OF THE STATE TAX CREDITS AND STATE TAX EXEMPTIONS IMPACTING THE CHILD CARE INDUSTRY THAT MAY BE IMPLEMENTED IN COLORADO;

(o) TO EVALUATE HOW THE STATE DEPARTMENT AND COUNTY DEPARTMENTS USE FEDERAL CHILD CARE DEVELOPMENT FUNDS AND OTHER FEDERAL MONEYS TOWARD THE IMPROVEMENT OF CHILD CARE IN THE STATE OF COLORADO.

26-6-306. Report - proposed legislation. (1) THE CHILD CARE COMMISSION SHALL REPORT TO THE MEMBERS OF THE GENERAL ASSEMBLY ON OR BEFORE DECEMBER 1, 2001, AND ON OR BEFORE DECEMBER FIRST EACH YEAR THEREAFTER FOR THE FOLLOWING TWO YEARS, CONCERNING THE MATTERS IT HAS STUDIED AND ADDRESSED. THE REPORT SHALL INCLUDE RECOMMENDATIONS OF THE CHILD CARE COMMISSION. THE STATE DEPARTMENT SHALL WORK WITH THE COMMISSION IN PREPARING THE REPORT.

(2) THE LEGISLATIVE MEMBERS OF THE COMMISSION SHALL SUBMIT PROPOSALS FOR LEGISLATION, IF ANY, TO THE LEGISLATIVE COUNCIL EACH

YEAR NO LATER THAN THE APPLICABLE DEADLINE FOR APPROVAL OF INTERIM COMMITTEE BILLS AS SPECIFIED IN JOINT RULE 24 OF THE LEGISLATIVE RULES.

26-6-307. Repeal of part. THIS PART 3 IS REPEALED, EFFECTIVE JULY 1, 2004.

SECTION 2. 26-6-115 (3), Colorado Revised Statutes, is amended to read:

26-6-115. Criminal background checks - pilot program. (3) The department shall report its findings, conclusions, and recommendations concerning the most thorough, timely, and cost-efficient means of conducting criminal background checks to the members of the health, environment, welfare, and institutions committees of the senate and the house of representatives AND TO THE MEMBERS OF THE CHILD CARE COMMISSION CREATED PURSUANT TO PART 3 OF THIS ARTICLE no later than August 1, 2000.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

DRAFT

BILL H

Colorado Legislative Council Staff

STATE
FISCAL IMPACT

Drafting Number: LLS 00-0334
Prime Sponsor(s): Rep. Alexander
Sen. Wham

Date: November 30, 1999
Bill Status: Child Care Interim Committee
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING THE CREATION OF AN INTERDISCIPLINARY CHILD CARE COMMISSION.

Fiscal Impact Summary	FY 2000/2001	FY 2001/2002
State Revenues General Fund		
State Expenditures General Fund	\$ 4,560	\$ 4,560
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: Upon Signature of the Governor		
Appropriation Summary for FY 2000-2001:		
Department of Human Services	\$ 3,120 GF	
Legislative Branch	\$ 1,440 GF	
Local Government Impact: None		

Summary of Legislation

The bill creates a child care commission in the Department of Human Services consisting of no more than 17 members, 11 of whom shall be appointed by the Governor, 3 of whom shall be appointed by the Speaker of the House, and 3 of whom shall be appointed by the President of the Senate. The bill lists the duties and reporting requirements of the commission, including continued study and evaluation of those issues impacting child care. The commission is repealed effective July 1, 2004. The Department of Human Services to required to report its recommendations concerning timely and cost-efficient means of conducting criminal background checks to the commission no later than August 1, 2000.

DRAFT

BILL H

State Expenditures

The fiscal impact of the bill is estimated at \$4,560 annually. For both FY 2000-01 and FY 2001-02, the Department of Human Services (DHS) will require \$3,120 and the Legislative Branch will require \$1,440 to comply with the bill's provisions.

Section 26-6-304 (2) of the bill requires that members of the commission shall serve without compensation, but will be reimbursed for actual and necessary expenses incurred in the performance of their official duties.

Listed below are the assumptions used in determining the bill's fiscal impact:

- DHS will reimburse expenses of the 11 nonlegislative commission members and the Legislative Branch will reimburse the 6 legislators.
- DHS will reimburse 2 interested persons per meeting.
- The commission will meet 4 times annually.
- The average reimbursement cost per commission member is \$60 per meeting.
- Total Cost: 17 members + 2 interested persons x \$60 x 4 meetings = \$4,560.

State Appropriations

The fiscal note indicates that for FY 2000-01, the Department of Human Services should receive a General Fund appropriation of \$3,120 and the Legislative Branch should receive a General Fund appropriation of \$1,440.

Departments Contacted

Human Services
Legislative Branch

Bill I

BY SENATORS Tebedo, Arnold, Linkhart, Pascoe, and Wham;
also REPRESENTATIVES Spradley, Alexander, Hefley, Tupa, and
S. Williams.

A BILL FOR AN ACT

CONCERNING CHILD CARE.

Bill Summary

"Child Care Omnibus"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Allows a county to transfer a portion of the county's Colorado works block grant to programs funded by Title XX of the federal "Social Security Act" in order to fund various programs for the improvement of child care.

Directs the state department of human services ("state department") to develop a statewide system of child care resource and referral services ("system") promoting the availability of quality child care in Colorado. Directs the executive director of the state department to designate a public or private entity to administer the system and to designate or redesignate the administering entity biennially.

Requires the state board of human services to promulgate rules addressing the following: Identification of the process by which entities may apply to the state department to serve as the administering entity; identification of the services that the administering entity shall provide; criteria for the designation or redesignation of the administering entity; and the procedures the department shall follow if a designated administering entity fails to provide the resource and referral services.

Authorizes the state board to establish full and provisional license fees and fees for continuation of a full license for:

- Family child care homes, including infant-toddler child care homes, large family child care homes, and experienced provider family child care homes;
- Homeless youth shelters;
- Day treatment centers; and

- Specialized group facilities.

Defines "day treatment center" and "specialized group facility". Allows the state board to establish rules governing different types of family child care homes. States that an experienced provider family child care home has no right to appeal a licensing standard established by the state board if such standard relates to capacity or space requirements.

Exempts out-of-state employees working in Colorado at a children's resident camp for less than 90 days from the state central registry review.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 26-2-714 (9), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

26-2-714. County block grants formula - use of moneys. (9) (c) A COUNTY MAY MAKE A TRANSFER AUTHORIZED BY PARAGRAPH (a) OF THIS SUBSECTION (9), WITHIN THE LIMITATIONS IMPOSED BY THE FEDERAL LAW ON SUCH TRANSFERS AND UP TO THE MAXIMUM AMOUNT ALLOWABLE UNDER FEDERAL LAW, IN ORDER TO FUND VARIOUS PROGRAMS FOR THE IMPROVEMENT OF CHILD CARE. SUCH TRANSFERS MAY BE USED FOR MINOR REMODELING OF LICENSED CHILD CARE FACILITIES OR FACILITIES LEGALLY EXEMPT FROM LICENSING REQUIREMENTS PURSUANT TO SECTION 26-6-103 (1), INCLUDING BUT NOT LIMITED TO PHYSICAL MODIFICATIONS FOR THE PURPOSE OF LICENSURE OR ACCREDITATION, CONSTRUCTION OR IMPROVEMENT OF FENCING OR OTHER SAFETY AND SECURITY FIXTURES OR OTHER USES NOT PROHIBITED UNDER 42 U.S.C. SEC. 1397d.

SECTION 2. Part 1 of article 6 of title 26, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

26-6-116. Child care resource and referral system - created - rules.

(1) THE STATE DEPARTMENT SHALL DESIGN AND DEVELOP A CHILD CARE RESOURCE AND REFERRAL SYSTEM, REFERRED TO IN THIS SECTION AS THE

"SYSTEM", FOR THE PROMOTION OF AVAILABLE QUALITY CHILD CARE SERVICES IN COLORADO. THE EXECUTIVE DIRECTOR, OR HIS OR HER DESIGNEE, SHALL HAVE THE AUTHORITY TO DESIGNATE A PUBLIC OR PRIVATE ENTITY THAT SHALL BE RESPONSIBLE FOR THE ADMINISTRATION OF THE SYSTEM PURSUANT TO RULES PROMULGATED BY THE STATE BOARD. THE EXECUTIVE DIRECTOR SHALL DESIGNATE OR REDESIGNATE SUCH ADMINISTERING ENTITY ON A BIENNIAL BASIS.

(2) THE STATE BOARD SHALL PROMULGATE RULES FOR THE IMPLEMENTATION OF THE SYSTEM, WHICH RULES SHALL, AT A MINIMUM, ADDRESS THE FOLLOWING:

(a) THE PROCESS AND TIMELINES BY WHICH ENTITIES MAY APPLY FOR DESIGNATION AS THE ADMINISTERING ENTITY OF THE SYSTEM;

(b) CRITERIA FOR THE DESIGNATION OR REDESIGNATION OF THE ADMINISTERING ENTITY;

(c) IDENTIFICATION OF ANY CHILD CARE RESOURCE AND REFERRAL SERVICES THAT THE ADMINISTERING ENTITY SHALL PROVIDE IN ADDITION TO THOSE SPECIFIED IN PARAGRAPH (a) OF SUBSECTION (4) OF THIS SECTION;

(d) THE PROCEDURES THE STATE DEPARTMENT SHALL FOLLOW IF A DESIGNATED ADMINISTERING ENTITY FAILS TO PROVIDE ADEQUATELY THE REQUIRED RESOURCE AND REFERRAL SERVICES.

(3) THE STATE DEPARTMENT SHALL REPORT TO THE MEMBERS OF THE HEALTH, ENVIRONMENT, WELFARE, AND INSTITUTIONS COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE GENERAL ASSEMBLY CONCERNING THE CHILD CARE RESOURCE AND REFERRAL SYSTEM BY DECEMBER 1, 2001, AND BY EACH DECEMBER 1 THEREAFTER. THE REPORT

SHALL SPECIFY, AT A MINIMUM, THE ENTITY THAT THE STATE DEPARTMENT HAS CURRENTLY DESIGNATED TO ADMINISTER THE SYSTEM AND THE QUALIFICATIONS OF THAT ENTITY TO SERVE IN SUCH CAPACITY, THE TYPES OF SERVICES THAT ARE BEING PROVIDED PURSUANT TO THE SYSTEM, THE NUMBERS AND TYPES OF PERSONS RECEIVING SUCH SERVICES, AND THE COST ASSOCIATED WITH THE SYSTEM.

(4) AS USED IN THIS SECTION UNLESS THE CONTEXT OTHERWISE REQUIRES, "CHILD CARE RESOURCE AND REFERRAL SERVICES" MEANS SERVICES THAT SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO:

(a) SUPPORT FOR PARENTS IN LOCATING AND KEEPING QUALITY CHILD CARE IN ORDER TO BALANCE THE DEMANDS OF FAMILY AND WORK, INCLUDING FACILITATING ACCESS TO QUALITY CHILD CARE FOR FAMILIES, REGARDLESS OF INCOME LEVEL OR SPECIAL NEEDS OF CHILDREN;

(b) COMPREHENSIVE CONSUMER EDUCATION SERVICES REGARDING CHILD CARE THAT ACKNOWLEDGE AND HONOR PARENTAL CHOICE;

(c) CHILD CARE DATA COLLECTION, INCLUDING:

(I) COMPILING, ANALYZING, AND SHARING OF INFORMATION WITH PARENTS, PROVIDERS, AND COMMUNITIES FOR PURPOSES OF PUBLIC PLANNING AND DEVELOPMENT OF CHILD CARE SERVICES DELIVERY PROGRAMS;

(II) MANAGING AND DISSEMINATING STANDARDIZED STATEWIDE DATA ON TRAINING OPPORTUNITIES AND MARKET SUPPLY AND DEMAND FOR CHILD CARE; AND

(III) CONDUCTING MARKET RATE SURVEYS AND PRODUCING REGULAR REPORTS ON CHILD CARE FOR DIFFERENT AUDIENCES;

(d) SUPPORT FOR INDIVIDUALS AND PROGRAMS THAT CARE FOR CHILDREN, THAT EXPAND AND STRENGTHEN THE CHILD CARE DELIVERY SYSTEM, AND THAT MAKE IT MORE RESPONSIVE TO FAMILY NEEDS;

(e) ASSISTANCE AND SUPPORT FOR THE STATE DEPARTMENT AND THE DIVISION OF CHILD CARE WITHIN THE STATE DEPARTMENT IN THE DELIVERY OF SERVICES THAT ENHANCE THE DELIVERY OF QUALITY CHILD CARE, SUCH AS QUALITY AND AVAILABILITY IMPROVEMENT GRANTS, PRE-LICENSING TRAINING, LOCAL LICENSING INFORMATION SYSTEMS, CHILD CARE SCHOLARSHIP PROGRAMS, THE CONSOLIDATED CHILD CARE PILOT PROJECTS, AND OTHER QUALITY INITIATIVES AS DEFINED BY THE STATE DEPARTMENT THROUGH RULE OF THE STATE BOARD; AND

(f) DEVELOPMENT OF COMMUNITY AND STATE PARTNERSHIPS TO ENCOURAGE THE IMPROVEMENT OF CHILD CARE SERVICES. SUCH PARTNERSHIPS MAY INCLUDE EMPLOYERS, THE LOCAL MEDIA, AND STATE AND LOCAL POLICYMAKERS.

SECTION 3. 26-6-102 (4), Colorado Revised Statutes, is amended, and the said 26-6-102 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

26-6-102. Definitions. As used in this article, unless the context otherwise requires:

(2.5) (a) "DAY TREATMENT CENTER" MEANS A FACILITY THAT:

(I) PROVIDES LESS THAN TWENTY-FOUR-HOUR CARE FOR GROUPS OF FIVE OR MORE CHILDREN WHO ARE:

(A) FIVE YEARS OF AGE OR OLDER, BUT LESS THAN EIGHTEEN YEARS OF AGE; OR

(B) LESS THAN TWENTY-ONE YEARS OF AGE AND WHO ARE PLACED IN THE PROGRAM BY COURT ORDER PRIOR TO THEIR EIGHTEENTH BIRTHDAY; AND

(II) PROVIDES A STRUCTURED PROGRAM OF VARIOUS TYPES OF PSYCHO-SOCIAL AND BEHAVIORAL TREATMENT TO PREVENT OR REDUCE THE NEED FOR PLACEMENT OF THE CHILD OUT OF THE HOME OR COMMUNITY.

(b) "DAY TREATMENT CENTER" SHALL NOT INCLUDE SPECIAL EDUCATION PROGRAMS OPERATED BY A PUBLIC OR PRIVATE SCHOOL SYSTEM OR PROGRAMS THAT ARE LICENSED BY OTHER RULES OF THE DEPARTMENT FOR LESS THAN TWENTY-FOUR-HOUR CARE OF CHILDREN, SUCH AS A CHILD CARE CENTER.

(4) "Family child care home" means a facility for child care in a place of residence of a family or person for the purpose of providing less than twenty-four-hour care for children under the age of eighteen years who are not related to the head of such home. "FAMILY CHILD CARE HOME" MAY INCLUDE INFANT-TODDLER CHILD CARE HOMES, LARGE CHILD CARE HOMES, EXPERIENCED PROVIDER CHILD CARE HOMES, AND SUCH OTHER TYPES OF FAMILY CHILD CARE HOMES DESIGNATED BY RULES OF THE STATE BOARD PURSUANT TO SECTION 26-6-106 (2) (p), AS THE STATE BOARD DEEMS NECESSARY AND APPROPRIATE.

(10) (a) "SPECIALIZED GROUP FACILITY" MEANS A FACILITY SPONSORED AND SUPERVISED BY A COUNTY DEPARTMENT OR A LICENSED CHILD PLACEMENT AGENCY FOR THE PURPOSE OF PROVIDING TWENTY-FOUR-HOUR CARE FOR FIVE OR MORE CHILDREN, BUT FEWER THAN TWELVE CHILDREN, WHO ARE:

(I) AT LEAST THREE YEARS OF AGE OR OLDER BUT LESS THAN EIGHTEEN YEARS OF AGE; OR

(II) LESS THAN TWENTY-ONE YEARS OF AGE AND WHO ARE PLACED BY COURT ORDER PRIOR TO THEIR EIGHTEENTH BIRTHDAY AND WHOSE SPECIAL NEEDS CAN BEST BE MET THROUGH THE MEDIUM OF A SMALL GROUP.

(b) "SPECIALIZED GROUP FACILITY" INCLUDES SPECIALIZED GROUP HOMES AND SPECIALIZED GROUP CENTERS.

SECTION 4. 26-6-104 (1), Colorado Revised Statutes, is amended to read:

26-6-104. Licenses - out-of-state notices and consent. (1) No person shall operate any agency or facility defined in this part 1 without first being licensed to operate or maintain such agency or facility by the department and paying the fee prescribed therefor. Such license issued by the department shall be permanent unless otherwise revoked or suspended pursuant to section 26-6-108; EXCEPT THAT THE STATE BOARD OF HUMAN SERVICES SHALL PROMULGATE RULES REQUIRING THE RECERTIFICATION OF FOSTER CARE HOMES EVERY THREE YEARS AND SETTING FORTH THE PROCEDURAL REQUIREMENTS ASSOCIATED WITH SUCH RECERTIFICATION. A person operating a foster care home shall not obtain a license if such person holds a certificate to operate such home from any county department or a child placement agency licensed under the provisions of this part 1. Said certificate shall be in such form as prescribed and provided by the department, shall certify that such person is a suitable person to operate a home, and shall contain such information as the department requires. ~~The state board of human services shall promulgate rules requiring the recertification of foster care homes every three years and the procedural~~

~~requirements associated with such recertification.~~ A placement agency issuing or renewing any such certificate shall transmit a copy or report thereof to the department. No foster care home shall be certified by more than one placement agency or county department. A foster care home, when certified by a placement agency or county department, may receive for care a child from sources other than the certifying agency or county department upon the written consent and approval of the agency or county department as to each such child. All such certificates shall be considered licenses for the purpose of this part 1, including but not limited to the investigation and criminal background checks required under section 26-6-107.

SECTION 5. 26-6-105 (1) (a) (I), (2) (b) (I) (D), and (2) (b) (I) (E), Colorado Revised Statutes, are amended, and the said 26-6-105 (1) (a) is further amended BY THE ADDITION OF THE FOLLOWING NEW SUB-PARAGRAPHS, to read:

26-6-105. Fees - when original applications and reapplications for licensure are required - creation of child care licensing cash fund.

(1) (a) The department is hereby authorized to establish, pursuant to rules and regulations promulgated by the state board of human services, full and provisional license fees and fees for continuation of a full license for the following types of child care arrangements:

(I) Family child care homes, INCLUDING ANY SPECIAL TYPE OF FAMILY CHILD CARE HOME DESIGNATED BY RULES OF THE STATE BOARD PURSUANT TO SECTION 26-6-106 (2) (p), BUT excluding homes certified by county departments or child placement agencies;

(VII) HOMELESS YOUTH SHELTERS;

(VIII) DAY TREATMENT CENTERS; AND

(IX) SPECIALIZED GROUP FACILITIES.

(2) (b) (I) An original application shall be required:

(D) When a family or person plans to open a family child care home, INCLUDING ANY SPECIAL TYPE OF FAMILY CHILD CARE HOME DESIGNATED BY RULES OF THE STATE BOARD PURSUANT TO SECTION 26-6-106 (2) (p), or foster care home;

(E) When a family or person who operates a family child care HOME, INCLUDING ANY SPECIAL TYPE OF FAMILY CHILD CARE HOME DESIGNATED BY RULES OF THE STATE BOARD PURSUANT TO SECTION 26-6-106 (2) (p), or foster care home moves to a new residence.

SECTION 6. 26-6-106 (2), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

26-6-106. Standards for facilities and agencies. (2) Standards prescribed by such rules shall be restricted to:

(p) RULES GOVERNING DIFFERENT TYPES OF FAMILY CHILD CARE HOMES, AS THAT TERM IS DEFINED IN SECTION 26-6-102 (4), AS WELL AS ANY OTHER TYPES OF FAMILY CHILD CARE HOMES THAT MAY BY NECESSITY BE ESTABLISHED BY RULE OF THE STATE BOARD.

SECTION 7. 26-6-106 (3), Colorado Revised Statutes, is amended to read:

26-6-106. Standards for facilities and agencies. (3) Any applicant or person licensed to operate a child care facility or agency under the provisions of this part 1 has the right to appeal any standard that, in his or her opinion, works an undue hardship or when, in his or her opinion, a standard has been

too stringently applied by representatives of the department; EXCEPT THAT, A FAMILY CHILD CARE HOME DESIGNATED AS AN EXPERIENCED PROVIDER FAMILY CHILD CARE HOME PURSUANT TO RULES OF THE STATE BOARD SHALL NOT BE ENTITLED TO APPEAL STANDARDS OR RULES RELATED TO THE CAPACITY OR SPACE REQUIREMENTS FOR FAMILY CHILD CARE HOMES. The department shall designate a panel of persons representing various state and local governmental agencies with an interest in and concern for children to hear such appeal and to make recommendations to the department.

SECTION 8. 26-6-107 (1) (a) (I), Colorado Revised Statutes, is amended to read:

26-6-107. Investigations and inspections - local authority - reports.

(1) (a) (I) The department shall investigate and pass on each original application for a license, and each application for a permanent license following the issuance of a probationary or provisional license, to operate a facility or an agency prior to granting such license. As part of such investigation, the department shall require each applicant, owner, employee, newly hired employee, licensee, and any adult who resides in the licensed facility to obtain a criminal record check by reviewing any record that shall be used to assist the department in ascertaining whether the person being investigated has been convicted of any of the criminal offenses specified in section 26-6-104 (7) or any other felony. The state board of human services shall promulgate rules that define and identify what the criminal background check shall entail. Such rules shall allow an exemption from the criminal background investigation AND THE STATE CENTRAL REGISTRY OF CHILD PROTECTION INVESTIGATION for those OUT-OF-STATE employees working IN COLORADO at a ~~children~~ CHILDREN'S

resident camp in a temporary capacity for ~~less~~ FEWER than ninety days. Each person so exempted from fingerprinting AND THE STATE CENTRAL REGISTRY OF CHILD PROTECTION INVESTIGATION shall sign a statement that affirmatively states that he or she has not been convicted of any charge of child abuse, unlawful sexual offense, or any felony. Prospective employers of such exempted persons shall conduct reference checks of the prospective employees in order to verify previous work history and shall conduct personal interviews with each such prospective employee. The rules shall require the criminal background check in all other circumstances to include a fingerprint check through the Colorado bureau of investigation. As part of said investigation, the state central registry of child protection shall be accessed to determine whether the owner, applicant, employee, newly hired employee, licensee, or individual who resides in the licensed facility being investigated is the subject of a report of known or suspected child abuse. Pursuant to section 19-1-307 (2) (j), C.R.S., information shall be made available if a person's name is on the central registry of child protection, or has been designated as "status pending" pursuant to section 19-3-313, C.R.S. Any change in ownership of a licensed facility or the addition of a new resident adult or newly hired employee to the licensed facility shall require a new investigation as provided for in this section. The state board of human services shall promulgate rules to implement this subparagraph (D).

SECTION 9. Effective date. This act shall take effect May 14, 2000.

SECTION 10. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

DRAFT

BILL I

Colorado Legislative Council Staff
NO FISCAL IMPACT

Drafting Number: LLS 00-0338
Prime Sponsor(s): Sen. Tebedo
Rep. Spradley

Date: November 30, 1999
Bill Status: Child Care Interim Committee
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING CHILD CARE.

Summary of Assessment

The bill includes the following provisions addressing child care:

- Allows a county to transfer a portion of the county's Colorado Works Block Grant to programs funded by Title XX of the federal Social Security Act in order to fund various programs for the improvement of child care.
- Directs the Department of Human Services to develop a statewide system of child care resource and referral services promoting the availability of quality child care, and directs the executive director of the department to designate a public or private entity to administer the system.
- Authorizes the State Board of Human Services to correct rule problems regarding new categories of child care facilities.
- Authorizes the State Board of Human Services to promulgate rules requiring the recertification of foster care homes every three years.
- Exempts out-of-state workers working in Colorado at children's resident camps (less than 90 days) from the state Central Registry review.

The bill, in large part, includes technical changes and/or provides clarifying language to current child care statutes. The department is currently developing a child care resource and referral system within existing resources. Therefore, the bill is assessed at having no fiscal impact. The bill includes an effective date of May 14, 2000.

Departments Contacted

Human Services

Bill J

BY SENATORS Arnold, Linkhart, Pascoe, Tebedo, and Wham;
also REPRESENTATIVES Tupa, Alexander, Hefley, Spence, and S. Williams.

A BILL FOR AN ACT

CONCERNING CRIMINAL HISTORY RECORDS CHECKS ON BEHALF OF CERTAIN
ENTITIES ENGAGED IN CHILD CARE SERVICES.

Bill Summary

"Crim Hist Record Checks For Child Care"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Child Care Interim Committee. Clarifies that the Colorado bureau of investigation is required to access federal criminal history records when conducting a criminal history records check on behalf of an entity that provides child care services.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 24-72-305.3, Colorado Revised Statutes, is amended to read:

24-72-305.3. Private access to criminal history records of volunteers and employees of charitable organizations. (1) For the purpose of complying with federal requirements, any public or private nonprofit, not-for-profit, or volunteer organization may use fingerprints to access through the Colorado bureau of investigation, for comparison purposes, arrest history records of any person who seeks employment with, is currently employed by,

or volunteers or seeks to volunteer with the organization and has or may have unsupervised access to any **child** PERSON for whom the organization provides care. Under this section, the organization may access records that are maintained by or within this state and any other state or territory of the United States, any other nation, or any agency or subdivision of the United States including, but not limited to, the federal bureau of investigation in the United States department of justice. For the purposes of this section, the Colorado bureau of investigation is the authorized agency for access to arrest history records as required by the "National Child Protection Act of 1993", 42 U.S.C. sec. 5119a.

(2) (a) AS USED IN THIS SUBSECTION (2), "QUALIFIED ENTITY" MEANS A BUSINESS OR ORGANIZATION, WHETHER PUBLIC, PRIVATE, FOR-PROFIT, NOT-FOR-PROFIT, OR VOLUNTARY, THAT PROVIDES CHILD CARE OR CHILD CARE PLACEMENT SERVICES, INCLUDING A BUSINESS OR ORGANIZATION THAT LICENSES OR CERTIFIES OTHERS TO PROVIDE CHILD CARE OR CHILD CARE PLACEMENT SERVICES.

(b) FOR THE PURPOSE OF COMPLYING WITH FEDERAL REQUIREMENTS, ANY QUALIFIED ENTITY MAY USE FINGERPRINTS TO ACCESS THROUGH THE COLORADO BUREAU OF INVESTIGATION, FOR COMPARISON PURPOSES, ARREST HISTORY RECORDS OF ANY PERSON WHO SEEKS EMPLOYMENT WITH, IS CURRENTLY EMPLOYED BY, OR VOLUNTEERS OR SEEKS TO VOLUNTEER WITH THE QUALIFIED ENTITY AND HAS OR MAY HAVE UNSUPERVISED ACCESS TO ANY CHILD FOR WHOM THE QUALIFIED ENTITY PROVIDES CHILD CARE. UNDER THIS SECTION, THE QUALIFIED ENTITY SHALL ACCESS RECORDS THAT ARE MAINTAINED BY OR WITHIN THIS STATE AND ANY OTHER STATE OR TERRITORY

OF THE UNITED STATES, ANY OTHER NATION, OR ANY AGENCY OR SUBDIVISION OF THE UNITED STATES INCLUDING, BUT NOT LIMITED TO, THE FEDERAL BUREAU OF INVESTIGATION IN THE UNITED STATES DEPARTMENT OF JUSTICE. FOR THE PURPOSES OF THIS SECTION, THE COLORADO BUREAU OF INVESTIGATION IS THE AUTHORIZED AGENCY FOR ACCESS TO ARREST HISTORY RECORDS AS REQUIRED BY THE "NATIONAL CHILD PROTECTION ACT OF 1993", 42 U.S.C. SEC. 5119a.

SECTION 2. 24-33.5-412 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

24-33.5-412. Functions of bureau - legislative review. (1) The bureau has the following authority:

(q) TO CONDUCT CRIMINAL HISTORY RECORDS CHECKS PURSUANT TO SECTION 24-72-305.3.

SECTION 3. Effective date. This act shall take effect July 1, 2000.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

DRAFT

Colorado Legislative Council Staff
NO FISCAL IMPACT

BILL J

Drafting Number: LLS 00-0339

Date: November 18, 1999

Prime Sponsor(s): Sen. Arnold
Rep. Tupa

Bill Status: Child Care Interim Committee
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING CRIMINAL HISTORY RECORDS CHECKS ON BEHALF OF CERTAIN ENTITIES ENGAGED IN CHILD CARE SERVICES.

Summary of Assessment

The bill clarifies that the Colorado Bureau of Investigation (CBI) is required to access federal criminal history records when conducting a criminal history records check on behalf of an entity that provides child care services. The bill is effective July 1, 2000.

The Department of Public Safety indicates that the CBI has shared this bill with staff at the Federal Bureau of Investigation (FBI). Although no formal written response has been forwarded to the CBI, the FBI has indicated verbally that the bill in its current form is unworkable; questions have been raised about the bill's language relative to federal privacy laws. The Office of Legislative Legal Services has indicated that it will be discussing this bill with staff at both the FBI and CBI to remedy whatever conflicts may exist. Due to the bill's technical issues, it is currently assessed as having no fiscal impact. Once amended, the bill's fiscal impact may change.

Departments Contacted

Human Services
Public Safety