



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1328: IMPLEMENT RECS DIRECT CARE WORKER STABILIZATION BD

Prime Sponsors:

Rep. Duran; Sirota
Sen. Danielson; Bridges

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Fiscal note status: This fiscal note reflects the introduced bill. This analysis is preliminary and will be updated following further review and any additional information received.

Summary Information

Overview. The bill implements recommendations made by the Direct Care Workforce Stabilization Board related to health care benefits, trainings, and wages, among others.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- Local Government

Appropriations. For FY 2025-26, the bill requires appropriations totaling of \$529,246 to the Department of Labor and Employment and the Department of Health Care Policy and Financing.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures	\$614,574	\$425,282	\$339,871
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	4.2 FTE	3.2 FTE	2.5 FTE

¹ Fund sources for these impacts are shown in the tables below.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	\$317,003	\$224,673	\$161,250
Cash Funds	\$0	\$0	\$0
Federal Funds	\$212,243	\$135,038	\$128,394
Centrally Appropriated	\$85,328	\$65,572	\$50,228
Total Expenditures	\$614,574	\$425,282	\$339,871
Total FTE	4.2 FTE	3.2 FTE	2.5 FTE

Summary of Legislation

The bill implements several recommendations made by the Direct Care Workforce Stabilization Board in the Department of Labor and Employment (CDLE) related to health care benefits, trainings, communications, compliance enforcement, and an advisory group for direct care workers. The bill also establishes new minimum wage requirements for the direct care workforce.

Health Care Benefits

The bill requires the board to investigate health care benefits for direct care workers, including overall costs in comparison to other industries, reducing costs, and solutions for improving quality of care, among others.

“Know Your Rights” Training

By January 1, 2026, the CDLE must collaborate with the board to establish a “Know Your Rights” training for direct care workers, provide this training free-of-charge, and report data to the board regarding training completions. The training includes information pertaining to:

- base and overtime wages;
- rules for travel time;
- how to file a complaint;
- current state and federal laws; and
- where to access more information.

Employers must provide the training to direct care workers free-of-charge and allow them to complete it within regular paid working hours. Employers must also distribute a notice of rights, created by the Department of Health Care Policy and Financing (HCPF), to new direct care hires and inform all direct care employees of the newly created direct care worker website and communication platform.

Compliance Enforcement

The director of the Division of Labor Standards and Statistics in the CDLE must support direct care employers in complying with these provisions, and investigate violations related to training and labor standards.

Employers that violate direct care workforce regulations are subject to a fine of \$100 per worker affected by the violation. The fine doubles for each subsequent violation committed by the employer.

Website and Communication Platform

The bill requires HCPF to establish a direct care worker website and communication platform in collaboration with the board. The website must include various trainings, information on worker's rights, and access to benefits, among other attributes. The communication platform must include information about qualified direct care workers, recruitment opportunities, and regular communication from HCPF, among other things.

On a regular basis, HCPF must grant the CDLE and relevant organizations access to the contact information for each direct care worker enrolled in the communication platform.

Advisory Group

HCPF must convene a biennial Interested Persons Advisory Group of various stakeholders to make recommendations to the board concerning direct care workforce wages and support. By January 1, 2027 and each year thereafter, HCPF must submit a report to the board and General Assembly with information related to direct care workers' wages, benefits, and taxes.

Minimum Wage Standards

The bill codifies base wages for direct care workers at a rate of \$17.00 per hour. The state is also encouraged to further increase base wages to \$25.00 per hour by January 1, 2028.

Background

[Senate Bill 23-261](#) created the Direct Care Workforce Stabilization Board in the CDLE to study and develop recommendations concerning direct care workers. Starting in 2024, the board is required to submit these recommendations to the General Assembly and Governor's Office. The [first set of recommendations](#) was published on September 1, 2024 and informed this bill. Through this bill, both the CDLE and HCPF received ongoing FTE to support efforts of the board.

Effective January 1, 2025, the Joint Budget Committee approved a \$17.00 per hour base wage requirement for all direct care workers in Colorado's home and community-based service settings. The base wage requirement was increased to \$18.81 per hour for workers in Denver. According to a review conducted by the Department of Personnel and Administration in 2025, all direct care workers employed by the state currently earn the minimum wage or more.

State Revenue

Starting in FY 2025-26, the bill may increase state revenue from fines imposed on direct care employers for violations of direct care workforce regulations. This revenue is subject to TABOR. Employers are subject to a fine of \$100 per worker impacted, with the fine doubling for each subsequent violation committed. Given the wide range of possible violations that could occur, the fiscal note cannot estimate the potential impact of these fine. However, it is assumed that direct care employers will either comply with the bill or cure violations and any revenue collected will be minimal.

State Expenditures

The bill increases state expenditures by about \$615,000 in FY 2025-26, \$426,000 in FY 2026-27, and \$340,000 in future years. These costs will be incurred in the CDLE and HCPF, as shown in Table 2 and described below. Costs are paid from the General Fund and federal funds.

Table 2
State Expenditures
All Departments

Department	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Department of Labor and Employment	\$246,716	\$182,872	\$115,450
Department of Health Care Policy and Financing	\$367,858	\$242,410	\$224,421
Total Costs	\$614,574	\$425,282	\$339,871

Department of Labor and Employment

State expenditures in the CDLE will increase by about \$247,000 in FY 2025-26, \$183,000 in FY 2026-27, and \$115,000 in future years for staff costs, travel expenses, and software licenses, as shown in Table 2A.

Table 2A
State Expenditures
Department of Labor and Employment

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$180,543	\$144,435	\$90,272
Operating Expenses	\$2,560	\$2,048	\$1,280
Capital Outlay Costs	\$13,340	\$0	\$0
Travel Expenses	\$2,000	\$2,000	\$2,000
Software Licenses	\$6,637	\$1,080	\$1,080
Centrally Appropriated Costs	\$41,636	\$33,309	\$20,818
Total Costs	\$246,716	\$182,872	\$115,450
Total FTE	2.0 FTE	1.6 FTE	1.0 FTE

Staff

In FY 2025-26, the CDLE requires 1.0 FTE Policy Advisor V and 1.0 FTE Compliance Investigator III to develop the "Know Your Rights" training material, administer the trainings, assist employers with compliance, and coordinate with state agencies on the bill's requirements. Starting in FY 2026-27, the CDLE requires 1.0 FTE to manage the training program and ensure employer compliance. Staff costs and FTE begin July 1, 2025 to ensure adequate time to establish the training prior to the January 1, 2026 deadline. See Technical Note for more information.

Training

The fiscal note estimates that about 40,700 direct care workers are employed in the state across 1,100 direct care employers. In the first year, it is assumed that all workers will receive virtual training through the CDLE's telecommunication platform, which can hold up to 1,000 attendees. It is thus estimated that the department will conduct about 41 training session in 2026. In future years, the department will conduct 18 training sessions per year for new direct care workers that will be hired each year.

Compliance

The fiscal note estimates that 4 percent of employers will violate provisions in the first year, resulting in 44 investigations. In future years, noncompliance is expected to significantly decrease as employers better understand new requirements and cure past violations.

Software Licensing

In FY 2025-26, the CDLE requires about \$6,600 for various software licensing programs for new staff, of which \$1,080 is for a telecommunications platform upgrade that will allow the department to host up to 1,000 attendees for training sessions.

Travel Expenses

The department requires \$2,000 per year for two trips to assist employers with compliance and investigate complaints related to direct care workforce standards.

Legal Services

The CDLE requires up to 100 hours of legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to rulemaking, implementation, and ongoing administration of the program, as well as a rise in complaints.

Department of Health Care Policy and Financing

State expenditures in HCPF will increase by about \$368,000 in FY 2025-26, \$242,000 in FY 2026-27, and \$224,000 in future years for staff and website costs, as shown in Table 2C below.

Table 2C
State Expenditures
Department of Health Care Policy and Financing

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$175,940	\$133,189	\$115,871
Operating Expenses	\$2,816	\$2,048	\$1,920
Capital Outlay Costs	\$20,010	\$0	\$0
Website Build and Maintenance	\$125,400	\$74,910	\$77,220
Centrally Appropriated Costs	\$43,692	\$32,263	\$29,410
Total Costs	\$367,858	\$242,410	\$224,421
General Fund	\$133,769	\$91,241	\$81,322
Federal Funds	\$234,089	\$151,169	\$143,099
Total FTE	2.2 FTE	1.6 FTE	1.5 FTE

Staff

Beginning in FY 2025-26, HCPF requires staff to manage the website build, enforce minimum wage requirements, and staff the new advisory board.

Website Management

In FY 2025-26 and FY 2026-27, HCPF requires 0.6 FTE Policy Advisor V to redesign the direct care worker website and communication platform, gather and analyze data financial and benefits data, engage with the CDLE and direct care employers, and manage the website vendor. Staff costs and FTE are prorated in the first year based on the bill's effective date and conclude upon the proposed website launch in January 2027.

The department currently operates a direct care worker website that is managed by 1.0 FTE. The fiscal note assumes that the department will require additional temporary staff during the new website build, but that the existing FTE will manage the website upon completion in January 2027.

Enforcement

In FY 2025-26, HCPF requires 1.5 FTE Compliance Specialist III to enforce minimum wage increases for direct care workers through compliance audits, quality assurance measures, corrective actions, and compliance materials. The fiscal note assumed that over 1,000 direct care employers will require compliance audits on a six-year rolling review cycle. Starting in FY 2026-27, HCPF only requires 1.0 FTE Compliance Specialist III for ongoing compliance audits and enforcement. Staff costs and FTE are prorated in the first year based on the bill's effective date.

Advisory Group

Starting in FY 2025-26, HCPF requires 1.0 FTE Policy Advisory V every other year to staff and manage the Interested Persons Advisory Group, and generate reports for the General Assembly. The fiscal note standardizes these biennial costs by estimating 0.5 FTE each year.

Website Build and Maintenance

In FY 2025-26, HCPF will incur about \$125,000 of costs to contract with a vendor to build the new direct care worker website and communication platform. Based on the level of detail required by the bill, the fiscal note assumes that a contractor will perform 570 hours of work at a rate of \$220.00 per hour. Ongoing maintenance costs in future years are estimated to require 330 hours of work, at incrementally higher hourly rates per year. Actual contractor costs will be determined through the contracting process.

Other Agency Impacts

The bill minimally increases workload in the Department of Regulatory Agencies for the Division of Professions and Occupations to provide information and outreach to licensed and registered workers impacted by the direct care workforce provisions. This workload can be accomplished within existing appropriations.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in the expenditure tables above.

Technical Note

The bill requires the Department of Labor and Employment to create and administer the “Know Your Rights” training to direct care workers prior to January 1, 2026. However, the bill’s August effective date does not provide sufficient time for the department to hire staff, establish the program, train employers, and administer the program. Therefore, the fiscal note assumes that CDLE will hire staff in July, prior to the bill’s effective date.

Effective Date

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

State Appropriations

For FY 2025-26, the bill requires the following appropriations:

- \$205,080 from the General Fund to the Department of Labor and Employment, and 2.0 FTE; and
- \$111,923 from the General Fund and \$212,243 from federal funds to the Department of Health Care Policy and Financing, and 2.2 FTE.

Departmental Difference

Preliminarily, CDLE and HCPF estimate higher costs than included in this fiscal note:

- **CDLE** estimates 2.0 FTE beginning in FY 2025-26 for ongoing training and compliance investigations. However, the fiscal note assumes that trainings will reduce by 60 percent after all currently employed direct care workers are trained in the first year. Additionally, the fiscal note assumes that compliance violations will decrease year over year as employers learn about new workforce requirements and implement policies to ensure compliance. Therefore, it is estimated that compliance FTE will reduce in future years to 1.0 FTE.
- **HCPF** estimates 4.0 FTE beginning in FY 2025-26 for ongoing website building and maintenance, direct care worker wage compliance, and staffing the advisory group. However, the fiscal note assumes that a portion of the work including wage data collection and compliance overlap with FTE appropriated through SB 23-261. Additionally, the fiscal note assumes that the advisory group will meet every other year and that costs will only be incurred in those years. Therefore, it is estimated that HCPF only requires 2.2 FTE in the first year and will reduce to 1.5 FTE in future years.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology
Labor

Law
Public Health and Environment
Regulatory Agencies