HB 19-1023

Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number:	LLS 19-0186	**Date:**	January 8, 2019
Prime Sponsors:	Rep. Saine; Jackson Sen. Marble; Todd	**Bill Status:**	House Trans. & Local Govt.
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Bill Topic: FOSTER CHILDREN DRIVING LICENSES

Summary of Fiscal Impact:

⊠ State Revenue (*conditional*)
⊠ State Expenditure (*conditional*)
☐ State Transfer
☐ TABOR Refund
⊠ Local Government (*conditional*)
☐ Statutory Public Entity

This bill directs the Department of Personnel and Administration to establish a program that allows foster children to purchase auto insurance from the department. It also clarifies that a minor who is 16 years old may purchase auto insurance, allows foster children to obtain a driver license with proof of financial responsibility, and reduces the age at which the state or a county must obtain permission from a foster parent to help a foster child obtain an instruction permit. It potentially increases state and local revenues and expenditures on an ongoing basis.

Appropriation Summary: Gifts, grants, and donations required. See State Appropriations section.

Fiscal Note Status: The fiscal note reflects the introduced bill, as requested by the Transportation Legislation Review Committee.

Table 1
State Fiscal Impacts Under HB 19-1023

		FY 2019-20	FY 2020-21
Revenue	General Fund	up to $1,367,594	up to $1,385,876
Expenditures	General Fund	$1,333,415	$1,345,048
	Centrally Appropriated	$34,179	$40,828
	Total	**$1,367,594**	**$1,385,876**
	Total FTE	**2.1 FTE**	**2.5 FTE**
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill directs the Department of Personnel and Administration (DPA) to create a program that pools the insurance of a child who has been in a foster home for at least one year with the insurance on the state fleet to make it less expensive for the foster child. DPA may only implement this program if sufficient gifts, grants, and donations are received to pay the full cost of the program.

This bill also clarifies that a minor who is at least 16 years of age can purchase auto insurance. It exempts a foster child from having a foster parent or other legal guardian sign an affidavit of liability if he or she holds evidence of financial responsibility. It lowers the age that the state or a county must obtain permission from a foster parent or guardian to help a foster child obtain a permit from 17 1/2 years old to 17 years old. It allows each county department of human services or social services that has custody of a foster child or ward of the court to implement a program that provides foster kids under the age of 18 with a driver permit if the minor's foster parent consents or the county has first consulted with the foster parent for a child 17 years old or older. Counties may only accept gifts, grants, and donations to implement this program and a county will not implement the program unless full funding is received. Further, it allows anyone who is at least 21 of age and holds a driver license to instruct a foster child with a driving permit and sign a foster child's driving logs.

Data and Assumptions

Of the 145,000 total 16 and 17 year olds in Colorado in 2017, 67,252 possessed a minor driver license, or 46 percent. Additionally, based on information from the Department of Human Services (DHS), there were approximately 500 foster children aged 16 and 17 years that were in the foster care system for more than a year in FY 2017-18. Assuming a similar percentage of qualified foster children obtain a minor driver license, the fiscal note estimates that approximately 230 foster children will obtain a license per year.

State Revenue

Beginning in FY 2019-20, the bill potentially increases state General Fund revenue by up to $1.4 million to the extent that DPA receives any gifts, grants, and donations to implement a program for foster children to purchase insurance. However, no sources have been identified at this time. Any gifts, grants, and donations received by the department are exempt from the state TABOR limit.

State Expenditures

Beginning in FY 2019-20, this bill potentially increases state General Fund expenditures by approximately $1.4 million per year, as shown in Table 2 and described below.

Table 2
Expenditures Under HB 19-1023

	FY 2019-20	FY 2020-21
Department of Personnel		
Personal Services	$160,561	$192,673
Operating Expenses and Capital Outlay Costs	$16,104	$2,375
Insurance Coverage	up to $1,150,000	up to $1,150,000
DRIVES Programming (DOR)	$6,750	-
Centrally Appropriated Costs*	$34,179	$40,828
FTE – Personal Services	2.1 FTE	2.5 FTE
Total Cost	**$1,367,594**	**$1,385,876**
Total FTE	**2.1 FTE**	**2.5 FTE**

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

Department of Personnel and Administration. This bill will potentially increase General Fund expenditures in DPA by up to approximately $1.4 million and 2.1 FTE in FY 2019-20 and up to approximately $1.4 million and 2.5 FTE in FY 2020-21. These expenditures are outlined below.

- *Personal services*. DPA will require 2.5 FTE to implement this insurance program. These positions will develop and implement the program, as well as develop auto insurance coverage with insurance companies. These positions will work closely with the DHS and the 64 county human services departments to ensure auto insurance coverage is available to foster children. Personal services impacts in FY 2019-20 are prorated to reflect the General Fund pay date shift and an assumed start date of August 1.

- *Insurance coverage*. To meet the requirements of the bill, it is assumed that DPA will purchase auto insurance for each participant in the program. See Technical Note. Due to higher risk factors, it is assumed that each auto insurance policy would cost $5,000 per year, and that approximately half of the youth insured will have one auto incident per year, with a deductible of $1,000. If all 230 of the foster children estimated to qualify for this program obtained insurance through DPA, this would result in an expenditure increase of up to $1.2 million per year for insurance plans. To the extent that the actual population of minors who obtain insurance through DPA is different than the estimate in this fiscal note, the department will seek any additional resources through the annual budget process.

- *Deductibles.* A stated above, it is assumed that each auto insurance policy would cost $5,000 per year, with a deductible of $1,000. To the extent that the state is responsible for insurance deductible payments, this would result in an expenditure increase of up to $115,000 per year for deductibles. This fiscal note assumes that foster children will pay their own deductibles, so this cost has not been included.

Department of Revenue. In FY 2019-20, this bill will potentially increase expenditures in the Department of Revenue (DOR) by $6,750 to program the DRIVES system to allow foster children over the age of 17 to be issued an instruction permit without a liable party. This is expected to take 30 hours of programming at a cost of $225 per hour. Additionally, workload will increase in DOR to engage in any required rulemaking and update forms, manuals, and the department's website to reflect the change in law, as well as provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increases or costs associated with these activities can be accomplished within existing appropriations.

Department of Human Services. Beginning in FY 2019-20, this bill will potentially increase workload for the Division of Child Welfare in DHS to provide training to county child welfare staff. It is assumed any increase in workload can be accomplished within existing appropriations.

Gifts, grants, and donations. The insurance program for foster children outlined may only be implemented upon the receipt of gifts, grants, and donations. However, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

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 estimated to be $34,179 in FY 2019-20 and $40,828 in FY 2020-21.

Local Government

Beginning in FY 2019-20, this bill will potentially increase county revenue and expenditures. This bill allows each county department of human services or social services that has custody of a foster child or ward of the court to implement a program that provides foster kids with a driver permit if the minor's foster parent consents or the county has first consulted with the foster parent for a child 17 years old or older. Counties may only accept gifts, grants, and donations to implement this program. To the extent that a county implements the program described in the bill, its workload and expenditures may increase. Local county revenue may also increase to the extent that any gifts, grants, and donations are received to implement this program.

Technical Note

The state of Colorado is self-insured and liability insurance for the state fleet is provided through this self-insurance pursuant to the Risk Management Act and the Colorado Governmental Immunity Act. Foster children do not qualify for self-insurance coverage through the state as the children are not public employees. Therefore, DPA has no ability to pool insurance to reduce rates.

DPA has no fund in place eligible to receive gifts, grants, and donations, so it is assumed these funds, if received, will be credited to and expended from the General Fund.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

Conditional upon receipt of gifts, grants, and donations, the Department of Personnel and Administration requires an appropriation of $1,333,415 and an allocation of 2.1 FTE from the General Fund. Of this, $6,750 is reappropriated to the Department of Revenue.

State and Local Government Contacts

Counties	Human Services	Information Technology
Personnel	Revenue	