Colorado Legislative Council Staff

HB17-1078

REVISED FISCAL NOTE

(replaces fiscal note dated January 27, 2017)

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

Drafting Number:	LLS 17-0081	**Date:**	February 9, 2017
Prime Sponsor(s):	Rep. Landgraf Sen. Coram	**Bill Status:**	Senate Finance
		Fiscal Analyst:	Bill Zepernick (303-866-4777)

BILL TOPIC: TRANSFER FUNDS FROM FAMILY SUPPORT LOAN PROGRAM

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019	FY 2019-2020
State Revenue	**($20,000)**	**($40,000)**	**($60,000)**
Revenue Change			
Cash Funds	(20,000)	(40,000)	(60,000)
State Transfers			
Cash Funds	125,000		
Cash Funds	(125,000)		
State Expenditures	Potential increase.		
Cash Funds	See State Expenditures section.		
TABOR Impact	(<$5,000)	(<$5,000)	Not estimated.
Appropriation Required: None.			
Future Year Impacts: Ongoing state revenue reduction and potential expenditure increase.			

Note: The fiscal note has been revised to reflect amendments adopted by the House of Representatives and new information received about the timing of loan repayment revenue.

Summary of Legislation

The ***reengrossed bill*** repeals the Family Support Loan Program and the Family Support Loan Program Cash Fund in the Department of Health Care Policy and Financing (HCPF) on July 1, 2017. All moneys in the loan program cash fund are transferred to the newly created Family Support Services Cash Fund, and may be appropriated to cover the costs of winding-down the existing loan program and to provide non-loan-based support through the existing Family Support Services Program.

Background

Under the Family Support Loan Program, families may receive loans up to $8,000 to obtain short-term services or equipment. The loans are repaid with interest, to HCPF. Loans are made out of the Family Support Loan Program Cash Fund, which consists of moneys previously transferred to the loan cash fund from other community programs when the program was housed in the Department of Human Services prior to 2013. HCPF reports that it has not transferred additional funds into the Family Support Loan Program Cash Fund in recent years since it assumed responsibility for the program in 2013, and it operates based on the initial fund balance and income loan repayment revenue. The Family Support Loan Program Cash Fund is continuously appropriated to HCPF.

The Family Support Services Program is a non-loan-based program that provides a range of services to families who have a person with intellectual or developmental disabilities (IDD). These services may include family support grants, service coordination, information and referrals, education material, emergency and outreach services, and other individual- and family-centered services to support the family in caring for a person with IDD. For FY 2016-17, HCPF is appropriated about $7.0 million for the Family Support Services Program, which is paid for with General Fund and federal funds.

State Revenue

The bill impacts state revenue in two ways: it decreases cash fund revenue from loan repayments, and creates a one-time fund transfer between cash funds. These impacts are discussed below.

Loan repayment revenue. Over the next five years, it is estimated that loan repayments to the Family Support Loan Fund in HCPF will total about $300,000. With no new loans being made and old loans being completed, the anticipated loan repayment revenue will phase out over five years, resulting in a cash fund revenue decrease of $20,000 in FY 2017-18, $40,000 in FY 2018-19, and $60,000 in FY 2019-20 from repealing the loan program. The fiscal note assumes that this revenue will be phased out evenly over the five-year period until all outstanding loans are closed out. Loans under the program have a low interest amount, typically 1 or 2 percent, so interest is assumed to represent less than $5,000 per year in loan repayment revenue.

State transfers. In FY 2017-18, the bill will result in a one-time transfer of about $125,000 from the Family Support Loan Cash Fund to the newly created Family Support Services Cash Fund. This transfer is assumed to occur on July 1, 2017. The transfer amount is based on the current balance in the Family Support Loan Cash Fund, which may change depending on any new loans issued and repayments made prior to the transfer date.

TABOR Impact

This bill reduces state cash fund revenue from interest on loan repayments, which will reduce the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. TABOR refund obligations are not expected for FY 2016-17. Payments made toward the loan principle do not count as new revenue under TABOR.

State Expenditures

The bill may result in additional state expenditures using funds transferred to the Family Support Services Cash Fund from the repealed loan program cash fund. However, this bill does not specifically require spending from this fund, and it is assumed that any appropriations from the new cash fund will be made through the annual budget process.

Elimination of the loan program will decrease workload in HCPF by a small amount after all family support loans are phased out after five years. HCPF currently has two accounting staff persons who spend a portion of their time supporting the family support loan program. It is assumed these staff will continue at their current level and that their time will be allocated to support other accounting functions in the HCPF after the loan program is fully concluded. Any future adjustments to staffing in HCPF will be addressed through annual budget process, and no change in appropriations is required at this time.

Effective Date

The bill takes effect July 1, 2017.

State and Local Government Contacts

Counties	Health Care Policy and Financing
Human Services	Information Technology
Law	Personnel
Treasury	