



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 25-050: RACIAL CLASSIFICATIONS ON GOVERNMENT FORMS

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**Fiscal note status:** The fiscal note reflects the introduced bill.

#### Summary Information

**Overview.** The bill requires all state and local government entities to include specific categories when collecting racial and ethnic information, and to adhere to future revisions to federal standards.

**Types of impacts.** The bill is projected to affect the following areas in FY 2025-26 and conditionally in future years:

- State Expenditures
- Local Government
- Statutory Public Entity
- School Districts

**Appropriations.** For FY 2025-26, the bill requires an appropriation of \$1,780,850 to various state agencies. No appropriation is required for grant spending by the Department of Human Services.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27	Future Year Conditional
State Revenue	\$0	\$0	\$0
State Expenditures	\$1,880,850	\$0	\$829,510
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Future Year Conditional</b>
General Fund	\$1,449,325	\$0	\$670,005
Cash Funds	\$206,391	\$0	\$159,505
Federal Funds	\$225,134	\$0	\$0
Centrally Appropriated	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$1,880,850</b>	<b>\$0</b>	<b>\$829,510</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>

## Summary of Legislation

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The bill requires all state and local government entities that request an individual to disclose racial and ethnic information to include spaces for all racial and ethnic categories required by the federal Office of Management and Budget (OMB), and a space to indicate if the individual's race or ethnicity is Middle Eastern, North African, or South Asian.

## Background

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The OMB sets the standards for race and ethnic data collection for federal agencies via the Statistical Policy Directive No. 15 (SPD 15): Standards for Maintaining, Collecting, and Presenting Federal Data on Race and Ethnicity. On [March 28, 2024, the OMB revised the SPD 15](#) to include "Middle Eastern or North African" as a minimum reporting category, among other requirements. Federal agencies must comply with these updates as soon as possible, and no later than March 28, 2029.

## Assumptions

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SPD 15 may indirectly affect several agencies if federal agencies issue conforming requirements on reports created for them at the state and local level. Since:

- these conforming requirements have not yet been issued;
- the bill's implementation date is before the implementation date of the recent changes to SPD 15;
- the bill includes "South Asian" as part of the new category; and,
- the recent changes to SPD 15 are subject to reversal;

the fiscal note assumes that none of the agency workload to implement this bill is duplicative of any work to conform with the recent change to SPD 15 discussed in the Background section.

**State Expenditures**

The bill increases state expenditures by about \$1.9 million in FY 2025-26, and \$830,000 in any future years where the SPD 15 is revised (conditional impact), as shown in Table 2. These costs are exclusively programming costs that will be incurred in several departments from the General Fund, cash funds, and federal funds. Some departments will utilize the Office of Information Technology (OIT) to implement these changes, while several others will use contracted vendors or in-house programmers. Amounts that will be reappropriated to OIT are shown in Table 2A, and amounts that will be expended directly by the department are shown in Table 2B.

**Table 2  
State Expenditures  
All Departments**

<b>Department</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Future Year Conditional</b>
Department of Labor & Employment	\$11,200	\$0	\$11,537
Department of Human Services	\$13,454	\$0	\$0
Department of Public Health & Environment	\$20,000	\$0	\$20,000
Department of Local Affairs	\$20,870	\$0	\$20,870
Department of Higher Education	\$55,000	\$0	\$55,000
Department of Education	\$84,125	\$0	\$84,125
Behavioral Health Administration (DHS)	\$113,534	\$0	\$0
Department of Public Safety	\$117,000	\$0	\$117,060
Department of Revenue	\$192,859	\$0	\$159,505
Department of Health Care Policy & Financing	\$291,970	\$0	\$0
Department of Early Childhood	\$361,278	\$0	\$361,413
Judicial Department	\$599,560	\$0	\$0
<b>Total Cost</b>	<b>\$1,880,850</b>	<b>\$0</b>	<b>\$829,510</b>

**Table 2A  
Programming Costs Reappropriated to OIT**

<b>Department</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Future Year Conditional</b>
Department of Labor & Employment	\$11,200	\$0	\$11,537
Department of Human Services	\$0	\$0	\$0
Department of Public Health & Environment	\$0	\$0	\$0
Department of Local Affairs	\$0	\$0	\$0
Department of Higher Education	\$0	\$0	\$0
Department of Education	\$0	\$0	\$0
Behavioral Health Administration (DHS)	\$113,534	\$0	\$0
Department of Public Safety	\$2,000	\$0	\$2,060
Department of Revenue	\$7,201	\$0	\$3,709
Department of Health Care Policy & Financing	\$0	\$0	\$0
Department of Early Childhood	\$4,500	\$0	\$4,635
Judicial Department	\$0	\$0	\$0
<b>Total Cost</b>	<b>\$138,435</b>	<b>\$0</b>	<b>\$21,941</b>

**Table 2B  
Internal Programing Costs**

<b>Department</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Future Year Conditional</b>
Department of Labor & Employment	\$0	\$0	\$0
Department of Human Services	\$13,454	\$0	\$0
Department of Public Health & Environment	\$20,000	\$0	\$20,000
Department of Local Affairs	\$20,870	\$0	\$20,870
Department of Higher Education	\$55,000	\$0	\$55,000
Department of Education	\$84,125	\$0	\$84,125
Behavioral Health Administration (DHS)	\$0	\$0	\$0
Department of Public Safety	\$115,000	\$0	\$115,000
Department of Revenue	\$185,658	\$0	\$155,796
Department of Health Care Policy & Financing	\$291,970	\$0	\$0
Department of Early Childhood	\$356,778	\$0	\$356,778
Judicial Department	\$599,560	\$0	\$0
<b>Total Cost</b>	<b>\$1,742,415</b>	<b>\$0</b>	<b>\$807,569</b>

## **Budget Year Impacts**

Several departments collect demographic information, and will have to update their forms and corresponding databases to store the information. These will be one-time programming costs in FY 2025-26, which are shown above in Tables 2 through 2A.

### Departments with Impacts under \$100,000

Most state agencies collect no or a limited amount of demographic information and will have costs under \$100,000 to update their current forms and corresponding databases. Cost vary from department depending on the number of forms and the complexity of their databases but range between \$0 and \$84,000.

### Departments with Impacts between \$100,000 and \$200,000

The Department of Public Safety (CDPS), the Behavioral Health Administration (BHA), the Department of Revenue (DOR), and the Department of Health Care Policy and Financing (HCPF) collect a lot of demographic information and operate complex databases. CDPS, BHA, and HCPF most frequently collect this information in order to draw down federal dollars.

CDPS will utilize a \$100,000 grant for this work, which lowers its required appropriation but does not affect the costs reflected in the fiscal note tables.

The Division of Motor Vehicles in DOR is in the midst of a DRIVES system upgrade, and will incur programming costs as well as implementation delay penalties.

### Department of Early Childhood

The Department of Early Childhood (CDEC) requires about \$350,000 in programming costs. CDEC, which consists of several offices that are more independent than is typical in other departments, operates ten systems that collect demographic information. Some of these systems are used by other departments, but the programming costs fall to CDEC.

### Judicial Department

The Judicial Department requires about \$600,000 in programming costs. Because race and ethnicity categorizations in the Judicial Department's case management system are set to match the Federal Bureau of Investigation's for ease of data transfer, the department will create a separate system to enter and store this information. Associated staffing costs to manage a separate data entry system have not been estimated as of writing.

## **Conditional Future Year Impacts**

Under current law, state agencies are not directly bound by the SPD 15. Since the bill requires them to conform to SPD 15, agencies will have future programming costs whenever the SPD 15 is revised. The Judicial Department, HCPF, and the BHA collect demographic information primarily for the purpose of reporting to federal agencies and already conform to SPD 15. These agencies will have no new costs to conform with SPD 15, just one-time costs to conform with the bill's

requirement to include the Middle Eastern, North African, and South Asian categories. See Assumptions section for more detail.

## **Local Governments, School Districts, and Statutory Public Entities**

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Similar to state agencies, local government agencies, school districts, and statutory public entities that collect demographic information will have costs to update forms and corresponding databases. Costs will vary based on the number of forms and the complexity of databases. Data entry staff may be required in some cases.

## **Technical Note**

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The bill's effective date does not allow enough time for necessary computer programming modifications, which will take anywhere from a few weeks to a year depending on the agency and the complexity of the programming.

## **Effective Date**

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

## **State Appropriations**

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

- \$11,200 from the General Fund to the Department of Labor and Employment, to be reappropriated to the Office of Information Technology;
- \$13,454 from the General Fund to the Department of Human Services;
- \$20,000 from the General Fund to the Department of Public Health and Environment;
- \$20,870 from the General Fund to the Department of Local Affairs;
- \$55,000 from the General Fund to the Department of Higher Education;
- \$84,125 from the General Fund to the Department of Education;
- \$113,534 from the General Fund to the Behavioral Health Administration in the Department of Human Services, to be reappropriated to the Office of Information Technology;
- \$117,000 from the General Fund to the Department of Public Safety; \$2,000 of which is to be reappropriated to the Office of Information Technology;

- \$192,859 from the DRIVES Cash Fund to the Department of Revenue; \$7,201 of which is to be reappropriated to the Office of Information Technology;
- \$291,970 to the Department of Health Care Policy and Financing, including:
  - \$211,339 that will be expended by the department, of which:
    - \$15,682 is from the General Fund;
    - \$8,141 is from Health Care Affordability and Sustainability Fee Cash Fund;
    - \$2,328 is from the Children’s Health Care Plus Trust Cash Fund; and
    - \$185,237 is from federal funds; and
  - \$80,591 that will be reappropriated to the Department of Human Services, of which:
    - \$37,622 is from the General Fund;
    - \$3,063 is from the Old Age Pension Cash Fund; and
    - \$39,896 is from federal funds;
- \$361,278 from the General Fund to the Department of Early Childhood, which requires roll-forward spending authority through FY 2026-27; of which \$4,500 will be reappropriated to the Office of Information Technology; and
- \$599,560 from the General Fund to the Judicial Department.

In addition, the DHS will spend \$100,000 in FY 2025-26 in grant funding to implement the bill, which does not require an appropriation.

## **State and Local Government Contacts**

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All State and Local Governments