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Fiscal Note

Drafting Number: LLS 21-0578 **Date:** March 12, 2021
Prime Sponsors: Sen. Gonzales **Bill Status:** Senate Finance
Rep. Esgar; Tipper **Fiscal Analyst:** Clare Pramuk | 303-866-2677
clare.pramuk@state.co.us

Bill Topic: **CREATION OF FINANCIAL EMPOWERMENT OFFICE**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates the Financial Empowerment Office in the Department of Law. The bill increases state and local expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$221,090 to multiple departments.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 21-148

	Budget Year	Out Year
	FY 2021-22	FY 2022-23
Revenue	-	-
Expenditures		
General Fund	\$221,090	\$223,976
Centrally Appropriated	\$58,638	\$62,160
Total Expenditures	\$279,728	\$286,136
Total FTE	2.2 FTE	2.4 FTE
Transfers	-	-
TABOR Refund	-	-

Summary of Legislation

The bill creates the Financial Empowerment Office (office) in the Department of Law (DOL). The office is charged with growing the financial resilience of Coloradans by expanding access to safe and affordable banking and credit, and free individual financial counseling and coaching, as well as developing stronger consumer protections.

The office may develop:

- methods, programs, and policies to increase access to safe and affordable financial products;
- tools and resources that increase and improve Colorado residents' financial management;
- community-informed policies and systems that build ownership and wealth; and
- tools that promote financial stability.

The office must:

- support local organizations that define and lead tailored financial resilience strategies;
- align, support, and build ties in local communities to help build financial education and well-being;
- establish a statewide coalition that includes the Office of the State Treasurer, local officials, and others listed in the bill to discuss affordable banking products and help improve the financial stability of the unbanked;
- work with stakeholders to increase access to low-cost, credit-building loans and financial products, including collaborating with the Office of the State Treasurer on the creation and management of a loan fund;
- expand access to safe and affordable banking productions with low fees and easy account access;
- develop technical assistance to launch and expand local financial counseling and coaching, and to raise funds for these efforts; and
- track community feedback on financial abuses and connect persons with enforcement actors at the DOL and the Department of Regulatory Agencies.

By August 1, 2022, and every August 1 thereafter, the DOL must submit a report to the General Assembly regarding the office's work.

State Expenditures

This bill increases state General Fund expenditures by \$279,728 and 2.2 FTE for FY 2021-22 and \$286,136 and 2.4 FTE for FY 2022-23. These costs are shown in Table 2 and explained below.

**Table 2
 Expenditures Under SB 21-148**

Cost Components	FY 2021-22	FY 2022-23
Department of Law		
Personal Services	\$151,088	\$164,823
Operating Expenses	\$2,700	\$2,700
Travel	\$8,940	\$8,940
Fleet Vehicle	\$3,900	\$3,900
Technical Assistance Materials	\$25,000	\$25,000
Capital Outlay Costs	\$12,400	-
Centrally Appropriated Costs ¹	\$53,094	\$56,476
FTE – Personal Services	1.8 FTE	2.0 FTE
DOL Subtotal	\$257,122	\$261,839
Office of the State Treasurer		
Personal Services	\$17,062	\$18,613
Centrally Appropriated Costs ¹	\$5,544	\$5,684
FTE – Personal Services	0.4 FTE	0.4 FTE
State Treasurer Subtotal	\$22,606	\$24,297
Total	\$279,728	\$286,136
Total FTE	2.2 FTE	2.4 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Law. The bill requires the Attorney General to appoint a director of the office and allows the director to hire staff as necessary. The department requires an Administrator V and Program Community Professional Specialist IV to build, maintain, and facilitate the office and carry out its duties. In addition, the DOL requires travel costs for 12 stakeholder meetings each year throughout the state. These costs are estimated to be \$8,940 for mileage, hotels, and per diem. Technical assistance materials, such as mailings, are estimated to cost \$25,000 per year. The administrator will require a fleet vehicle, provided by the Department of Personnel and Administration, at a leased cost of \$3,900 per year. First-year costs are prorated to reflect the General Fund pay date shift.

In addition, the bill requires the DOL to work with the State Treasurer to create and manage a loan cash fund to support small credit-building loans. Once the program has been established and its parameters known, this fiscal note assumes that additional staffing resources will be addressed through the annual budget process. Based on similar programs run by other financial empowerment programs, credit-building loans may range from \$500 to \$5,000. This fiscal note assumes funding for these loans will be provided by gifts, grants, or donations and administered by community banking partners. The number of loan recipients will depend on the amount of funding received.

Office of the State Treasurer. The Office of the State Treasurer requires 0.4 FTE Policy Advisor to prepare for coalition meetings, work collaboratively and provide advice to DOL and stakeholders, and conduct research and outreach as required. First-year costs are prorated to reflect the General Fund pay date shift.

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 \$58,638 in FY 2021-22 and \$62,160 in FY 2022-23.

Local Government

Workload will increase for local governments that participate in any coalition or stakeholder groups. These workload increases will vary by jurisdiction and have not been estimated.

Effective Date

The bill takes effect July 1, 2021.

State Appropriations

For FY 2021-22, the bill requires a General Fund appropriation of \$204,028 and 1.8 FTE to the Department of Law, of which \$3,900 is reappropriated to the Department of Personnel and Administration. In addition the Office of the State Treasurer requires a General Fund appropriation of \$17,062 and 0.4 FTE.

State and Local Government Contacts

Counties

Municipalities

Information Technology

Regulatory Agencies

Law

Treasury