

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
 FROM Eric Kurtz, JBC Staff (303-866-4952)
 DATE March 17, 2023
 SUBJECT Department of Early Childhood Comeback – Universal Preschool Funding

The JBC's actions to date on funding for the universal preschool program would provide:

- 1 Sufficient funding to cover all populations contemplated in the enabling legislation plus 15 hours of preschool (rather than 10 hours) for children in the year prior to kindergarten, assuming 30,000 of these children enroll.
- 2 Maintain an uncommitted balance in the Preschool Programs Cash Fund as a reserve/contingency equal to 10 percent of the projected expenditures. The reserve/contingency is to address forecast error regarding either the revenues or expenditures, but the biggest uncertainty is related to the number of children who will enroll. If more than 30,000 children enroll, the reserve/contingency would allow the Department to serve the additional children without needing to reduce the 15 hours mid-year. Actual enrollment to date of children in the year prior to kindergarten is 28,860.

The JBC's actions were based on the December Legislative Council Staff forecast of revenue to Preschool Programs Cash Fund. The March forecast suggests there will be more revenue from Proposition EE, reducing the General Fund needed to achieve a 10 percent reserve/contingency in the Preschool Programs Cash Fund.

Universal Preschool Financing FY 2023-24			
	December LCS	March LCS	March OSPB
Revenue			
Proposition EE	\$185.2	\$205.6	\$195.3
Transfer from General Fund or State Education Fund	139.2	139.1	139.1
Total - Revenues	\$324.4	\$344.8	\$334.4
<i>Difference from December LCS</i>		20.4	10.0
Expenditures			
Universal Preschool	\$322.0	\$322.0	\$322.0
Administration	0.6	0.6	0.6
Total - Expenditures	\$322.6	\$322.6	\$322.6
Ending Fund Balance	\$1.8	\$22.1	\$11.8
10% Reserve/Contingency	32.2	32.2	32.2
General Fund Needed for a 10% Reserve/Contingency	\$30.4	\$10.1	\$20.4

Based on the March forecast, the JBC could choose to reduce the General Fund for universal preschool and still maintain a 10 percent reserve/contingency.