

Joint Budget Committee



Supplemental Budget Requests FY 2024-25

Department of Early Childhood

JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision

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Overview of Department

The Department of Early Childhood exists to support the care, education, and well-being of young children. Primary programs operated by the Department include:

- Universal Preschool Program (UPK)– Provides funding and access to preschool for all children in the year before kindergarten eligibility and for additional hours as funding allows according to statutory prioritization of services.
- Child Care Support including Colorado Child Care Assistance Program (CCCAP) – Provides assistance with child care expenses for low-income families; offers strategic financial support for providers and workforce development.
- Early Intervention Services – Provides targeted support services for families with children birth through 2 years with disabilities or risk of developmental delays.
- Provider licensing, inspection, and monitoring - Facilitates provider registration, licensing, and monitoring, and includes background checks, vendor training, and quality supervision.

The Department operates several other programs aimed at providing resources, development, and capacity building opportunities to families, children, local communities, and providers. The Department also provides strategic guidance for complimentary programs across the State.

Summary of Staff Recommendations

Department of Early Childhood: Recommended Changes for FY 2024-25						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	\$769,036,813	\$292,987,198	\$265,946,952	\$18,443,712	\$191,658,951	230.4
Other legislation	2,742,614	777,690	1,764,924	200,000	0	4.7
Current FY 2024-25 Appropriation	\$771,779,427	\$293,764,888	\$267,711,876	\$18,643,712	\$191,658,951	235.1
Recommended Changes						
Current FY 2024-25 Appropriation	\$771,779,427	293,764,888	\$267,711,876	\$18,643,712	\$191,658,951	235.1
S01 Indirect cost allocation true up	1,401,031	0	218,951	766,529	415,551	0.0
Staff initiated letternote corrections	0	0	0	0	0	0.0
Statewide common policy supplemental requests	-145,676	-145,676	0	0	0	0.0
Recommended FY 2024-25 Appropriation	\$773,034,782	\$293,619,212	\$267,930,827	\$19,410,241	\$192,074,502	235.1
Recommended Increase/-Decrease	\$1,255,355	-\$145,676	\$218,951	\$766,529	\$415,551	0.0
Percentage Change	0.2%	0.0%	0.1%	4.1%	0.2%	0.0%
FY 2024-25 Executive Request	\$1,255,355	-\$145,676	\$218,951	\$766,529	\$415,551	0.0
Staff Rec. Above/-Below Request	\$771,779,427	\$293,764,888	\$267,711,876	\$18,643,712	\$191,658,951	235.1

FY 2024-25 Description of Incremental Changes

S1 Indirect cost allocation true up: The request includes \$1,401,031 total funds, including \$218,951 cash funds, \$766,529 reappropriated funds, and \$415,551 federal funds to make necessary adjustments to the Department’s indirect cost assessment line items, aligning them with reappropriated funds in the Executive Director’s office. This will allow the Department to collect the appropriate administrative costs from the Divisions. **The recommendation is to approve the request.**

Staff-initiated letternote corrections: The recommendation is to correct technical drafting errors in two letternotes in the Department’s section of the FY 2024-25 Long Bill. These corrections have a neutral impact on the budget.

Statewide common policy supplemental requests: The request includes a decrease of \$145,676 General Fund, for non-prioritized requests associated with statewide common policy requests. The decrease is associated with adjustments to the Department’s payments for vehicle leases and to the Office of Information technology (OIT), which are determined through common policies. The prioritized versions of these requests will be presented during the supplemental presentations for the Department of Personnel (vehicle and state property) and Office of the Governor (OIT). The recommendation is pending Committee action on common policy supplementals.

Prioritized Supplemental Requests

S1 Indirect cost allocation true up

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$1,401,031	\$0	\$218,951	\$766,529	\$415,551	0.0
Recommendation	1,401,031	0	218,951	766,529	415,551	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request is the result of a technical error in calculating the original appropriation.

Request

The Department requests \$1,401,031 total funds, including \$218,951 cash funds, \$766,529 reappropriated funds, and \$415,551 federal funds to align its Long Bill appropriations with the Department’s indirect cost allocation plan. The changes will accurately reflect the cost collections from all divisions for administrative services.

Recommendation

Staff recommends that the Committee approve the request.

Analysis

Background

Created by House Bill 21-1304, the Colorado Department of Early Childhood began operations in July 2022. The new Department was comprised of functions formerly situated within the Colorado Department of Human Services and the Colorado Department of Education. Now, as the state administrator of the federal Child Care Development Funds (CCDF), the Department must submit a cost allocation plan to the federal government for the purpose of equitably and accurately dividing shared costs across programs. Prior to December 2023, the Department had been operating under a cost allocation plan developed by the Department of Human Services. In July 2023, the Department submitted a revised cost allocation plan to the federal government. It is not operating under that provisional plan, as permitted by the federal government, until it is approved or modified.

The Department oversees multiple funding sources, including the following:

- Child Care and Development Block Grant (CCDBG), including Child Care and Development Fund (CCDF)
- Early Intervention (Individuals with Disabilities Education Act (IDEA) Part C)
- Cash funds from the Early Intervention Trust Fund
- Retention and Recruitment of Early Intervention Professionals (RREIP)
- Healthy Marriage and Responsible Fatherhood
- Early Childhood Comprehensive Systems (ECCS)
- Every Student Succeeds Act/Preschool Development Grant (PDG)
- Preschool Program Cash Fund
- Federal Promoting Safe and Stable Families (PSSF) funds
- Federal Community-Based Child Abuse Prevention funds (CBCAP)
- Head Start Collaboration
- Child Welfare Research Training or Demonstration grants
- Maternal, Infant, and Early Childhood Home Visiting (MIECHV)
- Family Support through Primary Prevention (FSPP) grant (demonstration project)
- Marijuana cash funds used for Incredible Years
- Cash funds from Records and Reports Fund
- Child Care Licensing Cash Fund
- Colorado Children's Trust Fund
- Nurse Home Visitor Program (NHVP) Fund
- Child Care Cash Fund

The Department's cost allocation plan outlines how it plans to distribute shared costs across its divisions, ensuring that non-State funding sources are utilized to cover their share of the Department's administrative costs. To ensure the Department can collect all indirect costs from all programs, the reappropriated funds in the Executive Director's Office must align with the Indirect Cost Assessment line items across each Division. The indirect cost assessments should also align with the federal cost allocation plan. Currently, these are out of alignment, and the Department cannot collect all of the indirect costs from all programs according to its cost allocation plan.

Request

To correct the misalignment, the Department requests the following adjustments to multiple line items and fund sources:

- Increase federal funds and cash funds in Indirect Cost Assessment line items to accurately reflect the administrative cost collections in the divisions. This reflects a total funds increase of \$1.3 million for indirect costs collections and will allow the Department to collect the costs necessary to fund the administrative services for those programs.
- Adjust federal and reappropriated funds to true up administrative costs in centrally appropriated line items (POTS) to accurately reflect how certain FTE are funded across divisions. This results in a decrease of \$666,529 federal funds and an increase of \$666,529 reappropriated funds across POTS line items in the Executive Director's Office. Without this change, the costs of these programs are artificially inflated, and the Department will be unable to collect the administrative costs from the divisions.
- Realign personal services line items to reflect the costs of FTE included in the Executive Director's Office including certain contract specialists, fiscal specialists, and communication specialists. This results in a net-zero change to General Fund as funds are shifted from Divisions to the Executive Director's Office (EDO), and it results in a decrease of \$100,000 federal funds offset by an increase of \$100,000 reappropriated funds in the EDO. These FTE were previously charged directly to the Department's

Division budgets under the Colorado Department of Human Services cost allocation plan, but are now charged directly to the Executive Director’s Office. This change is to alleviate administrative burden and to create greater consistency in how the Department allocates administrative costs.

The request is budget neutral in that it does not increase or decrease actual appropriations to the Department but rather accurately reflects the administrative cost collections across the Department’s divisions per its federal cost allocation plan. Ultimately, the changes ensure that non-State funding sources are utilized to cover their share of the Department’s administrative costs and that the costs are accurately attributed to the correct division within the Department.

Recommendation

Staff recommends approval of the request.

Staff-initiated Supplemental Requests

Staff-initiated letternote corrections

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$0	\$0	\$0	\$0	\$0	0.0
Recommendation	0	0	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff made a technical error in the drafting of the Long Bill in regards to the letternotes identified below.

Recommendation

Staff recommends that the Committee approve the letternote corrections.

Analysis

During the review of the FY 2024-25 Long Bill (H.B. 24-1430) over the 2024 interim, staff found two drafting errors in the letternotes in the Executive Director’s office and in the Department Totals letternotes:

- 1 Executive Director’s Office, General Administration, letternote “a”:
 - a. This letternote does not identify \$338 federal funds coming from Part C of the federal Individuals with Disabilities Education Act. **JBC Staff recommends correcting this error and identifying the funds in the letternote.**
- 2 Department totals, letternotes “a” and “b”:
 - a. Letternote “a” identifies \$29,454,523 containing an (l) notation. The total reflected should be \$29,454,173. **Staff recommends correcting this error and identifying the correct total.**
 - b. Letternote “b” identifies \$14,274,083 containing an (l) notation. The total reflected should be \$14,274,421. **Staff recommends correcting this error and identifying the correct total.**

Statewide Common Policy Supplementals

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

Department's Portion of Statewide Supplemental Requests						
Supplemental	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SNP OIT Real time billing	-\$144,322	-\$144,322	\$0	\$0	\$0	0.0
DPA Annual fleet supplemental	-1,354	-1,354	0	0	0	0.0
Total	-\$145,676	-\$145,676	\$0	\$0	\$0	0.0

The staff recommendation for these requests is pending Committee action on common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee acts on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.