

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
 FROM Eric Kurtz, JBC Staff (303-866-4952)
 DATE March 20, 2023
 SUBJECT Department of Early Childhood Comeback – Universal Preschool Funding

This is the same as the memo that was distributed Friday, 3/17/23, except that the table includes a new column for the March OSPB forecast adjusted to assume a decrease in the tobacco tax rates, as required by TABOR.

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	March OSPB Reduced Rates
Revenue				
Proposition EE	\$185.2	\$205.6	\$195.3	\$187.3
Transfer from General Fund or State Education Fund	139.1	139.1	139.1	139.1
Total - Revenues	\$324.3	\$344.7	\$334.4	\$326.4
<i>Difference from December LCS</i>		20.4	10.1	2.1
Expenditures				
Universal Preschool	\$322.0	\$322.0	\$322.0	\$322.0
Administration	0.6	0.6	0.6	0.6
Total - Expenditures	\$322.6	\$322.6	\$322.6	\$322.6
Ending Fund Balance	\$1.7	\$22.1	\$11.8	\$3.8
10% Reserve/Contingency	32.2	32.2	32.2	32.2
General Fund Needed for a 10% Reserve/Contingency	\$30.50	\$10.1	\$20.4	\$28.4

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.

First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

DRAFT
3/16/23

DRAFT

LLS NO. 23-0868.03 Alana Rosen x2606

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: Colorado Universal Preschool Program Funding

A BILL FOR AN ACT

101 **CONCERNING FUNDING TO THE DEPARTMENT OF EARLY CHILDHOOD**
102 **FOR THE COLORADO UNIVERSAL PRESCHOOL PROGRAM.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. Current law requires the general assembly to transfer money to the preschool programs cash fund from the general fund or the state education fund in the 2023-24 and 2024-25 fiscal years. Beginning in the 2024-25 fiscal year, the amount transferred is required to increase by the rate of inflation.

The bill repeals those requirements and instead requires the

*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words indicate deletions from existing law.*

general assembly to appropriate money to the department of early childhood from the general fund for the 2023-24 fiscal year for purposes of the Colorado universal preschool program. Beginning in the 2024-25 fiscal year, and each year thereafter, the amount appropriated must increase annually by the rate of inflation.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 26.5-4-204, **add** (6)
3 as follows:

4 **26.5-4-204. Colorado universal preschool program - created**
5 **- eligibility - workforce development plan - program funding - rules.**

6 (6) TO PRESERVE THE GENERAL ASSEMBLY'S HISTORIC COMMITMENT TO
7 THE COLORADO UNIVERSAL PRESCHOOL PROGRAM, THE GENERAL
8 ASSEMBLY SHALL APPROPRIATE TO THE DEPARTMENT:

9 (a) FOR THE 2023-24 FISCAL YEAR, AN AMOUNT AT LEAST EQUAL
10 TO THE DIFFERENCE BETWEEN THE AMOUNT OF THE STATE SHARE OF
11 TOTAL PROGRAM CALCULATED PURSUANT TO ARTICLE 54 OF TITLE 22 FOR
12 THE 2022-23 BUDGET YEAR, AFTER APPLICATION OF THE BUDGET
13 STABILIZATION FACTOR AND AFTER ANY MID-YEAR ADJUSTMENT, AND THE
14 AMOUNT THAT THE STATE SHARE OF TOTAL PROGRAM, AFTER APPLICATION
15 OF THE BUDGET STABILIZATION FACTOR AND AFTER ANY MID-YEAR
16 ADJUSTMENT, WOULD BE FOR THE 2022-23 BUDGET YEAR IF CALCULATED
17 WITHOUT INCLUDING THE STATEWIDE PRESCHOOL PROGRAM ENROLLMENT,
18 AS DEFINED IN SECTION 22-54-103, FOR THE 2022-23 BUDGET YEAR AND
19 THE NUMBER OF THREE- AND FOUR-YEAR-OLD PUPILS WITH DISABILITIES
20 RECEIVING AN EDUCATIONAL PROGRAM UNDER THE "EXCEPTIONAL
21 CHILDREN'S EDUCATIONAL ACT", ARTICLE 20 OF TITLE 22, FOR THE
22 2022-23 BUDGET YEAR.

23 (b) FOR THE 2024-25 FISCAL YEAR, AND EACH FISCAL YEAR

1 THEREAFTER, AN AMOUNT AT LEAST EQUAL TO THE AMOUNT DESCRIBED
2 IN SUBSECTION (6)(a) OF THIS SECTION INCREASED ANNUALLY BY THE
3 RATE OF INFLATION.

4 **SECTION 2.** In Colorado Revised Statutes, 26.5-4-209, **amend**
5 (1) as follows:

6 **26.5-4-209. Preschool programs cash fund - created - use.**

7 (1) (a) The preschool programs cash fund is hereby created in the state
8 treasury. The fund consists of money credited to the fund pursuant to
9 section 24-22-118 (2), money transferred to the fund pursuant to section
10 39-28-116 (6), ~~money annually transferred to the fund as provided in~~
11 ~~subsection (1)(b) of this section,~~ and any additional money the general
12 assembly may appropriate or transfer to the fund. The state treasurer shall
13 credit all interest and income derived from the deposit and investment of
14 money in the preschool programs cash fund to the fund. The general
15 assembly shall annually appropriate money in the preschool programs
16 cash fund to the department to implement the preschool program.

17 ~~(b) (F) For the 2023-24 fiscal year, the general assembly shall~~
18 ~~transfer to the preschool programs cash fund from the general fund or the~~
19 ~~state education fund created in section 17 of article IX of the state~~
20 ~~constitution an amount equal to the difference between the amount of the~~
21 ~~state share of total program calculated pursuant to article 54 of title 22 for~~
22 ~~the 2022-23 budget year, after application of the budget stabilization~~
23 ~~factor and after any mid-year adjustment, and the amount that the state~~
24 ~~share of total program, after application of the budget stabilization factor~~
25 ~~and after any mid-year adjustment, would be for the 2022-23 budget year~~
26 ~~if calculated without including the statewide preschool program~~
27 ~~enrollment, as defined in section 22-54-103, for the 2022-23 budget year~~

1 ~~and the number of three- and four-year-old pupils with disabilities~~
2 ~~receiving an educational program under the "Exceptional Children's~~
3 ~~Educational Act", article 20 of title 22, for the 2022-23 budget year.~~

4 ~~(H) For the 2024-25 fiscal year and for each fiscal year thereafter,~~
5 ~~the general assembly shall annually transfer to the preschool programs~~
6 ~~cash fund from the general fund or the state education fund created in~~
7 ~~section 17 of article IX of the state constitution an amount equal to the~~
8 ~~amount described in subsection (1)(b)(1) of this section increased~~
9 ~~annually, beginning in the 2024-25 fiscal year, by the rate of inflation.~~

10 **SECTION 3. Act subject to petition - effective date.** This act
11 takes effect at 12:01 a.m. on the day following the expiration of the
12 ninety-day period after final adjournment of the general assembly; except
13 that, if a referendum petition is filed pursuant to section 1 (3) of article V
14 of the state constitution against this act or an item, section, or part of this
15 act within such period, then the act, item, section, or part will not take
16 effect unless approved by the people at the general election to be held in
17 November 2024 and, in such case, will take effect on the date of the
18 official declaration of the vote thereon by the governor.