

# JOINT BUDGET COMMITTEE



## STAFF BUDGET BRIEFING FY 2022-23

DEPARTMENT OF HUMAN SERVICES  
(Office of Early Childhood)

AND

DEPARTMENT OF EARLY  
CHILDHOOD

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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## ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2020 and 2021 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report: [https://leg.colorado.gov/sites/default/files/fy21-22apprept\\_0.pdf](https://leg.colorado.gov/sites/default/files/fy21-22apprept_0.pdf)

The online version of the briefing document, which includes the Numbers Pages, may be found by searching the budget documents on the General Assembly's website by visiting [leg.colorado.gov/content/budget/budget-documents](https://leg.colorado.gov/content/budget/budget-documents). Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

# DEPARTMENT OF HUMAN SERVICES

## DEPARTMENT OVERVIEW

This briefing focuses on the Office of Early Childhood in the Department of Human Services and the transition plan to create a new Department of Early Childhood. For information on other divisions in the Department of Human Services, see the briefings on adult assistance programs, behavioral health, and child welfare.

### OFFICE OF EARLY CHILDHOOD

The primary responsibilities of the Office of Early Childhood include:

- **Colorado Child Care Assistance Program (CCCAP)** – to provide assistance with child care expenses for low-income families
- **Early intervention services** -- for children at risk of intellectual and developmental delays
- **Regulating early childhood service providers** – including licensing and monitoring child care facilities

In addition, the Office operates many smaller programs that provide services to young children and their families, such as programs that work through physician offices to connect families with specialists who provide education and support for new parents, or programs that help parents prepare children to succeed in school. In its policy setting role, the Office helps to provide strategic guidance for, and to connect families with, complimentary programs throughout the state, such as nutrition assistance, income assistance, and school-based services.

## DEPARTMENT BUDGET: RECENT APPROPRIATIONS

### DEPARTMENT OF HUMAN SERVICES

FUNDING SOURCE	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 *
General Fund	\$1,028,050,155	\$1,034,930,086	\$1,108,252,446	\$1,115,834,328
Cash Funds	445,987,547	421,832,773	548,063,145	459,032,988
Reappropriated Funds	211,209,030	209,414,386	228,925,941	220,243,425
Federal Funds	695,177,789	709,092,573	1,072,397,223	751,772,173
<b>TOTAL FUNDS</b>	<b>\$2,380,424,521</b>	<b>\$2,375,269,818</b>	<b>\$2,957,638,755</b>	<b>\$2,546,882,914</b>
Full Time Equiv. Staff	5,134.2	5,181.3	5,194.4	5,295.2

\*Requested appropriation.

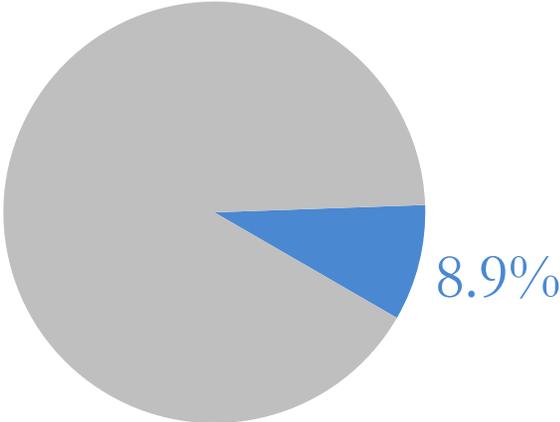
## OFFICE OF EARLY CHILDHOOD

FUNDING SOURCE	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 *
General Fund	\$93,449,523	\$143,402,765	\$95,757,398	\$95,761,326
Cash Funds	48,954,962	51,372,000	53,852,394	54,324,950
Reappropriated Funds	7,968,022	7,968,022	7,968,022	8,047,702
Federal Funds	143,526,601	149,568,491	511,545,070	201,232,899
<b>TOTAL FUNDS</b>	<b>\$293,899,108</b>	<b>\$352,311,278</b>	<b>\$669,122,884</b>	<b>\$359,366,877</b>
Full Time Equiv. Staff	90.8	99.9	125.0	131.7

\*Requested appropriation.

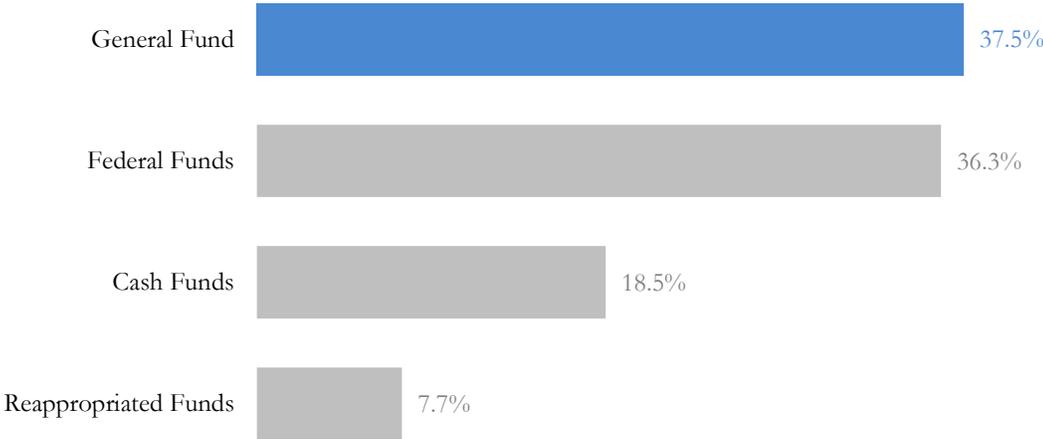
# DEPARTMENT BUDGET: GRAPHIC OVERVIEW

## Department's Share of Statewide General Fund



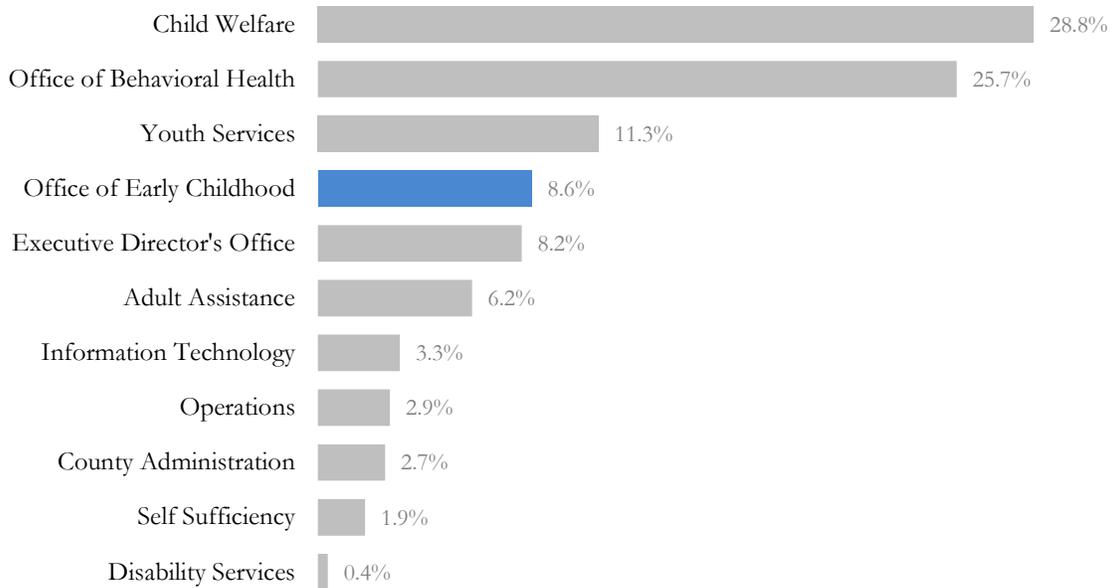
Based on the FY 2021-22 appropriation.

## Department Funding Sources



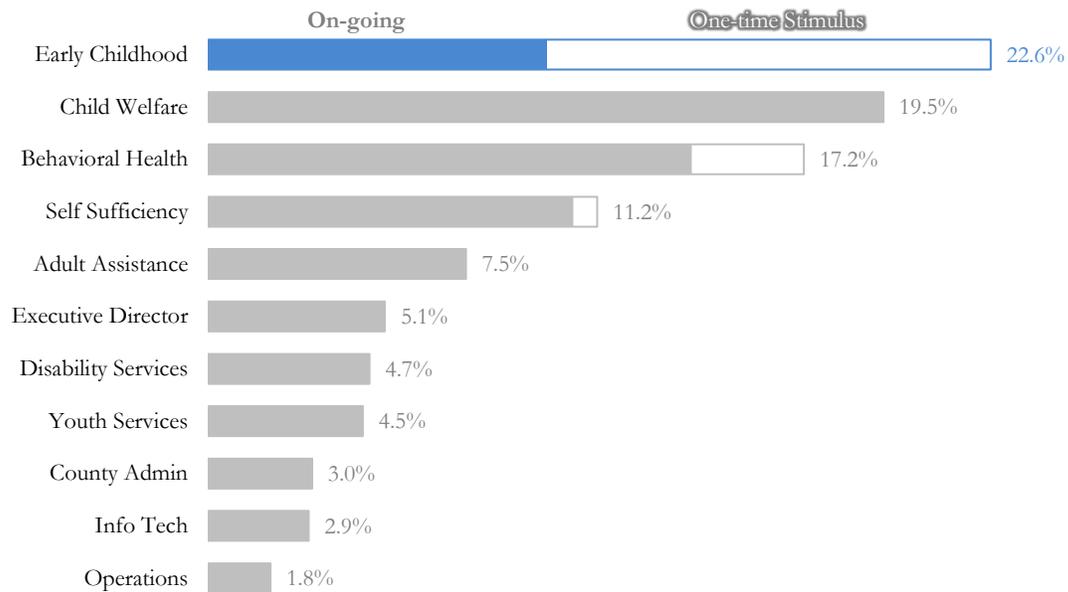
Based on the FY 2021-22 appropriation.

### Distribution of General Fund by Division



Based on the FY 2021-22 appropriation.

### Distribution of Total Funds by Division



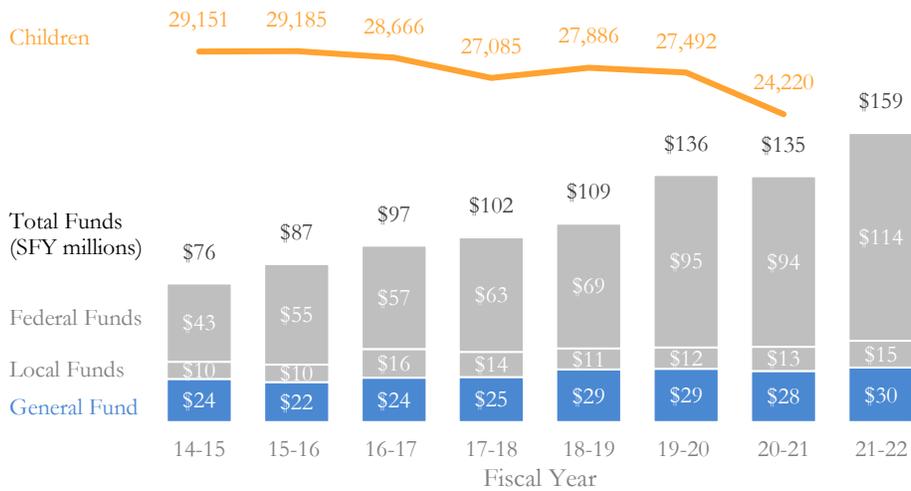
Based on the FY 2021-22 appropriation.

# GENERAL FACTORS DRIVING THE BUDGET

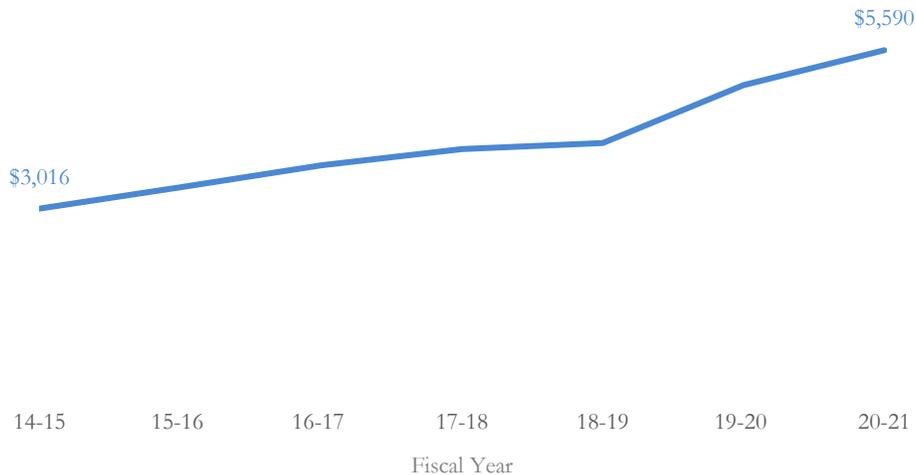
## COLORADO CHILD CARE ASSISTANCE PROGRAM

The Colorado Child Care Assistance Program (CCCAP) helps pay child care expenses for low-income families that are working, seeking employment, or participating in training or education. The money comes primarily from federal grants. There are state and local maintenance of effort requirements. Appropriations are driven by the available federal funds and discretionary decisions by the General Assembly. Changes in federal and state policy (including H.B. 14-1317 and H.B. 18-1335) have increased rates, increased quality reimbursements, increased the length of time children can be in care, decreased family copays, and provided funding for absences. These changes resulted in fewer children served for longer periods of time at higher reimbursement rates. Then, in FY 2020-21 the number of children served decreased significantly due to COVID.

Colorado Child Care Assistance Program



Colorado Child Care Assistance Program Average Expenditures per Child in constant FY 2021-22 dollars

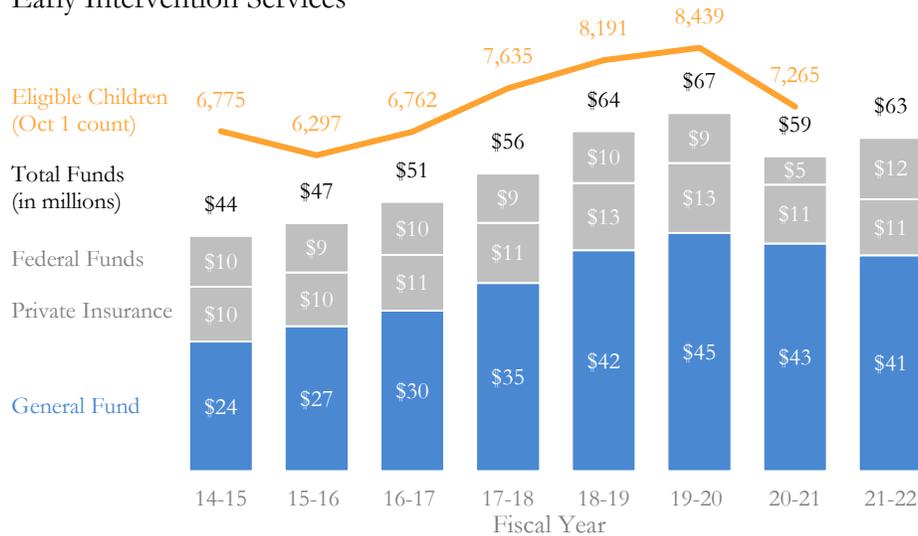


## EARLY INTERVENTION SERVICES

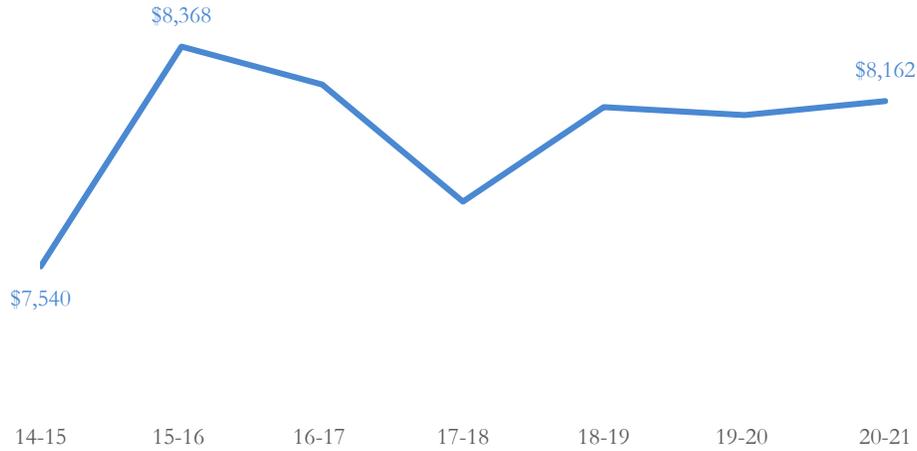
The Department contracts for intervention services to children birth through two years of age with a developmental delay or disability diagnosis, certain risk factors for developmental delays, or a parent or caretaker who has a developmental disability. The intervention services are designed to enhance child development in 15 allowable areas of service that include cognition, speech, communication, physical development, motor development, vision, hearing, social and emotional development, and self-help skills. To maintain eligibility for certain federal grants under the federal Individuals with Disabilities Education Act (IDEA), the state must provide these services to all eligible infants and toddlers whose families seek them. However, there is some room while still meeting the federal requirements for the Department to adjust the eligibility criteria and the scope of services in order to stay within the appropriation. As a result, the appropriations are driven by discretionary decisions by the General Assembly about how much to allocate for this purpose, as informed by the potentially eligible population and projected benefits of the services.

In FY 2020-21 and then again in FY 2021-22 the General Assembly reduced funding for the program in response to both declining revenues and enrollment during the pandemic. To keep projected expenditures within the appropriation, in FY 2020-21 the Department adopted rules reducing eligibility to children demonstrating a 33 percent delay rather than a 25 percent delay in development. The Department expected this policy change to reduce enrollment by 2,200, but the actual impact is difficult to identify and confirm separate from pandemic-related influences on enrollment.

Early Intervention Services



Early Intervention Average Expenditures per Child  
in constant FY 2021-22 dollars



### REGULATING PROVIDERS

The Office licenses and monitors child care facilities throughout the State, including child care homes and centers; preschool and school-age child care programs; homeless youth shelters; summer camps; and 24-hour facilities (such as residential treatment facilities, residential child care facilities, and child placement agencies). The financing comes from the General Fund, federal funds, and licensing fees. Funding needs are driven by the number of providers and the complexity of state and federal regulations. In FY 2020-21 the Office oversaw 4,657 licensed providers and there were 97 adverse licensing actions.

## SUMMARY: FY 2021-22 APPROPRIATION & FY 2022-23 REQUEST

DEPARTMENT OF HUMAN SERVICES, OFFICE OF EARLY CHILDHOOD						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2021-22 APPROPRIATION:</b>						
S.B. 21-205 (Long Bill)	280,899,807	87,060,045	53,352,394	7,968,022	132,519,346	100.9
Other legislation	388,223,077	8,697,353	500,000	0	379,025,724	24.1
<b>TOTAL</b>	<b>\$669,122,884</b>	<b>\$95,757,398</b>	<b>\$53,852,394</b>	<b>\$7,968,022</b>	<b>\$511,545,070</b>	<b>125.0</b>
<b>FY 2022-23 REQUESTED APPROPRIATION:</b>						
FY 2021-22 Appropriation	\$669,122,884	95,757,398	\$53,852,394	\$7,968,022	\$511,545,070	125.0
DEC1 Child care safety	345,980	311,382	0	0	34,598	7.3
DEC2 Early Intervention alternate	1,003,685	1,003,685	0	0	0	1.0
DEC3 Refinance CCCAP	0	(1,807,730)	0	0	1,807,730	0.0
R5 Community provider rate increase	1,981,912	793,583	155,383	79,680	953,266	0.0
R6 Facilities management operating	24,154	0	1,218	0	22,936	0.0
Indirect cost assessments	136,897	0	7,094	0	129,803	0.0
Annualize prior year budget action	(313,248,635)	(296,992)	308,861	0	(313,260,504)	(1.6)
<b>TOTAL</b>	<b>\$359,366,877</b>	<b>\$95,761,326</b>	<b>\$54,324,950</b>	<b>\$8,047,702</b>	<b>\$201,232,899</b>	<b>131.7</b>
<b>INCREASE/(DECREASE)</b>	(\$309,756,007)	\$3,928	\$472,556	\$79,680	(\$310,312,171)	6.7
Percentage Change	(46.3%)	0.0%	0.9%	1.0%	(60.7%)	5.4%

The Governor used separate priority order numbers for requests related to the Office of Early Childhood and for the Department of Human Services as a whole. The Governor proposes moving the Office of Early Childhood to the Department of Early Childhood (DEC) that was authorized by H.B. 21-1304, and so the requests related to the Office of Early Childhood begin with the leader DEC. Proposals for the Department of Human Services as whole begin with an R (for request) and follow a separate numbering order.

### SUMMARY OF REQUESTS

**DEC1 CHILD CARE SAFETY:** The Department requests \$345,980 total funds, including \$311,382 General Fund, for four new positions (3.8 FTE in the first year) to investigate suspected illegal child care and lead public awareness campaigns on safe care practices and the benefits of licensed care. The Department indicates that funding is for the implementation of an evidence-informed program as defined in S.B. 21-284 (Evidence-based evaluation for budget).

**DEC2 EARLY INTERVENTION ALTERNATE [REQUIRES LEGISLATION]:** The Department requests \$1,003,685 General Fund and 1.0 FTE in FY 2022-23 to phase in a new program for children from birth through 2 years of age with risk factors for developmental delays. The working title for the proposed new program is Early Start. The services would be similar to those offered through the existing Early Intervention program but more limited. The proposed eligibility criteria targets two populations. First, the program would serve an estimated 2,200 children with a developmental delay in certain skills<sup>1</sup> that is between 33 percent and 25 percent of the expected timeline. These children

<sup>1</sup> The skills are in five domains of adaptive, cognitive, communication, motor, or social and emotional skills.

would have been eligible for Early Intervention services prior to a change in eligibility criteria in FY 2020-21, which was implemented to balance the budget. Second, the new program aims to serve an estimated 1,800 children with risk factors<sup>2</sup> for developmental delays in the same set of skills. The Department projects up to \$5.2 million in private funding for this request that is not included in the proposed appropriation amounts above. However, the Department assumes the private funding is time limited and the projected costs for the program increases to \$6,241,201 General Fund and 2.0 FTE by FY 2024-25 when the program is fully implemented and private funding is no longer available. The Department requests the JBC sponsor legislation to authorize the program, create a cash fund to receive gifts, grants, and donations, and provide continuous spending authority from the cash fund to the Department. The Department indicates that funding is for the implementation of an evidence-informed program as defined in S.B. 21-284 (Evidence-based evaluation for budget).

**DEC R3 REFINANCE COLORADO CHILD CARE ASSISTANCE PROGRAM (CCCAP):** The Department proposes temporarily refinancing \$1,807,730 General Fund for the Colorado Child Care Assistance Program with federal Child Care Development Funds. The refinancing would help meet a federal requirement that 70 percent of Child Care Development Funds be spent on direct services and at the same time free up General Fund for other priorities.<sup>3</sup>

**R5 COMMUNITY PROVIDER RATE INCREASE:** The Department requests a common policy 1.0 percent increase in community provider rates. For this division the increase is \$2.0 million total funds, including \$793,583 General Fund, primarily for the Colorado Child Care Assistance Program and Early Intervention but including adjustments to smaller programs. *Community provider rates will be addressed in more detail during the common policy presentation in January.*

**R6 FACILITIES MANAGEMENT OPERATING:** The request includes an adjustment to indirect cost assessments for the division in conjunction with an inflationary increase for the Office of Operations. *For more information see the 12/1/21 briefing for the Office of Operations.*

**INDIRECT COST ASSESSMENTS:** The request includes a net increase in indirect cost assessments based on the statewide and departmental indirect cost recovery plans.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes adjustments for out-year impacts of prior year legislation and budget actions, summarized in the table below. The titles of the annualizations begin with either a bill number or the relevant fiscal year. For budget decisions made in the Long Bill, the title includes a reference to the priority number the Department used in that year for the initiative, if relevant. If there is no reference to a bill number or priority number, then the change was initiated by an action other than a bill or request from the Department.

The largest adjustments include:

- **FY 21-22 R14 Nurse home visitor program spending authority** – Last year the General Assembly approved a two-year increase for the provider of the Nurse Home Visitor program, primarily due to increases in nurse salaries. This annualization is a 2.8 percent increase on the line

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<sup>2</sup> Per the Department of Human Services, "These risk factors include, but are not limited to, a substantiated case of abuse or neglect, neonatal abstinence syndrome, fetal alcohol spectrum disorders, lead poisoning, global developmental delays, and perinatal mood and anxiety disorders."

<sup>3</sup> The Governor already accounted for the savings in the budget request but no specific initiatives were identified as tied to this particular savings.

item. The requested annualization is in addition to the 1.0 percent community provider rate adjustment common policy proposed for FY 2022-23.

- **FY 21-22 Salary survey** – This represents the division's share of the salary survey adjustment approved by the General Assembly last year. It is not really an increase in the overall department budget, but rather a reallocation from the pot in the Executive Director's Office where the money was appropriated in FY 2021-22 to the Office of Early Childhood where it will become part of the base personal services appropriations in FY 2022-23.
- **SB 21-236 Increase capacity early childhood care & education** – This bill made a series of appropriations from one-time federal stimulus money that ends in FY 2022-23. However, the Governor will separately propose a second allocation of federal stimulus money in FY 2022-23, presumably for similar purposes, described in the "Additional Related Requests" section below.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 21-22 R14 Nurse home visitor program spending authority	\$732,244	\$0	\$732,244	\$0	0.0
FY 21-22 Salary survey	459,556	72,088	76,604	310,864	0.0
FY 19-20 R21 Salesforce	324	0	13	311	0.0
SB 21-236 Increase capacity early childhood care & education	(313,459,278)	0	0	(313,459,278)	(4.0)
SB 21-275 Child Find responsibilities	(419,762)	(419,762)	0	0	1.9
SB 21-137 Behavioral health recovery act	(314,000)	186,000	(500,000)	0	0.0
HB 21-1304 Early childhood system	(119,232)	(119,232)	0	0	0.5
SB 21-199 Remove barriers to certain public opportunities	(68,612)	(16,086)	0	(52,526)	0.0
SB 21-201 Stricter transparency & enforcement in child care	(59,875)	0	0	(59,875)	0.0
<b>TOTAL</b>	<b>(\$313,248,635)</b>	<b>(\$296,992)</b>	<b>\$308,861</b>	<b>(\$313,260,504)</b>	<b>(1.6)</b>

## ADDITIONAL RELATED REQUESTS

**DEC4 DEPARTMENT OF EARLY CHILDHOOD ADMINISTRATION:** The Governor requests \$13,022,971 total funds, including \$5,130,152 General Fund, and 20 new positions (17.0 FTE in the first year) for the administration of the new Department of Early Childhood that was authorized by H.B. 21-1304. Since the new department does not yet exist, this request was submitted separate from the requests for the Department of Human Services. The Office of State Planning and Budgeting indicates future budget amendments will be submitted detailing proposed transfers of existing programs to the new Department of Early Childhood and potentially requesting additional administrative funds.

**BUDGET INTEGRITY PREPAYS [MAY REQUIRE LEGISLATION]:** The Governor proposed a number of "prepays" for select programs. One of the proposed prepays is \$354 million for universal preschool to provide a buffer against nicotine revenue declines. The source of revenues for the collection of prepays is a combination of General Fund and the federal budget integrity funds available through the American Rescue Plan Act (ARPA). The Governor's request does not detail fund sources for specific components of the prepays. In follow-up correspondence OSPB indicated it is not expecting a decline in nicotine revenues of this magnitude but wants to ensure there are ample resources to launch a successful universal preschool program. Also, OSPB indicated it is exploring many possible ways to implement the prepays, one of which is legislation, without elaborating on what those other methods might entail.

**FEDERAL STIMULUS FUNDS:** The Department received several one-time increases in federal Child Care Development Funds (CCDF) from various pieces of pandemic-related federal legislation. The federal Child Care Development Funds are subject to annual appropriation by the General Assembly but there are federal parameters on how the money can be used. The Governor's letter indicates the FY 2022-23 budget and legislative agenda includes a number of one-time investments in early childhood programs and provides a list, but the list is actually a sample of initiatives that were already appropriated in S.B. 21-236 and should not be interpreted as a new request for FY 2022-23. Instead, the Governor will submit a budget amendment in January with a proposal for how to spend the remaining \$178.9 million in one-time stimulus money allocated to Child Care Development Funds that has not yet been appropriated.

When asked what happens when the federal money expires, the Office of State Planning and Budgeting replied, "We are using the time the funds are available to evaluate their impact and develop recommendations on sustainability and alternative fund sources where appropriate."

**OEDIT R2 ESTABLISH PUBLIC-PRIVATE PARTNERSHIP OFFICE [REQUIRES LEGISLATION]:** For the Office of Economic Development and International Trade (OEDIT) the Governor requested \$1,223,652 General Fund and 3.5 FTE ongoing for a new Public-Private Partnership office, plus \$30,046,612 General Fund one-time for the new office's first project of renovating existing state buildings to accommodate child care facilities. The Governor proposes a grant program for the child care facility renovations with the entire legislature voting on the total funds and criteria for the grant program and the Capital Development Committee approving individual projects. The proposed grant program would emphasize renovating higher education facilities in underserved areas. The grant program would be managed by OEDIT, but the Department of Early Childhood and the Department of Higher Education would be collaborators.

## DEPARTMENT OF EARLY CHILDHOOD

This issue brief discusses the transition plan for the new Department of Early Childhood that was submitted to the Joint Budget Committee for review of the fiscal impact and the Governor's *DECA Department administration* to provide staff for the new department.

### SUMMARY

- Part of the statutory planning process for the new Department of Early Childhood requires the Governor to submit a transition plan to the Joint Budget Committee to review the fiscal impact.
- A second bill will be necessary to flesh out the specific duties of the new department and the JBC may want to encourage early passage of this second bill to simplify the budget process.
- The Transition Working Group recommends transferring just the Office of Early Childhood to the new department in FY 2022-23 and then in FY 2023-24 from the Department of Education the Colorado Preschool Program and the Early Childhood Workforce Development team.
- To provide staff for the new department the Governor requested *DECA Department administration* for \$13.0 million total funds, including \$5.1 million General Fund, and 20.0 FTE. A budget amendment detailing the proposed transfers will be submitted in January.
- There are a number of potentially missing positions from the Governor's request, which the JBC may want to discuss with the executive branch at the hearing.
- The request includes six positions devoted to data and information technology and the Transition Working Group identified several information gaps for early childhood programs, but the request does not describe the proposed solutions to close those information gaps.
- The request hints that the January budget amendment detailing transfers is likely to propose a centralized administration with fewer program lines and fewer line items overall with smaller individual programs performing similar functions grouped together
- The request does not include resources for rule making and the Transition Working Group recommended that the executive director of the new department have final rule making authority.
- The request includes financing from indirect cost recoveries but the available indirect cost recoveries to offset the need for General Fund are probably overstated.
- For the first year the new department will contract with the Department of Human Services for centralized administrative support. The request suggests that the workload for the central administration of the Department of Human Services has increased and removing duties related to the Office of Early Childhood without transferring staff may balance the workload to a more sustainable level.

## DISCUSSION

House Bill 21-1304 authorized the creation of a new Department of Early Childhood beginning in FY 2022-23 and set up a planning process for the new department. The new department is intended to administer child care and early learning programs, but the current statutory authorization includes only the executive director, the Early Childhood Leadership Commission, and the Early Childhood and School Readiness Legislative Commission. Additional legislation will be necessary to transfer other programs or create new programs for the department to administer.

Part of the planning process for the new department requires the Governor to submit a transition plan<sup>4</sup>, developed by the Transition Working Group (TWG), to the Joint Budget Committee with the November 1 budget request. Presumably, this is to allow the JBC to review the fiscal ramifications through the normal budget process. The JBC does not necessarily need to do anything with the transition plan. There is no requirement for the JBC to approve the plan and there are several other players in the process that seem more likely candidates to sponsor the enabling legislation.

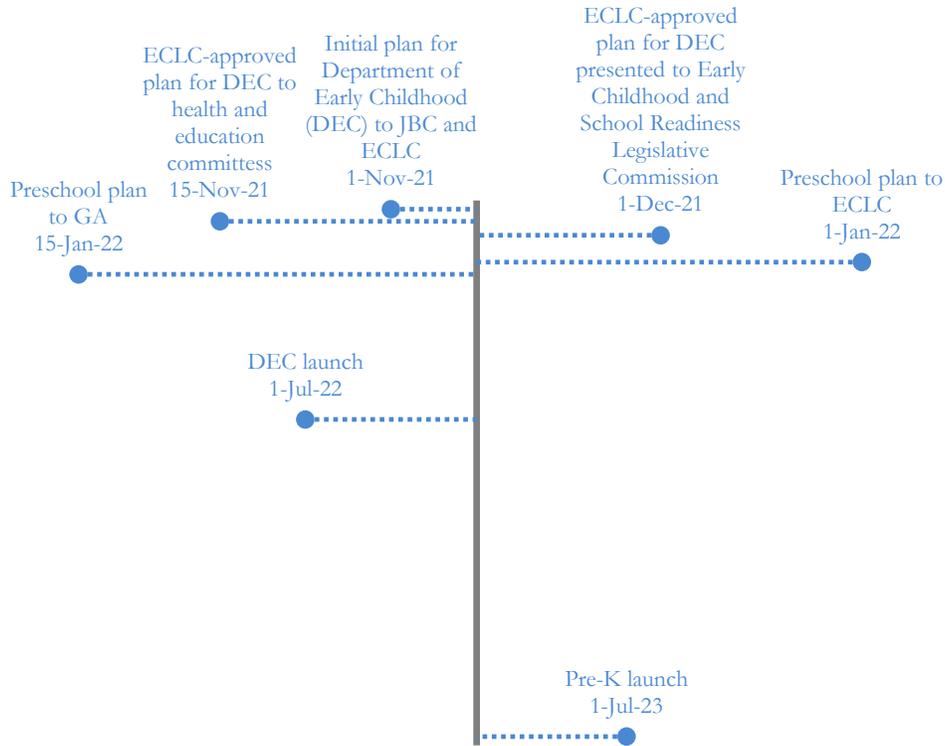
One of the players is the Early Childhood Leadership Commission (ECLC) that includes representatives from several executive branch agencies operating early childhood programs as well as non-state representatives from local governments, school districts, providers, service recipients, funders, businesses, and local public health. The TWG is a subset of members of the ECLC plus representatives of the Governor's Office. The full ECLC has to approve the transition plan developed by the TWG and if the ECLC makes any adjustments that change the fiscal impact the Governor has to submit corresponding budget amendments to the JBC.

After the ECLC approves the plan it is sent to the health and education committees of the House and Senate and the TWG is required to present the plan to the Early Childhood and School Readiness Legislative Commission. The Early Childhood and School Readiness Legislative Commission is an interim committee of the legislature and the current membership is Sen. Buckner (Chair), Rep. Sirota (Vice Chair), Rep. Kipp, Sen. Kirkmeyer, Sen. Story, and Rep. Van Beber.

The timeline below summarizes the deadlines for major events in the creation of the new department. There is also a required review of the Department of Early Childhood, due to the legislature by July 1, 2025, that is not reflected on the timeline horizon.

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<sup>4</sup> A copy of the submitted transition plan can be found here:  
[https://drive.google.com/file/d/15IG4SdgWjU-xi90fQGs\\_c\\_mrWMyK0aQ6/view](https://drive.google.com/file/d/15IG4SdgWjU-xi90fQGs_c_mrWMyK0aQ6/view)



To simplify the budget process, the JBC may want to encourage early consideration of legislation to implement the transition plan. The General Assembly cannot make substantive law through the Long Bill. The Long Bill must be written to existing law. The Department of Early Childhood takes effect in FY 2022-23 but, as noted above, the existing statutory functions are very minimal. This means the General Assembly will need to either pass a bill that fleshes out the new department prior to the introduction of the Long Bill, or the authorizing bill will need to contain the adjustments to appropriations that are necessary to transfer programs. The latter is more complicated to implement from a drafting perspective, but certainly doable if an authorizing bill needs more time to work through the deliberative processes of the General Assembly. It is not clear that either approach has an obvious advantage from a transparency perspective, since the explanation of the changes will be contained either in the Long Bill Narrative or in the fiscal note for the authorizing bill.

### PROGRAMS TRANSFERRING

The TWG recommends transferring all of the Office of Early Childhood to the new department. In addition, from the Department of Education the TWG recommends that in FY 2023-24 the Colorado Preschool Program/Early Childhood At-Risk Enhancement (ECARE) and the Early Childhood Workforce Development team transfer to the new department. The new department will also be responsible for implementing universal pre-school beginning in FY 2023-24.

The Early Childhood Workforce Development team in the Department of Education is an executive branch entity that is not defined in statute, so it is somewhat ambiguous what this means. According to the transition report, the Early Childhood Workforce Development team manages the Colorado Shines Professional Development Information System (PDIS), provides early childhood professional development training, and oversees the Early Childhood Professional Credential.

If this is how the enabling legislation is structured, the new department will be responsible for three major programs: universal preschool, the Colorado Child Care Assistance Program, and Early Intervention. The new department will also oversee all the smaller grant programs and regulatory functions of the existing Office of Early Childhood as well as the early childhood professional development information gathering, training, and credentialing functions currently housed in the Department of Education.

OSPB estimates the new department will eventually have between 200 and 250 FTE, which OSPB describes as similar to the Department of Local Affairs. For FY 2022-23 the Governor is requesting 131.7 FTE for the Office of Early Childhood and OSPB estimates no more than a dozen staff will transfer from the Department of Education for the Colorado Preschool Program and the Early Childhood Workforce Development team. This does not include the 20 FTE requested in DEC4. It is unclear how OSPB gets from 143.7 FTE for the existing programs to between 200 and 250 FTE. If some of the Department of Human Services central administration staff transfers, then that would increase the FTE count for the existing programs, but it still appears that OSPB is anticipating a rather large increase in FTE to implement universal preschool.

#### DEC4 DEPARTMENT ADMINISTRATION

The Governor submitted a request for \$13.0 million total funds, including \$5.1 million General Fund, and 20 positions (17.4 FTE in the first year) for the administration of the new department. Most of these positions are pretty standard for a department and consistent with the recommendations of the TWG. For example, every department has a legislative liaison and the TWG recommended the new department needs, "an expert in policy and governmental affairs to develop equitable and effective regulatory alignment and ensure legislative engagement." Also, the request is focused on leadership positions, like a chief financial officer, where it would be hard to argue the position could be transferred from another department without leaving the sending department short-handed.

The Office of State Planning and Budgeting indicates that it will submit a supplemental request to fund five of the positions beginning in FY 2021-22 (specifically, the executive director, human resources director, one of the human resources specialists, chief financial officer, and data system analysis director). *Informal guidance from Legislative Legal Services suggests funding these positions in FY 2021-22 would require a separate authorizing bill from a supplemental, since the new department currently does not take effect until FY 2022-23.*

Two of the position, the executive director and chief financial officer, would be senior executive service (SES) positions that serve at the will of the Governor and all other positions would be part of the classified employee system. The proposed salaries for the SES positions are based on recent job postings for similar positions in other departments and the classified positions are all requested at the beginning of the pay range.

The table below summarizes the request as submitted by the Governor. The two special projects positions are not actually new positions, but transfers of existing positions from the Governor's Office. These two positions were part of the fiscal note for H.B. 21-1304, but the funding is scheduled to stop at the end of FY 2022-23. The Governor proposes making these positions permanent. Since these are project management positions, the JBC staff assumes they would be assigned to special projects on a rotating basis.

DEC4 ADMINISTRATION						
ITEM	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Personal Services	<u>\$1,722,761</u>	<u>\$883,381</u>	<u>\$70,105</u>	<u>\$0</u>	<u>\$769,275</u>	<u>17.4</u>
Leadership						
Executive Director	194,750	107,112	9,738	0	77,900	1.0
Executive Assistant	34,516	18,984	1,726	0	13,806	0.8
Program Delivery Director	86,091	47,350	4,305	0	34,436	0.8
Special Projects						
Transition Director - from Gov	121,518	66,835	6,076	0	48,607	1.0
Transition Coordinator - from Gov	84,712	46,591	4,236	0	33,885	1.0
Human Resources						
Human Resources Director	113,864	62,625	5,693	0	45,546	1.0
Human Resources Specialist	63,826	35,105	3,191	0	25,530	1.0
Human Resources Specialist	51,061	28,084	2,553	0	20,424	0.8
Finance						
Chief Financial Officer	170,417	93,729	8,521	0	68,167	1.0
Controller	91,092	50,100	4,555	0	36,437	0.8
Communications						
Communications Director	63,423	34,883	3,171	0	25,369	0.8
Legislative Liaison	63,423	34,883	3,171	0	25,369	0.8
Information Technology						
Data Systems & Analysis Director	113,864	62,625	5,693	0	45,546	1.0
Data Management Governance Lead	79,360	27,776	0	0	51,584	0.8
Data Manager	63,423	22,198	0	0	41,225	0.8
Data System Administrator	63,423	22,198	0	0	41,225	0.8
Data Privacy Analyst	63,423	22,198	0	0	41,225	0.8
Data Quality Analyst	51,061	17,872	0	0	33,189	0.8
Quality Control						
Audit Lead	86,091	47,350	4,305	0	34,436	0.8
Compliance Manager	63,423	34,883	3,171	0	25,369	0.8
Operating Expenses	159,000	79,490	5,970	0	73,540	0.0
Operational support agreement with DHS	1,200,000	0	0	1,200,000	0	0.0
Information Technology Contracts/Equip	<u>3,946,534</u>	<u>3,946,534</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Application support	371,284	371,284	0	0	0	0.0
Migration of existing systems	1,646,859	1,646,859	0	0	0	0.0
New functions	1,928,391	1,928,391	0	0	0	0.0
<b>Subtotal</b>	<b>\$7,028,295</b>	<b>\$4,909,405</b>	<b>\$76,075</b>	<b>\$1,200,000</b>	<b>\$842,815</b>	<b>17.4</b>
Benefits	437,512	220,747	16,901	0	199,864	0.0
Indirect Cost Recoveries	5,557,164	0	1,620,438	0	3,936,726	0.0
<b>TOTAL</b>	<b>\$13,022,971</b>	<b>\$5,130,152</b>	<b>\$1,713,414</b>	<b>\$1,200,000</b>	<b>\$4,979,405</b>	<b>17.4</b>

The Governor did not include any money for leased space in the request. At the time this document was published, OSPB had not yet provided any explanation of where the new staff and the new department will be housed.

The requests for human resources and for information technology staff go beyond just leadership positions to include program positions where there are arguably staff at the Department of Human Services who already perform these functions for the Office of Early Childhood. The JBC will need to decide if those program positions should just transfer to the new department or if new positions are warranted.

#### POTENTIALLY MISSING POSITIONS

The TWG made several recommendations on positions and functions that should be part of the new department. Some of these appear to align with the staffing that OSPB proposed. For example, OSPB proposes a chief financial officer and the TWG recommends, "a finance expert who is oriented toward

using their significant understanding of financial regulations to find innovative solutions that meet Colorado's funding needs." However, there are other positions and functions recommended by the TWG that are not obviously addressed in the proposed staffing plan. It is not clear if OSPB disagrees with the TWG, has an alternative creative solution to address these positions and functions, addressed the roles in a way that is not immediately apparent from the proposed position titles, or plans to submit additional requests for staff.

Some potentially missing positions and functions from the staffing plan submitted in DEC4 include:

- Coherence – The TWG recommends, "a lead who is charged with improving the coherence of experience for children, families, providers, and workforce throughout the system." OSPB did request a program delivery director and a transition director and maybe one or both of these positions is intended to address this TWG recommendation.
- Workforce – The TWG recommends a lead, "to ensure that recruitment, preparation, compensation, and additional supports for the early childhood workforce are prioritized." Later, the TWG elaborates to describe several recommended functions for the department related to workforce recruitment and retention:
  - *Review qualification pathways for opportunities to reduce complexity while also maintaining a diverse workforce in all settings.*
  - *Work with higher education to develop pathways and recruitment strategies for specialists needed in the early childhood workforce, including early childhood teachers, occupational therapists, physical therapists, speech language pathologists, mental health consultants, home visitors, family service providers and others critical to meeting the needs of children and families.*
  - *Support and increase approved pre-service and in-service training opportunities, including training on trauma-informed care.*
  - *Simplify, promote, and measure achievement using Colorado's Competencies for Early Childhood Educators and Professionals (revised 2021).*
  - *Support individuals to achieve these competencies through ongoing, accessible professional development.*
  - *Identify and implement strategies that recruit and retain a diverse workforce and support greater diversity in leadership positions.*

Developing workforce recruitment and retention strategies appears to be a top priority for the TWG, but it is not addressed in an obvious way by the proposed staffing plan.

- Partnerships – The TWG recommends cross-agency partnerships and collaborations with local government and a lead, "charged with maintaining these partnerships and collaborations and having an expansive and bold approach to the early childhood system that includes exploring new funding and investment strategies, creative public/private partnerships, and other programs and policies." Maybe OSPB believes this is already performed by existing program staff, but the TWG specifically recommended a lead for this role, so the TWG appears to believe that this function is under-resourced.
- Tribal engagement – The TWG did not specifically recommend a lead for tribal engagement, but they identified tribal engagement as a function of the department and it would require staff time to perform this function. "DEC should create a plan for tribal engagement to ensure alignment of the early childhood system across nations, which includes building on efforts currently underway."
- Annual reporting – The TWG recommends that the DEC collaborate with the Department of Education, the Department of Human Services, and the Department of Public Health and Environment to provide an annual report to the legislature and the Governor on progress, challenges, and cross-agency collaboration, related to:

- *Administration of special education services for children prior to K-12, specifically IDEA, Part C and Part B, 619*
- *Administration of CACFP for programs administered by DEC (i.e., child care centers, family child care home providers)*
- *Administration of WIC, in support of families with children younger than 5 years of age*
- *Connecting early childhood care, learning, and supports with K-12, to ensure children enter kindergarten ready to learn and are successful in school*
- *Administration of the state's universal, voluntary, preschool program, which will be integrated with CPP/ECARE*
- *Alignment of the early childhood system with the child welfare system*
- *The flexible use of Temporary Assistance for Needy Families (TANF) funding to support child care*

Maybe this doesn't warrant an entire FTE, but it sounds like a fairly robust annual reporting requirement that the TWG is proposing. All departments engage in a combination of required and ad hoc reporting. *DEC4 Department administration* does not include any staff or contract resources devoted to researching and preparing reports. It does include information technology staff that would be responsible for data sets that would inform a variety of reports.

- Budget -- Typically a chief financial officer oversees budget and accounting. The Governor proposed a chief financial officer and controller, but no budget staff. The proposed chief financial officer is a senior executive service (SES) position that is at will. To promote stability and retain institutional knowledge when the chief financial officer turns over, it would be beneficial to have classified budget staff in support positions. Due to the decentralized organization of the Department of Human Services, there are some budget staff already associated with the Office of Early Childhood that will transition to the new department. However, the new department has a larger mission that includes universal preschool. Additional budget positions appear reasonable.

Also, there is a potential timing issue that the Governor's request does not include any money in FY 202-23 to begin staffing for the universal preschool program. The universal preschool program is scheduled to take effect in FY 2023-24. If the new department does not have funding to hire staff to implement universal preschool until July 2023, it would be challenging to implement universal preschool by August 2023 at the start of the 2023-24 academic year. However, the plan for universal preschool is not due to the General Assembly until January 15, 2022, so maybe a future budget amendment will address this issue.

## INFORMATION TECHNOLOGY

There is a clear emphasis on information technology in the staffing plan, with 6 positions devoted to this function. The Governor is also proposing dedicating federal stimulus funds to one-time system development costs for early childhood programs. Part of the focus on information technology is directly tied to the specific requirements in H.B. 21-1304, but OSPB says the emphasis is also in response to stakeholder feedback on what functionality is currently missing from the state's early childhood programs. For example, the TWG identifies problems with measuring capacity, unique children served, and service quality levels.

There is a lot of attention in the TWG report devoted to gaps in data, but there is not much detail in the TWG recommendations or the request for administration on proposed solutions. Major data collection efforts require information technology but also changes in business practices and the ways providers and clients interact with the state. There is potential for those changes to be perceived as invasive or burdensome.

If the state is going to hire six staff and devote federal stimulus dollars to developing information technology solutions for early childhood programs, the JBC may want to discuss with OSPB:

- What is being built?
- How will it impact the administrative burden on providers and clients?
- How will it protect privacy?
- How will it improve decision making and the ability of clients and providers to navigate the programs and funding?

## ORGANIZATION OF THE DEPARTMENT

A key recommendation of the TWG is that the new department should, "organize program delivery and budget around functions of the early childhood system and user experience." This is described as in contrast to organizing around the administration of individual programs and grants and it is intended to create more cohesion and flexibility in program delivery.

It is not entirely clear what this means for the structure of the budget. The Office of State Planning and Budgeting says it will submit a budget amendment that details the proposed transfers from existing line items and how they map to proposed line items in the new department. It sounds like OSPB will be proposing fewer "program" line items where personal services, operating, and program expenses are combined together. Instead, OSPB wants to consolidate the personal services (and associated operating expenses) in a central administration where the staff could be more flexible about what programs they work on based on need. This is more like the way the Department of Health Care Policy and Financing is currently organized than the way that the Department of Human Services is currently organized. In addition, it sounds like OSPB may propose fewer line items overall where small individual programs that perform similar functions are grouped together in one line item rather than multiple line items. This has the potential to be unpopular with advocates for those individual programs that may feel their unique character and visibility is lost. To the extent the programs have dedicated funding streams there might be limited or no additional flexibility from combining appropriations. It is difficult to evaluate the pros and cons of this approach without a specific plan.

## RULE MAKING

The Governor's request did not include any funding to support rule making. The programs that will move to the DEC already have rules in place that the TAG recommends be grandfathered to the new department, which would have no fiscal impact, but the TAG recommends reviewing all rules by 2025 with an aim of reducing burdens for providers and families. Furthermore, brand new rules will need to be made related to the universal preschool program.

The TWG transition plan recommends that the executive director of the DEC hold final rule making authority, "to maintain a unified and cohesive vision." For the existing programs that will be transferred to the new department the rules are currently set by the appointed State Board of Human Services and the elected State Board of Education. The TWG did recommend a rules and regulations advisory council and recommended the DEC, "should ensure supports are provided, both financial and informational, that will equip every member to engage thoughtfully and contribute their expertise." Whether the General Assembly ultimately decides to create a non-binding advisory council or to empower an independent board to oversee rules and provide checks and balances on the executive director, the JBC should consider funding to allow that body to be effective. It would not be prohibitively expensive. A small operating budget for travel to facilitate stakeholder engagement,

for printing and advertising, and for occasional consulting and technical services would probably be sufficient to conform to the recommendation of the TWG. The General Assembly will need to decide in the enabling legislation if the rulemaking board and/or advisory council should be compensated.

#### INDIRECT COST RECOVERIES

The indirect cost plan proposed in *DEC4 Department administration* contains flaws and OSPB acknowledges it is a work in progress. For example, the request directly finances some positions from cash funds and federal funds, but then also includes those positions in the indirect cost pool, essentially collecting cash funds and federal funds to finance those positions twice. OSPB's intent is to equitably allocate costs across funding streams.

While *DEC4 Department administration* estimates indirect cost recoveries of \$5.6 million, it only allocates \$1.2 million of those indirect cost recoveries to offset General Fund costs. OSPB indicates the unallocated \$4.4 million is intended to cover not yet quantified costs.

The JBC may want to consider initially appropriating all the money for the department administration as General Fund. Indirect cost plans are complex to develop and require many layers of approval to ensure they comply with government accounting standards and the specific statutes and rules of the federal programs and state cash funds they impact. The proposed department does not yet have accounting staff to design an indirect cost recovery plan. Once a properly constructed indirect cost recovery plan has received all the necessary federal approvals, the Department could request a supplemental to adjust the fund sources. If indirect cost recoveries are removed from *DEC4 Department administration*, the Governor's request would require \$7.5 million General Fund.

#### OPERATIONAL SUPPORT SERVICES

The request assumes the new department will contract with the Department of Human Services during the first year for centralized services such as accounting and vouchering. According to OSPB, this first year will be used to assess needs and a request will be submitted next year that may include a combination of transfers from the Department of Human Services and new FTE for central operations.

OSPB suggests that the workload for the central administration of the Department of Human Services has increased significantly over the last several years and that removing duties related to supporting the Office of Early Childhood without transferring staff would balance and reduce the workload to a more sustainable level. To date, neither the Department of Human Services nor OSPB has submitted any explanation or analysis of the workload at the Department of Human Services to justify maintaining current staffing levels while the Office of Early Childhood is transferred to a new department.

## DEC2 EARLY INTERVENTION ALTERNATE

This issue brief discusses the Department's request, in *DEC2 Early Intervention alternate*, for the JBC to sponsor legislation authorizing a new program for children at risk of developmental delays designed to serve more children with fewer dollars per child than the existing federally sanctioned Early Intervention.

### SUMMARY

- In *DEC2 Early Intervention alternate* the Department requests the JBC sponsor legislation to authorize a new program for children at risk of developmental delays designed to serve more children with fewer dollars per child than the existing federally sanctioned Early Intervention.
- The existing Early Intervention program is primarily supported with General Fund, but also uses private insurance, Medicaid, and federal funds, to help children with developmental delays improve in areas such as cognition, speech, communication, physical development, motor development, vision, hearing, social and emotional development, and self-help skills.
- In response to pandemic-related budget reductions, the Department changed the eligibility criteria for Early Intervention, reducing the children served by an estimated 2,200 and saving an estimated \$8.7 million General Fund.
- The eligibility change indirectly lowered the required level of private insurance coverage for Early Intervention services.
- The Department proposes an alternate to Early Intervention that would provide less and/or less frequent services per child to serve more children. The alternate program would also bypass federal prohibitions on group care to offer high demand services such as child and parent play groups, parenting support communities, and group therapy for children in a community site.
- While there is evidence to suggest Early Intervention improves outcomes, the proposed lighter version with less services and some services in group settings is a first in the country program and might not have the same efficacy.
- Prior to the change in eligibility, professionals working with the families developed individualized family service plans that routinely called for a higher level of services than the proposed alternate program. The Department does not explain how the new program would change the needs assessment, leading the JBC staff to conclude that utilization caps will be necessary to keep costs within the targeted expenditures per child.
- The Department anticipates up to \$5.2 million in private funding in FY 2022-23 and in FY 2023-24 to launch the program. However, the Department expects the program will need \$6.2 million General Fund annually by FY 2024-25.

## DISCUSSION

In *DEC2 Early Intervention alternate* the Department requests \$1,003,685 General Fund and 1.0 FTE in FY 2022-23 to phase in a new program for children from birth through 2 years of age with risk factors for developmental delays. The working title for the proposed new program is Early Start. The services would be similar to those offered through the existing Early Intervention program but more limited. The proposed eligibility criteria targets two populations. First, the program would serve an estimated 2,200 children with a developmental delay in certain skills<sup>5</sup> that is between 33 percent and 25 percent of the expected timeline. These children would have been eligible for Early Intervention services prior to a change in eligibility criteria in FY 2020-21, which was implemented to balance the budget. Second, the new program aims to serve an estimated 1,800 children with risk factors for developmental delays in the same set of skills.

The Department projects up to \$5.2 million in private funding for this request that is not included in the proposed appropriation amounts above. However, the Department assumes the private funding is time limited and the projected cost for the program increases to \$6,241,201 General Fund and 2.0 FTE by FY 2024-25 when the program is fully implemented and private funding is no longer available.

The Department requests the JBC sponsor legislation to authorize the program, create a cash fund to receive gifts, grants, and donations, and provide continuous spending authority from the cash fund to the Department.

## EXISTING EARLY INTERVENTION

The existing Early Intervention program is designed to enhance child development in 15 allowable areas of service that include cognition, speech, communication, physical development, motor development, vision, hearing, social and emotional development, and self-help skills. The Department contracts with the Community Centered Boards (CCBs) to deliver these services statewide.

The majority of the funding for Early Intervention comes from the General Fund, but the Department also receives roughly \$7.5 million in federal formula grant funding under Part C of the federal Individuals with Disabilities Education Act (IDEA). To qualify for the federal formula grant the Department must meet several requirements, including offering the full suite of federally defined services to all eligible families that apply with no waiting lists for services. However, the Department has the authority to adjust the eligibility criteria to manage expenditures within the appropriated funding.

In addition to General Fund and federal funds, Early Intervention services are financed with insurance payments. Medicaid covers Early Intervention services for eligible clients and the estimated Medicaid payments to providers appear as Reappropriated Funds in the Department of Human Services budget (although the payments go directly to providers, rather than through the Department of Human Services). In addition, private insurance programs regulated in Colorado pay fees into a cash fund to support Early Intervention services.

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<sup>5</sup> The skills are in five domains of adaptive, cognitive, communication, motor, or social and emotional skills.

EARLY INTERVENTION FY 2021-22 APPROPRIATIONS					
	TOTAL FUNDS	GENERAL FUND	CF - PRIVATE INSURANCE	RF - MEDICAID	FEDERAL FUNDS
Early Intervention Services	\$62,747,158	\$36,918,733	\$10,509,980	\$7,968,022	\$7,350,423
Early Intervention Evaluations	10,722,964	10,522,964	0	0	200,000
<b>Total</b>	<b>\$73,470,122</b>	<b>\$47,441,697</b>	<b>\$10,509,980</b>	<b>\$7,968,022</b>	<b>\$7,550,423</b>

## FUNDING REDUCTIONS

In FY 2020-21 the Department requested \$4,973,412 General Fund for the Early Intervention program to keep pace with projected enrollment, but the request was denied due to pandemic-related budget pressures. In response, and to achieve even more budget savings, the Department adopted a rule reducing the eligibility criteria for Early Intervention from a 25 percent developmental delay to a 33 percent developmental delay. The Department estimated this would save an additional \$3,700,000 in FY 2021-22, on top of the \$4,973,412 already denied by the JBC, for a total savings of \$8,673,412 General Fund compared to the projected expenses under the old eligibility criteria.

The Department estimated 2,200 children who would have been served under the old eligibility criteria would not meet the new more restrictive criteria. The Department indicates actual enrollment in FY 2021-22 is on track with the estimate used for the appropriation. However, the pandemic is also likely affecting utilization of Early Intervention services. It is very difficult to isolate the impact of the change in eligibility criteria from other potential influences on enrollment, including the pandemic.

## COLLATERAL IMPACT ON PRIVATE INSURANCE

When the Department changed the eligibility criteria for Early Intervention in order to save General Fund, it also influenced the services for children that insurance companies regulated in Colorado are required to cover. The threshold for when commercial insurance needs to cover these services is based on the eligibility determination for Early Intervention. At the time this issue brief was published, the Department had not yet provided an estimate of the number of commercially insured children impacted by the change in eligibility criteria or the fiscal impact.

The Department's proposed alternative to Early Intervention would leave the current eligibility criteria for Early Intervention intact, so it would not restore private insurance coverage to previous levels.

## PROPOSED ALTERNATE PROGRAM

Rather than restoring funding for Early Intervention, the Department proposes creating an alternate program that would not be subject to the same federal rules for Early Intervention and could therefore be flexible to serve more children at a lower cost per child. Specifically, the Department highlights two perceived problems with the federal regulations around Early Intervention. First, under federal rules eligible children and their families must be offered the full suite of Early Intervention services when the Department believes some children and families would still benefit from more targeted and/or less frequent services. Second, the Department would like to offer group services, such as child and parent play groups, parenting support communities, and group therapy for children in a community site. The Department says Early Intervention participants want these group services and they happen to be cheaper than one-on-one services. However, the federal regulations around Early Intervention encourage individualized, community-based (primarily in-home) services and prohibit congregate care. The Department interprets the federal regulations as disallowing group programs. The Department has already developed rules for the proposed alternate program, though it is not yet authorized in statute.

According to the Department, "stakeholders strongly support this new approach," referring to advocates, providers, and clients. It is not clear to the JBC staff if the "great deal of excitement in the community" that the Department describes is because the perceived substitute is nothing, or if stakeholders prefer this new approach over restoring funding for Early Intervention.

Furthermore, the Department believes philanthropic foundations are interested in providing financial support for the new program. The request assumes the Department could raise as much as \$5.2 million from private funders in initial funding in FY 2022-23 and FY 2023-24 to get the program started.

If the funding from private sources is less than expected, the Department plans to prioritize services in three tiers to fit the available resources. First, the Department would extend services to children with a 25 percent developmental delay in two or more areas, then to children with a 25 percent developmental delay in one or more areas, then to children with a family factor known through research to put the child at risk of a developmental delay. Per the Department, "These risk factors include, but are not limited to, a substantiated case of abuse or neglect, neonatal abstinence syndrome, fetal alcohol spectrum disorders, lead poisoning, global developmental delays, and perinatal mood and anxiety disorders."

#### EFFICACY AND PERFORMANCE MEASURES

The Department indicates that of children enrolled in Colorado Early Intervention: 49 percent do not go on to need preschool education services; 99 percent show at least some progress in development; and 60 percent show significant progress toward reaching development closer to their same age peers. These statistics could mean that Early Intervention is highly effective, but they could also mean that a large number of children are receiving Early Intervention services who would develop on their own. If the latter is true it is not necessarily a bad thing, because the impact of reaching a few children early may justify the cost of providing services to some children who would have developed without services.

The Department argues that denying Early Intervention services to children who qualify is unethical and counter to federal policy, making it difficult to design controlled trials. Nevertheless, the Department identified at least one study that found a creative way to address this issue. A large percentage of children are not assessed for developmental delays. This study<sup>6</sup> looked at children in Early Head Start who received Early Intervention services and found that they performed better than children suspected of delays who were not assessed and did not receive services.

The statistics and research the Department cites are for the full Early Intervention program. The proposed lighter version of Early Intervention, with less services and some services in group settings, might not have the same efficacy. The Department says the program it is proposing is the first in the country, so there is not a duplicate of this particular model to suggest what to expect.

Rather than proposing a pilot or randomized controlled trial to demonstrate the performance of the proposed concept, the Department requests funding for a statewide program. The estimated cost includes funding for staff to administer the program and payments for care coordination and direct services. It does not include any money for studying the performance of the proposed program.

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<sup>6</sup> Hyun-Joo Jeon, Carla A. Peterson, Shavaun Wall, et al., "Predicting School Readiness for Low-Income Children with Disability Risks Identified Early", *Exceptional Children* 77 (2011).

## SCOPE OF SERVICES

In the existing Early Intervention program a team of professionals meets with the family to develop an individualized family service plan based on the child and family needs. While federal regulations list the services states must make available in the Early Intervention program, not every family needs, wants, or uses every service.

The Department says many families and children would benefit from targeted and/or less frequent services. Although the Department doesn't say it explicitly, this implies that the current process for developing individualized family service plans over-prescribes, or at least it did for populations with a developmental delay between 33 percent and 25 percent.

For the populations at risk of a developmental delay there is no historic utilization pattern to reference. Maybe they will use less services than the Early Intervention program, because they have a lower acuity with merely risk factors rather than a demonstrated developmental delay. However, there doesn't seem to be any basis for the Department's assumptions about how much fewer services the at-risk population will utilize.

The Department estimates the cost per child in the new program will be 54 percent less than the current Early Intervention services. It is not clear why the Department believes that professionals and families who previously decided a higher level of services was necessary would decide that families can get by with less in the proposed program. The Department seems reluctant to commit that there will be utilization caps in the new program but provides no explanation for why they wouldn't be necessary. The Department does acknowledge that wait lists for services "may" need to be used to manage costs and achieve the targeted level of expenditure per child.

## SUSTAINABILITY

While the idea of leveraging private foundation funding is attractive (if it materializes) the structure of the Department's request obscures the full cost of \$6.2 million General Fund when fully implemented. The first year General Fund costs of the program are only 16.1 percent of the projected annual costs when fully implemented.

DEC2 EARLY INTERVENTION ALTERNATIVE			
	FY 2022-23	FY 2023-24	FY 2024-25
Services	\$904,925	\$3,595,686	\$6,044,532
Administrative Staff	98,760	193,595	196,669
<b>Total - General Fund</b>	<b>\$1,003,685</b>	<b>\$3,789,281</b>	<b>\$6,241,201</b>
FTE	1.0	2.0	2.0

This table assumes a ramp up in children served with state funds, but no projection of caseload growth based on population. This is achievable, since the eligibility criteria is discretionary, but worth noting that the Department is not projecting any growth in the population served over time.

APPENDIX A  
NUMBERS PAGES  
(DIGITAL ONLY)

Appendix A details actual expenditures for the last two state fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source. *Appendix A is only available in the online version of this document.*

## Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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### DEPARTMENT OF HUMAN SERVICES Michelle Barnes, Executive Director

#### (6) OFFICE OF EARLY CHILDHOOD

suant to federal law; and frunds received from Part C of the federal Individuals with Disabilities Education Improvement Act. Reappropriated funds are Medicaid funds transferred from the Department of Health Care Policy and Financing.

#### (A) Division of Early Care and Learning

Early Childhood Councils	<u>1,935,214</u>	<u>1,739,134</u>	<u>1,991,133</u>	<u>1,999,157</u>
FTE	1.0	1.0	1.0	1.0
General Fund	0	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	1,935,214	1,739,134	1,991,133	1,999,157
Child Care Licensing and Administration	<u>9,476,769</u>	<u>10,231,956</u>	<u>11,783,871</u>	<u>12,341,582</u> *
FTE	54.3	50.6	70.2	78.0
General Fund	2,442,929	2,773,969	2,852,805	3,248,073
Cash Funds	1,307,543	1,633,823	1,633,856	1,681,003
Reappropriated Funds	0	0	0	0
Federal Funds	5,726,297	5,824,164	7,297,210	7,412,506
Fine Assessed Against Licenses	<u>812</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
General Fund	0	0	0	0
Cash Funds	812	0	10,000	10,000
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

## Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Child Care Assistance Program	<u>109,892,042</u>	<u>0</u>	<u>159,168,720</u>	<u>156,563,341</u> *	
FTE	0.0	0.0	0.0	0.0	
General Fund	29,410,508	0	29,998,226	28,490,478	
Cash Funds	0	0	14,768,652	14,916,339	
Reappropriated Funds	0	0	0	0	
Federal Funds	80,481,534	0	114,401,842	113,156,524	
Intrastate CCCAP Redistribution	<u>12,049,476</u>	<u>124,458,715</u>	<u>500,000</u>	<u>500,000</u>	
General Fund	0	28,190,496	0	0	
Cash Funds	0	13,332,375	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	12,049,476	82,935,844	500,000	500,000	
Colorado Child Care Assistance Program Market Rate Study	<u>13,527</u>	<u>13,500</u>	<u>20,000</u>	<u>20,000</u>	
General Fund	13,527	13,500	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	20,000	20,000	20,000	
Child Care Grants for Quality and Availability and Federal Targeted Funds Requirements	<u>18,514,599</u>	<u>64,494,738</u>	<u>43,139,991</u>	<u>43,150,424</u>	
FTE	0.0	9.0	9.0	9.0	
General Fund	4,763,638	48,499,743	3,204,426	3,210,443	
Cash Funds	500,000	0	385	385	
Reappropriated Funds	0	0	0	0	
Federal Funds	13,250,961	15,994,995	39,935,180	39,939,596	

## Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
School-readiness Quality Improvement Program	<u>2,036,411</u>	<u>2,175,486</u>	<u>2,239,037</u>	<u>2,243,608</u>	
FTE	1.0	1.0	1.0	1.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,036,411	2,175,486	2,239,037	2,243,608	
Child Care Sustainability Grant Program	<u>0</u>	<u>0</u>	<u>292,700,664</u>	<u>3.0</u>	<u>0.0</u>
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	292,700,664	0	
Community Innovation and Resilience for Care and Learning Equity Grant Program	<u>0</u>	<u>0</u>	<u>16,800,000</u>	<u>0</u>	
FTE	0.0	0.0	1.0	0.0	
Federal Funds	0	0	16,800,000	0	
Early Care and Education Recruitment and Retention Grant and Scholarship Program	<u>0</u>	<u>0</u>	<u>7,200,000</u>	<u>7,200,000</u>	
FTE	0.0	0.0	4.0	4.0	
Federal Funds	0	0	7,200,000	7,200,000	
Child Care Teacher Salary Grant Program	<u>0</u>	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>	
FTE	0.0	0.0	1.0	1.0	
Federal Funds	0	0	3,000,000	3,000,000	

## Appendix A: Numbers Pages

	<b>FY 2019-20 Actual</b>	<b>FY 2020-21 Actual</b>	<b>FY 2021-22 Appropriation</b>	<b>FY 2022-23 Request</b>	<b>Request vs. Appropriation</b>
Child Care Services and Substance Use Disorder Treatment					
Pilot Program	<u>429,998</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	429,998	0	500,000	500,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Continuation of Child Care Quality Initiatives	<u>2,716,376</u>	<u>2,407,098</u>	<u>3,075,796</u>	<u>2,974,217</u>	
FTE	14.6	14.6	14.6	14.6	
General Fund	0	0	158,640	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,716,376	2,407,098	2,917,156	2,974,217	
Child Care Assistance Program Support	<u>1,135,347</u>	<u>1,139,345</u>	<u>1,200,000</u>	<u>1,200,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,135,347	1,139,345	1,200,000	1,200,000	
Employer-based Child Care Facility Grant Program	<u>0</u>	<u>8,700,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	8,700,000	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

## Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Early Literacy Book Distribution Partnership	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	100,000	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
<b>SUBTOTAL - (A) Division of Early Care and Learning</b>	158,300,571	215,359,972	543,329,212	231,702,329	(57.4%)
<i>FTE</i>	<u>70.9</u>	<u>76.2</u>	<u>104.8</u>	<u>108.6</u>	<u>3.6%</u>
General Fund	37,160,600	88,177,708	36,714,097	35,448,994	(3.4%)
Cash Funds	1,808,355	14,966,198	16,412,893	16,607,727	1.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	119,331,616	112,236,066	490,202,222	179,645,608	(63.4%)

### (B) Division of Community and Family Support

Promoting Safe and Stable Families	<u>3,401,004</u>	<u>4,588,331</u>	<u>4,626,992</u>	<u>4,636,436</u>	
FTE	2.0	2.0	2.0	2.0	
General Fund	53,928	55,519	55,519	56,501	
Cash Funds	0	1,074,400	1,074,400	1,074,400	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,347,076	3,458,412	3,497,073	3,505,535	
Early Childhood Mental Health Services	<u>2,634,264</u>	<u>2,589,872</u>	<u>5,956,638</u>	<u>5,677,254</u> *	
FTE	0.7	1.7	1.7	1.7	
General Fund	1,248,562	1,286,964	1,379,634	1,581,611	
Cash Funds	0	0	500,000	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,385,702	1,302,908	4,077,004	4,095,643	

## Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Early Intervention Services	<u>62,579,873</u>	<u>54,526,532</u>	<u>62,747,158</u>	<u>63,262,213</u>	*
FTE	7.5	7.5	7.5	7.5	
General Fund	41,538,022	41,210,035	36,918,733	37,291,910	
Cash Funds	13,198,112	10,106,562	10,509,980	10,516,016	
Reappropriated Funds	0	0	7,968,022	8,047,702	
Federal Funds	7,843,739	3,209,935	7,350,423	7,406,585	
Early Intervention Early Start Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,003,685</u>	*
FTE	0.0	0.0	0.0	1.0	
General Fund	0	0	0	1,003,685	
Early Intervention Evaluations	<u>2,500,000</u>	<u>2,222,792</u> 0.9	<u>10,722,964</u> 0.9	<u>10,306,534</u> 2.8	
General Fund	2,500,000	2,222,792	10,522,964	10,106,534	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	200,000	200,000	
Colorado Children's Trust Fund	<u>1,486,081</u>	<u>1,035,582</u>	<u>1,171,018</u>	<u>1,181,740</u>	
FTE	1.5	1.5	1.5	1.5	
General Fund	203,020	0	0	0	
Cash Funds	132,907	246,447	362,050	364,642	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,150,154	789,135	808,968	817,098	

## Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Nurse Home Visitor Program	<u>22,839,427</u>	<u>22,945,234</u>	<u>25,697,933</u>	<u>26,445,699</u>	
FTE	3.0	3.0	3.0	3.0	
General Fund	0	0	0	0	
Cash Funds	20,469,014	20,570,209	23,934,596	24,682,362	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,370,413	2,375,025	1,763,337	1,763,337	
Family Support Services	<u>1,133,437</u>	<u>706,310</u>	<u>1,287,451</u>	<u>1,300,404</u>	*
FTE	0.5	0.5	0.5	0.5	
General Fund	1,133,437	706,310	1,287,451	1,300,404	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Community Child Abuse Prevention Services	<u>7,503,283</u>	<u>8,084,892</u>	<u>8,292,755</u>	<u>8,379,580</u>	*
FTE	2.0	0.0	2.0	2.0	
General Fund	7,503,283	8,084,892	8,292,755	8,379,580	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Home Visiting for School Readiness	<u>543,190</u>	<u>571,946</u>	<u>586,245</u>	<u>592,107</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	543,190	571,946	586,245	592,107	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

## Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Incredible Years Program	<u>848,289</u>	<u>846,029</u>	<u>864,773</u>	<u>877,776</u> *	
FTE	1.1	1.1	1.1	1.1	
General Fund	169,775	846,029	0	0	
Cash Funds	678,514	0	864,773	877,776	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
<b>SUBTOTAL - (B) Division of Community and Family</b>					
<b>Support</b>	105,468,848	98,117,520	121,953,927	123,663,428	1.4%
<i>FTE</i>	<u>18.3</u>	<u>18.2</u>	<u>20.2</u>	<u>23.1</u>	<u>14.4%</u>
General Fund	54,893,217	54,984,487	59,043,301	60,312,332	2.1%
Cash Funds	34,478,547	31,997,618	37,245,799	37,515,196	0.7%
Reappropriated Funds	0	0	7,968,022	8,047,702	1.0%
Federal Funds	16,097,084	11,135,415	17,696,805	17,788,198	0.5%
<b>(C) Indirect Cost Assessment</b>					
Indirect Cost Assessment	<u>3,651,162</u>	<u>3,743,420</u>	<u>3,839,745</u>	<u>4,001,120</u> *	
General Fund	0	0	0	0	
Cash Funds	163,031	131,650	193,702	202,027	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,488,131	3,611,770	3,646,043	3,799,093	
<b>SUBTOTAL - (C) Indirect Cost Assessment</b>					
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	163,031	131,650	193,702	202,027	4.3%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	3,488,131	3,611,770	3,646,043	3,799,093	4.2%

## Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
<b>TOTAL - (6) Office of Early Childhood</b>	267,420,581	317,220,912	669,122,884	359,366,877	(46.3%)
<i>FTE</i>	<u>89.2</u>	<u>94.4</u>	<u>125.0</u>	<u>131.7</u>	<u>5.4%</u>
General Fund	92,053,817	143,162,195	95,757,398	95,761,326	0.0%
Cash Funds	36,449,933	47,095,466	53,852,394	54,324,950	0.9%
Reappropriated Funds	0	0	7,968,022	8,047,702	1.0%
Federal Funds	138,916,831	126,983,251	511,545,070	201,232,899	(60.7%)
<b>TOTAL - Department of Human Services</b>	267,420,581	317,220,912	669,122,884	359,366,877	(46.3%)
<i>FTE</i>	<u>89.2</u>	<u>94.4</u>	<u>125.0</u>	<u>131.7</u>	<u>5.4%</u>
General Fund	92,053,817	143,162,195	95,757,398	95,761,326	0.0%
Cash Funds	36,449,933	47,095,466	53,852,394	54,324,950	0.9%
Reappropriated Funds	0	0	7,968,022	8,047,702	1.0%
Federal Funds	138,916,831	126,983,251	511,545,070	201,232,899	(60.7%)

NOTE: An asterisk (\*) indicates that the FY 2022-23 request for a line item is affected by one or more decision items.

## APPENDIX B FOOTNOTES AND INFORMATION REQUESTS

### UPDATE ON LONG BILL FOOTNOTES

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2021 Long Bill (S.B. 21-205) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/SB21-205>. The Long Bill footnotes relevant to this document are listed below.

- 40 Department of Human Services, Office of Early Childhood, Division of Early Care and Learning, Early Childhood Councils -- It is the General Assembly's intent that these funds be allocated to existing Early Childhood Councils.

**COMMENT:** The Department is spending the money as intended.

- 41 Department of Human Services, Office of Early Childhood, Division of Community and Family Support, Early Childhood Mental Health Services -- It is the General Assembly's intent that this appropriation be used for the purpose of supporting early childhood mental health specialists in each community mental health center.

**COMMENT:** The Department is spending the money as intended.

### UPDATE ON LONG BILL REQUESTS FOR INFORMATION

The Joint Budget Committee annually submits requests for information to executive departments and the judicial branch via letters to the Governor, other elected officials, and the Chief Justice. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as an Appendix in the annual Appropriations Report (Appendix H in the FY 2021-22 Report):

[https://leg.colorado.gov/sites/default/files/fy21-22apprept\\_0.pdf](https://leg.colorado.gov/sites/default/files/fy21-22apprept_0.pdf)

The requests for information relevant to this document are listed below.

### REQUESTS AFFECTING MULTIPLE DEPARTMENTS

- 1 All Departments -- Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE; and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE. To what does the Department attribute this turnover/vacancy experience? Do the statewide compensation policies or practices administered

by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?

**COMMENT:** The Department submitted the report as requested. The Office of Early Childhood had 15 separations for a turnover rate of 9.4 percent, which was below what the Department of Personnel and Administration reported as the FY 2019-20 department average of 23.4 percent and the statewide average of 13.9 percent. Of the separations from the Office of Early Childhood, 12 were voluntary, 1 involuntary, and 2 were retirements. Some highlights from the Department's response, in relation to the whole department rather than just the Office of Early Childhood, include:

- "CDHS has anecdotal evidence that populations of employees do not utilize state benefits and would like to receive additional base salary. With the base salary being 6.5% below market, CDHS is having difficulty offering a base salary that is competitive."
- "CDHS Employee Engagement and exit surveys demonstrate that staff are leaving due to heavy workloads (vacancies contribute to this heavy workload), inadequate pay, lack of ability to promote, and their supervisors. Facilities located within close proximity to other health care facilities face even steeper competition."
- "... to hire for a vacant position (open competitive posting), the position must be posted for a minimum of five days, then applicants screened for minimum qualifications, then a comparative analysis conducted, then a list of applicants created who are eligible to be referred, then a referral list of the top six applicants must be created before someone can be selected. In a market where employers are heavily competing for a limited labor pool, this delay causes us to lose candidates, and in some cases, requires us to start this entire process again."
- "... the State only allows prescribed methods to increase an employee's pay. With the lack of consistent funding for performance pay, or even across the board increases, it is difficult to increase an employee's pay which then increases employee dissatisfaction and turnover."

For more information, see the Total Compensation Briefing document dated 11/15/21.

- 5 Department of Health Care Policy and Financing, Medical Services Premiums; Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs; Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons; Governing Boards, Regents of the University of Colorado; Department of Human Services, Division of Child Welfare, Tony Grampas Youth Services Program; Office of Early Childhood, Division of Community and Family Support, Nurse Home Visitor Program; Department of Military and Veterans Affairs, Division of Veterans Affairs, Colorado State Veterans Trust Fund Expenditures; Department of Personnel, Division of Human Resources, Employee Benefits Services, H.B. 07-1335 Supplemental State Contribution Fund; Department of Public Health and Environment, Disease Control and Environmental Epidemiology Division, Administration, General Disease Control, and Surveillance, Immunization Operating Expenses; Special Purpose Disease Control Programs, Sexually Transmitted Infections, HIV and AIDS Operating Expenses, and Ryan White Act Operating Expenses; Prevention Services Division, Chronic Disease Prevention Programs, Oral

Health Programs; Primary Care Office -- Each Department is requested to provide the following information to the Joint Budget Committee by October 1, 2021 for each program funded with Tobacco Master Settlement Agreement money: the name of the program; the amount of Tobacco Master Settlement Agreement money received and expended by the program for the preceding fiscal year; a description of the program including the actual number of persons served and the services provided through the program; information evaluating the operation of the program, including the effectiveness of the program in achieving its stated goals.

**COMMENT:** The Department submitted the report as requested. *For more information, see the briefing on the Tobacco Master Settlement Agreement dated 11/17/21.*

## DEPARTMENT OF HUMAN SERVICES

- 1 Department of Human Services, Office of Early Childhood, Early Intervention Services -- The Department is requested to submit annually, on or before January 1, a report to the Joint Budget Committee concerning caseload growth for early intervention services. The requested report should include the following information: (a) the total number of early intervention services performed compared to the projected amount of early intervention services; (b) the amount of funds expended in the fiscal year from July 1 through the time period when the report is created compared to the projected spending; and (c) the amount of any expected gaps between the appropriation in the long bill and actual expenditures.

**COMMENT:** This report is due January 1, 2021.

- 2 Department of Human Services, Office of Early Childhood, Child Care Assistance Program -- The Department is requested to submit annually, on or before January 1, a report to the Joint Budget Committee concerning costs for the Colorado Child Care Assistance Program. The requested report should include the following information: (a) the changes in direct services costs from the prior year due to inflation; (b) changes in direct services costs from the prior year due to quality; and (c) changes in cost due to changes to continuity from the previous year.

**COMMENT:** This report is due January 1, 2021.

- 5 Department of Human Services, Totals -- The Department is requested to submit annually, on or before November 1, a report to the Joint Budget Committee concerning federal Child Care Development Funds. The requested report should include the following information related to these funds for the actual, estimate, and request years: (a) the total amount of federal funds available and anticipated to be available to Colorado, including funds rolled forward from previous state fiscal years; (b) the amount of federal funds expended, estimated, or requested to be expended for these years by Long Bill line item; (c) the amount of funds expended, estimated, or requested to be expended for these years, by Long Bill line item where applicable, to be reported to the federal government as either maintenance of effort or matching funds associated

with the expenditure of federal funds; and (d) the amount of funds expended, estimated, or requested to be expended for these years that are to be used to meet the four percent federal requirement related to quality activities and the federal requirement related to targeted funds. An update to the information on the amount of federal funds anticipated to be available and requested to be expended by Long Bill line item should be provided to the Joint Budget Committee annually on or before January 15.

**COMMENT:** The Department submitted the report as requested. The report mostly contains technical information that will inform figure setting decisions, but the report included the following summary of stimulus funds that the JBC may find interesting.

Federal Stimulus Child Care Development Funds Received	
	Amount
Coronavirus Aid, Relief, and Economic Security Act (CARES)	\$42,457,884
Coronavirus Response and Relief Supplemental Appropriations (CRRSA)	119,294,226
American Rescue Plan Act (ARPA)	
Supplemental Stabilization	286,156,175
Discretionary	178,914,747
<b>Total</b>	<b>\$626,823,032</b>

FEDERAL STIMULUS CHILD CARE DEVELOPMENT FUNDS ALLOCATED				
	FY 2020-21	FY 2021-22	ROLLFORWARD TO FY 2022-23	CUMULATIVE
Child Care Licensing and Administration	\$0	\$713,085	\$590,493	\$1,303,578
Child Care Grants for Quality and Availability and Federal Targeted Funds Requirements	10,248,219	32,455,511	4,000,000	46,703,730
Child Care Sustainability Grant Program	0	292,700,664	0	292,700,664
Community Innovation and Resilience for Care and Learning Equity (CIRCLE) Grant Program	0	16,800,000	0	16,800,000
Early Care and Education Recruitment and Retention Grant and Scholarship Program	0	6,000,000	6,000,000	12,000,000
Child Care Assistance Program	2,737,465	23,845,252	19,886,638	46,469,355
Early Childhood Mental Health Services	0	2,150,000	2,150,000	4,300,000
Indirect Cost Assessment	15,121	215,000	215,000	445,121
<b>Total</b>	<b>\$13,000,805</b>	<b>\$374,879,512</b>	<b>\$32,842,131</b>	<b>\$420,722,448</b>

- 6 Department of Human Services, Office of Early Childhood, Division of Community and Family Support -- The Department is requested to submit a report annually, on or before November 1, updating the Joint Budget Committee on the recent expansion of The Incredible Years® (IY) programs initially funded in the Long Bill in FY 2018-19. Rigorously researched IY programs support parenting skills (Preschool Basic Parent Program), teacher training (Teacher Classroom Management), and children’s social-emotional skill development (Dinosaur School). The report should include a listing of the organizations that have applied for and received funding; the specific IY program(s) delivered; and information regarding how IY is being supported by the Implementation Partner through: (a) Community readiness and entity selection; (b) Training, coaching and fidelity monitoring; (c) Local Implementation Team development; (d) Entity-

specific and statewide process and outcomes evaluation; and (e) On-going quality improvements to ensure high-quality scale and sustainability. The report should also include information on any changes made that affect the nature of the program.

**COMMENT:** The Department submitted the report as requested.

## APPENDIX C

# DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(b), C.R.S., the Department of Human Services is required to publish an **Annual Performance Report** for the *previous state fiscal year* by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the Department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2022-23 budget request, the FY 2020-21 Annual Performance Report and the FY 2021-22 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performancemanagement/department-performance-plans>

In the report there were two "Wildly Important Goals" that stood out to the JBC staff as potentially noteworthy:

- Increase Statewide Child Care Capacity: Increase statewide licensed child care capacity for ages birth to five by 5% from 153,075 to 160,729 by June 30, 2022.
- Diverse and Qualified Child Care Workforce WIG: Ensure there are enough diverse and qualified early childhood professionals to provide care and education to children birth to five by increasing the workforce by 5%, from 20,325 to 21,341, by June 30, 2022.

The report did not provide any historical data to put these goals in context by showing how much they are above or below the trends.

Regarding increasing statewide child care capacity, the TWG specifically identified licensed care capacity as a performance measure of limited utility. In discussing data system needs for the new Department of Early Childhood, OSPB noted that licensed capacity is not a great indicator of actual capacity based on staffing levels or of available capacity for someone seeking care. It also does not account for unlicensed but legal family, friend, and neighbor care.

Regarding a diverse and qualified child care workforce, the performance measure reported does not actual indicate if the workforce is diverse or qualified.

For both these goals the pandemic has likely had impacts that may influence the Department's ability to achieve the objectives.