

DEPARTMENT OF Early Childhood
FY 2025-26 JOINT BUDGET COMMITTEE HEARING AGENDA

Monday, December 16, 2024

9:00 am – 11:00 am

9:00-9:05 Introductions and Opening Comments

Presenter: Dr. Lisa Roy, Executive Director

9:05-9:15 Common Questions

Main Presenters:

- Dr. Lisa Roy, Executive Director
- Stephanie Beasley, Deputy Executive Director
- Jeanni Stefanik, Chief Financial Officer
- Mary Alice Cohen, Chief Program Officer

Topics:

- Question 1: Page 1, Question 1 in the packet, Slide 4

9:15-9:20 Questions Regarding Certain Budget Requests

Main Presenters:

- Stephanie Beasley, Deputy Executive Director
- Jeanni Stefanik, Chief Financial Officer
- Mary Alice Cohen, Chief Program Officer

Topics:

- R5 Language Justice FTE: Pages 5-6, Questions 4-5 in the packet, Slide 4
- Payments to OIT and Legal Services: Pages 6-7, Questions 6 in the packet, Slide 5
- CO Child Abuse Prevention Trust Fund: Pages 2-5, Questions 1-3 in the packet, Slide 5
- Early Childhood Educator Tax Credit: Page 7, Question 7 in the packet, Slide 5

9:20-10:00 Universal Preschool Program

Main Presenters:

- Dawn Odean, Universal Preschool Program Director

Supporting Presenters:

- Jeanni Stefanik, Chief Financial Officer
- Mary Alice Cohen, Chief Program Officer

Topics:

- FY 2024-25 Enrollment: Pages 8-10, Questions 8-14 in the packet, Slides 8-10
- Exploring Program Modifications: Pages 10-12, Questions 15-17 in the packet, Slides 11-12
- Other Issues in UPK: Pages 12-14, Questions 18-20 in the packet, Slides 11-12

10:00-10:30 Colorado Child Care Assistance Program

Main Presenters:

- Sarah Dawson, CCCAP Director

Supporting Presenters:

- Jeanni Stefanik, Chief Financial Officer
- Mary Alice Cohen, Chief Program Officer

Topics:

- State Changes to CCCAP: Pages 14-16, Questions 21-23 in the packet, Slide 19-20
- Federal Changes to CCCAP: Pages 16-18, Questions 24-27 in the packet, Slide 17-18
- Other Items Related to CCCAP: Pages 18-19, Questions 28-31 in the packet, Slide 21-22

10:30-11:00 Early Intervention Services

Main Presenters:

- Mary Alice Cohen, Chief Program Officer

Supporting Presenters:

- Jeanni Stefanik, Chief Financial Officer
- Kendra Dunn, Deputy Director, Office of Program Delivery

Topics:

- EI as a State Entitlement: Pages 19-23, Questions 32-35 in the packet, Slide 24-25
- EI Funding and Workforce: Pages 23-25, Questions 36-37 in the packet, Slide 26

DEPARTMENT OF EARLY CHILDHOOD
FY 2025-26 JOINT BUDGET COMMITTEE HEARING

Monday, December 16, 2024

9:00 am – 11:00 am

COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

- 1 Please describe any budget requests that replace one-time General Fund or ARPA funded programs with ongoing appropriations, including the following information:
 - a. Original fund source (General Fund, ARPA, other), amount, and FTE;
 - b. Original program time frame;
 - c. Original authorization (budget decision, legislation, other);
 - d. Requested ongoing fund source, amount, and FTE; and
 - e. Requested time frame (one-time extension or ongoing).

CDEC Answer: The Department has one request for the 2025-26 budget submission that is ongoing.

R-05 Language Justice Coordinator FTE: The request is for a total of \$206,488 and 1.0 FTE in FY 2025-26, including \$103,244 in Reappropriated Funds and \$103,244 in Federal Funds to address the increasing need for language access across the Department's various programs, services, and provided resources. The ongoing cost of the 1.0 FTE is \$103,244 in Reappropriated Funds and the corresponding increase in Federal Funds are for Child Care Development Funds (CCDF) appropriated to Division Indirect Cost Assessment lines per the Department's cost allocation plan. These funds will allow the Department to maintain its Language Justice Coordinator to ensure that the Department has the required resources and capabilities to fully understand and address the scope of language needs across all services and operations.

- A. Original Fund Source: General Fund**
- B. Original Program Time Frame: FY 2023-24 through FY 2024-25**
- C. Original Authorization: FY 2023-24 R-05/BA-02 Equity in Department of Early Childhood (Budget Decision)**
- D. Requested FY 2025-26:**
 - Total: \$206,488
 - FTE: 1.0
 - General Fund: \$0
 - Cash Funds: \$0
 - Federal Funds: \$103,244
 - Reappropriated Funds: \$103,244
- E. Requested Time Frame: Ongoing**

QUESTIONS REGARDING CERTAIN BUDGET REQUESTS

R4 COLORADO CHILD ABUSE PREVENTION TRUST FUND

1 [Rep. Bird] Please provide more information regarding the Board that oversees this Trust Fund. Who are they? Who appoints them? Can they spend the fund down without legislative oversight?

CDEC Answer: The Colorado Child Abuse Prevention Trust Fund (COCAP) was established in 1989 and exists to prevent the abuse and neglect of Colorado’s children. Pursuant to [statute](#), the Colorado Child Abuse Prevention Board (Board) consists of 19 members that serve a term of three years and have diverse backgrounds, as outlined below:

- The Executive Director of the Department of Early Childhood or their designee;
- The Executive Director of the Department of Public Health and Environment or their designee;
- The Commissioner of Education or their designee;
- Two members appointed by the Governor and confirmed by the Senate who are knowledgeable in the area of child abuse prevention and represent some of the following areas: Law enforcement, medicine, law, business, public policy, mental health, intimate partner violence, early childhood education, elementary and secondary education, reducing poverty and helping families gain economic stability, the connection between housing instability and trauma, higher education, research and program evaluation, and social work. In making appointments to the Board, the Governor is encouraged to include representation by at least one member who is a person with a disability, a family member of a person with a disability, or a member of an advocacy group for persons with disabilities, so long as the other requirements of this section are met.
- The Executive Director of the Department of Health Care Policy and Financing or their designee;
- The Executive Director of the Department of Local Affairs or their designee;
- The Child Protection Ombudsman, as appointed pursuant to Section 19-3.3-102, C.R.S.;
- Four appointees who represent county leadership, as either a county commissioner or a director of public health or of human or social services, as designated by statewide organizations representing county commissioners, human services directors, and public health officials, three of whom must have expertise in human services or child welfare practice;
- Three members appointed by the Executive Director of the Department. Such appointees must be community members with lived experience that may include childhood history of adverse childhood experiences or experience participating in prevention, parenting, or family strengthening programs. One of the three appointees must be a parent;

- One member who is a member of the Senate and who is appointed by the President of the Senate and one member who is a member of the House of Representatives and who is appointed by the Speaker of the House of Representatives;
- The Commissioner of the Behavioral Health Administration or their designee.

The Type 2 Board may adopt its own rules of procedure and meets regularly to guide initiatives for activities that focus on efforts to strengthen families before the first occurrence of child maltreatment. The Board makes recommendations to the Department on investment strategies for the distribution of funds appropriated to the Trust Fund to reduce the occurrence of child abuse and neglect, including prenatal substance exposure in accordance with Section 26.5-3-205 (1)(h)(III), C.R.S.

The funding in the COCAP Trust Fund is subject to annual appropriation by the General Assembly

2 [Sen. Amabile] How will the \$500,000 be used over five years? How did we get into a spend-down situation with the fund? Are we starting new programs with this funding? What will happen at the end of the five-year period?

CDEC Answer: When statute was originally established in 1989, it required a certain percentage of the monthly revenue for the Trust Fund be retained in the fund balance until the amount of \$5 million was reached. For many years, statute required COCAP to retain 25 percent of divorce docket fee money credited to the Trust Fund until assets exceeded \$5 million. However, H.B. 21-1248 repealed this provision in 2021. The Trust Fund's current reserve account has since accrued a total fund balance of approximately \$3.3 million as a result of this previous set-aside requirement and the requirement in statute that any money remaining in the trust fund, including any interest or money deposited in the fund, must not revert to the state at the end of the fiscal year. To date, the Department has not spent any money from the reserve account on child maltreatment prevention since it does not have the required spending authority.

After 35 years, the Trust Fund was generating approximately \$12,000 a year in interest. Since the Department anticipates the interest amount will likely only double by the time the fund balance reaches \$5 million, it wants to start investing these funds in local child maltreatment prevention programs to support families as opposed to maintaining the interest in the fund balance.

The Department has not requested spending authority over the fund balance until now to allow the COCAP Board to develop investment recommendations for that funding. The Department has coordinated with the COCAP Board and the Colorado Evaluation and Action Lab to develop a data-informed, five-year strategy for future COCAP investments. The investment strategies focus on advancing evidence-based decision-making and strategic state investments in child maltreatment prevention, including the statutorily defined duties, to accelerate the alignment of prevention investments across Colorado. Additionally, the Investment Strategy prioritizes measuring progress and building evidence. An evaluation of the impacts and outcomes of the Department's new COCAP investments will be completed in 2029, as required in [statute](#).

The plan for using \$2.5 million of the fund balance (\$500,000 for five years) is for it to act as a catalyst in starting new local prevention programs by covering the expensive start-up costs for these evidence-based programs. Costs to start these programs could include staff training and certification in a national evidence-based program, curriculum and materials for an evidence-based program, or staff hiring start-up expenses (e.g., laptops). A solicitation will be released for these grants that will list the potential eligible programs for these funds and applicants will be required to submit an ongoing sustainability plan for the prevention program since these funds will not be ongoing. This is a similar strategy to the one used by the Colorado Department of Human Services for the Family First Transition Act funding.

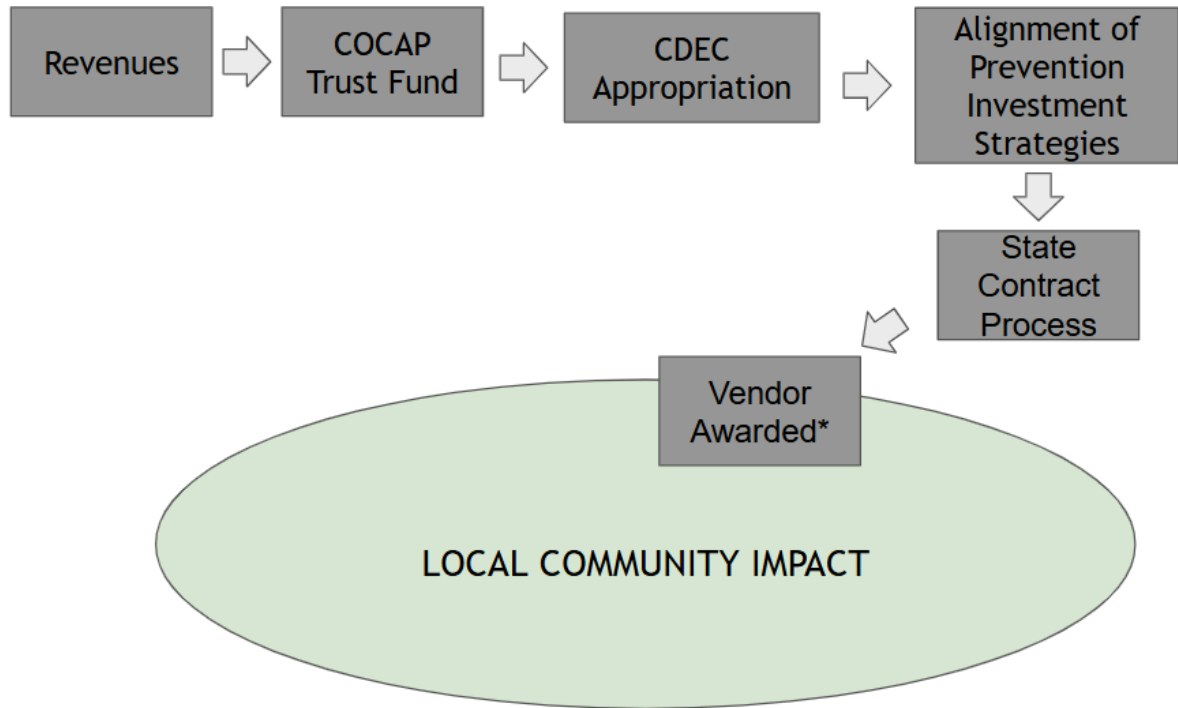
3 [Rep. Gilchrist] How does the Trust Fund make its way to locals? How does it get to providers? A flow chart might be helpful. Additionally, please enumerate the priorities of the Board.

CDEC Answer: The Department is appropriated funding annually, and through the state contracting processes communities receive the funds either directly to a local community vendor, or through intermediary vendors who distribute the funds into the community to support child sexual abuse prevention training, as mandated in statute, to advance child sexual abuse prevention across the state through training, technical assistance, coalition building, and public awareness.

The priorities of the Trust Fund Board support the vision of *Strong Families, Thriving Communities*. The [Prevention Investment Strategy](#) in Appendix A outlines nine recommendations aimed at three drivers of change: Direct Investments; Raise Capital; and Align and Accelerate. The recommendations are as follows:

1. Invest in Family Resource Centers
2. Invest in Evidence-Based Practices and their State Intermediaries
 - a. This includes strategies that prevent child sexual abuse and substance-exposed newborns as required by statute
3. Invest in Strategies to Match Families to Appropriate Services and Decrease Barriers to Access
4. Invest in Strategies from Child Maltreatment Prevention Plans
5. Position the Trust Fund to be a Depositing Ground for Unspent Prevention Funds
6. Increase Endowments and Other Gifts to the Trust Fund
7. Promote Strategies to Maximize Federal Drawdown in Family First
8. Endorse and Advise on Recommendations by Aligned Prevention Partners
9. Support Policies and Practices that Expand Economic and Concrete Support for Families

Included below is a flow chart of how funds flow from the Trust Fund Board back to the community.



*Vendor Awarded can include state intermediaries, local organizations, and county governments.

R5 LANGUAGE JUSTICE FTE

4 [Sen. Kirkmeyer] Where is the language justice coordinator located? What do they do?

CDEC Answer: The Language Justice Coordinator is located in the Executive Director’s Office of the Department and is responsible for the development and implementation of a language justice plan and a 5-year action plan for continued language accessibility for the Department. This position has launched a needs assessment strategy comprising data reviews, interviews, and surveys to fully understand the scope of language needs across the Department’s services and operations. The Department-wide language justice plan will include:

- Consultations to support staff throughout the Department in planning language access needs
- Guidance on using common early childhood terminology and definitions related to language abilities, needs, and access
- Spanish/English Style guide is intended to act as a reference guide for language interpretation and translation consistency and clarity across the Department.
- List of vendors for interpretation and translation services
- Resources for simultaneous interpretation presentations
- Best Practices Guide for internal translation request
- Growing language justice tools and guides, for example:

- **Externally:** List of multilingual resources available at the Department, Provider Toolkit for language justice implementation in the Early Childhood Education (ECE) Program; and
- **Internally:** Implementing a language justice toolkit as a preventative measure that will allow the Department to function equitably from the start, preventing the exclusion and harm that often arise when linguistic diversity is overlooked. This toolkit will have best practices, historical context information, logistics & planning checklists.

This position also facilitates an internal workgroup of multilingual staff and engages with community partners with the goal of informing the language justice plan, understanding ongoing language access needs, and identifying current gaps and strengths to ensure consistency with the implementation of best practices.

5 [Sen. Bridges] Are there similar positions in DHS, Judicial, counties, etc.? Who are the people doing this work across state and local governments? Is this a redundant position?

CDEC Answer: The Department is currently aware of a handful of other Departments that have positions similar to the Language Justice Coordinator position within CDEC, with similar language justice efforts taking place across various other Departments (e.g., DOC, CDPHE, DHS, CDLE). Each Department requires its own approach to language access and translation to ensure they have the adequate resources to address language justices needs specific to their services and operations. Given the breadth of services within CDEC and the diverse populations we serve, we have found that an in-house FTE to manage this work is indispensable.

PAYMENTS TO OIT AND LEGAL SERVICES

6 [Rep. Bird] What is driving the big increase in OIT and legal services? Senator Bridges believes OIT may be related to previous decisions regarding IT for the Department, but please confirm. Also, please discuss legal services.

CDEC Answer:

Payments to OIT: The increase in Payments to OIT funds are associated with ongoing maintenance and operations of multiple systems the Department uses, some of which were recently built. These funds are also utilized for required software upgrades as well as all required licenses for Department staff and providers. These funds are for established products and functions of the Department and support needs it has determined for sustaining current employee positions.

The Department has several platforms utilized to deliver support to children, families and providers. As the Department plans for FY 2025-26, significant federal rule changes will impact its products. As a result, increased OIT support (including software development, technical architects, and cybersecurity) and contributions are needed in these areas.

Additionally, as the Department brings its Unified Experience and Early Childhood Integrated Data System (ECIDS) application online, while pursuing continued growth of all applications including Universal Preschool and the Child Care Automated Tracking System (CHATS), there is an exponential growth in the collection and management of data. The majority of these additional costs are for intensive work to both integrate these unique data sets and simultaneously build frameworks that support this effort and allow movement between systems in a way that is safe and secure. The data management, governance, and security responsibilities of the Department continue to grow on an ongoing basis and these are the costs required to ensure that the data is safe, secure, and managed appropriately.

Legal Services: Legal services funding is updated through an annual technical adjustment. The Department of Law bases the appropriation for each department on the department's prior, completed fiscal year's utilization and sends these amounts to each department. The Legal Services line item reflects the cost of purchasing legal services from the Department of Law. Legal services are allocated to each agency by the Department of Law based on a three-year average of actual usage (number of hours) and the approved blended hourly rate for legal services.

EARLY CHILDHOOD EDUCATOR TAX CREDIT

7 [Sen. Kirkmeyer] Please discuss the Early Childhood Educator Tax Credit and its impact/utilization. Is there a reason it is not being pursued for continuation?

CDEC Answer: The Early Childhood Educator Income Tax Credit was initially created in 2022 via H.B. 22-1010 to support the economic self-sufficiency of early childhood educators as well as the quality and stability of child care in Colorado. This legislation has been successfully and efficiently implemented by the Department: in tax year 2023, 13,564 professionals—or 55 percent of professionals in licensed, direct care settings—received the credit, representing 64 of Colorado's 65 counties. Under current law, the credit will expire after 2025. The tax credit provided support for retaining and recruiting professionals amidst the early childhood workforce crisis. The Early Childhood Professional Credential is a six-step credential ladder that recognizes varying levels of education, training, experience, and demonstrated competencies. Qualifying individuals are awarded a refundable tax credit amount based on the highest credential level held during the calendar year. The number of professionals qualified with an Early Childhood Professional Credential has increased substantially across counties and early learning contexts since the tax credit has been introduced. During the 2023 tax year, 26,711 professionals held an active Early Childhood Professional Credential, compared to 17,352 in tax year 2021, prior to the implementation of the credit.

An extension to the ECE Tax Credit beyond 2025 was not included in the Governor's Budget due to the near-100 percent overlap with the newly-created Care Worker Tax Credit, as well as revenue forecasts indicating that the state is close to falling below the TABOR cap after the significant expansion of tax credits in the 2024 legislative session. However, the Early Childhood Education Tax Credit will continue through the 2025 tax year, with eligible educators with an Early Childhood Professional Credential (ECPC) able to file to receive the credit in Spring 2026. There is nothing that precludes care workers who receive the Care

Worker Tax Credit from using funds to upgrade their credentials, and the Department will continue to support early childhood professionals to access the training and formal education to increase their credential level. Additionally, Colorado has a new philanthropic grant led by the Department in collaboration with the Governor's Office, Colorado Department of Labor and Employment, Colorado Office of Economic Development and International Trade, Colorado Department of Higher Education and Colorado Department of Human Services to explore long-term, sustained increases to the salaries and benefits of early educators.

UNIVERSAL PRESCHOOL PROGRAM

FY 2024-25 ENROLLMENT

8 [Sen. Kirkmeyer/Bridges] Please provide the following information for the current year of UPK:

- How many kids are being served in half-day UPK (numbers)?

CDEC Answer: In FY 2024-25, based on the November 15th payment, a total of 24,469 children are enrolled in the half day (15 hour) program, with 1,114 3-year-olds and 23,355 4-year-olds.

- How many kids are being served in part-time UPK (numbers)?

CDEC Answer: Currently in 2024-25, based on the November 15th payment, 11,265 children are enrolled in the part time (10 hour) program, with 2,192 3 year olds and 9,073 4 year olds.

- How many kids are being served in full-day UPK (numbers)?

CDEC Answer: Currently in 2024-25, based on the November 15th payment, 8,635 children are enrolled in full day (30 hour), with two 3-year-olds, and 8,633 4 year olds.

- How many kids are being served who have an IEP (numbers)?

CDEC Answer: Currently in 2024-25, based on the November 15th payment, 8,096 children have IEPs, with 3,308 3 year olds and 4,788 4 year olds.

- How many kids in poverty are being served (numbers)? Are we serving fewer or more low-income kids now than before?

CDEC Answer: In 2023-24 nearly half (49.5 percent) of children who received services were low-income, and more than 11,000 children (26.4 percent) had at least one qualifying factor. Through rule and as shared with the JBC in FY 2024-25 R-01, the Department updated the qualifying factors to have poverty as its own qualifying factor to award additional hours to children in poverty. In 2024-25, based on the November 15th payment, there are 22,956 children that are considered to be low-income that are being served through the Universal Preschool Program. There are 10,512 children being served through the Universal Preschool Program that are considered to be in poverty.

- How does this compare to CPP? Especially for low-income kids?

CDEC Answer: Based on CDE CPP data, in 2022-23 there was a total of 21,340 enrolled in CPP, with 14,699 4-Year-Olds, 6,001 3-years and younger, and 640 5 year-olds.

Approximately 48% of all students enrolled in the program met the Free and Reduced Priced Meal and may have been considered low income in the 2022-23 Colorado Preschool Program.

9 *[Rep. Taggart]* How many eligible children are participating in UPK? What percent of the total population? Does the Department anticipate the number of children to plateau? Or will it surge in the future?

CDEC Answer: In general, the estimated eligible population of 4 year olds eligible for the program sets around 64,000. In 2023-24, the Colorado Universal Preschool served 68.7 percent of the state’s estimated eligible four year old population; meanwhile, only 35 percent of four year olds are enrolled in state-funded preschool programs nationally. In 2024-25, the Department anticipates this number to be around 70.2 percent by year-end. The Department anticipates a plateau in enrollment around or after year 3 based on reported data from other states that have implemented UPK, as the program is voluntary and families have a choice in determining entry into the program.

10 *[Sen. Amabile]* If the State provided only 10 hours to all families, how much money per year would that save? How many additional students could be served with full-day UPK?

CDEC Answer: Based on current projections for FY 2024-25, if the State provided 10 hours to families in lieu of 15 hours, it is estimated that the 5 hour reduction would amount to approximately \$29 million. While this would reduce costs to the state, these costs would shift to family tuition, if they wanted to maintain the same level of care. Based on the 2024-25 average LCO rate of \$11,006 for 30 hours, this would equate to 2,635 children.

11 *[Rep. Sirota]* Please discuss why the Department chose to offer 15 hours. Was this based on feedback from families? Providers?

CDEC Answer: The Department did not unilaterally choose to offer 15 hours, but rather worked extensively with partners, advocates, communities, families, school districts, and child care providers to determine the right approach that would ensure accessibility of services, promote parent choice, and allow for financial forecasting on uptake and enrollment. Stakeholders indicated that 15 hours would better support family child care needs, support greater cost savings for families, and more realistically support the operations of preschool classrooms.

12 *[Rep. Sirota]* Is there data on how families are enrolling? Additionally, how many started an application but didn’t complete it?

CDEC Answer: The family application portal for the 2024-25 school year opened on February 29, 2024 and students were placed in the following ways outlined below, with pre-registration for families requesting Continuity of Care placements, sibling attending, or child of employee accounting for the highest percentage of the enrollment.

- **Pre-registration: 52 percent**
- **Matching: 33 percent**
- **IEP Upload or Direct placement: 15 percent**

The family application for the 2025-26 school year is set to open on December 17, 2024 for families to submit pre-registration applications requesting Continuity of Care placements, sibling attending, or child of employee placements. The Department has a robust communication plan for families, partnership with the LCOs and information to assist providers throughout the application process.

As of December 5, 2024, the 2024-25 school year has a total of 47,895 applications, with 3,358 of them still in progress. While the Department does not collect data on why applications are not completed, anecdotal evidence shows that in some cases families could have dual applications, families could have started an application and never completed it, families could have decided to directly enroll with a provider after starting the application process, families could decide they did not want to have the child in the program, and so on.

13 [Rep. Sirota] Are families getting their top choice? How many?

CDEC Answer: Yes, either during the matching process or through direct enrollment. The total number of matching applications are 26,043 with 23,699 or 91 percent of families matched with their top choice through the matching process for the 2024-25 school year.

14 [Rep. Sirota] What has been the parent and provider experience with UPK in Year 2?

CDEC Answer: The Department made significant changes to the provider registration and family application based on lessons learned in the first year of implementation.

Families are able to use multiple application pathways that are personalized to family needs, including pre-registration, family matching, walk-in direct enrollment, and students with an IEP. Families experienced a smoother and faster matching process. In the second year of the program, there was a 15 percent increase in families registered in the first two weeks compared to 2023-24. Approximately 80 percent of families have registered since the program opened for the new school year.

The Department continues to engage with families on their experiences and learn from them to better inform application processes for families.

Provider updates were made to the system in year 2 to better define and manage seats by program hours, language offerings, IEP seats and availability. Additionally, LCOs were able to access reports to assist families with completion of applications and provider set up information to help link families with providers.

EXPLORING PROGRAM MODIFICATIONS

15 [Sen. Bridges] Please discuss the possibility of prioritizing children in CCCAP for 15 hours by creating new qualifying criteria. Please provide the following information:

- How would that impact both programs? How would that impact families?

CDEC Answer: CCCAP and the Colorado Universal Preschool Program have tried to align program eligibility criteria, so the vast majority of CCCAP families with 3 and 4 year-olds are already also receiving additional Universal Preschool hours. There are currently about 2,222 children who are dually enrolled in these programs, with an

estimated 39% or 869 children that qualify for full day. In order to fully prioritize children in CCCAP with a new qualifying criteria in the Colorado Universal Preschool Program, the statute and rule would need to be realigned. Currently, statute requires a hierarchical approach to funding:

- o Preschool students with disabilities in accordance with IEPs;
- o 4-year-olds in the year before kindergarten – A minimum of 10 hours per week;
- o Eligible 3-year-olds (and younger with historical waiver) who meet a qualifying factor per rule;
- o Any additional hours for eligible 4-year-olds in the year before kindergarten - per rule and subject to available appropriations.

To appropriately estimate the budgetary impact and inform work on cost savings, the Department will work closely with county partners to determine if the estimated 2,222 dually enrolled children are already stacked or currently blended. The Department will take into consideration the potential effect on providers who accepted both Colorado Universal Preschool Program and CCCAP with the understanding the funds could be blended.

- How many children might be served this way?

CDEC Answer: In 2023-24, the CCCAP program served 3,842 4-year-olds, with 463 in part time programs (5 hours or less of care a day) and 3,379 in full time programs (more than 5 hours care in a day). Based on the most current data from September 2024, there are 3,199 3-year olds receiving CCCAP services.

- Would it help alleviate any budget challenges?

CDEC Answer: With the new federal rule changes, the Department preliminarily estimates a shortfall between \$55 to \$ 65 million in FY 2026-27 for CCCAP. Serving the estimated 39 percent of children in CCCAP that qualify for full day in the Universal Preschool Program, using the Universal Preschool Program FY 2024-25 average rates to supplement CCCAP, may result in an estimated CCCAP savings of \$5.9 million, which still results in a significant gap. However, further analysis would be needed to definitively determine the amount of cost savings this change would result in. Additionally, the Department would need to work closely with county partners to determine if the estimated 3,199 would be dually enrolled children which may already be stacked or blended, which might reduce the overall estimated savings to CCCAP outlined above.

- Would we be able to ensure that CCCAP families could get all of the care they need?

CDEC Answer: Families in CCCAP receive authorized care based on program entry income eligibility limits that are set at the county level based on the self-sufficiency standard of that respective county.

In general, CCCAP only has enough funds to serve 9 percent of the income-eligible population. (This is determined by comparing the number of families served by CCCAP compared to the number of families who are income-eligible based on Census data - there are other qualifications, such as participating in work or other eligible activities, that determine CCCAP eligibility as well. Until recent months, no counties were on a waitlist or freeze and all families meeting eligibility for CCCAP were served.) County CCCAP staff work with families to determine the hours of care needed (authorized care), which is specific to each family. Since CCCAP is funded through a block grant (CCDF), if funding is insufficient, counties are not able to ensure all CCCAP families get the care they need. Unfortunately, the number of families waiting for support from CCCAP as more counties freeze or waitlist enrollment due to increased cost of the program.

16 [Rep. Bird] Was the universal application a requirement of Proposition EE for UPK? Or is this something done only in statute?

CDEC Answer: 26.5-1-110 required the Department to create an application for families to enroll children in the Universal Preschool Program.

17 [Rep. Bird/Sen. Kirkmeyer] Would it save the state money if parents were able to directly enroll and we moved away from the universal application? If so, how much would it save?

CDEC Answer: Statute required a universal application and the General Assembly approved funding to build this system. Families currently have the ability to directly enroll with a provider after the pre-registration and matching process occurs. Even if families did move to direct enrollment with providers, the Department would need to know where children were enrolled in order to make payments based on enrollment and a system would be necessary to track enrollment; therefore there would be no savings.

OTHER ISSUES IN UPK

18 [Rep. Sirota] There have been reports of providers not getting paid on time and some not being paid at all. Please discuss if/how often this has occurred and why, and please discuss what the Department is doing to address the issue.

CDEC Answer: Providers are getting paid; they received a preliminary pre-payment in August, and have been subsequently paid based on enrollment monthly. There are fluctuations throughout the year on a monthly basis as children change their enrollment status with providers. Some children had dual enrollments or submitted multiple applications with multiple providers. In collaboration with the payment vendor, the Department reviews the pay files each month to reconcile any known discrepancies and completes a quarterly reconciliation process if a payment issue can not be resolved. If there are issues with payments, providers are able to put in a ticket with the payment vendor and the Department verifies information to resolve potential payment issues.

19 [Sen. Bridges] Please discuss the possibility of refinancing the General Fund Increase for UPK with Preschool Programs Cash Funds for one year.

CDEC Answer: The General Fund inflationary increase is statutorily required annually and is estimated to be \$3,658,330 for FY 2025-26. In 2024, the Joint Budget Committee already refinanced many of the Department's one-time and ongoing requests from General Fund to cash funds, including several million dollars of ongoing IT funding for UPK. As a result, UPK is operating with tighter margins in FY 2024-25 and future years. If the General Fund inflationary increase were refinanced to the Universal Preschool Program Cash Fund, it is possible that the Department would not have sufficient funding to continue serving eligible low-income families with a qualifying factor, including children in poverty, with full-day preschool.

20 [Rep. Sirota] Please discuss the upcoming 3rd party reviews for UPK (and CDEC). Who was awarded the contracts? How is the work for the reviews being guided? What have the reviewers been asked to look at?

CDEC Answer: CDEC Answer: The Universal Preschool Program is in the process of completing requests for proposal (RFPs) for multiple evaluation components, which are outlined below.

- **Implementation Process Evaluation-** awarded to Child Trends. The goals of this evaluation process are to 1) document the implementation of key program strategies across the foundation, launch, and initial participation phases of CO UPK, and 2) produce actionable findings to inform ongoing implementation, scale-up, and sustainability of the program. To accomplish this, CDEC will conduct regular meetings with the vendor as well as require regular interval reporting to confirm progress is being made.

The Department is expected to complete two additional solicitations completed by the end of the calendar year for Universal Preschool.

- **Blending & Braiding-** The RFP is currently in evaluation by CDEC . The purpose of the work outlined in this RFP is to develop a comprehensive blending and braiding funding model for Colorado's Early Care and Education system. The aim is to maximize preschool participation by aligning and integrating funding from federal, state, and local sources, ensuring families receive the full funding for which they are eligible while reducing administrative burdens on providers. This effort will build upon the existing infrastructure of Colorado's Universal Preschool Program to advance equitable access to high-quality preschool and address inefficiencies in the current funding landscape.
- **Supporting Early Learning & Quality-**The solicitation will require the winning vendor to produce ongoing and actionable recommendations to improve Colorado's Universal Preschool Program in ways that advance equity and excellence in children's preschool experiences across the state. Interval reports will be required from the winning vendor during the contract to monitor vendor performance under the agreement. As the RFP process requires a melding of our SOW and the vendor's proposal, we cannot speak as to how the reviewers will look at the work as of yet.

CDEC Independent Evaluation-awarded to Public Consulting Group, LLC. The work will cover creation of a final report with evaluation findings and recommendations to be shared with CDEC, the Governor, the Early Childhood Leadership Commission, the Colorado General

Assembly, and other interested parties by November 1, 2025. This organizational evaluation and associated recommendations shall be guided by robust community engagement and deep analysis of local, state, and national early childhood systems.

COLORADO CHILD CARE ASSISTANCE PROGRAM

STATE CHANGES TO CCCAP

21 [Sen. Kirkmeyer] Please discuss the fiscal note related to HB24-1223 and how the bill may increase costs of the program. Additionally, please discuss the number of families/children served by the changes to eligibility and provider type as well as the associated costs that were included in the fiscal note for the bill.

CDEC Answer: H.B. 24-1223 created several new provisions for the implementation of CCCAP, including changes to the application, eligibility, provider reimbursement, and parent fees. Certain provisions are mandated by new federal requirements and are subject to federal appropriations. In alignment with the expiration of the federal waiver, these provisions must be implemented by August 1, 2026. The Department is not moving forward with any provisions in H.B. 24-1223 that are not required by federal rule and that H.B. 24-1223 made contingent on the Department receiving federal appropriations for, including the additional population for slot contracts - nontraditional care hours.

H.B. 24-1223 requires and provides funding for the Department to:

- **Create a pilot program for unlicensed providers to seek license-exempt status (1.0 FTE starting in FY 2025-26);**
- **Conduct a study on de-linking the Child and Adult Care Food Program (CACFP) from CCCAP (one-time \$100,000 General Fund in FY 2024-25);**
- **Add an evidence-based substance use disorder treatment program at an intensive outpatient service level of care or higher as an eligible activity (one-time \$215,388 General Fund for the system changes in FY 2025-26 and \$557,329 General Fund beginning in FY 2026-27 for expanded services);**
- **Promote alignment with the Colorado Universal Preschool Program (one-time \$289,061 General Fund for system changes in FY 2025-26).**

As of July 1, 2024, counties can no longer prioritize working families over families enrolled in postsecondary education or workforce training programs as H.B. 24-1223 removed the option for counties to offer education as an eligible activity and instead made this a requirement. Since all counties have already been providing education as an eligibility option, no new families would become eligible. However, this change did partially limit cost control options for counties for the CCCAP program. While education is a federal eligibility requirement and is also included in statute as an eligible activity, Colorado has discretion as a state with regard to what activities are included as 'education' and can work with its federal partners to determine what can be limited as education activities.

22 [Sen. Bridges] How does the expansion of eligibility for SUD treatment participation in HB24-1223 impact the program? Does this necessarily drive costs if it's not an entitlement?

CDEC Answer: The Department received the following funds to include an evidence-based substance use disorder (SUD) treatment program at an intensive outpatient service level of care or higher as an eligible activity:

- \$215,388 General Fund for the system changes in FY 2025-26
- \$557,329 General Fund for expanded services in FY 2026-27

Given the fiscal cost of the new federal requirements for CCCAP, many counties have frozen or waitlisted enrollment, with only Child Welfare CCCAP and TANF CCCAP able to bypass a freeze or waitlist. Therefore, this new eligible activity will not be available to residents in many counties until the freeze or waitlist is lifted. If a family is in a county without a freeze or waitlist in FY 2026-27 and qualifies due to this new eligible activity, the county will need to provide CCCAP services until the family is no longer in an eligible activity or their income surpasses 85 percent of the State Median Income. This could increase costs to the program if expenses surpass the fiscal note amount of \$557,329 in FY 2026-27 for expanded services.

23 [Sen. Kirkmeyer] Please provide the following information:

- How has state funding for this program changed over time?

CDEC Answer: Refer to the table below on historical CCCAP funding stream amounts.

| Historical CCCAP Total Appropriation Amounts | | | | | |
|--|---------------|--------------|--------------|--------------|---------------|
| State Fiscal Year | CCDF | GF* | County MOE | Stimulus | Total |
| FY 2018-19 | \$72,031,366 | \$29,039,745 | \$11,498,315 | - | \$112,569,426 |
| FY 2019-20 | \$83,481,534 | \$29,410,508 | \$11,645,071 | \$11,452,965 | \$135,990,078 |
| FY 2020-21 | \$88,639,738 | \$28,190,496 | \$13,332,375 | \$9,650,000 | \$139,812,609 |
| FY 2021-22 | \$90,556,590 | \$29,998,226 | \$14,768,652 | \$23,545,252 | \$158,868,720 |
| FY 2022-23 | \$94,175,452 | \$28,790,460 | \$15,064,026 | \$45,856,853 | \$183,886,791 |
| FY 2023-24 | \$97,262,618 | \$29,734,240 | \$15,557,840 | \$39,849,644 | \$182,404,342 |
| FY 2024-25 | \$116,344,354 | \$32,058,921 | \$17,375,025 | \$11,377,702 | \$177,156,002 |

*General Fund increase in FY 2024-25 due to reversal of temporary \$1.8 million refinance to CCDF stimulus funds.

- How have costs for CCCAP been impacted by the implementation of UPK? How has UPK enrollment impacted CCCAP?

CDEC Answer: The costs for CCCAP have not been greatly impacted due to the implementation of the Colorado Universal Preschool Program. Counties are allowed to work with families and their provider to reduce the amount of authorized care for CCCAP if it's being covered by the Colorado Universal Preschool program hours. The Department will work with counties to collect the data on which cases may have been reduced due to this case management. At this time, the Department has not determined any significant cost savings or impact on CCCAP enrollment due to the implementation of Colorado Universal Preschool Program as the hours needed by most families for child care are more than the hours provided by the Colorado Universal Preschool Program. Additionally, CCCAP serves children 0-13 years old and up to 18 years old with additional care needs, which is a significantly larger population than the 3 and 4 year-olds served under the Colorado Universal Preschool Program.

- Please discuss the pressures on the cost of this program over time and whether and how it is more expensive today. How have State appropriations impacted costs?

CDEC Answer: The Department created a [draft implementation and timeline document for all of the changes coming to CCCAP](#) in Appendix B that includes the new federal rules, compliance findings, and passage of H.B. 24-1223 and outlines associated cost estimates for one-time and ongoing needs. When supported by stimulus funds, the program was able to increase eligibility entrance tiers, cover more absences, pay based on enrollment for infants and toddlers, and lower the family copayment to 10 percent. The Department stopped all stimulus-funded activities that are not part of the new federal rules on July 1, 2024, including increased eligibility tiers and absence payments.

Current estimates show the average spent per child on CCCAP will go from approximately \$6,000 a year to \$17,000 a year due in large part to the new CCDF federal requirement for enrollment-based pay and Colorado's requirement to increase provider pay for compliance.

The most significant pressure on the cost of the program is continuous eligibility. A family is only disenrolled from CCCAP when they are no longer participating in an eligible activity (working, job searching, or education) or their income has risen above 85 percent of the State Median Income (SMI). Historical data shows a child's average time receiving CCCAP is 35 months.

FEDERAL CHANGES TO CCCAP

24 [Sen. Kirkmeyer] Please discuss how the Department has arrived at total cost estimates for the new federal requirements. What is the basis of the calculation? Some counties are indicating the costs could be as much as \$75 million. Do you know how they are arriving at that conclusion?

CDEC Answer: The Department created a [draft implementation and timeline document](#) in Appendix B for all of the changes coming to CCCAP, including the new federal rules, compliance findings, and H.B. 24-1223. The Department used the methods outlined below to provide preliminary estimates of key components of the new CCDF federal regulations:

- **Enrollment-Based Payment:** Estimated to cost \$33 million ongoing based on actual expenditures for the current infant and toddler payments based on enrollment combined with the increased provider rate that will be effective August 2026.
- **Lower Parent Copays:** The estimate for the cost to lower the copayment formula is based on capping the current marginal rate formula at 7 percent.
- **Provider Rate Increase:** Estimated to cost \$20.4 million for the full provider rate increase based on vendor work completed for the alternative rate methodology.

The Department has been waiting for actual October 2024 expenditures to become available on December 21, 2024 to reassess the provider rate increase estimate. The Department is also working in partnership with the counties to ensure it has the most accurate projection possible. A preliminary estimate based only on 2 weeks of data indicates the cost of implementing the provider rate increase is higher than originally estimated by the Department's vendor that completed the alternative rate methodology research. The Department expects to have a stronger analysis complete in January once it receives the actual expenditure data needed and conducts additional work with the counties on these projections. While these costs are subject to change as rule is promulgated for the new federal CCDF regulations, the Department will continue to adjust and make changes to the proposed implementation until rules are adopted and estimates can be finalized.

25 *[Sen. Kirkmeyer]* Has the state received a waiver for implementation of the new federal requirements? If not, why not? Is there more that the state will have to do to get the waiver, and how much will that cost? I've heard the Department is not in compliance with all of the federal audits. Is that true? If so, how much will it cost for us to come into compliance?

CDEC Answer: Yes, the state received approval for the waiver on November 22, 2024. In order to maintain the waiver, the Department must sustain existing CCCAP policies for the lower parent copays (capped at 10%) and provider payments based on enrollment (for infants and toddlers), which is included in the Department's budget request. With the implementation of the three-year phased provider rate increase determined by the alternative rate methodology, the state is currently in compliance for provider reimbursement costs.

The state only has one open audit finding for CCCAP around 12 month eligibility for additional children added to an existing case and associated costs to come into compliance with this audit finding are negligible due to continuous enrollment. There is currently an emergency rule moving through the Department's rule process that will bring it into compliance once it is promulgated in January.

26 *[Rep. Sirota]* How are other states handling the new federal requirements? Are there lessons we are learning from other states?

CDEC Answer: No state is currently in compliance with all of the new federal CCDF requirements, and many or most other states report moving towards waitlists in the absence of new federal funds. There are many states that have instituted one or several of the new requirements, but no state has all of the new rules in place. Colorado has been meeting with its federal partners and the states who have implemented some of the changes to learn about best practices as it decides how best to implement the new rules.

27 *[Rep. Sirota]* Please discuss the impact to counties of increasing the county proportional share back to pre-pandemic levels. What is the estimated total \$ impact? Is the State share decreasing in this calculation? Are we cost-shifting?

CDEC Answer: The request includes an increase in the county proportional share from 10.9 percent (\$1,098,810) to 11.65 percent (\$2,405,420) in FY 2025-26 and FY 2026-27, reaching a final 12.4 percent (\$2,613,220) share by FY 2027-28 to support rising program costs. The increase in county proportional share only increases the amount of money available to support CCCAP in recognition of the extraordinary statewide need; it does not refinance or reduce state funds. The Department's base federal funding is also increasing in response to rising costs.

OTHER ITEMS RELATED TO CCCAP

28 *[Sen. Amabile]* What is the average absenteeism for families enrolled in CCCAP? How many absences would a child be allowed before being removed from CCCAP? Are there any consequences to the families for absences?

CDEC Answer: The median absence rate across all children for the last State Fiscal Year was 24 percent. This includes excused and unexcused absences. A family's CCCAP case will close if the children in the home receiving care have 22 or more unexplained absences from authorized care within a 30-day period. However, the county must have attempted to contact the family regarding the absences at least two times prior to closing a case. Furthermore, the 30-day period must account for reported breaks in care or temporary breaks in the parent's activity that are a result of being on medical or maternity/paternity leave, a scheduled school break, or because they have seasonal employment. If the family has more than one child receiving care and not all of the children have 22 or more unexplained absences, the case would remain open and only the children with chronic absenteeism would be determined ineligible to receive care.

If a family does not fall within the criteria to close the case, a child care provider may determine of their own accord that they can no longer accept the child and disenroll them. Furthermore, a provider is allowed to charge families for additional absences that are not covered by the county. When doing so, however, the family must be charged at the rate at which the provider is reimbursed by CCCAP and not the private-pay rate.

29 *[Sen. Amabile]* Please discuss whether and how counties may prioritize families on the waitlist for CCCAP. Or is it first-in, first-served? If fewer families will be served due to budget constraints, how will it be decided which families will receive services first in the program?

CDEC Answer: Counties have the option to either enroll families in the order in which they were added to the waitlist or prioritize enrollment based on identified priority populations. Should a county decide to prioritize enrollment, it must first prioritize the three federal priority populations: 1) families at or below 130% FPL, 2) families experiencing homelessness, and 3) families with children with additional care needs. Once the federal target populations have been prioritized, counties may also identify their own priority populations.

30 [Rep. Bird] Is full-time vs. part-time eligibility in CCCAP state, locally, or federally-driven?

CDEC Answer: The amount of care time needed by a family is not part of the eligibility determination process. After a family is deemed eligible by the county, the local CCCAP staff work with the family to capture their individual care needs based on work schedules and other factors and then authorize care appropriately, including full-time or part-time.

31 [Rep. Sirota] Please discuss the concept of blending and braiding funding for CCCAP and other programs. How are we doing as a State? Are there things other states are doing that would help us do this better?

CDEC Answer: The Department wants to move forward with data-driven strategies for optimized funding between CCCAP, Head Start, and the Colorado Universal Preschool Program. Currently, the Department is working to select a vendor that will complete an evaluation on how best to blend and braid those three funding streams as outlined in more detail in a prior question. The evaluation will include researching best practices from other states. Additionally, the Department is facilitating a workgroup with LCOs, counties, and providers on how to align and administer the Colorado Universal Preschool Program and CCCAP and will continue to vet options with the workgroup as well.

Counties can work with current CCCAP families and the specific provider that have children that are enrolled in both (approximately 2,222) to potentially reduce the authorized care hours for CCCAP to only what is needed outside of what the Colorado Universal Preschool Program provides. The Department issued a [memo](#) in Appendix C in May 2024 that provides resources for case management for dually enrolled children. This lowers the co-payment for families and helps the county allocation, but could hurt providers who decided to accept CCCAP and provide Colorado Universal Preschool with the understanding that both streams could pay for the same hours. The county should ensure the provider is still able to cover the true cost of care when stacking funds.

EARLY INTERVENTION SERVICES

EARLY INTERVENTION AS A STATE ENTITLEMENT

32 [Sen. Amabile/Sirota] If this became a State entitlement program, how would eligibility decisions regarding the program be made? (Referencing that we've changed eligibility in the past for this program.) How would the Department regard its appropriation for this program? What would change, what would stay the same in regards to the appropriation and expenditures?

CDEC Answer: If Early Intervention were made an entitlement at the state level, the Department would continue to submit budget requests for JBC approval as program cost forecasts changed, including to address any potential changes in eligibility, changes in provider rates, or anticipated changes in caseload levels.

The Department does not have the ability to change eligibility for the Early Intervention (EI) program without approval by the Federal Office of Special Education Programs (OSEP). Colorado has already changed eligibility criteria in January 2020 and January 2023 as a result of the COVID-19 pandemic, the likelihood of the Department being able to seek approval to change criteria in the near future would be limited. Additionally, OSEP discourages eligibility changes as a method to balance the budget as it can impact equitable access for children.

Making EI an entitlement program would ensure the Department is in alignment with the federal requirement that all eligible children be served within the associated required timelines, as the Department is not allowed to have a waitlist for EI services per federal law and requirements of 34 CFR Section 303.344 (f)(1). The Department would continue to manage the appropriation, as it has in the past and monitor the expenditures to ensure that the program stays within the appropriation.

Recognizing EI as an entitlement program would allow the Department to exceed its appropriation on direct services within the program as long as the Department adheres to eligibility criteria approved by the federal government and set in rule as well as provider rates approved by the JBC through the budget process. This would be implemented through modifying statute language to explicitly recognize EI as an entitlement and authorizing over-expenditure authority without restricting the next fiscal year's appropriation. If approved, the Department would be able to reduce the administrative burdens in cases of an emergency supplemental (1331), guarantee that funding would be sufficient to serve eligible children, and continue to improve the methodology for EI caseload forecasting.

While the request to make Early Intervention an entitlement program would authorize over-expenditure authority if necessary, the Department has rarely required a supplemental appropriation for Early Intervention. Since FY 2006-07, the Department has only had to submit three requests to increase funds by an average of \$3.2 million due to caseload growth being larger than anticipated. This program has commonly reverted several million dollars of General Fund at the end of the fiscal year. Additionally, the Department is required to submit an annual RFI each year and would be prepared to provide additional reporting throughout the year as needed.

33 *[Rep. Bird]* How does the Department model this program for future costs? What does that model indicate costs are going to be in the future? What is the rationale for making this an entitlement, especially in the current budget climate? If the state finds itself in a tight budget year like this one, what tradeoffs does the Department recommend we make to pay for any cost overruns?

CDEC Answer: On an annual basis, the Department evaluates data to determine costs associated with anticipated caseload increases. This allows the Department to ensure there is adequate funding available to support additional Early Intervention caseload since the

Department is required to provide services to all children who qualify per federal law. The Department considers the following factors when determining funding required for anticipated caseload increases:

- Current year totals and year-over-year increase in the number of children
- Current year costs (contracted employees, contractors, Trust, and Medicaid) and cost per child)
- Number and frequency of services requested
- Workforce costs
- Percent covered by Medicaid (Reappropriated Funds for targeted case management services which cover a portion of the cost of service coordination) as well as the portion that covers direct services
- Administrative costs
- Percent of month over month in referrals in comparison to prior year data
- Rolling enrollment in and out of the system each year
- Early Intervention Broker site characteristics such as rural or urban, mountain or plains
- Month (seasonality)
- Eligibility Change

The Department is establishing a process to automatically formulate anticipated Early Intervention caseload increases by using program data in the Department's systems, contracting data showing the total costs committed to Early Intervention employees, Medicaid services billing, and payment information obtained by the Department of Health Care Policy and Financing. This will ensure consistency in the methodology used for evaluating associated costs.

While the Department is updating a forecasting process to automatically calculate caseload increases, caseload fluctuates throughout the year and is difficult to predict when children enter and exit the program annually due to the timing in which external data becomes available and changes or delays in information being received. Additionally, the needs of each individual child and family vary depending on the level of developmental delay or disability, making it difficult to predict the intensity of the services that will be needed.

Using the current data and forecast methodology outlined above, the Department is able to forecast out for the forecast period of 3 years. The Early Intervention program is already recognized as an entitlement program by the federal government. Therefore, the Department is required to provide services to all children who qualify pursuant to Part C of the federal Individuals with Disabilities Act (IDEA). As a result, the General Assembly already provides the funding for Early Intervention to ensure it meets these requirements, including if there are any unanticipated increases in caseload.

Based on the recent changes in eligibility criteria, prior year experiences, amongst other factors outlined above, the Department estimates continued growth in the caseload of approximately 7 percent annually. The true costs for caseload will be dependent on the actual number of children that enter into the program, service intensity, and the contributions of

Medicaid and private insurance. The Department will routinely update the forecasts based on actual data to continue to update the projections.

Recognizing Early Intervention as an entitlement program in statute would help to reinforce the legislature's commitment to serving all eligible children within the program with current action taken to meet the federal requirements to serve all eligible children.

34 [Sen. Kirkmeyer] How many times has Early Intervention required a supplemental? Does the Department anticipate needing a supplemental this year? If so, what's the anticipated amount?

CDEC Answer: In the past the Department has rarely required a supplemental appropriation for Early Intervention. Since FY 2006-07, the Department has only had to submit three supplemental requests to increase funds by an average of \$3.2 million due to caseload growth being larger than anticipated, which are outlined below:

1. [FY 2017-18 Supplemental Request](#): Total increase of \$5,600,000
2. [FY 2018-19 Supplemental Request](#): Total increase of \$1,677,215
3. [FY 2019-20 Supplemental Request](#): Total increase of \$2,175,622

The Department does not anticipate a supplemental request this year.

35 [Rep. Sirota] Many providers report that this program is fraught with contracting and payment issues including some providers experiencing significant delays in payment. Could the Department please discuss what's being done to address the contracting and payment delays for this program and what resources it needs to improve the situation.

CDEC Answer: The Department has implemented several strategies to improve its contracting and payment processes. Specifically, the Early Intervention Program has implemented an automated process for requesting contract changes and amendments. The Department also works closely with its vendors and individual Early Intervention Brokers to facilitate timely and accurate invoicing and continues to collaborate on strategies to improve these processes.

The Department piloted a new invoicing system in the Spring of 2024 with EI vendors to elicit feedback and insights of a more streamlined process. Then in November of 2024, the Department was able to implement an invoicing system to improve its automated process for routing and approving invoices using existing resources. This system allows all vendors to submit invoices in a uniform, easy to use and efficient manner. The invoices are routed to appropriate internal staff for review and approval, which provides the ability to track and accelerate the payment process. While this system is newly implemented, the Department anticipates these changes will resolve the issues with the payment process and will continue to work with vendors to troubleshoot any issues that arise. The Department will continue to work with vendors on improving contract and payment processing.

EARLY INTERVENTION FUNDING AND WORKFORCE

36 [Rep. Sirota] In regards to R3, Early Intervention Caseload, are the workforce strategies/investments working? Do we have more providers as a result? What have we accomplished with the workforce efforts?

CDEC Answer: The workforce investments and strategies for Early Intervention have improved EI workforce retention with a slight increase in providers overall. A survey was sent to all of the 1,164 Early Intervention providers who received a retention bonus, which was one of the workforce investment strategies. Of the respondents, 99 percent of those who received the retention bonus remain in the Early Intervention Workforce. Additionally, the following retention and recruitment strategies were implemented:

- Early Childhood Special Education Master’s program in collaboration with the University of Denver (18 providers completed the Master’s program to sit for licensure) 90 percent or above of survey respondents rated the value of this strategy as good or high;
- A stipend for speech language pathologists who serve children enrolled in Medicaid and monitor the Individualized Family Service Plan (IFSP) outcomes (which is not a funded activity under Medicaid (11,862 stipends since 7/1/23) 90 percent or above of survey respondents rated the value of this strategy as good or high;
- Reimbursement for providers who schedule a home visit or an IFSP meeting and the family does not show up or cancels with less than 24 hours notice (32,290 no-show visits, 627 IFSP meetings) 90 percent or above of survey respondents rated the value of this strategy as good or high;
- Extension for Community Health Care Outcome (ECHO) series which were provided at no charge and paid providers a stipend to attend these professional development opportunities (461 EI professionals) 74 percent or above of survey respondents rated the value of this strategy as good or high;
- Infant mental health was identified as one of the current most significant needs for the EI workforce. Infant Early Childhood Mental Health Endorsement (IECMHE), which was provided through collaboration with Colorado Association for Infant Mental Health (COAIMH), will increase the number of providers qualified to provide infant mental health services (125 total EI professionals will have an IECMHE, equating to approximately 10 percent of the EI workforce) 74 percent or above of survey respondents rated the value of this strategy as good or high ;
- Reimbursement has been given to 143 new providers for attending the required 15-hour EI Provider Training 74 percent or above of survey respondents rated the value of this strategy as good or high; and
- After working in EI for 6 months, a follow up survey was sent offering a stipend to complete the survey to continue assessing the ongoing success of workforce investment strategies.

37 [Sen. Bridges] Please discuss the MOE for Early Intervention and why the two-year investment of \$3.5 million was spent in such a way that would incur ongoing costs for the program. How is the \$3.5 million allocated?

CDEC Answer: With each annual grant application, the Department is required to submit a certification that it will meet the non-supplantation requirement of 34 CFR Section 303.225(b), which requires that states budget for the current year at least the same aggregate amount of State and local public funds spent in the most recent preceding fiscal year for

which the information is available. The calculation that is completed to support the certification includes: General Fund spent/budgeted from the Early Intervention Services line, the General Fund match portion of the reappropriated Medicaid funds for Targeted Case Management, and local mill levy funds that are spent/budgeted on Early Intervention services. The requirement is specific to expenditures “for early intervention services for children eligible under this part and their families”, so the portion of the \$3.5m workforce funding spent on the provision of services has been captured in the MOE calculation. The Early Intervention Services Trust (cash fund) is not included in this calculation since the funds are not State or local public funds, but are funds paid by insurance companies that are held in the trust. The estimated amount of MOE is between \$63.5 million and \$66 million.

The \$3.5 million workforce funding went to EI providers that are part of the provision of services, and as such, would need to be included as an expense in the MOE calculation since these are built into contracts and subcontracted provider rates. The Department initially requested ongoing funding for Early Intervention Workforce investments in its FY 2023-24 S-02/BA-02 Early Childhood Intervention & Workforce Support decision item¹. However, the Department only received funding for FY 2023-24 through FY 2024-25 to address recruitment and retention of the Early Intervention Workforce. This funding was provided with the caveat that stakeholders would be engaged in developing recommendations. The EI Workforce Investment Committee was convened and made the following recommendations which the EI program implemented:

- 3% increase (in addition to 3% provider rate increase) for service coordinator and employed direct service provider personnel lines in EI Broker contracts
- Increase in contracted provider rates for areas where there were significant disparities in rate, primarily the southern areas of the state
- \$30 stipend for subcontracted providers that are billing Medicaid for a speech and/or language session to help support the monitoring of Individualized Family Service Plan (IFSP) outcomes.
- Reimbursement of subcontracted providers for scheduled visits or an IFSP meeting where the family cancels or does not show less than 24 hours from the scheduled visit.
- Compensation to new subcontracted providers for completing the required 15-hour Early Intervention Provider Training (\$250). If the provider remains in EI after 6 months then an additional \$250 will be compensated after completion of a follow-up survey.

¹ <https://www.colorado.gov/governor/OSPB>



Appendix A: Prevention Investment Strategy: Policy and Practice Recommendations for the Colorado Child Abuse Prevention Trust Fund

Strong Families, Thriving Communities

Established in statute in 1989, the [Colorado Child Abuse Prevention \(COCAP\) Trust Fund](#) provides leadership and advising to prevent child maltreatment. The Trust Fund focuses on preventing maltreatment before it occurs by building protective factors and reducing risk.

A data-informed Prevention Investment Strategy was developed to guide the Trust Fund in aligning and accelerating child maltreatment prevention and family strengthening in Colorado.

Key Data Points

- [23% of children](#) ages 0 to 8 who need mental health support are not receiving it
- [72.8% of adults](#) who need substance use services are not comfortable talking about it
- [32% of birthing people](#) are at or below 185% of the federal poverty line
- Colorado counties with the [highest child poverty](#) are in the Southeast region
- [73% of child maltreatment](#) allegations in Colorado are due to neglect
- Black and Hispanic/Latinx children are [overrepresented](#) in child welfare



Policy and Practice Recommendations Essential to Strengthening Families

The Prevention Investment Strategy includes 9 recommendations aimed at three drivers of change. Recommendations move beyond direct service to also inform data, policy, and funding priorities.

Driver of Change: Direct Investments

The **Direct Investment** recommendations guide the Board in advising on the effective use of Trust Fund resources, as well as investments by public and private partners in prevention.



Recommendation 1: Invest in Family Resource Centers

[Family Resource Centers](#) (FRCs) offer community-based services to build protective factors and connect families to resources. To increase their impact, raise awareness about FRCs, strengthen service access, leverage peer supports, set quality standards, and grow the available network.



Recommendation 2: Invest in Evidence-Based Practices and their State Intermediaries

Evidence-based practices (EBPs) have strong evidence that demonstrates their positive impact. To ensure effective services matched to needs, expand [Colorado's Family First Service Array](#), scale EBPs to underserved areas, and build evidence for community-grounded practices.



Recommendation 3: Invest in Strategies to Match Families to Appropriate Services and Decrease Barriers to Access

Even when services are available, there are barriers to access. To better connect families to services, expand the workforce of trusted outreach coordinators, use [social health information exchanges](#) for care coordination, and promote language justice practices.



Recommendation 4: Invest in Strategies from Child Maltreatment Prevention Plans

The [Child Maltreatment Prevention Framework for Action](#) has guided local prevention planning across Colorado. To move vision into action, implement identified strategies, strengthen collaborations established during planning, and elevate family voice.

Driver of Change: Raise Capital

The **Raise Capital** recommendations are about designing for sustainability and preventing the loss of critical infrastructure.



Recommendation 5: Position the Trust Fund to be a Depositing Ground for Unspent Prevention Funds

The Trust fund is not swept annually. Making the Trust Fund a depositing ground for unspent child maltreatment prevention funds will give agencies the opportunity to ensure all dollars they steward go toward the original intent of the state allocation.



Recommendation 6: Increase Endowments and Other Gifts to the Trust Fund

By law, the Trust Fund can accept gifts and contributions. Philanthropy plays a critical role in preventing maltreatment and can fund innovations that, if proven favorable, can be sustained by private and public investments. Workplace giving and estate planning are other prime ways to increase contributions.



Recommendation 7: Promote Strategies to Maximize Federal Drawdown in Family First Colorado can claim 50% reimbursement of federal funds on approved services that keep kids safely with their families. [Family First dollars](#) can be maximized by increasing use of current services, building the service array, and expanding populations eligible for drawdown.

Driver of Change: Align and Accelerate

The **Align and Accelerate** recommendations leverage the COCAP Board's expertise to boost collaboration between different systems.



Recommendation 8: Endorse and Advise on Recommendations by Aligned Prevention Partners

No one system is responsible for [preventing child maltreatment](#). The COCAP Board should advise on the development of new recommendations and align existing ones toward shared outcomes.



Recommendation 9: Support Policies and Practices that Expand Economic and Concrete Support for Families

Connecting families to [economic and concrete supports](#) reduces child maltreatment. Colorado needs policies and practices that address affordable housing, food security, health care coverage, workforce development and economic mobility, affordable child care, and tax credits.



Successful implementation of the Prevention Investment Strategy will contribute to improved:



Family economic security



Substance use prevention, treatment, and recovery



Caregiver mental and behavioral health



Child/youth mental and behavioral health



Family Functioning



The Prevention Investment Strategy acts as a capacity building tool for the Trust Fund to meet their vision of *Strong Families, Thriving Communities*. [Click here](#) or scan the QR code for the full report with concrete guidance for activation.



For more information, contact Dr. Courtney Everson at Courtney@coloradolab.org



Colorado Evaluation & Action Lab
UNIVERSITY OF DENVER



Appendix B: DRAFT HB24-1223 & CCDF Rulemaking and Implementation Plan for CCCAP

Background

Colorado Child Care Assistance Program (CCCAP) is Colorado's state-supervised, county-administered child care subsidy program that annually serves an average of 28,730 children through 2,462 licensed providers and is administered by 500 county workers. On March 1, 2024, the Biden-Harris Administration's U.S. Department of Health and Human Services (HHS), through the Administration for Children and Families (ACF), published a new federal rule, Improving Child Care Access, Affordability, and Stability in the Child Care and Development Fund (CCDF). The rule has an implementation date of May 1, 2024, but CDEC is applying for a 2-year waiver to ensure there is enough time for meaningful feedback and input from families and our partners to create rules that best meet the needs of Coloradans.

This federal rule will require significant changes to the Colorado Child Care Assistance Program (CCCAP) to comply with federal law, including:

- Limiting family parent fees to 7 percent of family income, regardless of family size;
- Reimbursing child care providers prospectively based on child enrollment rather than attendance;
- Reimbursing child care providers for reasonable registration fees;
- Increasing system safeguards and data collection to ensure accurate payments;
- Utilizing some grants and contracts to increase access for underserved populations; and,
- Increase consumer education regarding eligibility and parent fees.

On June 4, 2024, Governor Jared Polis signed [House Bill 24-1223](#) into law. The bill creates several new provisions for the implementation of CCCAP, including changes to the application, eligibility, provider reimbursement, and parent fees. It also requires the Colorado Department of Early Childhood (CDEC) to create a pilot program for unlicensed providers to seek license-exempt status, to implement grants and contracts for underserved populations, and to conduct a study on de-linking the Child and Adult Care Food Program (CACFP) from CCCAP. Certain provisions align with new federal requirements and are subject to federal appropriations.

To implement the variety of new requirements, the Department is taking a phased rulemaking approach and passing multiple rule packages between January 2025 and April 2026. The priority in which each provision will be implemented will be based upon the following:

- deadline for the change as related to the federal audit, waiver eligibility, and statutory deadlines;
- degree of flexibility to the new requirement to allow more time for input on more flexible changes; and,
- appropriate budget sequencing of necessary changes to our IT systems to ensure we can afford the changes within our current budget and use best practices to implement technology changes in an agile methodology.



January 2025 Rule Emergency Package

Proposed Timeline: Aug-Sept: Rule Drafting

Oct - Nov: Partnership Feedback and Public Comment

Nov: Finalized Rule Packet

Dec: County RAC Subcommittee, RAC, and Public hearing

January 2025: County RAC Subcommittee, RAC, and Public hearing for permanent adoption

| Required Implementation Due Date | Summary of Rule Changes & Considerations for Implementation | Source of Change | Costs |
|---|--|--|--|
| | | Citation | |
| As soon as possible <i>(not waiver eligible)</i> | 12-month Eligibility: Ensuring all children receive 12 months of CCCAP eligibility. Our Federal partners clarified that when a child is added to a case, the eligibility for the <i>whole</i> case is pushed out 12 months to ensure all children receive the full 12-month eligibility. It was also found that Colorado does not properly allow for families who withdraw from the program to reinstate their benefits without applying again if the request is made within the previously determined 12-month eligibility period. | <i>Audit Finding and New Federal Clarification</i> | One-Time IT: \$62,000 <i>*To be absorbed in Dec 2024 enhancement budget</i> |
| | | Citation: 98.21 (d) | |
| As soon as possible <i>(not waiver eligible)</i> | Background Checks: New federal rule added child pornography to the background check requirements. Colorado already includes this in our background checks, therefore, our only change is to clarify our current practice in rule. | <i>New Federal Rule</i> | No cost associated |
| | | Citation: 98.43 (c)(1)(v) | |
| 7/1/2024 | Customer Service Expectations in Performance Contracts: HB24-1223 added to the definition of “customer service” and outlined the requirement to be included in the county the performance contract. CDEC will add the new customer service language to the upcoming MOU with counties that serves as the performance contract, and then work with families, counties, and other partners over the subsequent six months to create the detailed metrics. CDEC will also align with other state agency county performance metrics where appropriate. | HB24-1223 | Cost to be determined with Counties |
| | | Citation: 26.5-4-115(1)(a) | |
| 7/1/2024 | Standardizing Education as Eligible Activity: Currently, counties are not mandated to include | HB24-1223 | One-Time IT: \$74,544 |

post-secondary education as an eligible activity, which allows counties to prioritize working families over those

**To be absorbed*





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| | <p>obtaining additional education. This change will make education an eligible activity in all counties. Currently, all counties offer this option, and CDEC will <i>not</i> approve any changes to county plans that allow non-compliance with this statute while we work to codify it in a rule.</p> | (7) (d) | <p><i>in Dec 2024 enhancement budget</i></p> |
|--|--|---------|--|

Waiver Eligible and Remaining Additional Changes

Timeline:

Rule Re-writing Committee Selection in October with Launch in November 2024

*Rule Re-write Committee will help determine the timeline for the following rules.

We anticipate a minimum of two rule packets for the below items.

| Required Implementation Due Date | Summary of Rule Changes & Considerations for Implementation | Source of Change | Costs |
|--|---|---|---|
| | | Citation | |
| <i>Lower Child Care Costs for Families</i> | | | |
| <p style="text-align: center;"><i>August 2026</i></p> <p><i>CDEC recommends this change take effect July 1, 2025</i></p> | <p>Limiting CCCAP Family Co-Payments to 7% of income: Affordable copays ensure parents can attend work or school while their children remain at the same provider, offering stability for the whole family. CDEC utilized \$3.1 million in federal stimulus funds to support the increased cost associated with the revised parent fee structure from July 2021. The current parent fee formula assesses parent fees based on a marginal rate increase, capped at 10 percent. A marginal rate ensures that as families experience a modest increase in their income, they can retain some of that income, which incentivizes work and allows families to pay for other necessities. To fully comply with the new requirement, Colorado will need to modify its formula, which is projected to cost an additional \$7.2 million.</p> <p><i>CDEC recommends that this change be included in a rule packet before July 2025. The rule packet could extend the date of the current formula (which sunsets July 1, 2025) to align with the effective date (August 1, 2026) of the new formula. This would allow time for needed feedback from families and partners and spread out CHATS changes.</i></p> | <p style="text-align: center;"><i>New Federal Rule & HB24-1223</i></p> <hr/> <p style="text-align: center;"><i>Citation: 98.45 (l)(3)</i></p> | <p style="text-align: center;">One Time IT: \$444,661</p> <p style="text-align: center;">Ongoing Cost: \$10,300,000</p> |



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| <p><i>August 2026</i> <i>CDEC recommends this change take effect July 1, 2025</i></p> | <p>Increasing consumer education: Families need to easily find and calculate their co-payment to financially plan for their household. CDEC will develop more comprehensive information for parents regarding the costs of parent fees, including fee amounts and policies for waiving parent fees. The department website will also add a parent fee calculator.</p> <p>CDEC and counties will provide information on parent fees in a variety of mediums including: 1) Websites (including Colorado Shines), 2) Mass media, and 3) Paper forms and brochures.</p> <p>Information must include: 1) A clear definition of parent fees How parent fees are calculated, 2) Parent fee policies (including when they must be paid), 3) Parent fee and sliding scale fee, 4) How parents and providers were engaged in the process of determining fees and scales, and 5) A description of how parent fees might differ based on providers. Information must be available in English, Spanish, and additional languages based on the populations served.</p> | <p><i>New Federal Rule & HB24-1223</i></p> <hr/> <p><i>Citation: 98.33 (a)(8)</i></p> | <p>One-Time IT: \$5,600</p> <p>Ongoing Cost: \$4,600</p> |
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Improve Payments to Child Care Providers

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| <p><i>August 2026</i></p> | <p>Payments Based on Enrollment: CCCAP has historically paid providers based on a child’s attendance, rather than on a child’s enrollment. Therefore, if a child enrolled in CCCAP does not attend care on a given day, the provider will not receive reimbursement for that child through CCCAP. Consequently, providers accepting CCCAP do not have stable, predictable reimbursement that they can depend on, which impacts the overall stability and sustainability of the child care provider’s business. Payment based on enrollment aligns with payment practices in place for private pay families, as recommended by the Federal Office of Child Care, which provides financial stability for child care businesses and removes known barriers to accepting CCCAP.</p> <p>This change is the most expensive, but is proven to address critical gaps. To address the gaps in infant and toddler care, the Department used \$7 million in stimulus funding to shift to enrollment based payment for infants and toddlers in CCCAP, which resulted in cumulative additional 566 children enrolled in this age group.</p> | <p><i>New Federal Rule & HB24-1223</i></p> <hr/> <p><i>Citation: 98.45 (m)</i></p> | <p>One-Time IT: \$1,328,806</p> <p>Ongoing Cost: \$33 million</p> |
|---------------------------|---|--|---|



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|--|--|--|--|
| <p>October 1, 2024</p> | <p>Increased Provider Rates through Alternative Methodology: In September of 2023, Colorado received federal approval to develop an alternative methodology for paying providers and worked closely with stakeholders to create a new methodology for reimbursing CCCAP providers, which was approved and takes effect October 1, 2024. Previously, Colorado used a market-rate study to determine provider rates, which left many providers having to find other funding sources to pair with CCCAP to cover their actual expenses. The new methodology helps stabilize the childcare sector in Colorado by increasing provider rates that reflect the true costs of delivering high-quality child care.</p> <p>Beginning October 1, 2024, the provider rates will increase by \$6.8 million for the next three years until this new rate is fully implemented, for a cumulative total of \$20.4 million.</p> | <p><i>New Federal Requirement for Colorado</i></p> <p><i>Citation: 98.16 (r) & 98.45 (b)(2), (c), (d), (e) and (f)</i></p> | <p>Ongoing Cost: \$20.4 million</p> |
| <p>August 2026</p> | <p>Paying Providers in Advance: To align with private pay, CCCAP will be required to make weekly advanced payments to providers. The advance payment change will not require ongoing funds, but it will have a one-time cost for required system changes.</p> <p>This rule could be considered for the second rule packet, with an effective date of July 1, 2026, to appropriately space out the required changes to the CHATS program.</p> | <p><i>New Federal Rule & HB24-1223</i></p> <p><i>Citation: 98.45 (m) & (12)(a)</i></p> | <p>One-Time IT: \$1,669,280</p> <p>Ongoing Cost: None</p> |
| <p>August 2026</p> | <p>Mandatory Registration Fee Reimbursement: CCCAP will cover reasonable mandatory registration fees that the provider charges to private paying parents.</p> <p>CDEC recommends the April 2026 final rule packet with an effective date of July 1, 2026, to provide adequate time to gain feedback on this rule and work with counties and providers to estimate the cost.</p> | <p><i>New Federal Rule & HB24-1223</i></p> <p><i>Citation: 98.45 (m)</i></p> | <p>One-Time IT: \$273,541</p> <p>Ongoing Cost: \$1.3 million</p> |
| <p>Increase Child Care Options for Families</p> | | | |
| <p>August 2026</p> | <p>Slot Contracts for Underserved Populations: The new federal rule, and HB24-1223, require CDEC to increase parent choice by providing some portion of the delivery of direct services via grants or contracts, including at a minimum for children in underserved geographic areas, infants and toddlers, and children with disabilities to improve equitable access. CDEC will also annually evaluate the data of this strategy to determine if equitable access is improved.</p> <p>This cost estimate assumes 6 slots state-wide to help ensure we are meeting the needs of all three federally required identified underserved populations. Unfortunately, we did not</p> | <p><i>New Federal Rule & HB24-1223</i></p> <p><i>Citation: 98.30 (b)</i></p> | <p>One-Time IT: \$573,459</p> <p>Ongoing Cost: \$200,000</p> |



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| | <p>receive any federal funds so we will not be able to fund the additional population HB24-1223 added of families needing nontraditional-hour care.</p> | | |
| <p>Make Enrollment Easier & Faster for Families</p> | | | |
| <p>August 2026</p> | <p>Application & Redetermination Simplifications:</p> <ul style="list-style-type: none"> ● Online application and other measures to ensure the application process does not unduly disrupt education, training or employment 98.21 (f) <ul style="list-style-type: none"> ○ CCCAP application is currently available online through PEAK, providing families with a one-stop shop for most income-eligible services. CDEC is committed to creating a unified family experience for application to CCCAP and other programs in PEAK with the Colorado Universal Preschool program application process ● Ensure the application and redetermination process only include required eligibility criteria for all counties 26.5-1-110.(3) <ul style="list-style-type: none"> ○ Alignment with Colorado Universal Preschool is a key dependency before implementing this requirement. ○ Verification rules will also need to be revised based on any eligibility changes made to reduce the amount of required verification and to align with Colorado Universal Preschool. ● Application will include income eligibility levels, by income percentage and by monthly income for families to use before applying. 26.5-4-106.(1)(b) <ul style="list-style-type: none"> ○ Alignment with Colorado Universal Preschool is a key dependency before implementing this requirement. ○ Update to consumer education rules will be needed as well. ● Limits the application to only collect necessary information for eligibility determination. 26.5-4-106.(c) (II) (d) (2)(a)(6) <ul style="list-style-type: none"> ○ This includes: Residency, name, age of child, low-income eligibility activity, income, and incapacitation, if applicable. Allows department rule to require other information only if it is necessary to determine eligibility. ○ Prohibits collection of: (1) Immunization history, except when using a QE provider; (2) Custody arrangements ○ Allows counties to request child care provider information, but prohibits counties from requiring this information | <p><i>New Federal Rule & HB24-1223</i></p> | <p>One-Time IT: \$355,833 <small>(HB24-1223 provided \$289,061 for SFY25-26 for system changes to align CCCAP and Colorado Universal Preschool)</small></p> <p>Ongoing Cost: TBD</p> |
| | | <p>98.21 (f) 26.5-1-110.(3) 26.5-4-106.(1)(b) 26.5-4-106.(c) (II) (d) (2)(a)(6) 26.5-4-107.(1) 26.5-4-111. (1)</p> | |



| | | | |
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| | <ul style="list-style-type: none"> ○ Prohibits counties from requiring additional eligibility criteria ○ For redetermination, limits counties to only collecting information and documentation that has changed since most recent application/redetermination process and that is required for eligibility determination 26.5-4-107.(1) ● Income eligibility changes 26.5-4-111. (1), <ul style="list-style-type: none"> ○ Requires counties to exclude assistance program income, including from state, federal, nonprofit or corporate entities, from countable income ○ Requires CDEC to revise income verification requirements in ways that promote alignment with the Universal Preschool Program | | |
| Additional HB24-1223 Requirements | | | |
| <p>July 1, 2026</p> | <p>Increasing Access for Substance Use Disorder Treatment: CDEC will add to the list of eligible activities “participation in a nationally recognized, evidence-based substance use disorder treatment program at an intensive outpatient service level of care or higher.” This change increases access for families to CCCAP by adding participation in a nationally recognized, evidence-based substance use disorder (SUD) treatment program, at an intensive outpatient service level of care or higher, to the list of eligible activities.</p> <p><i>CDEC recommends this change align with the application simplification changes for the April 2026 final rule packet with a July 1, 2026 effective date.</i></p> | <p>HB24-1223</p> | <p>One-Time IT: \$215,388 (funded by HB24-1223)</p> <p>Ongoing: \$557,329 (funded by HB24-1223 beginning SFY26-27)</p> |
| <p>Work to create the pilot must begin July 1, 2025</p> | <p>Qualified Exempt Pilot: Starting July 1, 2025, CDEC will develop a pilot program for unlicensed providers to seek license-exempt status. The program must operate in at least two counties, including one urban and one rural county. CDEC will evaluate the outcomes of the program on enrolled providers and capacity by July 30, 2027.</p> | <p>HB24-1223</p> | <p>1.0 FTE funded by HB24-1223 beginning July 1, 2025</p> <p>Ongoing: TBD</p> |
| | <p>Engaging Employers in Child Care Costs: Allows employers to pay a parent’s co-payment fee to help offset the cost of child care.</p> | <p>HB24-1223</p> | <p>TBD</p> |



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|----------------------|---|------------------|---|
| <p>June 30, 2025</p> | <p>Delinking Child and Adult Care Food Program (CACFP) and CCCAP Study: CDEC will contract for a study to determine the feasibility of de-linking eligibility for CACFP from CCCAP. The study must include: 1) Research on alternative eligibility processes for participation in CACFP that is specifically tailored to FFN providers and 2) Guidelines and best practices for implementation of alternative eligibility processes to ensure adequate oversight without creating undue admin burden for either CDEC or FFNs.</p> | <p>HB14-1223</p> | <p>One-Time: \$100,000 (funded by HB24-1223)</p> |
|----------------------|---|------------------|---|

Conclusion and Next Steps

The implications of these coming changes are complex. On one hand, CDEC is excited that these changes will help build a more robust program that aims to lower families' child care costs, improve child care provider payment rates and practices, lead to higher wages for the early childhood workforce, and simplify subsidy eligibility enrollment. However, without the required federal funds to implement these changes, Colorado will be required to spend more per child in the program. The higher, unfunded costs will have two negative consequences for Colorado.

First, fewer families will be served in the program. The number of counties on a waitlist or freeze for CCCAP enrollment continues to grow, limiting the number of new families gaining access to this vital child care assistance. As of November 2024, Adams, Alamosa, Boulder, Broomfield, El Paso, and Larimer county are on a freeze for CCCAP enrollment and Douglas, Gunnison, and Jefferson counties are on waitlists, with many counties sharing with the State they are contemplating a waitlist or a freeze. The [full list of counties on a waitlist or freeze can be seen here](#). Additionally, counties utilize their CCCAP allocation to provide CCCAP to families who are participating in Colorado Works and these families are not subject to waitlists or freezes. As waitlists and freezes increase, more families may face situations where they are forced to participate in Colorado Works due to lack of child care, ultimately increasing the number of families that counties would be required to serve. Counties have the option to expand child care access to families engaged in Child Welfare through the use of Protective Services Child Care which is funded through their CCCAP allocation. The 36 counties that currently utilize this option may find that they are no longer able to do so due to the lack of funding. As a result, these counties will have fewer options to ensure child care access to families engaged in Child Welfare and ultimately have fewer Child Welfare Block Grant funds since these funds will have to be used to serve more families. Furthermore, current projections show a decrease of 22% in the number of children Colorado can afford to serve, solely based on the roll-off of stimulus money and the increase in provider rates from the implementation of the alternative rate methodology. These projections do not include the most expensive change of enrollment-based pay (\$33 million). The Department will update these projections as we finalize new calculations for all of the required changes.

Second, counties will have difficulty managing their current CCCAP expenditures as it is largely outside of the county or state's control when a family is no longer eligible for CCCAP. Counties could have to serve the same number of children with a steep increase in cost per child with the new required changes. A family is only disenrolled from CCCAP when they are no longer participating in an eligible activity (working, job searching, or education) or their income has risen above 85% of the State Median Income (SMI). Historical data shows a child's average time receiving CCCAP is 35 months. CDEC is currently running the analysis by county on how many families no longer qualify for CCCAP each month to better understand this dynamic.

CDEC needs input and feedback from all partners over the next two years to help implement these critical changes. We will be reinstating the CCCAP Rule Rewrite Committee in the coming months and will share the



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opportunity to join that group. Additionally, we know everyone will not have the time to join a committee so we will be creating a survey for people to share input on specific pieces and to request the CCCAP team to attend already established meetings to gain feedback from groups.

DRAFT



Appendix C: INFORMATION MEMO

| | | |
|--|--------------------------------|---|
| Title: Colorado Child Care Assistance Program & Colorado Universal Preschool Dual Enrollment Data | | Office/division: Office of Program Delivery |
| Memo number: IM-CCCAP-2024-0003 | | Program area: Colorado Child Care Assistance Program, Colorado Universal Preschool Program |
| Keywords: Colorado Child Care Assistance Program, CCCAP, Universal Preschool Program | | |
| Issue date: May 31, 2024 | Effective: May 31, 2024 | Expires: May 31, 2025 |

Intended recipients

County Human Services Directors; County Colorado Child Care Assistance Program (CCCAP) Supervisors and Staff; and Local Coordinating Organizations (LCOs).

Purpose

The purpose of this informational memorandum from the State Colorado Child Care Assistance Program (CCCAP) is to provide County Human Services Directors as well as County CCCAP Supervisors and their staff with a CCCAP Dual Enrollment Report to support the stacking of funds from CCCAP and Colorado Universal Preschool.

This memo is also intended to inform Local Coordinating Organizations (LCOs) of the case management that County Human Service Departments will be conducting.

Background

The Department has engaged with a work group comprised of counties, child care providers, Local Coordinating Organizations (LCOs), and community advocates to develop solutions on how to stack CCCAP and UPK funds since March 2023. This workgroup has provided feedback and thought leadership on the tasks and strategies to support child care providers and families who have children enrolled in both CCCAP and Colorado Universal Preschool.

Children that are enrolled in both CCCAP and Colorado Universal Preschool are considered to be dually enrolled. A child who is dually enrolled may or may not have payments from both programs made on their behalf resulting in the two funding streams being blended, and child care providers receiving funds from both funding sources during the same time period. It is acceptable and allowable for a child care provider to receive blended reimbursement for



dually enrolled children, even if the CCCAP and Colorado Universal Preschool care hours overlap. To ensure that the Colorado Department of Early Childhood (CDEC) is being a good steward of state funds, however, the Department is working to slowly begin stacking funds rather than exclusively blending funds, when it is beneficial to the family.

When funds are stacked, the two funding sources are coordinated to support the total service cost but are not used during the same period. Through this reimbursement model, revenues are allocated and different categories of funding sources track expenditures to ensure that there is no duplicate funding of service costs and that each funding source is charged its fair share across the partners.

For children dually enrolled in both CCCAP and Colorado Universal Preschool, the Colorado Universal Preschool rate of part-time (minimum of 10 hours per week and half-day (minimum of 15 hours per week) is first in toward the total cost of service needed. If UPK funds are available, qualifying children may be awarded a full-day rate (minimum of 30 hours per week). These additional hours are not guaranteed, but rather pending qualification and pending fund availability. CDEC has created a report to identify children, by county, who are dually enrolled.

While the stacking of CCCAP and Colorado Universal Preschool funds is the long-term goal of the Department, in the short term, the funding streams will continue to be blended in many circumstances and the Department will continue to implement changes to further stack funding streams when possible.

Action

Local Coordinating Organization (LCO) Action:

Effective immediately, LCOs shall partner with County CCCAP teams to support families and providers in navigating the use of both funds. LCOs will provide support to families and providers in understanding their Universal Preschool funding, and will provide general support regarding the utilization of multiple funding streams. Should families or providers have questions specifically related to their CCCAP funding, LCOs shall refer them to their county CCCAP office.

County Action:

Effective immediately, county users who have access to the Childcare Automated Tracking System (CHATS) may access a report of dually enrolled children in their county. The Department will provide county-level reports around the 5th of each month and can be accessed in the [UPK Resources](#) section of the [CCCAP Resources Folder](#). Due to the timing of the Colorado Universal Preschool enrollment period, a report will not be available in July to ensure counties have access to the most accurate data. The monthly report will be available again in August.

Counties will continue to conduct business as usual by authorizing CCCAP child care based on the care needs of the child but should conduct outreach to the families included in the report to ensure care does not need to be reduced based on their UPK enrollment. Not all families on the report will require changes to their authorizations and, therefore, authorizations must only be updated if the family requests the changes and the changes:



- Reduce their monthly parent fee amount; and/or,
- Ensure adequate care is authorized on days that UPK care is not provided.

To support gathering information from families, counties may utilize the Department-developed [Dual Enrollment Care Change Request form](#). Use of this form is not required; however, any changes made to a CCCAP case or authorization based on information received through case management efforts to adjust care schedules must be clearly documented in CHATS Case Comments.

State Action:

To continue the slow progression toward the stacking of funding streams the Department will:

- Continue to provide training and guidance materials to counties, LCO's, and providers as determined necessary.
 - Counties and LCOs may access previously provided training materials in the [UPK Resources](#) section of the [CCCAP Resources Folder](#).
 - Additional information regarding the utilization of multiple funding streams can be found in the [Universal Preschool Provider Handbook](#).
- Continue to look at additional reporting capabilities to provide more detailed reports on dually enrolled children and ways to automate data sharing between programs where possible.
- Develop New Policies & Regulations
 - The Colorado Revised Statutes currently require CCCAP and UPK to align eligibility determinations to the extent possible. Both programs must continue to work together to find the areas of alignment as well as revise the program rules to support this alignment.
 - Determine other possible policy and regulation changes needed.
- Utilize the work to develop an alternative methodology for setting CCCAP reimbursement rates and potentially establish a specific UPK/CCCAP rate for dually enrolled children. The scope of work related to alternative methodology CCCAP rates will be done with feedback from county leaders.
- Identify potential changes to payment practices for providers caring for dually enrolled children to align both programs such as payment based on enrollment.
- Implement New Technology
 - Both CCCAP and Colorado Universal Preschool systems must be able to support data sharing to continue to identify dually enrolled children as well as support any policy changes that are made in the future.
- Determine Long Term Funding Needs
 - Based on the policy and technology needs that are identified, the Department may need to seek additional funding to support changes such as key functionality integration between CHATS and Bridgecare.

Attachments

[Dual Enrollment Care Change Request form](#)

[Dual Enrollment Report Folder](#) (Only active CHATS users can access the data in this folder)



Supersedes

IM-CCCAP-2023-0002

Contact

For questions regarding the Colorado Child Care Assistance Program portions of this memo, please contact:

Danielle Greer,

Colorado Child Care Assistance Program Policy & Eligibility Administration Supervisor

Danielle.Greer@state.co.us

For questions regarding the Colorado Universal Preschool portions of this memo, please contact:

Julie Chavez

Universal Preschool Unit Manager

Julie.Chavez@state.co.us

An information memo contains important information for counties and contracted entities that is strictly informational and timely. Information memos are active for one year; then they are archived and reissued if necessary. Access the CDEC Memo Series at <https://cdec.colorado.gov/cdec-memo-series>



FY 2025-26

Joint Budget Committee Hearing

December 16, 2024



COLORADO

Department of Early Childhood

OUR VISION

All Colorado children, families, and early childhood professionals are valued, healthy and thriving.

OUR MISSION

The Colorado Department of Early Childhood ensures the delivery of a comprehensive, community-informed, data-driven, high quality and equitable early childhood system that supports the care, education and well-being of all Colorado's young children, their families and early childhood professionals in all settings.



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Department of Early Childhood

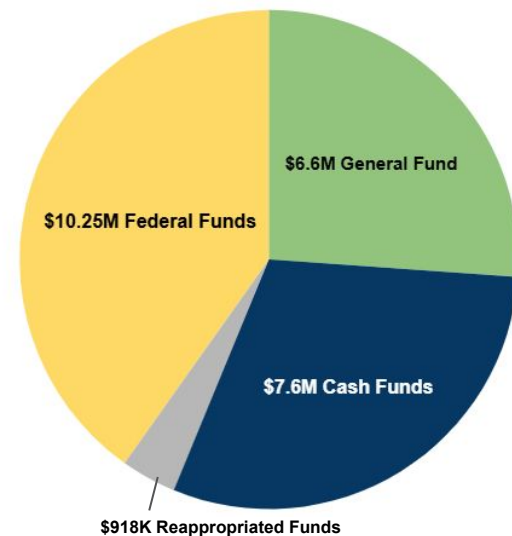


CDEC Overview

Early Childhood Budget

FY 2025-26 Budget Request
Total: \$25.5M/1.5 FTE

- R-01 CCDF Regulation Implementation
 - *CC-IT-01 CCCAP IT Capital Construction Project*
- R-02 Universal Preschool Program
- R-03 Early Intervention Caseload
- R-04 Colorado Child Abuse Prevention Trust Fund
- R-05 Language Justice Coordinator FTE
- R-06 Cost Allocation Plan



Early Childhood Federal Stimulus Roll Off & R-05 Request

Please describe any budget requests that replace one-time General Fund or ARPA funded programs with ongoing appropriations:

The ongoing cost of the 1.0 FTE is \$103,244 in Reappropriated Funds and the corresponding increase in Federal Funds are for Child Care Development Funds (CCDF) appropriated to Division Indirect Cost Assessment lines per the Department's cost allocation plan.

These funds will allow the Department to maintain its Language Justice Coordinator to ensure that the Department has the required resources and capabilities to fully understand and address the scope of language needs across all services and operations.

This request would allow the Department to continue strengthening the Department's language justice and access initiatives.



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Department of Early Childhood



- **Payments to OIT & Legal Services** - *OIT funds* are used for required software upgrades as well as all required licenses for Department staff and providers. The Department has several platforms utilized to deliver support to children, families and providers and will need increased OIT support due to significant federal rule changes and exponential growth in data collection and management.

Legal services are allocated to each Department by the Department of Law based on prior year usage and the approved hourly rate.

- **Colorado Child Abuse Prevention Trust Fund (COCAP)** - The COCAP Trust Fund exists to prevent the abuse and neglect of Colorado's children. Pursuant to statute, the Colorado Child Abuse Prevention Board (Board) consists of 19 members that serve a term of three years and have diverse backgrounds

The Board has developed a five-year strategy for future investments for child maltreatment prevention in local communities.

- **Early Childhood Educator Tax Credit** - Will continue through the 2025 tax year, with eligible educators with an Early Childhood Professional Credential (ECPC) able to file to receive the credit in Spring 2026. An extension was not included due to significant overlap with the newly-created Care Worker Tax Credit. The Department is also collaborating with other agencies on sustained increases to ECE salaries and benefits.

Questions Regarding Certain Budget Requests



Universal Preschool Program



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Department of Early Childhood



Universal Preschool Program Overview & Request

Funding appropriated annually determines the number of children and number of hours the program can serve in accordance with statute and rule. The Colorado Department of Early Childhood (CDEC) is implementing the second year of Universal Preschool in FY 2024-25, including providing full-day preschool to children in poverty and other qualifying factors.

The Department intends on submitting a January 2nd budget amendment with updated funding for provider rate increases and Local Coordinating Organizations (LCOs).

2024-25 Universal Preschool by the Numbers

Enrollment Pathways

- Pre-registration: 52 percent
- Matching: 33 percent
- IEP Upload or Direct placement: 15 percent

91 % of Families matched to their top choice

| FY 2024-25 as of November 15th payment | | | |
|--|-------------|-------------|--------|
| | 3 Year-Olds | 4 Year-Olds | Total |
| Received a Payment | 3,308 | 41,061 | 44,369 |
| Enrollment for 10 hours | 2,192 | 9,073 | 11,265 |
| Enrollment for 15 hours | 1,114 | 23,355 | 24,469 |
| Enrollment for 30+ hours | 2 | 8,633 | 8,635 |
| IEP* | 3,308 | 4,788 | 8,096 |

*Included in counts above



ALL COLORADO CHILDREN,
FAMILIES, AND EARLY
CHILDHOOD PROFESSIONALS ARE
VALUED, HEALTHY AND
THRIVING.



4 Year Old Enrollment



| Four-Year-Old Children Served | Year 1* SY 2023-24 | Year 2** SY 2024-25 | Change Across Years |
|--|-----------------------|------------------------|---------------------------|
| Total Number Children Served | 43,479 | 41,061 | -5.56% |
| 10 hours -Part-Time and 15 hours Half-Day | 38,651 | 32,428 | -16.10% |
| Full-Day (30+ hours) | 4,828 | 9,073 | 87.92% |

*October 2023 Data

**October 2024 Data

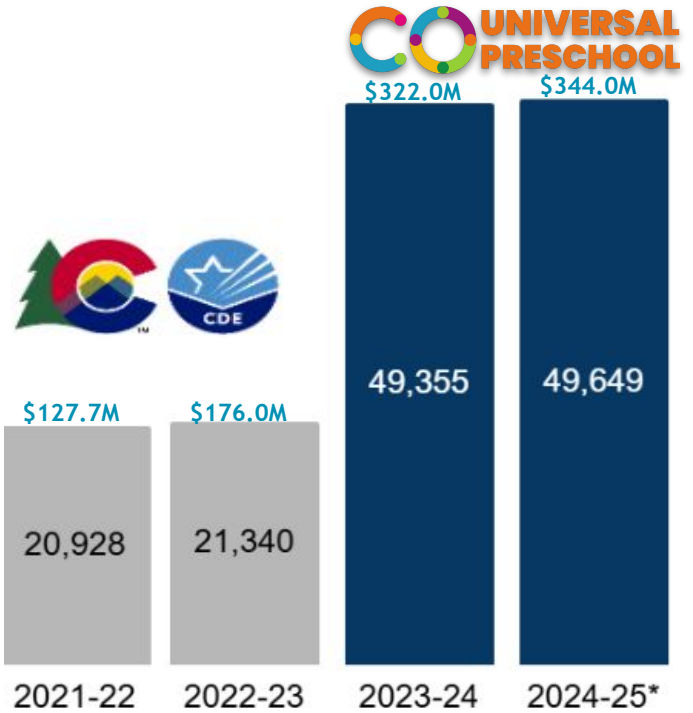
In FY 2024-25, the Department updated the qualifying factors to have poverty as its own qualifying factor to award additional hours to children in poverty



COLORADO
Department of Early Childhood

Colorado Preschool Program (CDE) Universal Preschool Program (CDEC)

Enrollment & Funding Comparison



Key Universal Preschool Program Distinctions:

- Statute Hierarchical Funding
- Weekly Hours
 - 10 hours-part time
 - 15 hours-half day
 - 30 hours-full day
- Qualifying Factors for full day award
- Pay based on child enrollment

More funding, more children being served

*Based on 11/15/2024 payment and projected rolling enrollment data

Exploring Modifications Other Universal Preschool Program Topics

Funding Hierarchy According to Statute and rule

Preschool students with disabilities in accordance with IEPs

4-year-olds in the year before kindergarten - A minimum of 10 hours per week

Eligible 3-year-olds (and younger with historical waiver) who meet a qualifying factor per rule

Any additional hours for eligible 4-year-olds in the year before kindergarten - per rule and subject to available appropriations

CCCAP & Universal Preschool Program Alignment - Both programs have worked to align eligibility criteria and a vast majority of CCCAP families with 3 and 4 year-olds are already receiving additional Universal Preschool Program hours. Currently, there are about 2,222 dually enrolled in these programs and the Department is working closely with county partners to determine if the funding for these children is already stacked or currently braided.

Universal Application & Direct Enrollment - Statute required the Department to create an application for families to enroll children in the Universal Preschool Program. While families currently have the ability to directly enroll with a provider after the pre-registration and matching process occurs, if they were allowed to enroll with providers directly, the Department would still need to know where children were enrolled in order to make payments based on enrollment and a system would be necessary to track enrollment.

General Fund Inflationary Increase - Statute requires an inflationary increase annually. In 2024, the Joint Budget Committee already refinanced many of the Department's one-time and ongoing requests from General Fund to cash funds, including several million dollars of ongoing funding for the Universal Preschool Program.



Exploring Modifications Other Universal Preschool Program Topics

Provider Payments

Payments received as of November 15th, with a total of 41,601 and \$90.2 million for Four-Year-olds

| Four-Year-Old Payments by Enrollment Hours School Year 2024-25 | | |
|---|---------------|----------------------|
| Hours | Enrollment | Provider Payments |
| 10 Hour | 9,073 | \$14,748,790 |
| 15 Hour | 23,355 | \$47,801,357 |
| 30 Hour | 8,633 | \$27,620,416 |
| Total | 41,061 | \$90,170,563 |

Third Party Evaluations -The Universal Preschool Program has 3 solicitations underway, these will evaluate the implementation process of the program, opportunities for blending and braiding of funding streams, and supporting early learning and quality. The Department is underway with an independent evaluation of the organization.



Colorado Child Care Assistance Program



COLORADO
Department of Early Childhood



CCCAP Overview

Purpose

The purpose of CCCAP is to provide eligible households with access to *high quality, affordable child care* that supports *healthy child development* and *school readiness* while promoting *household self-sufficiency* and *informed child care choices*.

Scope

CCCAP annually serves an average of

- 28,730 children through
- 2,462 licensed providers and is
- administered by 500 county workers



Low-Income CCCAP

Serves low-income families that are in an eligible activity



Colorado Works CCCAP

Serves families that are participating in Colorado Works (TANF)



Child Welfare CCCAP

Serves families involved in child welfare to help stay in own home or in the least restrictive out-of-home setting



Protective Services CCCAP

Serves children that have been placed in a foster home, kinship foster home, or non-certified kinship home



R-01 CCDF Regulation Implementation

FY 2025-26 Total Requested: \$11.7M/ 0.0FTE

- \$9.1 million in Child Care Development Funds (CCDF) for CCCAP and \$2.4 million in county proportional share (MOE)
- Helps continue stimulus strategies that are required for the new federal rules
 - lower parent copays (\$3,153,957)
 - infant-toddler payment based on enrollment (\$6,926,872)
- Total Amount in County Allocation for SFY2024-25: \$ 177,156,002
 - Proposed Total Amount in Allocation for SFY 2025-26: 175,490,444
 - Net Decrease of \$1,665,558 - due to stimulus rolloff

New CCDF Rules:

On March 1, 2024, ACF published new rules for all states to improve:

- child care access
- affordability and
- stability of the child care sector

The implications of these coming changes are complex

More robust program that aims to

- lower families' child care costs,
- improve child care provider payment rates and practices,
- lead to higher wages for the early childhood workforce, and
- simplify subsidy eligibility enrollment.

However, Colorado will be required to

- spend more per child in the program
- serve fewer families overall and
- counties will be in a difficult financial position as the average time a child is on CCCAP is three years, so they have few levers to control their spending.

Must be effective by August 1, 2026

Waiver approved on November 22, 2024 to delay from May 2025 to August 2026

Improve Payments to Child Care Providers

Enrollment-based pay (\$33 million)

Prospective pay

Registration fee reimbursement (\$1.3 million)

Increased rates (\$20.4 million) (effective 10/1/24 with a phased 3 year rollout)

Lower Child Care Costs for Families

Limiting Family Co-Pays to 7% of income (\$10.3 million)

Increasing consumer education (\$4,600)

Make Enrollment Easier & Faster for Families

Application & Redetermination Simplifications:

Limits the application to only collect necessary information for eligibility determination

Application will include income eligibility levels, by income percentage and by monthly income for families to use before applying.

Online application and other measures to ensure the application process does not unduly disrupt education, training or employment

Increase Child Care Options for Families

Slot contracts for children in underserved geographic areas, infants and toddlers, children with disabilities

New Federal CCCAP Rules



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Department of Early Childhood

Increasing Access for Substance Use Disorder Treatment:

CDED will add to the list of eligible activities “participation in a nationally recognized, evidence-based substance use disorder treatment program at an intensive outpatient service level of care or higher.”

Ongoing: \$557,329 (funded by HB24-1223 beginning SFY 2026-27)

Qualified Exempt Pilot:

Starting July 1, 2025, CDEC will develop a pilot program for unlicensed providers to seek license-exempt status.

1.0 FTE funded by HB24-1223 beginning July 1, 2025

Engaging Employers in Child Care Costs:

Allows employers to pay a parent’s co-payment fee to help offset the cost of child care.

No associated funding

Delinking Child and Adult Care Food Program (CACFP) and CCCAP Study:

CDEC will contract for a study to determine the feasibility of de-linking eligibility for CACFP from CCCAP.

One-Time:
\$100,000 (funded by HB24-1223)

Additional HB24-1223 Requirements



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Department of Early Childhood

CCCAP Historical Funding & Caseload

| CCCAP Total Appropriation Amounts & Caseload | | | | | | | | |
|--|---------------|--------------|--------------|----------------------|--------------|---------------|----------------|----------------|
| State Fiscal Year | CCDF | GF | County MOE | County Percent Share | Stimulus | Total Funds | Total Children | Total Families |
| FY 2018-19 | \$72,031,366 | \$29,039,745 | \$11,498,315 | 10% | - | \$112,569,426 | 32,382 | 20,060 |
| FY 2019-20 | \$83,481,534 | \$29,410,508 | \$11,645,071 | 9% | \$11,452,965 | \$135,990,078 | 31,571 | 19,668 |
| FY 2020-21 | \$88,639,738 | \$28,190,496 | \$13,332,375 | 10% | \$9,650,000 | \$139,812,609 | 28,890 | 18,024 |
| FY 2021-22 | \$90,556,590 | \$29,998,226 | \$14,768,652 | 9% | \$23,545,252 | \$158,868,720 | 28,186 | 17,862 |
| FY 2022-23 | \$94,175,452 | \$28,790,460 | \$15,064,026 | 8% | \$45,856,853 | \$183,886,791 | 29,613 | 19,115 |
| FY 2023-24 | \$97,262,618 | \$29,734,240 | \$15,557,840 | 9% | \$39,849,644 | \$182,404,342 | 32,889 | 21,722 |
| FY 2024-25 | \$116,344,354 | \$32,058,921 | \$17,375,025 | 10% | \$11,377,702 | \$177,156,002 | 25,385 | 16,730 |

R-01 Summary by Initiative FY 2025-26



COLORADO
Department of Early Childhood

| Item | Total Funds | FTE | General Fund | Cash Funds | Reappropriated Funds | Federal Funds |
|--|---------------------|------------|--------------|--------------------|----------------------|--------------------|
| CCDF Regulation Implementation | | | | | | |
| CCCAP-Infant and Toddler Payment Based on Enrollment | \$6,926,872 | 0.0 | \$0 | \$0 | \$0 | \$6,926,872 |
| CCCAP-Parent Copays | \$3,153,957 | 0.0 | \$0 | \$0 | \$0 | \$3,153,957 |
| CCCAP-Direct Services | \$150,000 | 0.0 | \$0 | \$0 | \$0 | \$150,000 |
| CCCAP-County Proportional Share | \$0 | 0.0 | \$0 | \$1,098,810 | \$0 | (\$1,098,810) |
| CCCAP-Base County Proportional Share Increase (Year 1) | \$1,306,610 | 0.0 | \$0 | \$1,306,610 | \$0 | \$0 |
| EQIT-Training & Coaching | \$105,000 | 0.0 | \$0 | \$0 | \$0 | \$105,000 |
| EQIT-Trainer & Coach Onboarding | \$105,000 | 0.0 | \$0 | \$0 | \$0 | \$105,000 |
| Total Request | \$11,747,439 | 0.0 | \$0 | \$2,405,420 | \$0 | \$9,342,019 |

CCCAP County Proportional Share Increase

| | Current Rate | SFY 25-26 | SFY 26-27 | SFY 27-28 |
|--|--------------|--------------|--------------|--------------|
| County Proportional Share | 10.9% | 11.65% | 11.65% | 12.4% |
| Associated Incremental Increase | \$1,098,810 | +\$1,306,610 | \$0 | +\$1,306,610 |
| Total Increase From Current | \$0 | \$1,306,610 | \$0 | \$2,613,220 |
| Total Amount | \$17,375,025 | \$18,681,635 | \$18,681,635 | \$19,988,245 |

The background image shows three young children in a classroom. On the left, a young boy with curly hair, wearing a white shirt and denim overalls, is looking towards the center. In the middle, a young girl with long hair, wearing a white shirt and denim overalls with a pineapple patch, is holding a pink object. On the right, another young boy with short hair, wearing a red shirt and striped overalls, is looking towards the center. They are standing around a white table with various educational toys, including alphabet blocks, an abacus, and a fruit basket. The text 'Early Intervention Services' is overlaid in a large, white, sans-serif font, centered on the image.

Early Intervention Services



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Early Intervention Caseload & R-03 Request

The request includes a \$3.6 million increase in funds to address ongoing caseload increases in the Early Intervention Program and ensure that it can meet its federal maintenance of effort requirements and serve the growing caseload.

The Department also requests that the JBC sponsor legislation for the State to recognize the EI program as an entitlement program, which would bring the state legislation in alignment with the federal requirement to serve all eligible children.

EI Modeling

On an annual basis, the Department evaluates data to determine costs associated with anticipated caseload increases, which takes into account several factors, including year-over-year changes in the number of children, frequency of services requested, workforce costs, Medicaid coverage, monthly referrals, and eligibility. Using this data, the Department is able to forecast caseload out for a period of three years.

The Department is establishing a process to automatically formulate anticipated Early Intervention caseload increases. However, caseload fluctuates throughout the year and is difficult to predict when children enter and exit the program annually. Additionally, the needs of each individual child and family vary depending on the level of developmental delay or disability, making it difficult to predict the intensity of the services that will be needed.



COLORADO

Department of Early Childhood

Early Intervention Trust Fund (EIST)

*The funds are used to pay for direct services, service coordination, a broker fee, and a small fee to support the administration of the EIST.
(only used for children who have private health insurance)*



Medicaid

Medicaid is used to directly pay EI Service Brokers for Targeted Case Management (TCM) activities at the rate set by Medicaid. Medicaid is paid based on the rates as a share of costs. Also pays for eligible direct services to EI. It also pays for eligible direct services to EI Brokers with employed provider or directly to subcontracted providers. These funds are never transferred to CDEC for expenditure and are restricted annually upon appropriation by CDEC.



State General Fund

Used for referrals, intake, and evaluations to determine eligibility for EI services and to administer the program and provide service coordination and direct services through a combination of contracts with EI Service Brokers and payment to service providers who are subcontractors of the EI Service Brokers.

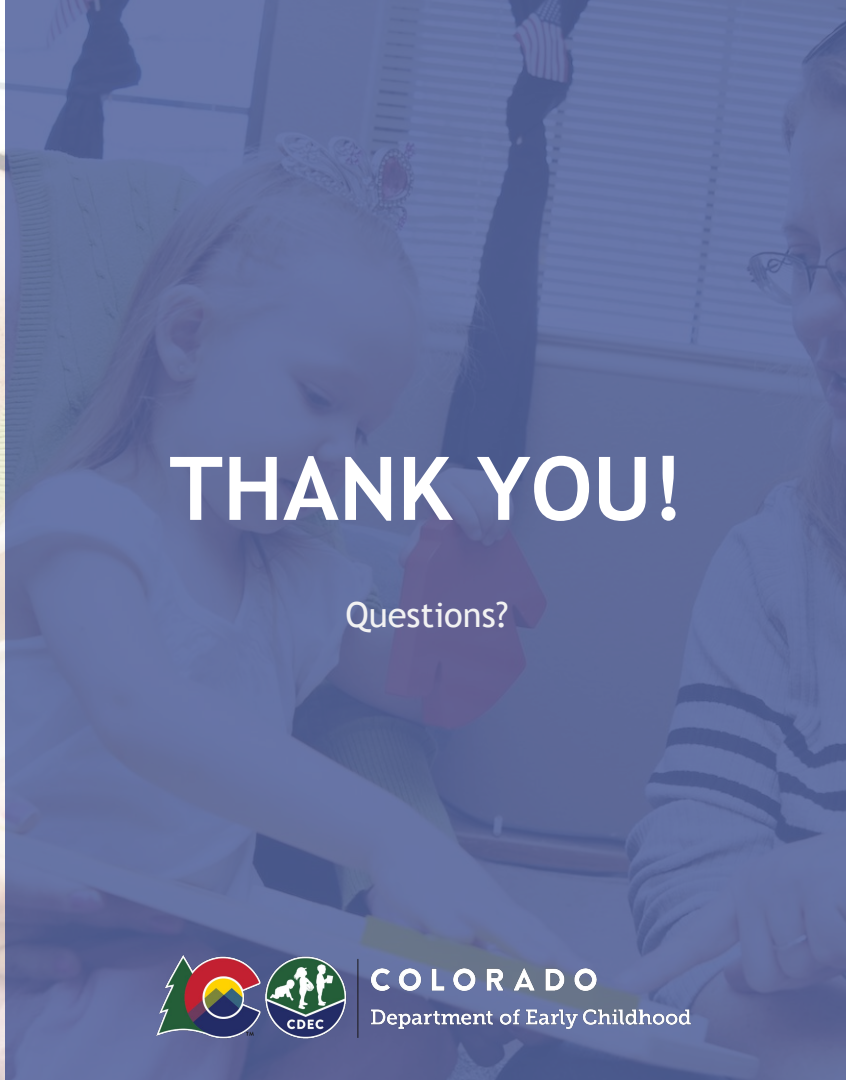


Federal Part C IDEA

These funds must be used as payor of last resort after all other funds have been expended. These funds are typically accessed during the last quarter of the fiscal year for direct services and services coordination after available General Fund has been spent.

Funding Hierarchy





THANK YOU!

Questions?



COLORADO
Department of Early Childhood

DEPARTMENT OF EARLY CHILDHOOD
FY 2025-26 JOINT BUDGET COMMITTEE HEARING

WRITTEN RESPONSES ONLY

Common Questions: Please retain the numbering in order to maintain consistent labeling across departments.

- 1 Provide a list of any legislation with a fiscal impact that the Department has: (a) not implemented, (b) partially implemented, or (c) missed statutory deadlines. Please specifically describe the implementation of ongoing funding established through legislation in the last two legislative sessions. Explain why the Department has not implemented, has only partially implemented, or has missed deadlines for the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

CDEC Answer: The Department has fully implemented or is on track to fully implement all bills with fiscal impacts passed in the last two sessions:

- **H.B. 24-1009 Bilingual Child Care Licensing Resources:** Funded ongoing - This bill has been fully implemented with the hiring of appropriated FTE and structures in place for ongoing translation of child care licensing materials to Spanish.
- **S.B. 24-078 Outdoor Nature-Based Preschool:** Funded ongoing - The Department has hired the 1.8 FTE appropriated in FY 2024-25 and is on track to hire an additional 0.5 FTE in FY 2025-26.
- **H.B. 24-1045 Treatment for Substance Use Disorders:** Funded ongoing - This funding is used by Colorado Child Abuse Prevention Trust Fund to make grants to reduce prenatal substance exposure and identify strategies to increase child care for families seeking treatment and recovery services. These grants are recommended by the Board throughout the fiscal year.

- 2 Describe General Fund appropriation reductions made in the Department for budget balancing purposes in 2020, and whether the appropriation has been restored with General Fund or another fund source through budget actions or legislation.

CDEC Answer: The table below outlines the General Fund reductions made for balancing purposes and the restoration status.

| Name of Program | General Fund Reduction Amount | Restoration Status |
|-----------------|-------------------------------|--------------------|
|-----------------|-------------------------------|--------------------|

| | | |
|--|-------------|--|
| Early Literacy Book Distribution | (\$100,000) | Not restored |
| Incredible Years Program | (\$173,841) | Refinanced with MTCF in FY 2020-21 through budget action |
| Child Care Substance Use Disorder Treatment Pilot (H.B. 19-1193) | (\$500,000) | Restored with GF in FY 2021-22 through budget action |
| Family Support Services | (\$532,638) | Restored with GF in FY 2021-22 through budget action |
| Colorado Children's Trust Fund | (\$253,425) | \$150,000 of GF was restored in FY 2022-23 through budget action |
| Early Intervention Evaluations | (\$243,815) | Restored with GF in FY 2022-23 as part of SB 21-transfer of evals from CDE to CDEC |

- 3 Please provide the most current information possible. For all line items with FTE, please show:
- a the number of allocated FTE each job classification in that line item
 - b the number of active FTE for each of those job classifications
 - c the number of vacant FTE for each of those job classifications
 - d the vacancy rate for each of those job classifications

Use the attached Template C to populate these data. Please return the data in editable Excel format.

CDEC Answer: Refer to the corresponding tab for this Question #3 in the linked [Template C](#) for this data. While the current vacancies show 83 percent for FY 2024-25, the Department anticipates having 11 percent vacancies by the end of the state fiscal year.

- 4 Please provide the same information as Question #3 for FYs 2022-23 and FY 2023-24. Use the attached Template C to populate these data. Please return the data in editable Excel.

CDEC Answer: Refer to the corresponding tabs for this Question #4 in the linked [Template C](#) for this data.

- 5 For FYs 2022-23 and 2023-24, please provide, in editable Excel format, department-wide spending totals for each of the following object codes, by fund source.
- a Object Code 1130: Statutory Personnel & Payroll System Overtime Wages
 - b Object Code 1131: Statutory Personnel & Payroll System Shift Diff. Wages

- c Object Code 1140: Statutory Personnel & Payroll System Annual Leave Payments
- d Object Code 1141: Statutory Personnel & Payroll System Sick Leave Payments
- e Object Code 1340: Employee Cash Incentive Awards
- f Object Code 1350: Employee Non-Cash Incentive Award
- g Object Code 1370: Employee Commission Incentive Pay
- h Object Codes 1510, 1511, 1512: Health, Life, and Dental Insurance
- i Object Code 1524: PERA – AED
- j Object Code 1525: PERA - SAED
- k Object Code 1531: Higher Education Tuition reimbursement

CDEC Answer: All of this information is already included in the Schedule 14B, by line item. Refer to the summary tables in the [attached spreadsheet](#).

- 6 For the latest month for which the data are available, please provide, in editable Excel format, department-wide FY 2024-25 year-to-date spending totals for each of the following object codes, by fund source.
- a Object Code 1130: Statutory Personnel & Payroll System Overtime Wages
 - b Object Code 1131: Statutory Personnel & Payroll System Shift Diff. Wages
 - c Object Code 1140: Statutory Personnel & Payroll System Annual Leave Payments
 - d Object Code 1141: Statutory Personnel & Payroll System Sick Leave Payments
 - e Object Code 1340: Employee Cash Incentive Awards
 - f Object Code 1350: Employee Non-Cash Incentive Award
 - g Object Code 1370: Employee Commission Incentive Pay
 - h Object Codes 1510, 1511, 1512: Health, Life, and Dental Insurance
 - i Object Code 1524: PERA – AED
 - j Object Code 1525: PERA-SAED
 - k Object Code 1531: Higher Education Tuition reimbursement

CDEC Answer: The most recent month's expense by object code is not useful data as departments adjust the information through the end of the fiscal year during reconciliation processes for revised allocations, POTS adjustments, correcting entries, and cost allocation distribution for the Department.

- 7 For FYs 2022-23 and 2023-24, please provide department-wide spending totals for each of the following object codes, by fund source.
- a Object Code 1100: Total Contract Services (Purchased Personal Services)
 - b Object Code 1210: Contractual Employee Regular Part-Time Wages
 - c Object Code 1211: Contractual Employee Regular Full-Time Wages
 - d Object Code 1131: Statutory Personnel & Payroll System Shift Diff. Wages
 - e Object Code 1240: Contractual Employee Annual Leave Payments
 - f Object Code 1622: Contractual Employee PERA
 - g Object Code 1624: Contractual Employee Pera AED
 - h Object Code 1625: Contractual Employee Pera - Supplemental AED
 - i Object Code 1910: Personal Services – Temporary
 - j Object Code 1920: Personal Services – Professional

- k Object Code 1940: Personal Services – Medical Services
- l Object Code 1950: Personal Services - Other State Departments
- m Object Code 1960: Personal Services – Information Technology

CDEC Answer: All of this information is already included in the Schedule 14B, by line item. Refer to the summary tables in the [attached](#) spreadsheet.

- 8 Please provide a table showing both allocated and actual FTE for each Division within the Department from FY 2018-19 through FY 2023-24.

CDEC Answer: The Department refers the Joint Budget Committee to the linked Schedule 3As and Schedule 3Bs that are included in the annual November 1st budget submission documents¹. The Department was not established until June 2021 and early childhood programs and services were not transferred to the Department until July 1, 2022. As a result, all schedules and information on allocated and actual FTE prior to this time frame are located in the Department of Human Services under the Division of Early Childhood in the schedules.

- [FY 2018-19 Schedule-DHS \(OEC\)](#)
- [FY 2019-20 Schedule-DHS \(OEC\)](#)
- [FY 2020-21 Schedule-DHS \(OEC\)](#)
- [FY 2021-22 Schedule-CDEC](#)
- [FY 2022-23 Schedule-CDEC](#)
- [FY 2023-24 Schedule-CDEC](#)

- 9 Please discuss how the Department would absorb base personal services reductions of the following amounts: 1.0 percent, 3.0 percent, and 5.0 percent. How would those reductions impact the department's operations and core mission?

CDEC Answer: The Department is willing to provide analysis of information around proposed program cuts and the associated FTE impact of those reductions. Reductions to personal services without corresponding reductions in statutory requirements would result in longer wait times, reduced abilities, or a decrease in operational effectiveness. A 1% reduction would mean the reduction of 3.0 FTE, a 3% reduction would mean the reduction of 9.1 FTE, and a 5% reduction would mean the reduction of 15.2 FTE.

Critical positions to the Department would not be filled and the Department would need to consider which positions would need to be reduced and the associated trade-offs of reducing certain positions.

- 10 Describe steps the Department is taking to reduce operating expenditures for FY 2025-26.

CDEC Answer: The Department included two budget balancing/General Fund relief measures that are reflected in its November 1, 2024 budget submission. Specifically, the

¹ <https://www.colorado.gov/governor/OSPB>

Department requested a decrease of \$345,428 in General Fund in FY 2025-26 and ongoing in its (1) Executive Director's Office; (B) Information Technology Systems, Information Technology Contracts and Equipment line as part of its R-06 Cost Allocation Plan request. This decrease in General Fund would be offset by a corresponding increase in Federal Funds (Child Care Development Funds). The Department also requested a decrease of \$150,000 in General Fund in its R-04 Colorado Child Abuse Prevention Trust Fund request to refinance Child Sexual Abuse Prevention Training Program activities with existing COCAP cash funds for the next five years (from FY 2025-26 through FY 2030-31). The Department will find ongoing funding from within existing resources for the Child Sexual Abuse Prevention Training Program beginning in FY 2031-32.

- 11 For each operating expenses line item in FY 2023-24, provide a table showing the total appropriation for FY 2023-24 and the total actual expenditures at the end of the third quarter of FY 2023-24.

CDEC Answer: DPA will provide a statewide report including this information in aggregate, by Department and line item. Refer to the [attached](#) spreadsheet.

- 12 Please provide an overview of the department's service efforts. In your response, describe the following:

- a Populations served by the Department
- b The target populations of the Department's services
- c Number of people served by the Department
- d Outcomes measured by the Department
- e Present and future strategies for collecting customer experience data

CDEC Answer:

(a) The Colorado Department of Early Childhood (CDEC) is dedicated to increasing access to high-quality learning environments for young children (0-5 years old), ensuring the provision of child care for families, supporting early childhood professionals, and strengthening families by increasing access to educational resources and relevant services.

(b) The Department's programs engage with target populations such as low-income families, dual-language learners, linguistically diverse populations, children exposed to child abuse and neglect, and the families and caregivers that support them. By working in partnership with families, caregivers, educators, and local communities, CDEC strives to ensure the delivery of an inclusive, community-centered, data-driven, high-quality, and equitable early childhood system.

(c.) The following served people is in part sourced from the [SMART annual report](#)², updated September 30th, 2024 and additional information that is not included in the report, but relevant to the populations the Department serves.

- 43,479 children—68.7% of all eligible 4-year-olds—benefited from the Colorado Universal Preschool Program by the end of the 2023-2024 school year.
- The number of qualified early childhood professionals working in licensed child care settings available for children under five years old is 25,446, as of June 30, 2024.
- CDEC licensed 46 Spanish-speaking family child care home providers, and 23 applications are pending.
- CDEC works with 32 Local Community Organizations (LCOs) to coordinate the Universal Preschool Program.
- CDEC works with 35 Early Childhood Councils (ECCs).
- 10,540 infants and toddlers were served on average during the first quarter of FY 2023-24 and 11,435 on average during the first quarter of FY 2024-25.
- 4,626 referrals were made to the Nurse Home Visiting Program (NHVP)
- NHVP employed 165 nurse home visitors and supervisors in FY 2023-24
- 1,742 referrals were made to Early Childhood Mental Health Consultation (ECMHC) with a total of 1,143 cases opened during FY 2023-24
- 30,124 children statewide were served by CCCAP during FY 2023-24 by 2,151 providers.

(d.) Outcomes measured by the Department include children served, the share of children matched with their primary or secondary choice provider, capacity of the Universal Preschool Program, and the quantity and additional expertise of early childhood professionals, among others. These outcomes are measured by the department in the form of Wildly Important Goals (WIGs) and their corresponding Lead Measures as detailed in the [SMART annual report](#) for FY 2023-24.

| Outcome Title | Description Summary |
|---|---|
| <p>23-24 WIG #1: Universal Preschool Family Satisfaction</p> | <p>Increase the Universal Preschool family uptake rate by 5%, from 59% by June 30, 2024.</p> |
| <p>Lead Measure #1.1: Application to Match Time</p> | <p>By June 30, 2024, the time it takes families who apply for the Colorado Universal Preschool Program in the primary round to</p> |

² <https://operations.colorado.gov/performance-management/department-performance-plans/early-childhood>

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| | accept their placements will be reduced from 8 weeks to 5 weeks. |
| Lead Measure #1.2: Communication with Universal Preschool Families | <p>Develop three communication strategies for continued outreach to current and future Universal Preschool families by June 30, 2024.</p> <p><i>Strategy 1 - Re-Engage Families that Started an Application But Did Not Submit</i></p> <p><i>Strategy 2—Address Unaccepted Matches</i></p> <p><i>Strategy 3 - Support Colorado Universal Preschool Program Providers with Under-Enrollment</i></p> |
| 23-24 WIG #2: Universal Preschool Provider Retention | Retain 94% of Colorado Universal Preschool Program providers from school year 2023-2024 to school year 2024-2025 by June 30, 2024. |
| Lead Measure #2.1: Universal Preschool Provider Meetings | Ensure community, home, and school-district Universal Preschool providers can provide input into the Universal Preschool process by planning, hosting, and facilitating 20 provider meetings between July 1, 2023, and June 30, 2024. |
| Lead Measure #2.2: Local Community Organizations (LCO) Technical Assistance Plans | Ensure 100% of Local Coordinating Organizations (LCOs) achieve the goals outlined in their technical assistance plans and meet with their community and home-based providers monthly. |
| 23-24 WIG #3: Increase Infant- Toddler Child Care Capacity | Increase the infant and toddler (0-36 months) licensed child care capacity by 5%, from 36,583, to 38,412, by June 30, 2024. |
| Lead Measure #3.1: Emerging and Expanding (E&E) Grant Funds | Distribute Emerging and Expanding (E&E) grant funding to increase infant and toddler child care capacity by 1,728 between July 1, 2023, and June 30, 2024. |

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| Lead Measure #3.2: Employer-Based Child Care (EBCC) Grant Funds | Distribute Employer-Based Child Care (EBCC) grant funding to increase infant and toddler child care capacity by 640 between July 1, 2023 and June 30, 2024. |
| Lead Measure #3.3: Increase Providers that Offer Spanish- language Services | Increase the number of Family Child Care Home (FCCH) providers who offer Spanish-language services from 47 to 62 by June 30, 2024. |
| 23-24 WIG #4: Increase the Child Care Workforce | Increase the number of qualified early childhood professionals working in licensed child care settings available for children under five years old by 4%, from 24,151 to 25,117, by June 30, 2024. |
| Lead Measure #4.1: Improve Access to Training and Support | Between July 1, 2023, and June 30, 2024, improve access to culturally and linguistically appropriate information, training, and support and increase the child care workforce by 946 professionals. |
| Lead Measure #4.2: Credit for Prior Learning (CPL) Pilot | Pilot the Credit for Prior Learning (CPL) program to increase the number of early childhood professionals working in licensed child care settings by 20 between July 1, 2023, and June 30, 2024. |
| Lead Measure #4.3: Teacher Compensation Pilot Retention | Retain at least 80% of the early childhood professionals participating in the Early Childhood Teacher Salary Increase Pilot program each month. |

(e.) CDEC has multiple implemented and currently underway strategies for collecting customer experience data. In order to accomplish previously mentioned outcomes measured by the Department. CDEC continues to utilize Data-Driven Decision Making by collecting and analyzing data to identify disparities in access, participation, and outcomes. This data helps the Department understand where gaps exist and to measure the effectiveness of our interventions. These strategies are as follows:

Currently underway:

- The construction of a Centralized Document Management System to foster transparency, streamline information sharing, and enhance collaboration within the division.

- **Optimizing Smartsheet dashboards to provide clear and accessible information for ECCs.**
- **Stakeholder-Driven PDIS Enhancement Process. Currently received almost 100 feedback entries, facilitating data-driven decision-making for enhancements.**

Successfully Implemented:

- 13 Streamlined Relationship-Based Professional Development (RBPD) Application Process, to automate application collection, reduce manual work, and ensure equity in the selection process.**
- 14 Modernized Professional Development Information System (PDIS) User Interface, to improve user experience and make navigation more accessible and intuitive.**
- 15 Workforce Division Data Management and Transparency, to house data request records, facilitate collaboration, and provide transparency into data usage.**
- 16 For each TABOR non-exempt cash fund, provide the following information
 - The amount in the cash fund
 - Total amount of revenue in the fund that would not be transferred
 - Detailed explanation of why the fund should not be sunset
 - Statutory reference of the fund creation, specific uses, and legislative history of changes to the fund
 - Every program funded by the fund
 - Explanation of how fees to the fund are set and a history of fee changes
 - The number of people provided service by the programs funded through the cash fund
 - Any additional information necessary to ensure the Joint Budget Committee can make an informed decision.

CDEC Answer: Much of this information can be found in Department submissions (Schedule 9). OSPB has provided staff with other tools to review cash funds to provide the committee with additional information. Refer also to the [attached](#) spreadsheet.