



# JOINT BUDGET COMMITTEE STAFF FY 2024-25 BUDGET BRIEFING SUMMARY

Colorado General Assembly  
Joint Budget Committee

*Department of Early Childhood*

The Department of Early Childhood exists to support the care, education, and well-being of young children. The Department's FY 2023-24 appropriation represents approximately 1.9 percent of statewide operating appropriations and 2.0 percent of statewide General Fund appropriations.

## FY 2023-24 APPROPRIATION AND FY 2024-25 REQUEST

DEPARTMENT OF EARLY CHILDHOOD						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2023-24 APPROPRIATION:</b>						
SB 23-214 (Long Bill)	792,508,376	303,619,129	212,983,095	13,954,712	261,951,440	231.7
Other legislation	2,500,000	2,500,000	0	0	0	0.0
<b>TOTAL</b>	<b>\$795,008,376</b>	<b>\$306,119,129</b>	<b>\$212,983,095</b>	<b>\$13,954,712</b>	<b>\$261,951,440</b>	<b>231.7</b>
<b>FY 2024-25 REQUESTED APPROPRIATION:</b>						
FY 2023-24 Appropriation	\$795,008,376	306,119,129	\$212,983,095	\$13,954,712	\$261,951,440	231.7
R1 Universal Preschool Program	32,544,619	7,580,558	24,964,061	0	0	5.7
R2 CDEC departmental operations	5,699,078	4,010,888	131,219	586,628	970,343	25.8
R3 UPK information technology	3,260,000	3,260,000	0	0	0	0.0
R4 UPK and child care workforce supports	2,262,889	2,262,889	0	0	0	10.0
R5 CCCAP	21,144,642	0	1,546,701	0	19,597,941	4.0
R6 Expand universal home visiting pilot	4,004,248	4,004,248	0	0	0	0.9
R7 Early Intervention caseload	1,137,166	796,016	0	341,150	0	0.0
R8 Provider rate increase	4,382,733	2,004,107	342,279	0	2,036,347	0.0
Centrally appropriated line items	9,318,417	4,372,566	1,344,190	597,480	3,004,181	0.0
Non-prioritized decision item	155,536	61,961	40,766	2,670	50,139	0.0
	(126,042,900					
Annualize prior year budget actions	)	(36,582,801)	45,054	141,498	(89,646,651)	(5.2)
Annualize prior year legislation	(2,500,000)	(2,500,000)	0	0	0	0.0
Technical adjustment	(420,006)	(125,059)	(40,673)	0	(254,274)	0.0
<b>TOTAL</b>	<b>\$749,954,798</b>	<b>\$295,264,502</b>	<b>\$241,356,692</b>	<b>\$15,624,138</b>	<b>\$197,709,466</b>	<b>272.9</b>
<b>INCREASE/(DECREASE)</b>	<b>(\$45,053,578)</b>	<b>(\$10,854,627)</b>	<b>\$28,373,597</b>	<b>\$1,669,426</b>	<b>(\$64,241,974)</b>	<b>41.2</b>
Percentage Change	(5.7%)	(3.5%)	13.3%	12.0%	(24.5%)	17.8%

**R1 UNIVERSAL PRESCHOOL PROGRAM:** The Department requests an increase of \$32,544,619 in total funds and 5.7 FTE in FY 2024-25, including \$7,580,558 in General Fund and \$24,964,061 in Preschool Program Cash Funds, to support the Universal Preschool Program. This would annualize to \$32,611,099 total funds and 6.3 FTE in FY 2025-26, including \$12,247,038 General Fund and \$20,264,061 Preschool Program Cash Funds.

The request is comprised of four components in support of the UPK program: increased provider payments, the addition of UPK support staff, further development of the UPK resource bank, and funding for Local Coordinating Organizations as federal stimulus funds expire. The Department identified the request as theory-informed. Each piece is highlighted in the chart on the next page.

R1 UNIVERSAL PRESCHOOL PROGRAM			
COMPONENT	FY 2024-25	FY 2025-26	DESCRIPTION
Increased Provider Payments	\$28,155,976	\$28,155,976	Proposed rule changes for a 2% provider increase and a new qualifying factor - "children in poverty," defined as 100% of the Federal Poverty Guidelines.
Additional UPK Support Staff	588,643	655,123	5.7 FTEs in FY 2024-25, and 6.3 FTEs in FY 2025-26 to provide fiscal monitoring, contract support, training, system support, quality control, data analysis, and technical product ownership.
UPK Resource Bank	1,000,000	1,000,000	One-stop-shop resource bank for UPK curricula, assessments, screeners, and policies and procedures; currently stimulus-funded.
Local Coordinating Organizations	2,800,000	2,800,000	Funding for LCOs to provide outreach, provider support, travel, local engagement, website updates, and materials distribution.
<b>Total Request</b>	<b>\$32,544,619</b>	<b>\$32,611,099</b>	

**R2 CDEC DEPARTMENTAL OPERATIONS:** The Department requests \$5,699,078 in total funds and 25.8 FTE in FY 2024-25, including \$4,010,888 General Fund, to support department operations. This would annualize to \$6,308,184 total funds, including \$4,245,426 General Fund, and 31.0 FTE in FY 2025-26. There are multiple components to this request related to staffing and IT infrastructure for the Department as outlined in the chart below.

R2 DEPARTMENTAL OPERATIONS			
COMPONENT	FY 2024-25	FY 2025-26	DESCRIPTION
Staffing and Operating Expenses	\$2,739,112	\$3,075,207	25.8 FTEs in FY 2024-25 increasing to 31.0 FTEs in FY 2025-26 to support CORA requests, the policy and legislative unit, financial operations, human resources, communications, Early Childhood Mental Health, State Systems Building Initiatives, and departmental IT. Of the requested FTEs, 17.9 are currently stimulus-funded. The remainder would be new FTEs related to IT development and support.
Department Evaluation	175,000	175,000	Contract for 3rd party vendor to conduct a thorough evaluation of the Department as required by statute.
IT System Enhancements and Maintenance	2,784,966	3,057,977	System enhancements for the Child Care Automated Tracking System, childcare licensing and inspections, Professional Development Information System to provide online training opportunities to child care professionals, and support for multiple programs in the Community and Family Services Division. Also includes ongoing annual funding for existing IT systems. Parts of this request are partially funded with federal stimulus dollars in the current fiscal year.
<b>Total Request</b>	<b>\$5,699,078</b>	<b>\$6,308,184</b>	

Also included in this request is a net-neutral placeholder for the Department’s cost allocation plan for administration of the federal Child Care Development Funds. The Department submitted the plan in July, the approval of which would potentially result in the shuffling of funding as well as possible General Fund savings. The Department identified this request as theory-informed.

**R3 UNIVERSAL PRESCHOOL PROGRAM IT:** The Department requests \$3,260,000 General Fund in FY 2024-25 and ongoing to support the Universal Preschool Program IT platform, BridgeCare, as well as OIT costs and a permanent call center.

Funding would support continued integration and build out of the system with the goal of enhancing data reporting capabilities (\$50,000), “ticket” routing and tracking management to reduce backlogs (\$339,680), technical support services (\$396,200), enhanced databases and displays (\$113,120, software integrations (\$230,000), web services for cloud hosting (\$131,000), and ongoing maintenance and operating costs (\$1,500,000). The request also includes funding to establish a permanent, centralized help desk support for the UPK program customer service (\$500,000). The Department indicates there is no replacement of federal stimulus dollars in this request. The Department identified this request as theory-informed.

**R4 UNIVERSAL PRESCHOOL AND CHILD CARE WORKFORCE SUPPORTS:** The Department requests \$2,262,889 General Fund and 10.0 FTE in FY 2024-25, annualizing to \$2,375,694 General Fund and 12.0 FTE in FY 2025-26, to support preschool and child care workforce development programs.

This request is comprised of four main components: professional development support of the UPK program and early care providers, retention of preschool staff, training and licensure support for providers, and continued development of the early childhood workforce. The Department identified this request as theory-informed. Each component is highlighted in the chart below.

R4 UNIVERSAL PRESCHOOL AND CHILD CARE WORKFORCE SUPPORTS			
COMPONENT	FY 2024-25	FY 2025-26	DESCRIPTION
Staffing and Operating Expenses	\$1,075,229	\$1,075,229	8.0 FTE in FY 2024-25 and 10.0 FTE in FY 2025-26 to support the Early Childhood Workforce unit and 12.0 FTE in FY 2024-25 and ongoing to support the Child Care Resource and Referral and Family Child Care Home Navigators. These positions are all currently supported with stimulus funding. Costs also include related training, professional development software, and professional registry and qualification management of child care personnel.
Early Childhood Councils	1,000,000	1,000,000	Partially sustain 29 existing Early Childhood Council Navigator positions that are currently supported with stimulus funding.
OEDIT Contract	187,660	187,660	Existing contract which provides business training courses and consultation at no cost to existing and prospective child care providers. Currently stimulus-funded.
<b>Total Request</b>	<b>\$2,262,889</b>	<b>\$2,262,889</b>	

**R5 COLORADO CHILD CARE ASSISTANCE PROGRAM (CCCAP):** The Department requests \$21,144,642 total funds in FY 2024-25, including \$19,597,941 in Child Care Development Funds and \$1,546,701 from local government funds, to continue CCCAP policies currently funded with stimulus funds. This would annualize to \$19,384,213 total funds, including \$2,062,268 local funds and \$17,321,945 federal CCDF in FY 2025-26.

Requested funding would support a new rate methodology for CCCAP providers which considers the cost to provide quality care; payment for a minimum number of absences of participating children; funding for infant-toddler care based on enrollment vs. attendance; lower parent copays; retention of stimulus-funded staff; and funding for caseload increase. The components are outlined in the chart below; all are currently supported with stimulus funding.

R5 COLORADO CHILD CARE ASSISTANCE PROGRAM			
COMPONENT	FY 2024-25	FY 2025-26	DESCRIPTION
FY 2024-25 Provider Rates	\$8,771,128	\$11,694,837	Rate increase required by the federal government.
Alternative Rate Methodology	3,247,044	4,329,392	Alternative rate methodology to align reimbursements to providers with costs of providing care vs. families' ability to pay.
Paid Absences	1,839,799	2,453,065	Cost required to meet federal stipulations for paid absences. Currently stimulus-funded.
Infant and Toddler Enrollment	4,189,800	-	Reimbursements to providers of infant and toddler-care based on enrollment/participation rather than attendance. Currently stimulus-funded.
Parent Copays	2,365,468	-	Reduces family copays and slows copay increases. Currently stimulus-funded.
Caseload Increase	331,950	442,600	Supports projected increase in CCCAP participation.
CCCAP Personnel & Operating Expenses	399,453	464,319	4.0 FTEs in FY 2024-25, and 5.0 FTEs in FY 2025-26 to sustain Social Services Specialists that are currently supported with stimulus funds.
<b>Total Request</b>	<b>\$21,144,642</b>	<b>\$19,384,213</b>	

*\*Local Portion included in total above*                      1,546,701      2,062,268

**R6 EXPAND UNIVERSAL HOME VISITING PILOT:** The Department requests \$4,004,248 General Fund in FY 2024-25 and ongoing through FY 2028-29 for a five-year expansion of the Family Connect program. The program offers

three free post-natal home visits in the first three months of a child's life to conduct comprehensive evaluation of the mother, the child, and the living environment, and to connect families to services as needed.

Family Connect currently operates without state funds in four Colorado counties. The funding would expand the program to five other interested counties with the goal of supporting 12,000 births in Colorado. The Department identified this request as a proven program.

**R7 EARLY INTERVENTION CASELOAD:** The Department requests \$1,137,16 total funds in FY 2024-25 and ongoing, including \$796,016 General Fund and \$341,150 reappropriated funds to support caseload increases in the Early Intervention program. The program has experienced an 11.0 percent increase in caseload above previous projections. The increase is driven by eligibility changes, a decrease in Medicaid enrollment, and higher acuity needs of eligible children. The Department identified this request as theory-informed.

**R8 PROVIDER RATE INCREASE:** The Department requests an increase of \$4,382,733 in total funds in FY 2024-25 and ongoing, including \$2,004,107 in General Fund, \$342,279 cash funds, and \$2,036,347 federal funds to provide a two percent provider rate increase for community-based providers. Included in the request are providers paid through CDECs' Family Resource Centers, CCCAP, Child Care Licensing, Early Intervention, Nurse Home Visiting Program, Home Visiting for School Readiness, Child Maltreatment Prevention, Early Childhood Mental Health Services, and Social-emotional Language Grant Programs. Staff is exploring whether Early Childhood Councils and Local Coordinating Organizations should be included in this request as well.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**ONE-TIME FUNDING AUTHORIZED IN RECENT LEGISLATION:** During the 2020B, 2021, 2022, and 2023 legislative sessions, the General Assembly allocated approximately \$687.3 million in one-time funding to the Department of Early Childhood, and predecessor programs in the Department of Human Services' Office of Early Childhood, including \$45.0 million originating as state General Fund, \$52.0 million originating as federal Coronavirus State Fiscal Recovery funds (ARPA funds), and \$590.3 from one-time federal Child Care Development Funds.

**UNIVERSAL PRESCHOOL PROGRAM & THE PRESCHOOL PROGRAM CASH FUND:** The inaugural class of the Universal Preschool Program commenced in August 2023 with enrollment exceeding expectations and continuing to grow. As the program grows, and as the Department endeavors to remain responsive to the needs of children, families, and providers, cost structures continue to be honed and shaped. Maintaining a reserve in the Preschool Program Cash Fund provides a buffer in the event of the unexpected. Providing clear expectations and guidelines for how the fund may be accessed and utilized will allow the Department and the Legislature to move more swiftly should the need for it arise. Staff recommends the JBC consider sponsoring a bill to establish policies governing the reserve for the Preschool Program Cash Fund including reserve amounts as well as how and when the reserve may be utilized.

## FOR MORE INFORMATION

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**TO READ THE ENTIRE BRIEFING:** Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2023.