

Joint Budget Committee Staff

FY 2025-26 Budget Briefing Summary

Early Childhood

The Department of Early Childhood exists to support the care, education, and well-being of young children. The Department’s FY 2024-25 appropriation represents approximately 1.8 percent of statewide operating appropriations and 1.9 percent of statewide General Fund appropriations.

Summary of Request

Department of Early Childhood						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	\$769,036,813	\$292,987,198	\$265,946,952	\$18,443,712	\$191,658,951	230.4
Other legislation	2,742,614	777,690	1,764,924	200,000	0	4.7
Total	\$771,779,427	\$293,764,888	\$267,711,876	\$18,643,712	\$191,658,951	235.1
FY 2025-26 Requested Appropriation						
FY 2024-25 Appropriation	\$771,779,427	\$293,764,888	\$267,711,876	\$18,643,712	\$191,658,951	235.1
R1 CCDF Regulation implementation	11,747,439	0	2,405,420	0	9,342,019	0.0
R2 Universal preschool program	7,758,330	3,658,330	4,100,000	0	0	0.0
R3 Early Intervention caseload	3,600,000	3,500,000	100,000	0	0	0.0
R4 CO Child Abuse Prev. Trust Fund	712,000	-150,000	862,000	0	0	0.0
R5 Language justice	206,488	0	0	103,244	103,244	1.0
R6 Cost allocation	1,500,630	-345,428	220,906	815,351	809,801	0.5
Non-prioritized decision items	-8,768	-5,856	0	0	-2,912	0.0
Centrally appropriated line items	5,826,386	4,369,161	549,207	1,192,187	-284,169	0.0
Prior year legislation	563,711	563,711	0	0	0	2.5
Indirect cost assessment	352,778	0	36,541	176,389	139,848	0.0
Prior year budget actions	-22,730,728	-3,438,883	418,875	18,776	-19,729,496	5.0
Total	\$781,307,693	\$301,915,923	\$276,404,825	\$20,949,659	\$182,037,286	244.1
Increase/-Decrease	\$9,528,266	\$8,151,035	\$8,692,949	\$2,305,947	-\$9,621,665	9.0
Percentage Change	1.2%	2.8%	3.2%	12.4%	-5.0%	0.0

R1 CCDF Regulation implementation: The Department requests \$11.7 million total funds including \$2.4 million Cash Funds from local government sources¹ and \$9.3 million federal Child Care Development Funds (CCDF) to support the Colorado Child Care Assistance Program (CCCAP) in FY 2025-26 and ongoing. Approximately \$9.1 million CCDF would support provider reimbursements, and \$210,000 would provide additional resources for the Expanding Quality for Infants and Toddlers (EQIT) program. New federal regulations, as well as a new rate calculation methodology for provider reimbursements, will increase the cost of providing service to families enrolled in the CCCAP in the next two years. The Department designated this request as evidence-informed.

R2 Universal preschool program (UPK): The Department requests \$3.7 million General Fund and \$4.1 million Cash Funds for the Universal Preschool Program in FY 2025-26. The General Fund amount is an increase based on inflation as required by statute. Both amounts are placeholders to be updated with the March 2025 revenue forecast and inflation projections. Funding will support payment to providers for preschool services. This program is evidence-informed.

R3 Early Intervention caseload (requires legislation): The request includes \$3.5 million General Fund and \$100,000 Cash Funds for the Early Intervention program in FY 2025-26 and ongoing. This funding would support payments to providers for services provided to children enrolled in the program. It would help meet certain maintenance of efforts requirements for federal IDEA funding. The Department is also requesting a statutory change to designate Early Intervention as an entitlement program. This program is evidence-informed.

R4 CO Child Abuse Prev. Trust Fund: The Department requests a decrease of \$150,000 General Fund and an increase of \$862,000 spending authority from the Colorado Child Abuse Prevention (COCAP) Trust Fund (cash funds) in FY 2025-26 to expand abuse and neglect prevention programs.² Of the cash funds, \$500,000 would be for five years only to spend down the balance of court docket fees deposited into the Fund. The remaining \$362,000 would be ongoing and is related to new revenues from the Federal Family First Prevention Services Act (FFPSA) reimbursements. The Department also requests flexibility in the Long Bill to spend all new revenues generated from the FFPSA reimbursements moving forward. The Department indicates program supported by these funds are evidence informed.

R5 Language justice: The request includes \$206,488 total funds including equal amounts reappropriated and federal funds in FY 2025-26 and \$208,606 in federal and reappropriated funds in FY 2026-27 and ongoing to support a Language Justice Coordinator. Currently, this position is supported with federal stimulus dollars. This position supports language access

¹ The amount from local governments is informational only and represents the county proportional share that is required by program rules.

² The request effectively refinances General Fund for the child Sexual Abuse Prevention Training Program by leveraging Colorado Child Abuse Prevention Trust Fund cash funds for this activity.

strategies across the Department’s programs and services. An evidence designation is not applicable to this request as it is not a program or practice.

R6 Cost allocation: The Department requests an increase of \$1.5 million total funds, including a decrease of \$345,428 General Fund, to accurately reflect the federal cost allocation plan in its Long Bill appropriations. The Department is currently unable to collect indirect costs from all programs and needs to align its indirect cost assessment lines to true up its total compensation-related common policy line items. The request also includes indirect cost collections to support a grant writer for the Department’s programs. An evidence designation is not applicable to this request as it is not a program or practice.

Non-prioritized decision items: The request includes decreases related to decision items in other departments as summarized in the table below.

Non-prioritized decision items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP2 DPA OAC staffing	\$73	\$73	\$0	\$0	0	0.0
NP3 HCPF NP Contractor	-7,697	-4,785	0	0	-2,912	0.0
NP1 DPA fleet vehicles	-1,144	-1,144	0	0	0	0.0
Total	-\$8,768	-\$5,856	\$0	\$0	-\$2,912	0.0

Centrally appropriated line items: The request includes a net increase of \$5.8 million total funds, including \$4.4 million General Funds, for centrally appropriated line items, summarized in the table below. The largest increases are for payments to OIT and legal services.

Centrally appropriated line items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Payments to OIT	\$2,337,885	\$1,925,984	0	\$411,901	\$0	0.0
Legal services	1,324,077	1,324,077	\$0	\$0	\$0	0.0
Health, life, and dental	915,406	407,155	269,569	391,880	-153,198	0.0
Salary survey	673,166	291,654	131,663	70,534	179,315	0.0
AED and SAED	407,472	288,215	123,515	243,894	-248,152	0.0
Step Plan	103,887	51,307	10,378	6,661	35,541	0.0
CORE operations	60,870	60,870	0	0	0	0.0
Paid Family & Medical Leave Insurance	18,336	12,970	5,558	10,975	-11,167	0.0
Leased space	15,835	5,859	14	9,962	0	0.0
Short-term disability	6,112	4,323	1,853	3,659	-3,723	0.0
Risk management & property	1,096	1,096	0	0	0	0.0
Shift differential	81	69	12	0	0	0.0
ALJ services	-17,615	-17,615	0	0	0	0.0
PERA direct distribution	-15,586	17,833	6,645	42,721	-82,785	0.0
Workers’ compensation	-4,636	-4,636	0	0	0	0.0
Total	\$5,826,386	\$4,369,161	\$549,207	\$1,192,187	-\$284,169	0.0

Annualize prior year legislation: The request includes a net increase of \$563,711 General Fund and 2.5 FTE to reflect the FY 2025-26 impact of bills passed in previous sessions. The changes are summarized in the following table.

Prior year legislation						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB24-1223 Improved access to CCCAP	\$495,661	\$495,661	\$0	\$0	\$0	0.9
HB24-1364 Workforce readiness	85,163	85,163	0	0	0	0.4
SB24-078 Outdoor preschool	27,823	27,823	0	0	0	0.7
HB24-1009 Bilingual child care licensing	-42,130	-42,130	0	0	0	0.3
HB24-1312 Income tax credit - careworkers	-2,806	-2,806	0	0	0	0.2
Total	\$563,711	\$563,711	\$0	\$0	\$0	2.5

Indirect cost assessment: The request includes an increase of \$352,778 total funds related to statewide indirect cost recoveries for common policy adjustments. This request is separate and distinct from the Departmental indirect cost allocation changes in R6.

Annualize prior year budget actions: The request includes a net decrease of \$22.7 million total funds, including -\$3.4 million General Fund and -\$19.7 million federal funds, in FY 2025-26. These changes reflect the out-year impact of prior year budget actions.

Prior year budget actions						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY24-25 R2 Dept. core operations	\$165,444	\$170,968	-\$5,524	\$0	\$0	2.2
FY24-25 R4 UPK and child care workforce	11,262	11,262	\$0	\$0	\$0	2.0
FY23-24 R7/BA4 Stimulus funding	-17,335,676	0	0	0	-17,335,676	0.0
FY23-24 R4/BA2 EI caseload	-3,500,000	-3,500,000	0	0	0	0.0
FY24-25 R5 CCCAP	-1,877,625	0	515,567	0	-2,393,192	1.0
FY23-24 R5 Equity in DEC	-83,909	-102,685	0	18,776	0	-1.0
FY24-25 R1 UPK	-77,673	0	-77,673	0	0	0.6
FY24-25 R6 Universal home visiting pilot	-17,800	-17,800	0	0	0	0.1
FY24-25 BA1 UPK	-13,495	0	-13,495	0	0	0.1
FY24-25 NP4 HCPF PEAK	-1,256	-628	0	0	-628	0.0
Total	-\$22,730,728	-\$3,438,883	\$418,875	\$18,776	-\$19,729,496	5.0

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Colorado Child Care Assistance Program: The Colorado Child Care Assistance Program provides financial support to eligible families for child care services. This program is administered at the county level with state supervision and state, federal, and local funding. It serves an average of 28,730 children annually. This issue brief discusses recent federal and state changes which will increase the cost of the program.

Universal Preschool Program: The State is required by law to offer a minimum of 10 hours of free preschool services to all Colorado children in the year before kindergarten eligibility. Currently, the Department offers 15 hours to all eligible children. Certain 3- and 4-year-old children whose families' household income is 100.0 percent of the federal qualifying factor or two qualifying criteria may receive up to 30 hours of free preschool. Three- and four-year old

children with an Individualized Education Plan (IEP) must be offered preschool as dictated by their IEP. IEP provisions are administered by the Colorado Department of Education. This issue brief provides an update on the Universal Preschool Program.

Preschool Development Grant: The Preschool Development Grant Birth through Five program provides funding to states and territories through a competitive grant program to bolster early care and education systems. There are two types of grants, Initial and Renewal, which are awarded to states. Colorado recently applied for but was not awarded a renewal grant which may slow growth efforts. This issue brief provides an overview of the grant in Colorado.

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 2024.