

# JOINT BUDGET COMMITTEE



## STAFF BUDGET BRIEFING FY 2023-24

## DEPARTMENT OF EARLY CHILDHOOD

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

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DECEMBER 8, 2022

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## ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2021 and 2022 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report:

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

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

# DEPARTMENT OF EARLY CHILDHOOD

## DEPARTMENT OVERVIEW

The Department of Early Childhood is responsible for supporting the care, education, and well-being of young children. The primary programs operated by the Department include:

- **Universal Preschool Program** – Provides preschool to all children in the year before eligibility for kindergarten of at least 10 hours, to children with disabilities, and to other populations and for additional hours as funding allows according to a statutory prioritization of services.
- **Colorado Child Care Assistance Program (CCCAP)** – Provides assistance with child care expenses for low-income families.
- **Early intervention services** – Provides therapies for children at risk of intellectual and developmental delays.
- **Regulating early childhood service providers** – Includes licensing and monitoring child care facilities.

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

## DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24 *
General Fund	\$0	\$326,413	\$112,404,354	\$128,867,910
Cash Funds	0	0	108,626,170	383,721,093
Reappropriated Funds	0	0	11,899,077	17,210,949
Federal Funds	0	0	305,752,558	257,328,273
<b>TOTAL FUNDS</b>	<b>\$0</b>	<b>\$326,413</b>	<b>\$538,682,159</b>	<b>\$787,128,225</b>
Full Time Equiv. Staff	0.0	1.8	208.0	218.1

\*Requested appropriation.

Most of the programs in the Department of Early Childhood were part of the Department of Human Services' Office of Early Childhood prior to FY 2022-23.

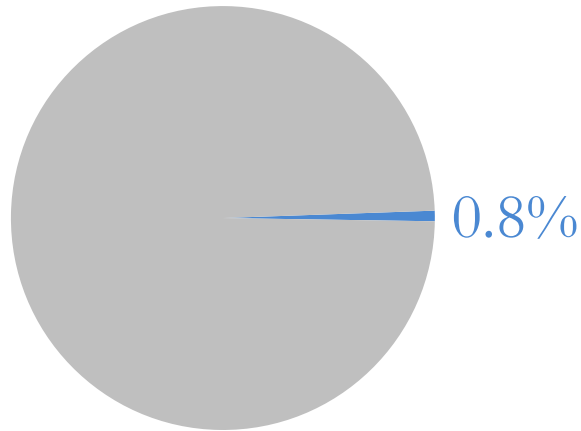
Funding for the Department of Early Childhood in FY 2022-23 consists of 20.9 percent General Fund, 20.2 percent cash funds, 2.2 percent reappropriated funds, and 56.8 percent federal funds.

Major sources of cash funds include: the Preschool Programs Cash Fund that receives revenue from nicotine taxes and transfers from the General Fund or State Education Fund; the Nurse Home Visitor Program Fund that receives 26.7 percent of tobacco settlement revenue annually; local funds to match state and federal funding for the Child Care Assistance Program; and the Early Intervention Services Trust Fund that receives private insurance payments for early intervention services provided to eligible children at risk of developmental delays. In addition, in FY 2022-23 the Department is appropriated \$51.5 million from the Economic Recovery and Relief Cash Fund out of money received from the federal Coronavirus State Fiscal Recovery Fund.

The primary source of federal funds is Child Care Development Funds that are subject to state appropriation pursuant to federal law.

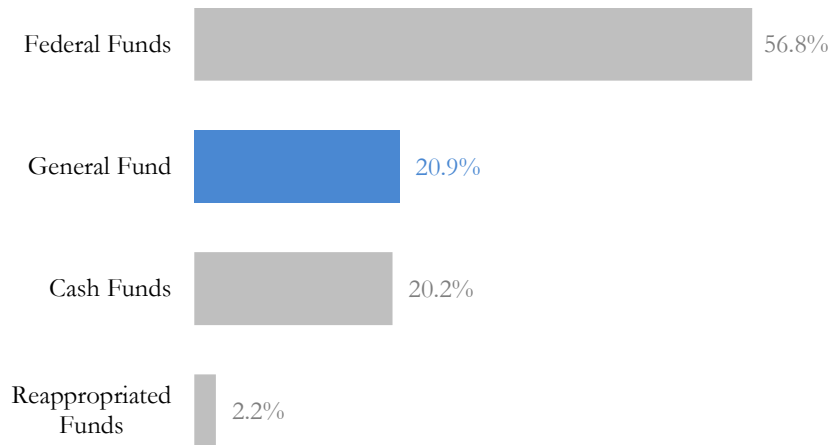
# DEPARTMENT BUDGET: GRAPHIC OVERVIEW

## Department's Share of Statewide General Fund



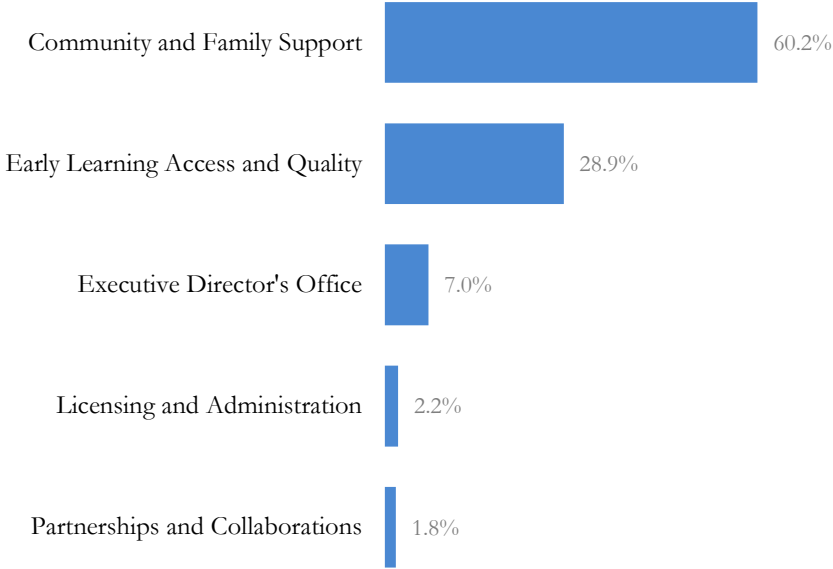
Based on the FY 2022-23 appropriation.

## Department Funding Sources



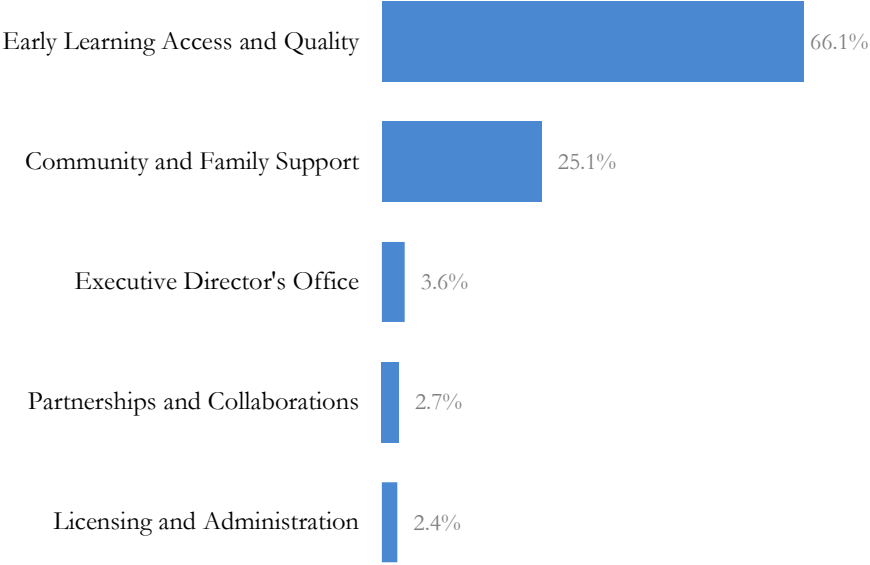
Based on the FY 2022-23 appropriation.

Distribution of General Fund by Division



Based on the FY 2022-23 appropriation.

Distribution of Total Funds by Division



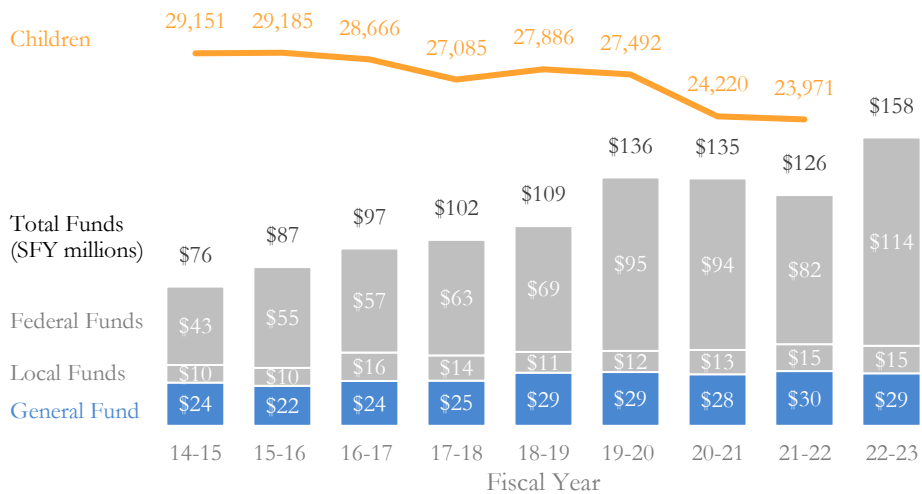
Based on the FY 2022-23 appropriation.

# GENERAL FACTORS DRIVING THE BUDGET

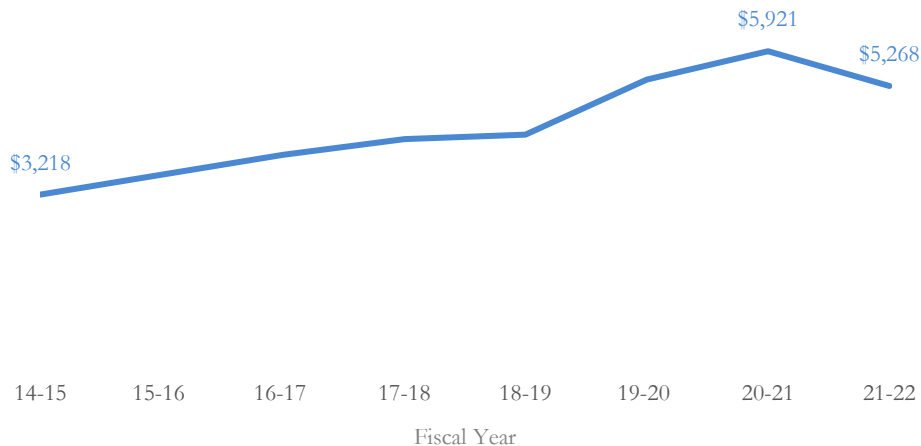
## COLORADO CHILD CARE ASSISTANCE PROGRAM

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

Colorado Child Care Assistance Program



Colorado Child Care Assistance Program Average Expenditures per Child in constant FY 2022-23 dollars

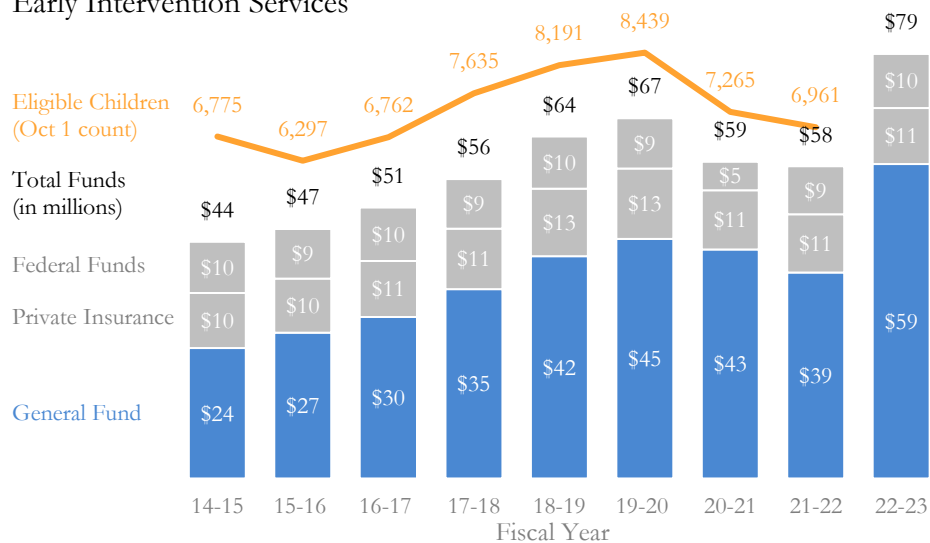


## EARLY INTERVENTION SERVICES

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

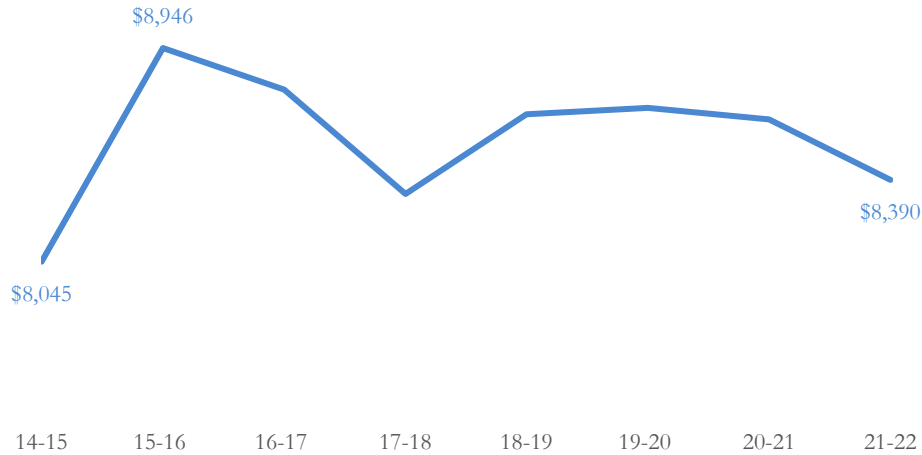
In FY 2020-21 and then again in FY 2021-22 the General Assembly reduced funding for the program in response to both declining revenues and enrollment during the pandemic. To keep projected expenditures within the appropriation, in FY 2020-21 the Department adopted rules reducing eligibility to children demonstrating a 33 percent delay rather than a 25 percent delay in development. The Department expected this policy change to reduce enrollment by 2,200, but the actual impact is difficult to identify and confirm separate from pandemic-related influences on enrollment. In FY 2022-23 the General Assembly added funding with the intent of returning eligibility to the pre-pandemic levels.

Early Intervention Services





Early Intervention Average Expenditures per Child  
in constant FY 2022-23 dollars



## REGULATING PROVIDERS

The Office licenses and monitors child care facilities throughout the State, including child care homes and centers; preschool and school-age child care programs; homeless youth shelters; summer camps; and 24-hour facilities (such as residential treatment facilities, residential child care facilities, and child placement agencies). The financing comes from the General Fund, federal funds, and licensing fees. Funding needs are driven by the number of providers and the complexity of state and federal regulations. In FY 2021-22 the Office oversaw 4,713 licensed providers and there were 147 adverse licensing actions.

## FEDERAL CHILD CARE DEVELOPMENT FUNDS (CCDF)

Federal Child Care Development Funds represent 54.1 percent of the Department's budget in FY 2022-23. Most federal funds with no state matching requirements are not subject to appropriation by the General Assembly, because they are considered "custodial funds" for which the state is acting as a trustee to carry out the particular purpose for which the moneys have been provided. However, if the purpose of the federal funds is sufficiently broad, then the money is considered similar to the General Fund and subject to appropriation by the General Assembly. This leads to not infrequent debate between the General Assembly and the executive branch regarding whether particular federal funds are custodial funds or subject to appropriation. With an understanding of the potential ambiguity about who controls federal funds that are awarded with a broad purpose, former Colorado Senator Hank Brown added the "Brown amendment" ([Pub. L. 104-193, title IX, §901, Aug. 22, 1996, 110 Stat. 2347](#)) to 1996 welfare reform legislation to specifically say that Child Care Development Funds are subject to appropriation by the state legislature.<sup>1</sup>

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<sup>1</sup> 42 USC 601 note.

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section601&num=0&edition=prelim>

## SUMMARY: FY 2022-23 APPROPRIATION & FY 2023-24 REQUEST

DEPARTMENT OF EARLY CHILDHOOD						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2022-23 APPROPRIATION:</b>						
HB 22-1329 (Long Bill)	8,192,473	6,335,548	685,539	0	1,171,386	30.6
Other Legislation	530,489,686	106,068,806	107,940,631	11,899,077	304,581,172	177.4
<b>TOTAL</b>	<b>\$538,682,159</b>	<b>\$112,404,354</b>	<b>\$108,626,170</b>	<b>\$11,899,077</b>	<b>\$305,752,558</b>	<b>208.0</b>
<b>FY 2023-24 REQUESTED APPROPRIATION:</b>						
FY 2022-23 Appropriation	\$538,682,159	112,404,354	\$108,626,170	\$11,899,077	\$305,752,558	208.0
R1 Universal Preschool Program	325,000,000	0	325,000,000	0	0	0.0
R2 Increase universal preschool participation	4,941,852	3,480,000	410,000	0	1,051,852	4.6
R3 Universal preschool provider bonuses	5,000,000	5,000,000	0	0	0	0.0
R4 Early intervention caseload	395,949	395,949	0	0	0	0.0
R5 Equity in Dept of Early Childhood	2,832,552	384,519	70,000	220,577	2,157,456	2.7
R6 Early childhood mental health support	390,333	390,333	0	0	0	0.9
R7 Continue federal stimulus strategies	102,347,069	0	0	0	102,347,069	39.0
R8 Records and Reports Cash Fund	(271,135)	0	(271,135)	0	0	(2.0)
R9 Child sexual abuse prevention training	150,000	150,000	0	0	0	0.0
R10 Provider rates	6,360,633	2,918,600	476,479	0	2,965,554	0.0
R11 Nurse Home Visitor Program	969,704	0	969,704	0	0	0.0
R12 Early childhood quality	(400,000)	(400,000)	0	0	0	0.0
R13 Transfer FTE between DEC and DHS	428,650	316,798	(204,946)	316,798	0	5.5
Centrally appropriated items	10,916,641	3,832,406	(32,512)	4,774,497	2,342,250	0.0
Annualize prior year budget actions	(210,616,182)	(5,049)	(51,322,667)	0	(159,288,466)	(40.6)
<b>TOTAL</b>	<b>\$787,128,225</b>	<b>\$128,867,910</b>	<b>\$383,721,093</b>	<b>\$17,210,949</b>	<b>\$257,328,273</b>	<b>218.1</b>
<b>INCREASE/(DECREASE)</b>	<b>\$248,446,066</b>	<b>\$16,463,556</b>	<b>\$275,094,923</b>	<b>\$5,311,872</b>	<b>(\$48,424,285)</b>	<b>10.1</b>
Percentage Change	46.1%	14.6%	253.2%	44.6%	(15.8%)	4.9%

**R1 UNIVERSAL PRESCHOOL PROGRAM:** The Department requests \$325.0 million from the Preschool Programs Cash Fund, annualizing to \$348.0 million in FY 2024-25, to pay providers for the Universal Preschool Program. The Preschool Programs Cash Fund receives:

- A portion of the annual revenue from both increased cigarette and tobacco taxes and a new tax on nicotine and vaping products approved by voters in 2020 through Proposition EE.
- The portion of School Finance funding that would have funded the Colorado Preschool Program and the General Education portion of preschool for children with Individualized Education Programs.

The Department identified this request as theory-informed.

**R2 INCREASE UNIVERSAL PRESCHOOL PARTICIPATION:** The Department requests \$4.9 million total funds, including \$3,480,000 General Fund, for strategies to increase provider and family participation in universal preschool, including:

- \$3.0 million General Fund for one-time grants through the Emerging and Expanding Child Care Grant Program to expand classrooms

- \$451,852 federal CCDF and 4.6 FTE to increase department capacity to review licenses and to waive licensing fees for new providers through FY 2024-25 (after which a portion of the cost for the FTE would be refinanced with cash funds from licensing fees)
- \$600,000 federal CCDF to offer one-time incentives for universal preschool providers to also provide child care to low-income families through the Colorado Child Care Assistance Program
- \$410,000 cash funds on-going from the Preschool Programs Cash Fund for annual marketing to families and providers
- \$480,000 General Fund for one-time consulting services intended to help every Local Community Organization write at least two grant applications for non-state funding to expand the preschool hours offered

The Department identified this request as theory-informed.

**R3 UNIVERSAL PRESCHOOL PROVIDER BONUSES:** The Department requests that the General Assembly set aside \$5.0 million General Fund for a bill that will be introduced to authorize one-time bonuses to providers who sign up to offer universal preschool. The Department is not asking the JBC to sponsor the bill. The Department proposes tiered bonuses that include:

- A base bonus level for all providers
- An additional bonus for providers who have never participated in a state-run preschool program
- An additional bonus for providers who previously participated in a state-run preschool program and add new capacity for universal preschool

The Department identified this request as theory-informed.

**R4 EARLY INTERVENTION CASELOAD:** The Department requests \$395,949 General Fund for FY 2023-24 and \$6,148,658 General Fund for FY 2024-25 and on-going for projected caseload and the acuity of clients in the Early Intervention Program. In FY 2020-21 and then again in FY 2021-22 the General Assembly reduced funding for the program in response to both declining revenues and enrollment during the pandemic. To keep projected expenditures within the appropriation, in FY 2020-21 the Department adopted rules reducing eligibility to children demonstrating a 33 percent delay rather than a 25 percent delay in development. The Department expected this policy change to reduce enrollment by 2,200. In FY 2022-23 the General Assembly added funding with the intent of returning eligibility to the pre-pandemic levels. Due to the time required for rule making the Department has not yet implemented the change in eligibility and will be submitting an associated supplemental to reduce funding in FY 2022-23.

The requests for FY 2023-24 and FY 2024-25 represent the Department's projection of costs with the new eligibility criteria but also updated information on the acuity of clients that shows a 7.9 percent increase in the hours of service per client, the portion of services covered by Medicaid, and declining private insurance coverage.

Since the request was submitted the Department has continued with rule making and arrived at a rule with a smaller increase in eligibility. The new rule would maintain eligibility for children with a 33 percent delay in one area and add eligibility for children with a 25 percent delay in two areas (rather than one). The Department estimates that this partial restoration of eligibility would add eligibility for 883 children versus the 2,200 children assumed in the FY 2022-23 appropriation. According to the Department, the rule is informed by the concerns of stakeholders that the providers cannot absorb

2,200 children due to workforce shortages. If providers cannot offer the services without waitlists to all clients deemed eligible, then it becomes problematic for the state to maintain eligibility for certain federal grants under the federal Individuals with Disabilities Education Act (IDEA). The Department indicates it will submit a supplemental and budget amendment in January to revise the request based on the new eligibility rule.

Also, subsequent to the original request, an error was identified that significantly overestimated the projected out-year costs, but this is no longer relevant given the evolving nature of the request.

**R5 EQUITY IN DEPT OF EARLY CHILDHOOD:** The Department requests \$2.8 million total funds, including \$384,519 General Fund, and 2.7 FTE for:

- an equity officer to ensure equity is considered in all policies, including rule-making, hiring and retaining workforce, contracting, information technology, data collection, partnerships, and program delivery.
- a county and tribal liaison to ensure productive government-to-government and state-to-tribal relationships.
- language justice initiatives, including:
  - A project manager
  - One-time funds to develop a language justice plan
  - Interpretation services
  - Translation services, including one-time funding to address a backlog of documents that need translation and on-going funding for future needs

R5 Equity in Dept of Early Childhood						
	Total Funds	General Fund	Preschool Programs Cash Fund	Indirect Costs	Federal CCDF	FTE
<b><u>FY 2023-24</u></b>						
Equity officer	\$120,024	\$0	\$0	\$0	\$120,024	0.9
County and tribal liaison	78,462	19,615	0	58,847	0	0.9
Language justice	<u>2,634,066</u>	<u>364,904</u>	<u>70,000</u>	<u>161,730</u>	<u>2,037,432</u>	<u>0.9</u>
<i>Project manager</i>	<i>93,140</i>	<i>23,285</i>	<i>0</i>	<i>69,855</i>	<i>0</i>	<i>0.9</i>
<i>Language justice plan</i>	<i>150,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>150,000</i>	<i>0.0</i>
<i>On-demand interpretation</i>	<i>75,000</i>	<i>18,750</i>	<i>0</i>	<i>56,250</i>	<i>0</i>	<i>0.0</i>
<i>Translation services</i>	<i>2,315,926</i>	<i>322,869</i>	<i>70,000</i>	<i>35,625</i>	<i>1,887,432</i>	<i>0.0</i>
<b>Total - FY 2023-24</b>	<b>\$2,832,552</b>	<b>\$384,519</b>	<b>\$70,000</b>	<b>\$220,577</b>	<b>\$2,157,456</b>	<b>2.7</b>
<b><u>FY 2024-25</u></b>						
Equity officer	\$122,789	\$30,697	\$0	\$92,092	\$0	1.0
County and tribal liaison	77,613	19,403	0	58,210	0	1.0
Language justice	<u>573,846</u>	<u>92,238</u>	<u>14,000</u>	<u>133,550</u>	<u>334,058</u>	<u>1.0</u>
<i>Project manager</i>	<i>93,566</i>	<i>23,391</i>	<i>0</i>	<i>70,175</i>	<i>0</i>	<i>1.0</i>
<i>Language justice plan</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
<i>On-demand interpretation</i>	<i>75,000</i>	<i>18,750</i>	<i>0</i>	<i>56,250</i>	<i>0</i>	<i>0.0</i>
<i>Translation services</i>	<i>405,280</i>	<i>50,097</i>	<i>14,000</i>	<i>7,125</i>	<i>334,058</i>	<i>0.0</i>
<b>Total - FY 2024-25</b>	<b>\$774,248</b>	<b>\$142,338</b>	<b>\$14,000</b>	<b>\$283,852</b>	<b>\$334,058</b>	<b>3.0</b>

The Department identified this request as theory-informed.

**R6 EARLY CHILDHOOD MENTAL HEALTH SUPPORT:** The Department requests \$390,333 General Fund and 0.9 FTE to continue operation of the Early Childhood Mental Health (ECMH) Support

Line that is currently funded using federal Preschool Development Grant Birth through Five funding.<sup>2</sup> The Department expects an extension of the federal funding through June 30, 2023, after which the Department would need state funding. The ECMH Support Line connects families, caregivers, and child care and education professionals with clinically trained consultants who have expertise in early childhood, social-emotional development, and mental health. The ECMH consultants: help with specific cases of children showing concerning signs; provide classroom- and provider-level assistance with preparing professionals to manage classrooms and centers with attention to social-emotional learning, trauma-informed practices, and early childhood mental health; and support the growth and wellbeing of adult caregivers to reduce stress, increase retention, improve safety, and improve care for children. The Department described the role of the ECMH as more similar to well child visits than crisis intervention. The Department identified this request as theory-informed.

**R7 CONTINUE FEDERAL STIMULUS STRATEGIES:** The Department requests \$102,347,069 federal Child Care Development Funds to continue the strategies for spending these one-time stimulus funds that were approved by the General Assembly in the budget last year. The Department identified this request as theory-informed.

**R8 RECORDS AND REPORTS CASH FUND:** The Department requests that the JBC sponsor legislation to separate the Records and Reports Cash Fund from unrelated costs of the Department of Human Services. The net result would be an increase of \$1,208,889 General Fund statewide.

The Records and Reports Cash Fund receives fees paid for background checks of child abuse or neglect and covers the Department's administrative costs in providing the information. The fund also currently supports the Child and Adult Mistreatment Dispute Review Section (CAMDRS) in the Department of Human Services. CAMDRS reviews appeals of county decisions involving individuals with a substantiated finding of child abuse or neglect or mistreatment of an at-risk adult. The primary costs of CAMDRS are legal costs, which have risen from \$167,677 in FY 2017-18 to \$822,672 in FY 2021-22.

The Department argues that there is no direct connection between the people on whom the Department performs background checks and the people appealing county findings of abuse or neglect. The majority of the Department's background checks are on people seeking employment to work with vulnerable children. The majority of the CAMDRS appeals involve family members of the alleged victim.

The revenue to the Records and Reports Cash Fund is more than sufficient to cover the cost of the Department's background checks. If the fund must continue to support the CAMDRS reviews, then the Department estimates it will need to raise background check fees from \$35 to \$55 to cover increasing costs for the CAMDRS, having a negative impact on early childhood providers that pay the majority of the fees. Also, the Department of Early Childhood will continue to be in a position of managing the fees to pay for costs it does not control or oversee that are associated with the Department of Human Services' CAMDRS. If General Fund is appropriated to support the CAMDRS instead of requiring the Records and Reports Cash Fund to support it, then the Department could

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<sup>2</sup> The Department argues that the limitations in Section 24-75-1305, C.R.S., on General Fund appropriations for a program previously supported by grant money do not apply, because the ECMH line is not a separate program but rather a part of the Early Childhood Mental Health Consultation Program, which is authorized in Section 26.5-3-702, C.R.S., and funded with a mix of General Fund and federal funds.

reduce the background check fees from \$35 to \$30 while still maintaining a sufficient reserve in the fund.

**R9 CHILD SEXUAL ABUSE PREVENTION TRAINING:** The Department requests \$150,000 General Fund on-going for child sexual abuse prevention training. House Bill 18-1064 authorized this training but in FY 2020-21 the funding was eliminated in response to projected COVID-related budget shortfalls. The Department continued the training at the expense of other programs normally supported by the Child Abuse Prevention Trust Fund, including parenting education, professional development, and research. For FY 2022-23, the JBC added \$150,000 General Fund for child sexual abuse prevention training, but the motion during Long Bill budget balancing indicated that the funding was intended to be one-time without any further explanation of the rationale. The training is provided to approximately 1,500 people who work with children annually. The Department identified this request as theory-informed.

**R10 PROVIDER RATES:** The Department request \$6.4 million total funds, including \$2.9 million General Fund, for the Governor's proposed common policy provider rate increase of 3.0 percent. The affected programs include Family Resource Centers, Colorado Child Care Assistance Program, community contracts for child care licensing, Early Intervention, Home Visiting, Child Maltreatment Prevention, Early Childhood Mental Health Services, and Social-Emotional Learning Grant Programs.

**R11 NURSE HOME VISITOR PROGRAM:** The Department requests \$969,704 cash funds from tobacco settlement money deposited in the Nurse Home Visitor Program Fund for FY 2023-24, increasing to \$2,055,966 cash funds in FY 2024-25, to increase provider rates by 3.0 percent in each year and address rising overhead costs, such as licensing and training fees. The Department identified this request as proven.

**R12 EARLY CHILDHOOD QUALITY:** The Department requests a reduction of \$400,000 General Fund from the Early Childhood Quality and Availability line item based on historic under expenditures. The Department says there are several potential explanations for the underutilization of the funding, including: providers that may not want to engage with the state's child care quality improvement system, known as the Colorado Shines Quality Rating and Improvement System, or with their local Early Childhood Councils; low provider bandwidth for new initiatives due to continuing challenges in navigating the effects of the pandemic; and recent significant provider investments in quality improvements using one-time federal funding. In addition, the Department says providers may underspend their allocations due to ordering delays, changes in priorities, or disenrollment. The Department identified this request as theory-informed.

**R13 TRANSFER OF FTE BETWEEN DEC AND DHS:** The Department requests a net increase of \$428,650 total funds, including an increase of \$316,798 General Fund, and 5.5 FTE to move staff between the Department of Human Services and the Department of Early Childhood to align with the programs the staff support. A corresponding and opposite request was submitted by the Department of Human Services so the impact statewide of the two requests is net zero. Functions of the Office of Early Childhood were separated from the Department of Human Services and transferred to the newly created Department of Early Childhood in FY 2022-23. During the transition year, the departments are using an operational support agreement to ensure continuity while the infrastructure for the new department is established. For FY 2023-24, the departments have better identified the share of centralized services associated with supporting each program.

- The Department of Human Services will transfer 8 positions to the Department of Early Childhood, including a payroll technician, two program accountants, a fraud investigator, a procurement specialist, two performance analysts, and an early intervention services trust accountant.
- The Department of Early Childhood will transfer 2.5 positions from the background investigation unit to the Department of Human Services for background checks related to 24-hour programs under the purview of the Office of Children, Youth, and Families.

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; salary survey; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; Capitol complex leased space; payments to the Governor's Office of Information Technology (OIT); and CORE operations.

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

The largest increases are to annualize new staff added as part of creating the Department in H.B. 22-1295 and the Long Bill appropriation for the Department of Early Childhood administration. The largest decreases are all related to the end of appropriations of one-time federal funds, including S.B. 22-213 Child care support programs, the Long Bill appropriation for S4 Early childhood fed stimulus, S.B. 21-236 Increase capacity early childhood care & ed, and the Long Bill appropriation to extend spending authority for underspent federal stimulus funds.

Annualize Prior Year Budget Actions					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
HB 22-1295 Dept of Early Childhood & universal preschool	641,548	346,601	40,673	254,274	4.1
Prior year salary survey	593,942	21,762	186,260	385,920	0.0
FY 22-23 Dept of Early Childhood administration	\$20,517	\$20,517	\$0	\$0	1.4
SB 22-213 Child care support programs	(99,500,000)	0	(49,500,000)	(50,000,000)	(6.1)
FY 22-23 S4 Early childhood fed stimulus	(59,937,055)	0	0	(59,937,055)	(22.0)
SB 21-236 Increase capacity early childhood care & ed	(40,086,658)	0	0	(40,086,658)	(16.0)
FY 22-23 Extend underspent fed stimulus	(9,892,547)	0	0	(9,892,547)	0.0
HB 22-1369 Children's Mental Health Programs	(2,000,000)	0	(2,000,000)	0	(0.3)
FY 22-23 Child abuse prevention training	(150,000)	(150,000)	0	0	0.0
HB 21-1304 Early childhood system	(147,929)	(147,929)	0	0	(1.7)
SB 21-137 Behavioral Health Recovery Act	(96,000)	(96,000)	0	0	0.0
FY 22-23 BA2 Universal preschool	(62,000)	0	(49,600)	(12,400)	0.0
<b>Total</b>	<b>(\$210,616,182)</b>	<b>(\$5,049)</b>	<b>(\$51,322,667)</b>	<b>(\$159,288,466)</b>	<b>(40.6)</b>

When the JBC approved S4 Early childhood fed stimulus there was debate about whether to provide spending authority for the one-time federal funds in a lump sum with rollforward authority or annually. Then, after the JBC decided to make annual appropriations, whether the Department should treat the out-years as annualizations of the JBC's FY 22-23 budget action or submit new budget

requests. The JBC expressed a preference for new budget requests. As a result, the annualizations show a removal of \$59.9 million federal funds and 22.0 FTE and then the Department submitted R7 *Continue federal stimulus strategies* for \$102.3 million federal funds and 39.0 FTE for the second year of costs associated with the Department's plan to spend down the one-time federal funds.



## UNIVERSAL PRESCHOOL (R1, R2, R3)

This issue brief discusses the Department's plans for implementing universal preschool and associated requests for funding in *R1 Universal Preschool Program*, *R2 Increase universal preschool participation*, and *R3 Universal preschool provider bonuses*

### SUMMARY

- The framework for universal preschool is already established in statute and the requested funding is intended to implement that framework.
  - In 2020, voters passed Proposition EE to raise taxes on nicotine and generate revenue for, among other things, universal preschool
  - House Bill 20-1427 detailed the allocation of revenue from Proposition EE, including the lion's share to the Preschool Programs Cash Fund
  - House Bill 22-1295 stipulated how universal preschool will operate
- Projected revenues to the Preschool Programs Cash Fund are adequate to support the Governor's request under the September forecast by the Office of State Planning and Budgeting, but not the forecast by Legislative Council Staff.
- Statutes currently require a transfer that is increased annually by inflation from the General Fund or State Education Fund to the Preschool Programs Cash Fund. The JBC staff recommends that the JBC sponsor legislation to eliminate the required transfer and instead directly appropriate General Fund and to eliminate the required annual inflationary increase.
- The provisions of universal preschool are in statute, but funding requirements in Amendment 23 do apply. The request meets the constitutional compliance rate.
- Statutes include a prioritization of services within the available funds. Preliminary estimates suggest that with the requested funding the Department could provide all the prioritize services, including a total of 15 hours of preschool for children in the year before eligibility for kindergarten and 25 hours for children in the year before kindergarten with a qualifying factor.
- The Department estimates it needs to increase current capacity for children served by 61.0 percent and classrooms by 28.8 percent.
- R1 requests \$325 million from the Preschool Programs Cash Fund to pay providers for preschool services.
- R2 requests \$4.9 million total funds, including \$3,480,000 General Fund, for strategies to increase provider and family participation in universal preschool.
- R3 requests a set aside of \$5.0 million General Fund for a bill that will authorize one-time bonuses to providers who sign up to offer universal preschool.

### RECOMMENDATION

Staff recommends that the JBC *sponsor legislation* to:

- 1 Eliminate the required transfer to the Preschool Programs Cash Fund and instead appropriate General Fund directly for universal preschool
- 2 Eliminate the required annual inflationary increase in the amount provided from the General Fund or State Education Fund

## DISCUSSION

The Department's first three budget requests – *R1 Universal Preschool Program*, *R2 Increase universal preschool participation*, and *R3 universal preschool provider bonuses* -- are directly related to operating universal preschool. In addition, statutes require the General Assembly to make a transfer from the General Fund or State Education Fund to the Preschool Programs Cash Fund in FY 2024-25 and staff recommends that the JBC sponsor the bill.

## FRAMEWORK FOR UNIVERSAL PRESCHOOL

In 2020, voters approved Proposition EE to raise taxes on cigarettes and tobacco products, establish a new tax on nicotine products, and exempt the revenue from the TABOR limit. The question, which was referred by the legislature, broadly identified the uses of the revenue, including universal preschool. The detail on the taxes and allocation of funding was spelled out in H.B. 20-1427 (Caraveo & McCluskie/Fields & Moreno), which was contingent on the passage of Proposition of EE.

Pursuant to H.B. 20-1427, the lion's share of the revenue from Proposition EE is devoted to universal preschool beginning in FY 2023-24. Beginning in FY 2023-24, the Proposition EE revenue is distributed with \$10,950,000 to the Tobacco Tax Cash Fund, \$4,050,000 to the General Fund, and the remainder to the Preschool Programs Cash Fund for universal preschool. These transfers continue in FY 2024-25 but there is an additional transfer of \$20,000,000 to the Tobacco Education Programs Fund before the remainder is deposited in the Preschool Programs Cash Fund. Then these transfers continue until FY 2027-28 and thereafter when the amount for the Tobacco Education Programs Fund is increased to \$30,000,000.

House Bill 22-1295 (Sirota & Garnett/Buckner & Fenberg) fleshed out how universal preschool will operate within the newly created Department of Early Childhood. The major parameters of the program and the prioritization of funds have already been approved by the General Assembly in H.B. 22-1295.

It is important to note that the Department's budget request is not seeking reapproval of the framework for universal preschool through the budget process, but rather funding to implement the statutory directives in the bills described above. It is also worth noting that all of the provisions related to universal preschool are in statute, and not in the State Constitution, and so they could be changed through legislation, although the budget needs to be written to current law.

## PRESCHOOL PROGRAMS CASH FUND SOLVENCY

Projected revenues to the Preschool Programs Cash Fund are adequate to support the Governor's request under the September forecast by the Office of State Planning and Budgeting but not the forecast by Legislative Council Staff.

In addition to revenue from Proposition EE, the Preschool Programs Cash Fund receives revenue from an annual transfer from the General Fund or State Education Fund. For FY 2023-24 the transfer must be equal to the difference in the State Share of Total Program for FY 2022-23 calculated with and without the enrollment in the Statewide Preschool Program and children with disabilities receiving services through the Exceptional Children's Act. For FY 2024-25 and beyond, the transfer is equal to the FY 2023-24 transfer plus inflation. There is no annual adjustment to the transfer for changes in enrollment.

All of the sources of revenue to the Preschool Programs Cash Fund include:

- The majority of the new revenue from Proposition EE, including:
  - A transfer<sup>3</sup> from the additional taxes on nicotine products equal to:
    - For FY 2023-24, the total less \$15,000,000
    - For FY 2024-25 through FY 2026-27, the total less \$35,000,000
    - For FY 2027-28 and beyond, the total less \$45,000,000
  - A transfer<sup>4</sup> from the additional sales tax revenue attributable to the minimum price for cigarettes equal to 73 percent of the estimate in the June forecast by Legislative Council Staff
- An annual transfer<sup>5</sup> from the General Fund or State Education Fund equal to:
  - For FY 2023-24, the difference in the State Share of Total Program for FY 2022-23 calculated with and without the Statewide Preschool Program enrollment and the three- and four-year old pupils with disabilities receiving services through the Exceptional Children's Educational Act
  - For FY 2024-25 and beyond, the FY 2023-24 transfer increased by inflation.
- Any amount the General Assembly decides to transfer to the fund.

The table below summarizes projected revenues and requested expenditures from the Preschool Programs Cash Fund under the September forecasts by the Office of State Planning and Budgeting (OSPB) and Legislative Council Staff (LCS) respectively. The primary difference between the forecasts is the Proposition EE revenue, although there is also a variation in assumptions about 2023 inflation that drives a difference in the projected FY 2024-25 Transfer from the General Fund or State Education Fund. The JBC will receive new forecasts of Proposition EE revenues in December and March. Also, the required transfer from the General Fund or State Education Fund will be updated based on any approved mid-year adjustments to school finance. Under the September LCS forecast there would not be sufficient revenue to support the requested appropriations.

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<sup>3</sup> Section 24-22-118 (2), C.R.S.

<sup>4</sup> Section 39-28-116 (6), C.R.S.

<sup>5</sup> Section 26.5-4-209 (1)(b), C.R.S.

Preschool Programs Cash Fund				
	OSPB Forecast		LCS Forecast	
	FY 23-24	FY 24-25	FY 23-24	FY 24-25
Funds Available				
Beginning Balance	\$0.6	\$8.3	\$0.6	(\$1.0)
Revenue				
Proposition EE	198.9	224.4	189.6	220.0
Transfer from GF or SEF	<u>135.0</u>	<u>141.1</u>	<u>135.0</u>	<u>141.3</u>
Subtotal - Revenues	333.9	365.5	324.6	361.3
Funds Available	\$334.47	\$373.8	\$325.17	\$360.4
Requested Expenditures				
Current admin funding annualized	0.7	0.7	0.7	0.7
R1 Universal Preschool Program	325.0	348.0	325.0	348.0
R2 Increase universal preschool participation	0.4	0.4	0.4	0.4
R5 Equity in Dept. of Early Childhood	0.1	0.1	0.1	0.1
Requested Expenditures	\$326.2	\$349.2	\$326.2	\$349.2
<b>Ending Balance</b>	<b>\$8.3</b>	<b>\$24.6</b>	<b>(\$1.0)</b>	<b>\$11.2</b>

In FY 2020-21, actual revenues from Proposition EE exceeded the projection in the Blue Book by 10.3 percent. As a result, TABOR requires the General Assembly to either refer a ballot measure to retain the excess revenue or refund the excess and reduce the tax rates in proportion to the excess. In projecting FY 2023-24 revenues, LCS assumed excess revenues would be refunded and the tax rates would be reduced 10.3 percent. The OSPB forecast assumes the General Assembly will refer a measure to the voters to retain the excess revenue and that the measure will pass.

Betting on voter permission to retain the revenue and spending the money could increase the TABOR refund obligation from the General Fund in FY 2024-25. The Office of State Planning and Budgeting argues there is also a cost to families of not spending the money in a timely fashion, assuming voters ultimately approve retaining the revenue.

#### REQUIRED TRANSFER TO THE PRESCHOOL PROGRAMS CASH FUND

Current law requires the General Assembly to make an annual transfer from the General Fund or the State Education Fund to the Preschool Programs Cash Fund. The required transfer for FY 2023-24 is the difference in the State Share of Total Program for FY 2022-23 calculated with and without the Statewide Preschool Program enrollment and the three- and four-year old pupils with disabilities receiving services through the Exceptional Children's Educational Act. The required transfer for FY 2024-25 and beyond is the FY 2023-24 transfer increased by inflation.

The Governor's budget request assumes the FY 2023-24 transfer will be \$135.0 million General Fund, but this does not yet reflect potential mid-year adjustments by the General Assembly to school finance.

**Staff recommends that the JBC sponsor a bill to eliminate the required transfer to the Preschool Programs Cash Fund and instead appropriate General Fund directly for universal preschool.**

- 1 Appropriating General Fund for universal preschool could help protect preschool funding in an economic downturn by maintaining the General Fund reserve. Appropriations are subject to the General Fund reserve requirement but transfers are not. Transferring \$135.0 million General Fund to the Preschool Programs Cash Fund would reduce the General Fund reserve by \$20.3 million compared to appropriating the same amount.
- 2 If the money is appropriated, interest earnings and reversions would be credited to the General Fund rather than the Preschool Programs Cash Fund, providing more flexibility to the General Assembly in how to allocate the money. This might be viewed as a negative, rather than a positive, by people who want to earmark the money for only preschool, but it preserves the most budget authority for the General Assembly.
- 3 Directly appropriating General Fund is more transparent. Transferring money into the Preschool Programs Cash Fund obscures the origin of the funding and implies that there are dedicated fee revenues to support the program when the real source is general tax revenues.
- 4 Appropriations for universal preschool should be based on the needs of the program rather than the available revenue to the Preschool Programs Cash Fund, which could be too low and constraining or too high. The revenue sources to the Preschool Programs Cash Fund are not indexed to good indicators of cost or need for preschool.
  - a. The Proposition EE revenues are expected to increase in the short term as the increased tax rates are phased in but to eventually decline assuming consumption of nicotine products decreases with increased taxes and public health efforts.
  - b. The transfer amount is indexed to inflation with no adjustment for changes in enrollment. Also, the selected inflation rate is for all goods and might not reflect the specific basket of goods, primarily composed of compensation, that drives preschool costs.

If the JBC does not adopt the staff recommendation, then the JBC should consider making the transfer statutory, rather than requiring the General Assembly to run a bill annually. The formula for the transfer is already in statute, so the State Treasurer could conceivably calculate the transfer without annual instruction from the General Assembly. Making the transfer statutory would reduce the number of bills the General Assembly must pass and increase the predictability of revenue to the Preschool Programs Cash Fund.

**In addition, staff recommends that the JBC eliminate the required annual inflationary increase in the amount from the General Fund or State Education Fund.** This is a separate issue that can be considered independent of whether the JBC converts the required transfer to an appropriation.

- 1 The required inflationary adjustment is not an overly effective means of protecting funding for universal preschool.
  - a. It applies to less than fifty percent of the total revenue for universal preschool.
  - b. It is a statutory requirement that could be changed.
  - c. It is based on the FY 2022-23 funding level and skips any inflationary adjustment for FY 2023-24 before the annual inflationary adjustment begins in FY 2024-25.
- 2 Minimums have a tendency to turn into maximums. If a portion of the revenue to the Preschool Programs Cash Fund receives an annual inflationary increase, will the revenue to the Preschool Programs Cash Fund be perceived as adequate and the only appropriate source of revenue for universal preschool, regardless of whether it actually keeps pace with needs?
- 3 Inflation is not necessarily a good indicator of the funding needs for preschool, since it does not take into account changes in enrollment or changes in the particular costs for providers, which are mostly related to compensation.
- 4 While it might be a critically important political consideration today, indexing less than 50 percent of the total funding for universal preschool to the FY 2022-23 funding level adjusted by inflation is likely to appear idiosyncratic, arbitrary, and archaic to future legislatures, since the connection between the policy and program needs is weak.
- 5 The inflationary adjustment to the funding from the General Fund or State Education Fund is not necessary to comply with Amendment 23. The statutes already require that per-child rates for universal preschool meet or exceed a constitutional compliance rate that increases annually by inflation in order to satisfy the requirements of Amendment 23.

## CONSTITUTIONAL COMPLIANCE RATE

Voters approved, through Amendment 23 in 2000, language in Section 17 of Article IX of the State Constitution requiring that the statewide base per pupil funding, "for public education **from preschool** through the twelfth grade" [emphasis added], shall grow annually at a rate that is at least equal to the rate of inflation. Section 26.5-4-202 (2), C.R.S., describes the legislative intent to satisfy this provision by (1) establishing a per-child constitutional compliance rate based on the hours of universal preschool, (2) increasing the constitutional compliance rate annually by inflation, and (3) requiring the Department to set per child rates for preschool that meet or exceed the constitutional compliance rate. Pursuant to Section 26.5-4-208 (2)(a)(II), C.R.S., the constitutional compliance rate for FY 2023-24 is 40 percent of the statewide base per pupil funding for FY 2023-24. That number then increases by inflation every year thereafter.

The General Assembly has not yet set the FY 2023-24 statewide base per pupil funding but the Governor requested \$8,100. Based on this amount, the constitutional compliance rate would be \$3,240

The lowest per pupil rate developed by the Department for 10 hours is \$4,662 and the weighted average per pupil rate for 10 hours is \$4,791.

Constitutional Compliance Rate	
Requested statewide base per pupil funding	\$8,100
40% of base per pupil funding	40.0%
Constitutional Compliance Rate	\$3,240
Lowest per pupil rate	\$4,662
Weighted average per pupil rate	\$4,791

Although the constitutional compliance rate adjusts every year based on inflation, there is room for the Department to reduce per pupil rates if that were needed to live within the appropriation. In addition, the Department has room to adjust the eligibility criteria to live within the appropriation.

Although the statutes require the Department to set rates that meet or exceed the constitutional compliance rate, there is no existing explicit statutory requirement for the Department to report to the General Assembly how it met the constitutional compliance rate.

#### PRIORITIZATION OF SERVICES

The statutes describe a prioritization of the funding that has been interpreted by the Department as requiring them to provide services in the following order:

- 1 Required groups
  - a. All children in the year before eligibility for kindergarten, 10 hours
  - b. 3- and 4-year-olds with disabilities
- 2 Subject to available appropriations with hours specified by rule
  - a. 3-year-olds with a qualifying factor
  - b. Under 3 with a qualifying factor in a school district operating with a waiver
  - c. Specified purposes pursuant to Section 26.5-4-208 (1)(d), C.R.S.
  - d. Additional hours in the year before kindergarten with a qualifying factor

For purpose of determining eligibility in the categories subject to available appropriations, the Department's rules stipulate that a child or family meets a qualifying factor if it has:

- Low-income (defined as less than 270 percent of the federal poverty guidelines, which equates to \$62,181 annually for a family of three)
- A non-English speaking family or student
- An Individualized Education Program (IEP) for children with disabilities
- Foster care or non-certified kinship care
- Homelessness

## ESTIMATED ELIGIBILITY AND SERVICES

The Department is still developing estimates of how far it can proceed through the prioritized services within the requested funds. The table below represents preliminary estimated costs by prioritized service.

R1 Universal Preschool PRELIMINARY Estimated Costs	
	Amount
Requested Funding in R1	\$325.0
1 Required Groups	
a. Children in the year before eligibility for kindergarten	143.3
b. 3- and 4-year-olds with disabilities	<u>34.0</u>
Subtotal - Required Groups	177.3
2 Subject to available appropriations with hours specified by rule	
a. & b. 3-year-olds with a qualifying factor and under 3 in a waiver district	30.4
c. Specified purposes - additional 5 hours in year before eligibility for kindergarten	35.7
d. Additional hours in the year before kindergarten with a qualifying factor - 15 hrs	<u>78.6</u>
Subtotal - Subject to available appropriations	144.7
<b>TOTAL</b>	<b>\$322.0</b>
Remainder	\$3.0

Based on these estimates, the Department could fund all the prioritized services within the requested funding. Notably, the Department could provide a total of 15 hours of preschool for children in the year before eligibility for kindergarten, compared to the 10 hours required in statute. Also, the Department anticipates that it could provide a total of 25 hours for children in the year before kindergarten with a qualifying factor. Additional hours in the year before kindergarten with a qualifying factor is the last prioritized service.

A key assumption in the Department's estimate is that 50 percent of children in the year before eligibility for kindergarten will enroll, based on take up rates in the first few years in other states that implemented universal preschool. It should be noted that there is significant variation in the design of universal preschool programs across states and what types of programs, if any, were in place prior to implementing universal preschool. There is significant uncertainty about how many children will enroll in Colorado. If the Department's assumption is wrong and instead the uptake rate is 10 percentage points higher, or 60 percent, then the additional cost would be in the range of \$30 million.

## ROAD TO UNIVERSAL PRESCHOOL CAPACITY

The Department projects that it needs capacity to serve roughly 30,000 children who are in the year before eligibility for kindergarten, which translates to 1,500 classrooms of 20 children each. This assumes approximately 50 percent of all eligible children enroll.

If the Department's assumption about a 50 percent uptake is wrong and the actual uptake is another 10 percentage points higher, then the Department would need capacity for another roughly 6,000 children or 300 classrooms.

The Department indicates it is challenging to identify a specific capacity increase that will be achieved by each proposed strategy because many of the strategies work in combination with each other and it is the compounded effect that results in a particular provider's decision to enroll.



The table below summarizes the strategies where the Department could identify a capacity impact.

Road to Universal Preschool Capacity				
	Children	% Inc.	Classrooms	% Inc.
Current Colorado Preschool Program (20-21)	18,636	0.0%	1,165	0.0%
<b>Capacity Increases</b>				
Allow teacher:student ratio of 2:20 (vs 2:16)	4,660	25.0%	0	0.0%
Emerging & Expanding Child Care Grant Program (R2)	960	5.2%	48	4.1%
Combined universal preschool strategies	<u>5,744</u>	30.8%	<u>287</u>	24.6%
Subtotal	11,364	61.0%	335	28.8%
Projected Capacity Needed	30,000	61.0%	1,500	28.8%

**CURRENT COLORADO PRESCHOOL PROGRAM:** The existing Colorado Preschool Program served 18,636 children, which the Department equates to 1,165 classrooms with 16 children each.

**ALLOW TEACHER:STUDENT RATIO OF 2:20 (VS 2:16):** The Department licenses providers to operate with a teacher to student ratio of 1 to 10 or 2 to 20 but the current Colorado Preschool Program limits the ratio to 1 to 8 or 2 to 16. Allowing preschool providers to operate at their licensed ratio potentially adds capacity for 4,660 children with no required increase in classrooms or teachers. Enrollment in the Colorado Preschool Program has fluctuated historically and the Department believes not all classrooms in the 2020-21 academic year operated at a full capacity of 16 children. If this is true, the number of existing classrooms could be larger and the impact on capacity of allowing each of these classrooms to operate with 20 children could be greater. On the other hand, some providers who are able to increase teacher to student ratios may not choose to do so.

According to the Department, a recently published study in *Early Childhood Research Quarterly* found no significant advantages from reduced class sizes of this magnitude for language or mathematics classroom quality scores, though smaller class sizes led to more one-on-one interactions.

**EMERGING AND EXPANDING CHILD CARE GRANT PROGRAM (R2):** As part of *R2 Increase universal preschool participation* the Department requests \$3.0 million General Fund for one-time grants through the Emerging and Expanding Child Care Grant Program to expand classrooms. The Department estimates this would allow grants of \$50,000 per classroom and add approximately 48 classrooms.

**COMBINED UNIVERSAL PRESCHOOL STRATEGIES:** To achieve the projected capacity needed, the Department's other universal preschool strategies need to increase capacity by 5,744 children, or 287 classrooms. For more information on the universal preschool strategies see the descriptions of R2 and R3 below.

According to the Department, there are 3,433 child care providers that are licensed to serve children from 2- to 7.5-years-old, including 2,078 centers and 1,355 home-based programs. The Department estimates these providers could theoretically serve 121,174 preschool-aged children. While some of the Department's strategies are aimed at increasing the number of classrooms or children per classroom, other strategies are focused on just getting existing qualified providers to sign up for participation through things like marketing and sign up bonuses.

## R1 UNIVERSAL PRESCHOOL

The Department requests \$325.0 million from the Preschool Programs Cash Fund to pay providers for preschool services, increasing to \$348.0 million in FY 2024-25. Rather than determining the targeted children, services, and rates and then calculating the amount needed, the Department is requesting spending authority for essentially all of the projected revenue to the Preschool Programs Cash Fund and then backing into what can be provided using the statutory prioritization of services. OSPB says it projected a range of possible revenues to the Preschool Programs Cash Fund and used the bottom of the range to prepare the request. While the request intentionally uses what OSPB considers a conservative forecast of revenue, there is no deliberate attempt in the request to build a reserve in the Preschool Programs Cash Fund for possible variations in revenue or expenditures.

There is an existing statutory framework for prioritizing services and the Department has room to adjust rates for providers to fit within the appropriation. The Department is still developing estimates of how far it can proceed through the prioritized services within the requested funds. However, once policies are set, it could be extremely disruptive to families and providers for the Department to change those policies mid-academic year. This suggests to the JBC staff that the Department is likely to submit a supplemental request if enrollment is higher than expected.

To provide a sense of magnitude, if the Department's assumption is wrong that 50 percent of eligible children in the year before kindergarten will enroll and instead the uptake rate is 10 percentage points higher, or 60 percent, then the additional cost would be in the range of \$30 million.

## R2 INCREASE UNIVERSAL PRESCHOOL PARTICIPATION

The Department requests \$4.9 million total funds, including \$3,480,000 General Fund, for strategies to increase provider and family participation in universal preschool.

R2 Increase Universal Preschool Participation					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
<b><u>FY 2023-24</u></b>					
Emerging and Expanding Child Care Grant Program	\$3,000,000	\$3,000,000	\$0	\$0	0.0
Licensing capacity and fee waiver	451,852	0	0	451,852	4.6
Incentives for UPK providers to join CCCAP	600,000	0	0	600,000	0.0
Public awareness					
Marketing to families	260,000	0	260,000	0	0.0
Marketing to providers	150,000	0	150,000	0	0.0
Technical assistance with local fund raising	480,000	480,000	0	0	0.0
<b>Total - FY 2023-24</b>	<b>\$4,941,852</b>	<b>\$3,480,000</b>	<b>\$410,000</b>	<b>\$1,051,852</b>	<b>4.6</b>
<b><u>FY 2024-25</u></b>					
Emerging and Expanding Child Care Grant Program	\$0	\$0	\$0	\$0	0.0
Licensing capacity and fee waiver	450,634	0	0	450,634	5.0
Incentives for UPK providers to join CCCAP	0	0	0	0	0.0
Public awareness					
Marketing to families	260,000	0	260,000	0	0.0
Marketing to providers	150,000	0	150,000	0	0.0
Technical assistance with local fund raising	0	0	0	0	0.0
<b>Total - FY 2024-25</b>	<b>\$860,634</b>	<b>\$0</b>	<b>\$410,000</b>	<b>\$450,634</b>	<b>5.0</b>

**EMERGING AND EXPANDING CHILD CARE GRANT PROGRAM:** The Department proposes spending \$3.0 million General Fund for one-time grants through the Emerging and Expanding Child Care Grant Program to expand classrooms. The Department estimates the grants of up to \$50,000 each would expand universal preschool capacity by approximately 48 classrooms or 960 children. While the focus of the request is on expanding universal preschool capacity, the Emerging and Expanding Child Care Grant Program can also be used for infant and toddler child care. The infant and toddler child care is expensive due to the low adult to child ratios required and the Department says there are provider shortages statewide. Infant and child care grants average \$100,000 per provider. To the extent the new money for the Emerging and Expanding Child Care Grant Program is used for infant and toddler child care it would reduce the impact on universal preschool capacity, but the Department argues it would still address a critical need. A portion of the money would be used for outreach, technical assistance, and administrative support by the Local Coordinating Organizations.

**LICENSING CAPACITY AND FEE WAIVER:** The Department proposes spending \$451,852 federal CCDF and 4.6 FTE to increase department capacity to review licenses. In addition, the Department proposes waiving certain licensing fees for new providers through FY 2024-25 (after which a portion of the cost for the FTE would be refinanced with cash funds from licensing fees).

Child care center licensing fees for programs serving more than 15 children include a base fee plus a per child fee and it is the per child fee that the Department proposes waiving. The per child fee is \$3.00, or \$60 per classroom for 20 children. The revenue impact will depend on the capacity of new and expanded providers. The Department estimates that waiving the fee would cost \$30,000 to \$50,000 in revenue. The licensing fee is subject to TABOR, so if there is a TABOR surplus, then the fee waiver means less General Fund that needs to be refunded to the taxpayers.

**INCENTIVES FOR UPK PROVIDERS TO JOIN CCCAP:** The Department proposes \$600,000 federal CCDF to offer one-time incentives for universal preschool providers to also provide child care to low-income families through the Colorado Child Care Assistance Program (CCCAP). The awards would range from \$500 to \$1,000 per provider. For many families, 10 hours of universal preschool will not be sufficient to meet child care needs. The Department hopes these incentives will increase the number of universal preschool providers who are also CCCAP providers so that low-income families eligible for CCCAP have options to get additional hours of child care from their universal preschool provider.

**PUBLIC AWARENESS:** The Department requests \$410,000 cash funds from the Preschool Programs Cash Fund for ongoing public awareness campaigns aimed at families and providers. The JBC staff asked why the Department wanted to market before successfully completing a year of universal preschool and whether a slow ramp up would be better to allow time for onboarding providers and working out operational challenges. The Department responded that there are statutory requirements to identify and recruit preschool providers to allow for a broad range of children, and to serve as many children with high-quality preschool services as possible. The Department says it is not currently able to quantify or estimate the expected difference in enrollment or providers that would be achieved through marketing due to limited base data. However, the Department says the marketing would be designed to target specific demographics over limited time frames so differences in enrollment, provider applications, and associated site traffic could be tracked to identify the effectiveness of the marketing. The Department said it has had success with a targeted campaign for the Colorado Shines program that resulted in a 10.9 percent conversion rate for all ads, while the industry standard conversion rate is 2.5 percent.

**TECHNICAL ASSISTANCE WITH LOCAL FUNDING:** The Department requests \$480,000 General Fund one-time to provide consulting services that are intended to help every Local Community Organization write at least two grant applications for non-state funding to expand the preschool hours offered.

### R3 UNIVERSAL PRESCHOOL PROVIDER BONUSES

The Department requests that the General Assembly set aside \$5.0 million General Fund for a bill that will be introduced to authorize one-time bonuses to providers who sign up to offer universal preschool. The Department is not asking the JBC to sponsor the bill.

The purpose of the bonuses is to incentivize capacity and offset the administrative burden to providers, particularly small providers, of applying to participate in universal preschool. The Department says it would highlight the bonuses in marketing. The Department was unable to project and quantify the additional capacity that would be achieved through the bonuses and notes that this is one of several strategies the Department is implementing to increase capacity.

The specifics of the bonuses are under development and because they would be authorized by a bill the General Assembly could potentially influence their structure, but the Department proposes tiered bonuses that would include:

- A base bonus level for all providers
- An additional bonus for providers who have never participated in a state-run preschool program
- An additional bonus for providers who previously participated in a state-run preschool program and add new capacity for universal preschool

The Department anticipates the first two bonuses would be flat rates regardless of provider size of between \$500 and \$1,000. The third bonus would be scaled to the capacity added and valued between \$500 and \$1,000 per 20-child classroom added.

To receive a bonus a provider would need to apply to participate in the universal preschool program and be accepted to participate for the 2023-24 academic year by July 1. No further application for the bonus or monitoring or reporting would be required.

## ONE-TIME FUNDING AUTHORIZED IN RECENT LEGISLATIVE SESSIONS

During the 2020B, 2021, and 2022 legislative sessions, the General Assembly allocated significant one-time funding to the Department of Early Childhood, and predecessor programs that were in the Department of Human Services' Office of Early Childhood, that included \$45.0 million originating as state General Fund, \$101.5 million originating as federal Coronavirus State Fiscal Recovery funds (ARPA funds), and \$494.4 million from one-time federal Child Care Development Funds.

### SUMMARY

- The Department received significant one-time funding over the last few years.
- The one-time money is primarily from the federal Child Care Development Funds.
- One-time funding more than doubled the size of the budget for the Department's programs in FY 2021-22.
- The Department is preparing materials for presentation to the JBC to summarize the initiatives and quantify the impacts of the one-time funding to date, but the information was not available in time for inclusion in this document.

### RECOMMENDATION

Staff recommends that the Committee seek updates from all departments during their budget hearings on the use of significant one-time allocations of federal and state funding.

### DISCUSSION

During the 2020B, 2021, and 2022 legislative sessions, the General Assembly allocated \$640.9 million in one-time funding to the Department of Early Childhood, and predecessor programs that were in the Department of Human Services' Office of Early Childhood, through appropriations and transfers. For many programs, authority was provided to expend the funds through FY 2023-24 or beyond. To assist the Committee in tracking the use of these funds, the tables below show the sum of allocations provided for FY 2020-21, FY 2021-22, and FY 2022-23 and expenditures through FY 2021-22 by the original source of the funds (General Fund, federal Coronavirus State Fiscal Recovery Funds, and other funds).

ALLOCATION AND EXPENDITURE OF ONE-TIME GENERAL FUND

Department of Early Childhood One-time General Fund			
Bill Number and Short Title	Appropriation/ Transfer of Funds	Actual Expenditure of Funds through FY 2022	Brief Description of Program and Anticipated Use of the Funds
H.B. 20B-1002 Grants Quality/Available Child Care	\$45,016,340	\$42,350,000	The bill creates two grant programs to support child care: \$34.8 M for the Child Care Sustainability Grant Program to support licensed child care providers and neighborhood youth organizations that are open and operating; and \$8.8 M for the Emerging and Expanding Child Care Grant Program to expand access and availability of licensed child care. Also, provides \$875,133 for Early Childhood Councils, \$150,000 for linguistic and culturally competent outreach and technical application assistance, and \$432,961 and 1.2 FTE for administration of these initiatives.
<b>TOTAL</b>	<b>\$45,016,340</b>	<b>\$42,350,000</b>	

ALLOCATION AND EXPENDITURE OF ONE-TIME FEDERAL CORONAVIRUS STATE FISCAL RECOVERY FUNDS (ARPA FUNDS)

Department of Early Childhood One-time Federal ARPA Funds			
Bill Number and Short Title	Appropriation/ Transfer of Funds	Actual Expenditure of Funds through FY 2022	Brief Description of Program and Anticipated Use of the Funds
H.B. 22-1369 Child First Mental Health	\$2,000,000	\$0	Total is appropriated to Dept of Early Childhood for the children's mental health program.
S.B. 22-213 Support for Child Care Programs	<u>49,500,000</u> 16,000,000 10,000,000 15,000,000	<u>0</u> 0 0 0	<i>Emerging and Expanding Child Care Grant Program</i> <i>Employer-based Child Care Facility Grant Program</i> <i>Early Care and Education Recruitment and Retention Grant and Scholarship Program</i>
	7,500,000 1,000,000	0 0	<i>Family, Friend, and Neighbor Training and Support Program</i> <i>Home Visiting Grant Program.</i>
S.B. 21-137 Behavioral Health Recovery Act	500,000	0	Early childhood mental health consultation program
<b>TOTAL</b>	<b>\$101,500,000</b>	<b>\$0</b>	

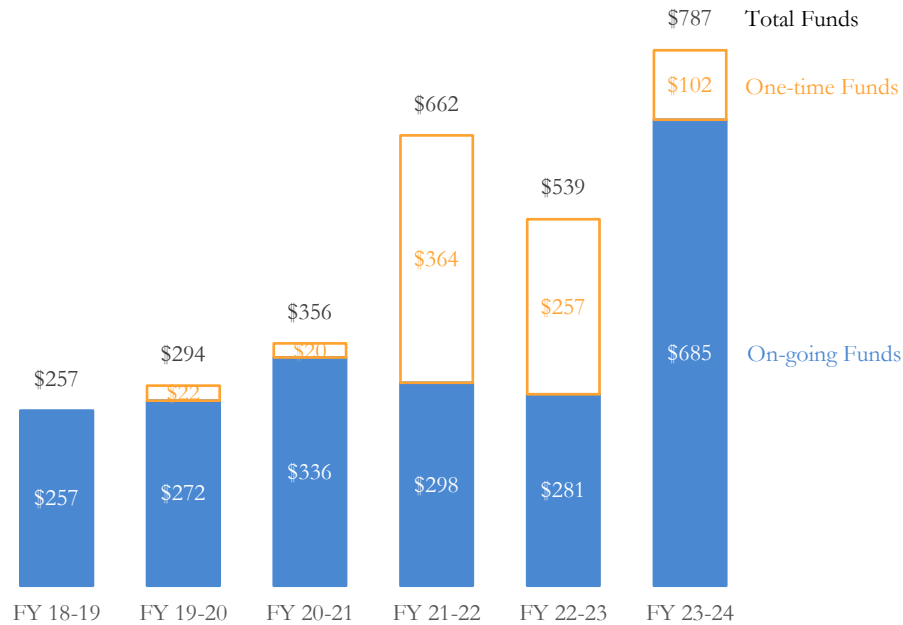
## ALLOCATION AND EXPENDITURE OF ONE-TIME OTHER FUNDS

Department of Early Childhood One-time Other Funds			
Bill Number and Short Title	Appropriation/ Transfer of Funds	Actual Expenditure of Funds through FY 2022	Brief Description of Program and Anticipated Use of the Funds
S.B. 21-236 Childcare Business Support - Federal CCDF	\$367,838,649	\$214,107,153	<p>Creates four new early childhood care and education grant programs and modifies two existing grant programs.</p> <ul style="list-style-type: none"> <li>- Creates the Employer-based Child Care Facility Grant Program to provide eligible employers with money to construct, remodel, renovate, or retrofit a child care center to provide licensed child care services to its employees.</li> <li>- Creates the Early Care Education Recruitment and Retention Grant and Scholarship Program to award grants to licensed early child care programs and nonprofit entities or institutions of higher education that administer scholarship programs to improve teacher recruitment and retention.</li> <li>- Creates the Child Care Teacher Salary Grant Program to allow child care centers and eligible family child care homes to increase salaries of its educators.</li> <li>- Creates the Community Innovation and Resilience for Care and Learning Equity (CIRCLE) program to address systemic challenges that have worsened as a result of the COVID-19 pandemic.</li> <li>- Eliminates the grant deadlines, repeal dates and required range for grant awards for the Child Care Sustainability Grant Program; eliminates the repeal date and modifies the range for grant awards for the Emerging and Expanding Child Care Grant Program</li> </ul>
S.B. 21-044 Human Services Supplemental	\$42,074,206	\$34,684,176	
H.B. 22-1329 Long Bill; and H.B. 22-1175 Human Services Supplemental	\$84,479,522	\$0	<p>Provided funding for a number of initiatives detailed in the Department's FY 22-23 request titled <i>S4 Early childhood federal stimulus</i>. The allocations for initiatives over \$5 million include</p> <ul style="list-style-type: none"> <li>- Local capacity building grants</li> <li>- Expanding income eligibility for CCCAP</li> <li>- Paying for infant and toddler enrollment not attendance</li> <li>- Continuing increased CCCCAP rates and paid absences</li> <li>- Information technology related to the new early childhood dept</li> <li>- Early childhood workforce recruitment and retention initiatives</li> <li>- 200 infant and toddler slots</li> <li>- Professional development</li> </ul>
<b>TOTAL</b>	<b>\$494,392,377</b>	<b>\$248,791,329</b>	

### IMPLEMENTATION UPDATES AND ITEMS OF NOTE

The Department of Early Childhood and predecessor programs that were in the Department of Human Services' Office of Early Childhood have received massive amounts of one-time federal funds in recent years relative to the size of the ongoing services, including one-time federal funds that more than doubled the size of the budget in FY 2021-22.

One-time funds represent a significant proportion of total appropriations for the Department of Early Childhood in recent years.



The majority of the one-time federal funds have been from federal Child Care Development Funds made available through the following federal legislation.

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

The Department has received positive feedback from the federal government that it is ahead of the pace of most states in spending the federal CCDF. The state has through September 2024 to spend the ARPA discretionary award but for all the other CCDF federal stimulus money the state has through September 2023.

The Department is proud of what it has accomplished with the one-time funding to date and in the process of preparing materials to summarize the initiatives and quantify the impacts. The information was not available from the Department in time for inclusion in this document.



APPENDIX A  
NUMBERS PAGES  
(DIGITAL ONLY)

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

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
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### DEPARTMENT OF EARLY CHILDHOOD Executive Director, Executive Director

#### (1) EXECUTIVE DIRECTOR'S OFFICE

##### (A) General Administration

Personal Services	<u>0</u>	<u>34,713</u>	<u>3,201,419</u>	<u>5,843,234</u> *
FTE	0.0	0.0	30.4	60.5
General Fund	0	34,713	2,144,852	2,520,133
Cash Funds	0	0	27,542	27,542
Reappropriated Funds	0	0	0	330,273
Federal Funds	0	0	1,029,025	2,965,286
Health, Life, and Dental	<u>0</u>	<u>18,000</u>	<u>1,561,561</u>	<u>3,709,576</u> *
General Fund	0	18,000	591,885	1,183,482
Cash Funds	0	0	700,872	476,112
Reappropriated Funds	0	0	0	53,842
Federal Funds	0	0	268,804	1,996,140
Short-term Disability	<u>0</u>	<u>370</u>	<u>11,866</u>	<u>31,560</u> *
General Fund	0	370	6,509	10,762
Cash Funds	0	0	3,817	3,336
Reappropriated Funds	0	0	0	468
Federal Funds	0	0	1,540	16,994

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	<u>0</u>	<u>10,883</u>	<u>336,601</u>	<u>1,046,581</u>	*
General Fund	0	10,883	205,700	360,031	
Cash Funds	0	0	78,515	112,287	
Reappropriated Funds	0	0	0	14,621	
Federal Funds	0	0	52,386	559,642	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>0</u>	<u>10,883</u>	<u>336,601</u>	<u>1,046,581</u>	*
General Fund	0	10,883	205,700	360,031	
Cash Funds	0	0	78,515	112,287	
Reappropriated Funds	0	0	0	14,621	
Federal Funds	0	0	52,386	559,642	
Salary Survey	<u>0</u>	<u>0</u>	<u>155,063</u>	<u>956,115</u>	
General Fund	0	0	79,987	374,506	
Cash Funds	0	0	0	126,474	
Federal Funds	0	0	75,076	455,135	
Shift Differential	<u>0</u>	<u>0</u>	<u>113,658</u>	<u>0</u>	
Cash Funds	0	0	41,594	0	
Federal Funds	0	0	72,064	0	
Operating Expenses	<u>0</u>	<u>40,435</u>	<u>43,427</u>	<u>346,842</u>	*
General Fund	0	40,435	30,442	85,007	
Cash Funds	0	0	405	70,405	
Reappropriated Funds	0	0	467	124,017	
Federal Funds	0	0	12,113	67,413	

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
Workers' Compensation	<u>0</u>	<u>0</u>	<u>66,234</u>	<u>66,234</u>	
General Fund	0	0	3,839	3,839	
Reappropriated Funds	0	0	62,395	62,395	
Legal Services	<u>0</u>	<u>0</u>	<u>694,159</u>	<u>835,687</u>	
General Fund	0	0	307,513	304,326	
Reappropriated Funds	0	0	386,646	531,361	
Administrative Law Judge Services	<u>0</u>	<u>0</u>	<u>25,790</u>	<u>60,719</u>	
Reappropriated Funds	0	0	25,790	60,719	
Payment to Risk Management and Property Funds	<u>0</u>	<u>0</u>	<u>3,653</u>	<u>3,653</u>	
General Fund	0	0	212	212	
Reappropriated Funds	0	0	3,441	3,441	
Vehicle Lease Payments	<u>0</u>	<u>0</u>	<u>8,906</u>	<u>7,153</u>	
General Fund	0	0	608	488	
Reappropriated Funds	0	0	8,298	6,665	
Capital Outlay	<u>0</u>	<u>0</u>	<u>86,800</u>	<u>0</u>	
General Fund	0	0	86,800	0	
Reappropriated Funds	0	0	0	0	
Operational Support Contract with Department of Human Services	<u>0</u>	<u>0</u>	<u>1,405,014</u>	<u>1,405,014</u>	
General Fund	0	0	229,745	229,745	
Reappropriated Funds	0	0	1,175,269	1,175,269	

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
Capital Complex Leased Space	<u>0</u>	<u>0</u>	<u>300,029</u>	<u>0</u>	
General Fund	0	0	22,117	0	
Reappropriated Funds	0	0	277,912	0	
Federal Funds	0	0	0	0	
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Federal Funds	0	0	0	0	
Leased Space	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Federal Funds	0	0	0	0	
<b>SUBTOTAL - (A) General Administration</b>	0	115,284	8,350,781	15,358,949	83.9%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>30.4</u>	<u>60.5</u>	<u>99.0%</u>
General Fund	0	115,284	3,915,909	5,432,562	38.7%
Cash Funds	0	0	931,260	928,443	(0.3%)
Reappropriated Funds	0	0	1,940,218	2,377,692	22.5%
Federal Funds	0	0	1,563,394	6,620,252	323.5%
<b>(B) Information Technology</b>					
Information Technology Contracts and Equipment	<u>0</u>	<u>0</u>	<u>5,021,705</u>	<u>6,265,681</u> *	
General Fund	0	0	3,948,984	4,259,978	
Reappropriated Funds	0	0	72,721	72,721	
Federal Funds	0	0	1,000,000	1,932,982	

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
Payments to OIT	<u>0</u>	<u>0</u>	<u>1,763,376</u>	<u>9,145,386</u>	*
General Fund	0	0	39,053	2,569,660	
Reappropriated Funds	0	0	1,724,323	6,575,726	
CORE Operations	<u>0</u>	<u>0</u>	<u>37,195</u>	<u>73,054</u>	*
General Fund	0	0	2,762	15,626	
Reappropriated Funds	0	0	34,433	57,428	
Child Care Automated Tracking System	<u>0</u>	<u>0</u>	<u>4,259,933</u>	<u>3,909,933</u>	
Federal Funds	0	0	4,259,933	3,909,933	
<b>SUBTOTAL - (B) Information Technology</b>	<b>0</b>	<b>0</b>	<b>11,082,209</b>	<b>19,394,054</b>	<b>75.0%</b>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	3,990,799	6,845,264	71.5%
Reappropriated Funds	0	0	1,831,477	6,705,875	266.1%
Federal Funds	0	0	5,259,933	5,842,915	11.1%
<b>TOTAL - (1) Executive Director's Office</b>	<b>0</b>	<b>115,284</b>	<b>19,432,990</b>	<b>34,753,003</b>	<b>78.8%</b>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>30.4</u>	<u>60.5</u>	<u>99.0%</u>
General Fund	0	115,284	7,906,708	12,277,826	55.3%
Cash Funds	0	0	931,260	928,443	(0.3%)
Reappropriated Funds	0	0	3,771,695	9,083,567	140.8%
Federal Funds	0	0	6,823,327	12,463,167	82.7%

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
<b>(2) PARTNERSHIPS AND COLLABORATIONS</b>					
Personal Services	<u>0</u>	<u>0</u>	<u>1,216,887</u>	<u>798,785</u>	
FTE	0.0	0.0	10.4	6.5	
General Fund	0	0	293,202	272,633	
Federal Funds	0	0	923,685	526,152	
Operating Expenses	<u>0</u>	<u>0</u>	<u>213,056</u>	<u>182,766</u>	
General Fund	0	0	45,846	45,846	
Federal Funds	0	0	167,210	136,920	
Local Coordinating Organizations	<u>0</u>	<u>0</u>	<u>5,273,021</u>	<u>480,000</u>	*
General Fund	0	0	0	480,000	
Federal Funds	0	0	5,273,021	0	
Early Childhood Councils	<u>0</u>	<u>0</u>	<u>3,331,173</u>	<u>3,331,173</u>	
Federal Funds	0	0	3,331,173	3,331,173	
Child Care Resource and Referrals	<u>0</u>	<u>0</u>	<u>2,489,666</u>	<u>2,946,353</u>	*
Federal Funds	0	0	2,489,666	2,946,353	
Family Resource Centers	<u>0</u>	<u>0</u>	<u>1,661,578</u>	<u>1,711,425</u>	*
General Fund	0	0	1,661,578	1,711,425	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>241,942</u>	<u>241,942</u>	
Federal Funds	0	0	241,942	241,942	

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
<b>TOTAL - (2) Partnerships and Collaborations</b>	0	0	14,427,323	9,692,444	(32.8%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>10.4</u>	<u>6.5</u>	<u>(37.5%)</u>
General Fund	0	0	2,000,626	2,509,904	25.5%
Federal Funds	0	0	12,426,697	7,182,540	(42.2%)



## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
<b>(3) EARLY LEARNING ACCESS AND QUALITY</b>					
Personal Services	<u>0</u>	<u>0</u>	<u>8,962,932</u>	<u>7,695,043</u>	*
FTE	0.0	0.0	59.9	48.9	
General Fund	0	0	625,330	915,696	
Cash Funds	0	0	500,110	500,110	
Federal Funds	0	0	7,837,492	6,279,237	
Operating Expenses	<u>0</u>	<u>0</u>	<u>803,174</u>	<u>243,347</u>	*
Cash Funds	0	0	10,800	10,800	
Federal Funds	0	0	792,374	232,547	
Capital Outlay	<u>0</u>	<u>0</u>	<u>62,000</u>	<u>0</u>	
Cash Funds	0	0	49,600	0	
Federal Funds	0	0	12,400	0	
Universal Preschool Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>330,410,000</u>	*
General Fund	0	0	0	5,000,000	
Cash Funds	0	0	0	325,410,000	
Child Care Assistance Program	<u>0</u>	<u>0</u>	<u>157,916,576</u>	<u>162,095,293</u>	*
General Fund	0	0	28,790,460	29,734,240	
Cash Funds	0	0	15,064,026	15,557,840	
Federal Funds	0	0	114,062,090	116,803,213	
Intrastate Child Care Assistance Program Distribution	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>	
Federal Funds	0	0	500,000	500,000	

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
Child Care Assistance Program Stimulus - Eligibility Expansion and Infant and Toddler Care Reimbursement Federal Funds	<u>0</u> 0	<u>0</u> 0	<u>25,970,215</u> 25,970,215	<u>25,970,215</u> 25,970,215	* 
Workforce Recruitment and Retention Grants Federal Funds	<u>0</u> 0	<u>0</u> 0	<u>11,551,160</u> 11,551,160	<u>10,893,167</u> 10,893,167	* 
Professional Development and Training Assistance Federal Funds	<u>0</u> 0	<u>0</u> 0	<u>7,217,451</u> 7,217,451	<u>6,843,470</u> 6,843,470	* 
Early Childhood Quality and Availability General Fund Federal Funds	<u>0</u> 0 0	<u>0</u> 0 0	<u>24,909,892</u> 3,043,243 21,866,649	<u>20,936,051</u> 2,643,243 18,292,808	*  
Local Capacity Building Grants Federal Funds	<u>0</u> 0	<u>0</u> 0	<u>17,319,546</u> 17,319,546	<u>22,592,567</u> 22,592,567	* 
Emerging and Expanding Child Care Grant Program FTE General Fund Cash Funds	<u>0</u> 0.0 0 0	<u>0</u> 0.0 0 0	<u>16,000,000</u> 3.5 0 16,000,000	<u>3,000,000</u> 3.5 3,000,000 0	*   
Early Care and Education Recruitment and Retention Grant and Scholarship Program FTE Cash Funds	<u>0</u> 0.0 0	<u>0</u> 0.0 0	<u>15,000,000</u> 2.5 15,000,000	<u>0</u> 0.0 0	  

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
Family, Friend, and Neighbor Training and Support Program	<u>0</u>	<u>0</u>	<u>7,500,000</u>	<u>0</u>	
FTE	0.0	0.0	2.8	0.0	
Cash Funds	0	0	7,500,000	0	
Child Care Sustainability Grant Program	<u>0</u>	<u>0</u>	<u>50,000,000</u>	<u>0</u>	
Federal Funds	0	0	50,000,000	0	
Employer-Based Child Care Facility Grant Program	<u>0</u>	<u>0</u>	<u>10,000,000</u>	<u>0</u>	
FTE	0.0	0.0	0.5	0.0	
Cash Funds	0	0	10,000,000	0	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>2,620,768</u>	<u>2,620,768</u>	
Federal Funds	0	0	2,620,768	2,620,768	
<b>TOTAL - (3) Early Learning Access and Quality</b>	<b>0</b>	<b>0</b>	<b>356,333,714</b>	<b>593,799,921</b>	<b>66.6%</b>
FTE	<u>0.0</u>	<u>0.0</u>	<u>69.2</u>	<u>52.4</u>	<u>(24.3%)</u>
General Fund	0	0	32,459,033	41,293,179	27.2%
Cash Funds	0	0	64,124,536	341,478,750	432.5%
Federal Funds	0	0	259,750,145	211,027,992	(18.8%)

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
<b>(4) COMMUNITY AND FAMILY SUPPORT</b>					
Personal Services	<u>0</u>	<u>0</u>	<u>4,213,192</u>	<u>4,701,625</u>	*
FTE	0.0	0.0	25.8	28.7	
General Fund	0	0	2,135,321	2,225,411	
Cash Funds	0	0	378,689	525,213	
Federal Funds	0	0	1,699,182	1,951,001	
Operating Expenses	<u>0</u>	<u>0</u>	<u>332,341</u>	<u>338,846</u>	*
General Fund	0	0	185,233	192,968	
Cash Funds	0	0	52,188	52,188	
Federal Funds	0	0	94,920	93,690	
Early Intervention	<u>0</u>	<u>0</u>	<u>79,446,457</u>	<u>81,438,214</u>	*
General Fund	0	0	54,770,474	56,858,282	
Cash Funds	0	0	10,516,016	10,419,965	
Reappropriated Funds	0	0	8,127,382	8,127,382	
Federal Funds	0	0	6,032,585	6,032,585	
Home Visiting	<u>0</u>	<u>0</u>	<u>26,790,628</u>	<u>27,778,271</u>	*
General Fund	0	0	597,969	615,908	
Cash Funds	0	0	24,429,322	25,399,026	
Federal Funds	0	0	1,763,337	1,763,337	
Home Visiting Grant Program	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>0</u>	
FTE	0.0	0.0	0.3	0.0	
Cash Funds	0	0	1,000,000	0	

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
Child Maltreatment Prevention	<u>0</u>	<u>0</u>	<u>13,575,660</u>	<u>13,818,391</u>	*
General Fund	0	0	8,091,046	8,333,777	
Cash Funds	0	0	1,346,216	1,346,216	
Federal Funds	0	0	4,138,398	4,138,398	
Early Childhood Mental Health Services	<u>0</u>	<u>0</u>	<u>6,188,456</u>	<u>6,171,170</u>	*
General Fund	0	0	1,333,541	1,595,895	
Federal Funds	0	0	4,854,915	4,575,275	
Social-Emotional Learning Programs Grants	<u>0</u>	<u>0</u>	<u>777,926</u>	<u>801,264</u>	*
General Fund	0	0	0	0	
Cash Funds	0	0	777,926	801,264	
Child Care Services and Substance Use Disorder Treatment					
Pilot Program	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>	
General Fund	0	0	500,000	500,000	
Children's Mental Health Program	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>	
FTE	0.0	0.0	0.3	0.0	
Cash Funds	0	0	2,000,000	0	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>498,081</u>	<u>498,081</u>	
Cash Funds	0	0	125,940	125,940	
Federal Funds	0	0	372,141	372,141	

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
<b>TOTAL - (4) Community and Family Support</b>	0	0	135,322,741	136,045,862	0.5%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>26.4</u>	<u>28.7</u>	<u>8.7%</u>
General Fund	0	0	67,613,584	70,322,241	4.0%
Cash Funds	0	0	40,626,297	38,669,812	(4.8%)
Reappropriated Funds	0	0	8,127,382	8,127,382	0.0%
Federal Funds	0	0	18,955,478	18,926,427	(0.2%)

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
<b>(5) LICENSING AND ADMINISTRATION</b>					
Personal Services	<u>0</u>	<u>0</u>	<u>9,460,393</u>	<u>10,007,079</u>	*
FTE	0.0	0.0	59.1	62.0	
General Fund	0	0	2,403,584	2,450,141	
Cash Funds	0	0	1,052,212	1,093,613	
Federal Funds	0	0	6,004,597	6,463,325	
Operating Expenses	<u>0</u>	<u>0</u>	<u>1,037,528</u>	<u>510,036</u>	*
General Fund	0	0	14,619	14,619	
Cash Funds	0	0	265,915	265,915	
Federal Funds	0	0	756,994	229,502	
Background Investigation Unit	<u>0</u>	<u>0</u>	<u>1,524,812 12.5</u>	<u>1,183,422 8.0</u>	*
Cash Funds	0	0	1,524,812	1,183,422	
Indirect Cost Assessment	<u>0</u>	<u>0</u>	<u>1,136,458</u>	<u>1,136,458</u>	
Cash Funds	0	0	101,138	101,138	
Federal Funds	0	0	1,035,320	1,035,320	
<b>TOTAL - (5) Licensing and Administration</b>	<u>0</u>	<u>0</u>	<u>13,159,191</u>	<u>12,836,995</u>	(2.4%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>71.6</u>	<u>70.0</u>	(2.2%)
General Fund	0	0	2,418,203	2,464,760	1.9%
Cash Funds	0	0	2,944,077	2,644,088	(10.2%)
Federal Funds	0	0	7,796,911	7,728,147	(0.9%)

## Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	Request vs. Appropriation
<b>TOTAL - Department of Early Childhood</b>	0	115,284	538,675,959	787,128,225	46.1%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>208.0</u>	<u>218.1</u>	<u>4.9%</u>
General Fund	0	115,284	112,398,154	128,867,910	14.7%
Cash Funds	0	0	108,626,170	383,721,093	253.2%
Reappropriated Funds	0	0	11,899,077	17,210,949	44.6%
Federal Funds	0	0	305,752,558	257,328,273	(15.8%)

NOTE: An asterisk (\*) indicates that the FY 2023-24 request for a line item is affected by one or more decision items.



## APPENDIX B FOOTNOTES AND INFORMATION REQUESTS

### UPDATE ON LONG BILL FOOTNOTES

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2022 Long Bill (H.B. 22-1329) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/hb22-1329>. Subsequent to the Long Bill, certain appropriations and footnotes were moved from the Department of Human Services to the Department of Early Childhood in H.B. 22-1295 Department of Early Childhood and Universal Preschool Program (<https://leg.colorado.gov/bills/hb22-1295>). The Long Bill footnotes relevant to this document are listed below.

- 1 Department of Early Childhood, Partnerships and Collaborations, Early Childhood Councils -- It is the General Assembly's intent that these funds be allocated to existing Early Childhood Councils.

**COMMENT:** This footnote expresses the General Assembly's intent that the money be allocated to existing Early Childhood Councils. The Department is allocating the money as intended.

This footnote was the result of an FY 2018-19 request in BA6 Support Colorado's early childhood workforce for \$1.0 million General Fund. The intent was for the Early Childhood Councils to administer scholarships to partner with existing programs and the footnote was to ensure it went to existing Early Childhood Councils. The request was for on-going funds, but General Assembly approved one-time funding. In light of this history, the footnote should have been removed. There is no policy reason to continue requiring that the appropriation for Early Childhood Councils be allocated only to existing Early Childhood Councils.

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

**COMMENT:** This footnote expresses the General Assembly's intent that the money be used for early childhood mental health specialists in each community mental health center. The footnote first appeared in the FY 2015-16 Long Bill amid discussion related to the differences between mental health services and requested increases in mental health consultants. There are providers other than Community Mental Health Centers that can perform this work, but the Department is required to encourage Community Mental Health Centers to apply. The Department is currently in compliance with the footnote, but follows a procurement process that could result

in a provider other than a Community Mental Health Center. This footnote should be removed in the future.

## UPDATE ON LONG BILL REQUESTS FOR INFORMATION

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

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

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

### REQUESTS AFFECTING MULTIPLE DEPARTMENTS

- 3 Department of Early Childhood; Department of Human Services -- The Departments are requested to submit annually, on or before November 1, a report to the Joint Budget Committee concerning **federal Child Care Development Funds**. The requested report should include the following information related to these funds for the actual, estimate, and request years: (a) the total amount of federal funds available and anticipated to be available to Colorado, including funds rolled forward from previous state fiscal years; (b) the amount of federal funds expended, estimated, or requested to be expended for these years by Long Bill line item; (c) the amount of funds expended, estimated, or requested to be expended for these years, by Long Bill line item where applicable, to be reported to the federal government as either maintenance of effort or matching funds associated with the expenditure of federal funds; and (d) the amount of funds expended, estimated, or requested to be expended for these years that are to be used to meet the four percent federal requirement related to quality activities and the federal requirement related to targeted funds. An update to the information on the amount of federal funds anticipated to be available and requested to be expended by Long Bill line item should be provided to the Joint Budget Committee annually on or before January 15.

**COMMENT:** The Department submitted the report as requested and a copy is available here:

<https://drive.google.com/drive/folders/1wLbQcGhJTmGsOymGxsw0GhCdk9Eex8Y7>.

This report, and the update that is due January 15, helps ensure that the state does not over allocate the available federal funds and meets federal requirements regarding maintenance of effort, matching funds, and allocations for quality and for infant and toddler engagement. The table below summarizes the on-going federal Child Care Development Funds.

On-going Child Care Development Funds (CCDF)			
	FY 21-22 Actual	FY 22-23 Estimate	FY 23-24 Request
Beginning balance	\$57,471,949	\$68,113,309	\$52,417,412
New CCDF award <sup>1</sup>	120,853,381	115,089,145	114,279,928
Expenditures	110,212,021	130,785,042	130,785,042
Ending Balance	68,113,309	52,417,412	35,912,298

<sup>1</sup> Estimated portion of the FFY award available in the relevant SFY.

The CCDF is managed in a way to carry forward a balance each year of approximately four months of actual spending in order to avoid potential cash solvency issues due to periodic timing differences between when federal funds are distributed and the state fiscal year.

For all the years covered in the report the state is meeting the federal requirements regarding maintenance of effort, matching funds, and allocations for quality and for infant and toddler engagement.

In addition to the on-going CCDF, states have received massive federal stimulus money through the CCDF. The table below summarizes the federal stimulus CCDF received by Colorado. The state has through September 2024 to spend the ARPA discretionary award but for all the other CCDF federal stimulus money the state has through September 2023.

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

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

Health Programs; Primary Care Office -- Each Department is requested to provide the following information to the Joint Budget Committee by October 1, 2022 for each program funded with Tobacco Master Settlement Agreement money: the name of the program; the amount of Tobacco Master Settlement Agreement money received and expended by the program for the preceding fiscal year; a description of the program including the actual number of persons served and the services provided through the program; information evaluating the operation of the program, including the effectiveness of the program in achieving its stated goals.

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

Each year, 26.7 percent of tobacco master settlement money is deposited in the Nurse Home Visitor Program Fund<sup>6</sup> for grants to providers and associated state administrative costs. Any unused money remains in the fund and available for future appropriation. Pursuant to Section 26.5-3-507 (2)(d), C.R.S., "it is the intent of the general assembly that general fund money not be appropriated for implementation of the program."

For FY 2023-24, the Department submitted *R11 Nurse Home Visitor Program* to increase appropriations above the projected revenues to address increased overhead costs and offer a provider rate increase.

Nurse Home Visitor Program Fund				
	FY 21-22 Actual	FY 22-23 Appropriated	FY 23-24 Requested	FY 24-25 Projected
Beginning Balance	\$15,862,075	\$17,395,203	\$17,189,108	\$16,373,951
<i>Revenue</i>				
Tobacco Master Settlement (26.7%)	23,115,444	23,200,660	23,500,000	22,300,000
Interest	252,960	254,463	242,689	198,016
Subtotal - Revenue	\$23,368,404	\$23,455,123	\$23,742,689	\$22,498,016
<i>Expenditures</i>				
Budgeted program costs	20,707,486	24,813,995	25,744,027	26,840,288
Est. reversions/overexpenditures	1,127,790	(1,152,777)	(1,186,181)	(1,221,716)
Subtotal - Expenditures	\$21,835,276	\$23,661,218	\$24,557,846	\$25,618,572
<b>Ending Balance</b>	<b>\$17,395,203</b>	<b>\$17,189,108</b>	<b>\$16,373,951</b>	<b>\$13,253,395</b>

Through the Nurse Home Visitor Program, first-time parents with income below 200 percent of the federal poverty guidelines who choose to participate are paired with a registered nurse early in their pregnancy and receive home visits until the child turns two. The nurses receive training in a national Nurse-Family Partnership model and receive nursing consultation and continuing education from Invest in Kids. The University of Colorado monitors data to ensure fidelity to the model as tested in the original randomized controlled trials.

In FY 2021-22 the Nurse Home Visitor Program served 3,671 children and completed 39,325 visits. Some of the program outcomes reported by the Department include:

<sup>6</sup> Section 26.5-3-507 (2)(e), C.R.S.

- 20.8% reduction in smoking during pregnancy
- 9.1% preterm birth rate for clients who enrolled during pregnancy
- 11.7% low birth weight rate for clients who enrolled during pregnancy
- 95.9% of clients initiate breastfeeding for clients who enrolled during pregnancy
- 91.9% immunization rate of 24-month old infants
- 69% of infants received a developmental screening at 4 months and 65% at 10 months
- 2.9% clients had subsequent pregnancies at 6 months postpartum; 10.2% at 12 months and 21.9% at 18 months
- 48.4% of clients (18 and older at intake) were working at 6 months postpartum; 57.2% at 18 months postpartum.

The Department says it is working on alternative fund sources to make the program more sustainable long term. Some of the strategies being implemented or explored include:

- The Department created a Medicaid billing guide and training materials to ensure services are billed to Medicaid when eligible
- To ease administration and maximize Medicaid support, the Department is exploring with the Department of Health Care Policy and Financing ways to include allowable services in the maternity bundle
- The Department contracted with Start Early to research using TANF funds for home visiting, including a case study in Adams County. The Home Visiting Investment Task force is developing educational materials for counties to increase uptake of this local funding strategy.
- Congress reauthorized the Maternal, Infant, Early Childhood Home Visiting program. Any increase in this federal funding stream could support additional sites.

## DEPARTMENT OF EARLY CHILDHOOD

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

**COMMENT:** This report is due January 1, 2022

- 2 Department of Early Childhood, Early Learning Access and Quality, Child Care Assistance Program -- The Department is requested to submit annually, on or before January 1, a report to the Joint Budget Committee concerning **costs for the Colorado Child Care Assistance Program**. The requested report should include the following information: (a) the changes in direct services

costs from the prior year due to inflation; (b) changes in direct services costs from the prior year due to quality; and (c) changes in cost due to changes to continuity from the previous year.

**COMMENT:** This report is due January 1, 2022

- 3 Department of Early Childhood, Community and Family Support, Social-Emotional Learning Programs Grants -- The Department is requested to submit a report annually, on or before November 1, updating the Joint Budget Committee on the **Social-Emotional Learning Programs Grants**. The report should include a listing of the organizations that have applied for and received funding; the specific programs delivered; and information regarding how the program is being supported by the Implementation Partner through: (a) Community readiness and entity selection; (b) Training, coaching and fidelity monitoring; (c) Local Implementation Team development; (d) Entity-specific and statewide process and outcomes evaluation; and (e) On-going quality improvements to ensure high-quality scale and sustainability. The report should also include information on any changes made that affect the nature of the program.

**COMMENT:** The Department submitted the report as requested and a copy of the report is available here:

<https://drive.google.com/drive/folders/1wLbQcGhJmGsOymGxsw0GhCdk9Eex8Y7>

The Social-Emotional Learning Programs Grants support evidence-based, two-generation programs that provide training for teachers and parents in strategies for connecting with young children and promoting social competence and emotional self-management.

The FY 2021-22 grants went for three programs:

- Dinosaur School – A social-emotional curriculum that includes 60 lessons delivered 2-3 times per week in early childhood classrooms. Trained teachers lead lessons that include activities, role-play, and video vignettes on how to solve problems, control anger, self-monitor emotions, succeed in school, and form friendships.
- Teacher Classroom Management – A module that helps care providers to learn positive classroom management strategies, how to build relationships with children demonstrating challenging behaviors, how to help those children control their behaviors, and classroom management, including parent engagement.
- Parent Program -- Weekly 2-hour sessions over 14 weeks that develop parental skills that promote children's social competence and reduce behavior problems, such as using praise and incentives, establishing predictable routines, setting limits, managing misbehaviors, and teaching children to problem solve.

In 2019, 59 entities submitted letters of intent, 34 submitted responses to the request for proposals, and the Department awarded funding to 16 sites. The implementation partner was Invest in Kids. The table below summarizes sites directly funded in FY 2021-22.

Social-Emotional Learning Programs Grants			
Site	Dinosaur School	Teacher Classroom Management	Parent Program
Adams County Head Start	X	X	X
Broomfield Early Childhood Council			X
Catholic Charities			X
Connections 4 Kids			X
Delta Family Center	X		X
Diversus Health	X		
Devereux			X
Early Childhood Partners	X	X	X
Grand County	X		X
Jefferson County Public Schools		X	X
Manitou Springs School District	X		X
North Range Behavioral Health		X	X
Sterling Family Resource Center			X
Thriving Families			X
Widefield School District 3	X	X	
Providers trained	382 educators	55 teachers	73 parent facilitators
Recipients of services	5,038 students	777 students	470 parents/guardians

In 2022, a new round of applications was completed. There were 25 responses to the request for proposals and the Department awarded 13 sites \$270,000 each to provide services over the next five years. Invest in Kids was again selected as the implementation partner. The Department did not include a list of the specific sites for this new round in the report. The report includes the requested additional detail on the support provided by the implementation partner. The report does not identify any changes made that affect the nature of the program beyond the new direct grant recipients beginning in FY 2022-23.

## APPENDIX C

### DEPARTMENT ANNUAL PERFORMANCE REPORT

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

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

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

The Department's FY 2021-22 Annual Performance Report included 2 "Wildly Important Goals" (WIGs), plus a number of lead measures to further indicate progress toward achieving the WIGs. The Department's FY 2022-23 added two new process WIGs. The table below summarizes just the WIGs and the data reported by the Department where it is available and relevant.

Department of Early Childhood "Wildly Important Goals"							
	FY 20-21	FY 21-22					FY 22-23
	Actual	Q1	Q2	Q3	Q4	Goal	Goal
Increase statewide licensed child care capacity for ages birth to five by 5% from 154,381 to 162,100 by June 30, 2023.	153,075	153,516	153,385	153,182	154,381	160,729	162,100
Ensure there are enough diverse and qualified early childhood professionals to provide care and education to children birth to five by increasing the workforce by 11.6%, from 21,617 to 24,130, by June 30, 2023.	N/A	N/A	N/A	N/A	21,167	21,341	24,130
Implement the comprehensive strategic plan to deliver ten hours of universal, voluntary preschool to all Colorado children in their year before Kindergarten by July 1, 2023.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Implement the application portal, including a single universal pre-k application, by January 2, 2023.	N/A	N/A	N/A	N/A	N/A	N/A	N/A

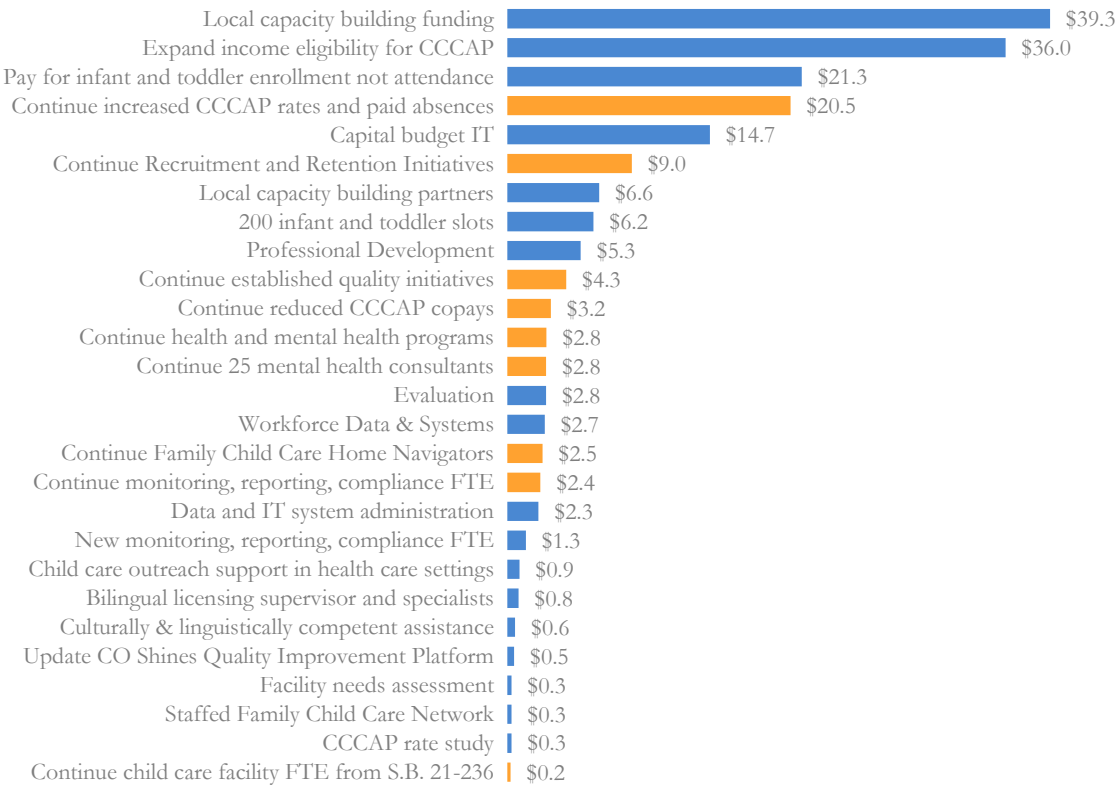


# APPENDIX D: HIGHLIGHTS FROM FY 2022-23 S4 EARLY CHILDHOOD FEDERAL STIMULUS

Stimulus Spending Plan Initiatives by Size (cumulative \$s in millions)

New Strategies in Blue

Continuing Strategies in Orange



EARLY CHILDHOOD FEDERAL STIMULUS SPENDING PLAN						
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	CUMULATIVE	FTE
<b>Colorado Child Care Assistance Program</b>						
Expand income eligibility for CCCAP	\$0	\$15,932,603	\$16,091,463	\$4,022,407	\$36,046,473	6.0
<i>Serve approx. 3,000 additional families</i>	0	15,489,869	15,489,869	3,872,008	34,851,746	0.0
<i>County training in quality assurance and program delivery</i>	0	442,734	601,594	150,399	1,194,727	6.0
Continue increased CCCAP rates and paid absences	0	0	16,386,638	4,096,660	20,483,298	0.0
Continue reduced CCCAP copays	0	0	3,153,957	0	3,153,957	0.0
CCCAP rate study	0	300,000	0	0	300,000	0.0
<b>Infant and Toddler Care</b>						
200 infant and toddler slots	0	3,108,434	3,101,434	25,359	6,235,227	1.0
Pay for infant and toddler enrollment not attendance	0	10,830,346	10,480,346	0	21,310,692	0.0
<i>Payments for enrollment for two years</i>	0	10,480,346	10,480,346	0	20,960,692	0.0
<i>CHATS programming changes to make payments</i>	0	350,000	0	0	350,000	0.0
<b>Support for Family Child Care Homes</b>						
Continue Family Child Care Home Navigators	0	0	2,032,518	508,129	2,540,647	0.0
Bilingual licensing supervisor and specialists	0	369,789	348,789	87,197	805,775	3.0

**EARLY CHILDHOOD FEDERAL STIMULUS SPENDING PLAN**

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	CUMULATIVE	FTE
Staffed Family Child Care Network	0	100,000	180,000	20,000	300,000	0.0
<b>Facilities</b>						
Continue child care facility FTE from S.B. 21-236	0	114,886	114,886	0	229,772	1.0
Facility needs assessment	0	300,000	0	0	300,000	0.0
<b>Equitable Access to Quality</b>						
Update CO Shines Quality Improvement Platform	100,000	200,000	200,000	0	500,000	0.0
Continue established quality initiatives	<u>23,959</u>	<u>428,798</u>	<u>3,008,238</u>	<u>799,559</u>	<u>4,260,554</u>	<u>0.0</u>
<i>Continue Preschool Development Grant quality initiatives</i>	23,959	428,798	785,720	291,430	1,529,907	0.0
<i>Business Training</i>	0	0	190,000	0	190,000	0.0
<i>Child Care Resource and Referral &amp; Inclusive Design</i>	0	0	2,032,518	508,129	2,540,647	0.0
<b>Workforce</b>						
Professional Development	<u>125,000</u>	<u>1,788,156</u>	<u>2,860,537</u>	<u>540,704</u>	<u>5,314,397</u>	<u>2.0</u>
<i>Continue Preschool Development Grant strategies</i>	0	200,042	1,272,423	394,134	1,866,599	0.0
<i>Establish substitute fund</i>	0	601,834	601,834	0	1,203,668	1.0
<i>Help desk for Professional Development Info System</i>	125,000	986,280	986,280	146,570	2,244,130	1.0
Continue Recruitment and Retention Initiatives	<u>0</u>	<u>0</u>	<u>8,999,152</u>	<u>0</u>	<u>8,999,152</u>	<u>2.0</u>
<i>Apprenticeship program</i>	0	0	1,000,000	0	1,000,000	1.0
<i>Child Development Associate support specialist</i>	0	0	675,000	0	675,000	0.0
<i>Free public tuition Early Childhood Education 101 and 103</i>	0	0	1,399,731	0	1,399,731	0.0
<i>TEACH scholarships</i>	0	0	1,000,000	0	1,000,000	0.0
<i>Teacher peer mentors</i>	0	0	187,232	0	187,232	1.0
<i>Workforce recruitment and retention scholarship</i>	0	0	4,737,189	0	4,737,189	0.0
Workforce Data & Systems	<u>500,000</u>	<u>1,200,000</u>	<u>1,000,000</u>	<u>0</u>	<u>2,700,000</u>	<u>0.0</u>
<i>PDIS operations maintenance and licensing costs</i>	500,000	1,000,000	1,000,000	0	2,500,000	0.0
<i>PDIS dashboard modernization</i>	0	200,000	0	0	200,000	0.0
<b>Family Strengthening</b>						
Child care outreach support in health care settings	125,591	376,772	376,772	0	879,135	0.0
Continue 25 mental health consultants	0	160,000	2,648,107	0	2,808,107	1.0
Continue health and mental health programs	0	0	2,830,000	0	2,830,000	1.0
<b>Local Capacity Building</b>						
Local capacity building partners	0	2,961,021	2,954,021	721,570	6,636,612	1.0
Local capacity building funding	0	19,631,546	19,631,546	0	39,263,091	0.0
<b>Administration</b>						
Continue monitoring, reporting, compliance FTE	0	291,817	1,845,303	260,623	2,397,743	18.0
New monitoring, reporting, compliance FTE	64,410	592,887	550,887	137,722	1,345,906	6.0
Evaluation	0	0	2,302,476	500,000	2,802,476	0.0
Culturally & linguistically competent assistance	62,500	250,000	250,000	0	562,500	0.0
Data and IT system administration	<u>(5,150,000)</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>250,000</u>	<u>(2,900,000)</u>	<u>0.0</u>
<i>Data and IT system administration</i>	0	1,000,000	1,000,000	250,000	2,250,000	0.0
<i>Reduce operating budget IT in S.B. 21-236</i>	<u>(5,150,000)</u>	0	0	0	<u>(5,150,000)</u>	0.0
<b>Operating Budget Total</b>	<b>(\$4,148,540)</b>	<b>\$59,937,055</b>	<b>\$102,347,069</b>	<b>\$11,969,930</b>	<b>\$170,105,514</b>	<b>42.0</b>
Capital budget IT	0	14,650,000	0	0	14,650,000	0.0
<b>Grand Total</b>	<b>(\$4,148,540)</b>	<b>\$74,587,055</b>	<b>\$102,347,069</b>	<b>\$11,969,930</b>	<b>\$184,755,514</b>	<b>42.0</b>

Full figure setting begins on page 14 of this document:

[https://leg.colorado.gov/sites/default/files/fy2022-23\\_humfig3.pdf](https://leg.colorado.gov/sites/default/files/fy2022-23_humfig3.pdf)