Joint Budget Committee Staff
Nonpartisan Budget Analysis for Colorado's Legislature

Memorandum

To: JBC Members
From: Phoebe Canagarajah, JBC Staff (303-866-2149)
Date: January 22, 2026
Subject: Updated CCDF Cliff Projections and Costs to Address Waitlist/Freezes

S1: Updated CCDF Cliff Projections

Staff is sharing updated tables on the Child Care and Development Fund (CCDF) funding cliff. They replace Table 3 in the staff write-up for S1. The update reflects the Department's estimated underspending from CCCAP caseload attrition, modified by cost increases from potential changes in parent copays and provider rates. **These projections will likely change by figure setting.** The Department is further refining them as federal and state policies evolve. **Staff recommendation for S1 does not change.**

Table 3a: CCDF Projections: Updated 1/22/26

Federal CCDF Funds	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Appropriation	FY 2027-28 Projection	FY 2028-29 Projection
CCDF Carryforward (Unspent Balance)	$102,539,612	$76,112,377	$52,978,213	$34,415,724	$22,861,072
New Annual CCDF Award	$140,715,188	$138,477,436	$137,612,150	$137,612,150	$137,612,150
Total Funds Available	$243,254,800	$214,589,813	$190,590,363	$172,027,874	$160,473,222
Total Starting Expenditures	$167,142,423	$173,042,143	$174,578,953	$170,089,191	$170,089,191
Estimated Underspend from Caseload Attrition		-$10,520,543	-$13,914,552	-$20,922,389	-$9,058,028
S1/R1 Reduction		-$910,000	-$4,489,762		
Balance with S1/R1	**$76,112,377**	**$52,978,213**	**$34,415,724**	**$22,861,072**	**-$557,941**
Balance without S1/R1	**$76,112,377**	**$52,068,213**	**$29,015,962**	**$17,461,310**	**-$5,957,703**

Costs to Address Waitlists/Freezes

Members have asked about the costs to end CCCAP waitlists and freezes. The following tables share rough projections of doing so in the *remainder* of the current fiscal year and next fiscal year. **A large amount of sustained funding would be needed,** given the following:

1. Cost to increase caseload must be added to the out-years, because once families are enrolled, they stay continuously eligible. *This is not reflected in the projections.* Children stay in CCCAP for about 17 months. Costs in the out-years may increase if provider rates increase and parent co-pays decrease.
2. Counties will decide how they use their allocation. They may not choose to lift waitlists or freezes with a funding increase, if they cannot ensure sustained funds to serve enrolled families in the out-years.
3. Serving all children on waitlists and freezes would mean the State serves about 13% - 14% of the fiscally eligible population. This would be the highest amount served, according to the Department, and may not be realistic of what the program can sustain.

FY 2025-26 CCCAP Direct Services Cost (to add caseload in March – June 2026)

Category	Number of Children	Scenario 4: 10% Copay (current) & Before Provider Rate Increase
Estimated Cost per Child		*$8,278*
Current Forecast: 8.8 % of fiscally eligible children	21,161	$175,170,758
Total CCCAP Direct Services appropriation (FY 2025-26)		$185,700,444
Appropriation Minus Expenditure		**$10,529,686**
Current Waitlist/Freeze Population	12,872	
Serving 14% of fiscally eligible children (current population + waitlist/freeze population)	34,033	$210,688,897
Total CCCAP Direct Service appropriation (FY2025-26)		$185,700,444
Funding Needed (Appropriation Minus Expenditure)		**-$24,988,453**

FY 2026-27 CCCAP Direct Services Costs Under Different Scenarios

Category	Number of Children	Scenario 1: 7% Copay & Provider Rate Increase	Scenario 2: 7% Copay & No Provider Rate Increase	Scenario 3: 10% Copay (current) & Provider Rate Increase	Scenario 4: 10% Copay (current) & No Provider Rate Increase
Estimated Cost Per Child		*$9,376*	*$9,234*	*$9,103*	*$8,278*
Current Forecast: 7.65% of fiscally eligible children	18,321	$171,777,696	$169,176,114	$166,776,063	$151,661,238
Total CCCAP Direct Service appropriation (FY2026-27)		$186,842,773	$186,842,773	$186,842,773	$186,842,773
Appropriation Minus Expenditure		**$15,065,077**	**$17,666,659**	**$20,066,710**	**$35,181,535**
Current Waitlist/Freeze Population	12,872				
Serving 13% of fiscally eligible children (current population + waitlist/freeze)	31,193	$292,465,568	$288,036,162	$283,949,879	$258,215,654
Total CCCAP Direct Service appropriation (FY2026-27)		$186,842,773	$186,842,773	$186,842,773	$186,842,773
Funding Needed (Appropriation Minus Expenditure)		**-$105,622,795**	**-$101,193,389**	**-$97,107,106**	**-$71,372,881**

The following tables show cost to serve 9%, 10%, and 11% of the fiscally eligible population.

FY 2025-26 CCCAP Direct Services Cost (for additions in March - June)

Category	Number of Children	Scenario 4: 10% Copay (current) & Before Provider Rate Increase
Estimated Cost per Child		*$8,278*
Current Forecast: 8.8 % of fiscally eligible children	21,161	$175,170,758
Total CCCAP Direct Services appropriation (FY 2025-26)		$185,700,444
Appropriation Minus Expenditure		**$10,529,686**
Serving 9% of fiscally eligible children	21,566	$176,288,288
Total CCCAP Direct Service appropriation (FY2025-26)		$185,700,444
Appropriation Minus Expenditure		**$9,412,156**
Serving 10% of fiscally eligible children	23,926	$182,800,315
Total CCCAP Direct Service appropriation (FY2025-26)		$185,700,444
Funding Needed (Appropriation Minus Expenditure)		**$2,900,129**
Serving 11% of fiscally eligible children	26,358	$189,511,013
Total CCCAP Direct Service appropriation (FY2025-26)		$185,700,444
Funding Needed (Appropriation Minus Expenditure)		**-$3,810,569**
Current Waitlist/Freeze Population	12,872	
Serving 14% of fiscally eligible children (current population + waitlist/freeze population)	34,033	$210,688,897
Total CCCAP Direct Service appropriation (FY2025-26)		$185,700,444
Funding Needed (Appropriation Minus Expenditure)		**-$24,988,453**
Serving all fiscally eligible children	239,622	$777,977,477
Total CCCAP Direct Service appropriation (FY2025-26)		$185,700,444
Funding Needed (Appropriation Minus Expenditure)		**-$592,277,033**

FY 2026-27 CCCAP Direct Services Costs Under Different Scenarios

Category	Number of Children	Scenario 1: 7% Copay & Provider Rate Increase	Scenario 2: 7% Copay & No Provider Rate Increase	Scenario 3: 10% Copay (current) & Provider Rate Increase	Scenario 4: 10% Copay (current) & No Provider Rate Increase
Estimated Cost Per Child		*$9,376*	*$9,234*	*$9,103*	*$8,278*
Current Forecast: 7.65% of fiscally eligible children	18,321	$171,777,696	$169,176,114	$166,776,063	$151,661,238
Total CCCAP Direct Service appropriation (FY2026-27)		$186,842,773	$186,842,773	$186,842,773	$186,842,773
Appropriation Minus Expenditure		**$15,065,077**	**$17,666,659**	**$20,066,710**	**$35,181,535**
Serving 9% of fiscally eligible children	21,566	$202,202,816	$199,140,444	$196,315,298	$178,523,348
Total CCCAP Direct Service appropriation (FY2026-27)		$186,842,773	$186,842,773	$186,842,773	$186,842,773
Funding Needed (Appropriation Minus Expenditure)		**-$15,360,043**	**-$12,297,671**	**-$9,472,525**	**$8,319,425**
Serving 10% of fiscally eligible children	23,962	$224,667,712	$221,265,108	$218,126,086	$198,357,436
Total CCCAP Direct Service appropriation (FY2026-27)		$186,842,773	$186,842,773	$186,842,773	$186,842,773
Funding Needed (Appropriation Minus Expenditure)		**-$37,824,939**	**-$34,422,335**	**-$31,283,313**	**-$11,514,663**
Serving 11% of fiscally eligible children	26,358	$247,132,608	$243,389,772	$239,936,874	$218,191,524
Total CCCAP Direct Service appropriation (FY2026-27)		$186,842,773	$186,842,773	$186,842,773	$186,842,773
Funding Needed (Appropriation Minus Expenditure)		**-$60,289,835**	**-$56,546,999**	**-$53,094,101**	**-$31,348,751**
Current Waitlist/Freeze Population	12,872				
Serving 13% of fiscally eligible children (current population + waitlist/freeze population)	31,193	$292,465,568	$288,036,162	$283,949,879	$258,215,654
Total CCCAP Direct Service appropriation (FY2026-27)		$186,842,773	$186,842,773	$186,842,773	$186,842,773
Funding Needed (Appropriation Minus Expenditure)		**-$105,622,795**	**-$101,193,389**	**-$97,107,106**	**-$71,372,881**
Serving all fiscally eligible children	239,622	$2,246,695,872	$2,212,669,548	$2,181,279,066	$1,983,590,916
Total CCCAP Direct Service appropriation (FY2026-27)		$186,842,773	$186,842,773	$186,842,773	$186,842,773
Funding Needed (Appropriation Minus Expenditure)		**-$2,059,853,099**	**-$2,025,826,775**	**-$1,994,436,293**	**-$1,796,748,143**

Joint Budget Committee

Supplemental Budget Requests FY 2025-26

Department of Early Childhood

Prepared by:
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January 22, 2026

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Contents

Overview of Department

The Department of Early Childhood exists to support the care, education, and well-being of young children. Primary programs operated by the Department include:

- Universal Preschool Program (UPK) – Provides funding and access to preschool for all children in the year before kindergarten eligibility and for additional hours as funding allows according to statutory prioritization of services.
- Colorado Child Care Assistance Program (CCCAP) – Provides assistance with child care expenses for low-income families; offers strategic financial support for providers and workforce development.
- Early Intervention Services – Provides targeted support services for families with children birth through 2 years with disabilities or risk of developmental delays.
- Provider licensing, inspection, and monitoring - Facilitates provider registration, licensing, and monitoring, and includes background checks, vendor training, and quality supervision.

The Department operates several other programs aimed at providing resources, development, and capacity building opportunities to families, children, local communities, and providers. The Department also provides strategic guidance for complimentary programs across the State.

Summary of Staff Recommendations

Department of Early Childhood: Recommended Changes for FY 2025-26

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	$802,891,580	$318,575,707	$279,083,896	$16,607,388	$188,624,589	243.1
Other legislation	-150,000	-150,000	$0	$0	$0	0.0
Current FY 2025-26 Appropriation	$802,741,580	$318,425,707	$279,083,896	$16,607,388	$188,624,589	243.1
Recommended Changes						
Current FY 2025-26 Appropriation	$802,741,580	318,425,707	$279,083,896	$16,607,388	$188,624,589	243.1
S1 Prioritizing CCDF investments	-510,000	0	0	0	-510,000	0.0
S2 Early Intervention right-size	-7,342,227	-7,342,227	0	0	0	0.0
S3 Universal Preschool Program increase	10,000,000	0	10,000,000	0	0	0.0
Impacts driven by other agencies [1]	-464,419	-348,991	-48,037	-32,431	-34,960	0.0
Recommended FY 2025-26 Appropriation	$804,424,934	$310,734,489	$289,035,859	$16,574,957	$188,079,629	243.1
Recommended Increase/-Decrease from 2025-26	$1,683,354	-$7,691,218	$9,951,963	-$32,431	-$544,960	0.0
Percentage Change	0.2%	-2.4%	3.6%	-0.2%	-0.3%	0.0%
FY 2025-26 Executive Request	$804,024,934	$310,734,489	$289,035,859	$16,574,957	$187,679,629	243.1
Staff Rec. Above/-Below Request	$400,000	$0	$0	$0	$400,000	0.0

[1] These requests will be discussed in presentations for requesting agency.

Changes are assumed to be one-time unless otherwise noted.

S1 Prioritizing Child Care and Development Fund (CCDF) investments: The Department requests to reduce $910,000 in CCDF appropriations to quality initiatives in FY 2025-26 to start to address an anticipated fiscal cliff that would be reached by FY 2027-28. Staff recommends partial approval of the request, with a reduction of $510,000 in CCDF appropriations.

S2 Early Intervention right-size: The Department requests a decrease of $7,342,227 to the Early Intervention program to right-size FY 2025-26 appropriations based on historic underspending and additional federal fund carry-forward from FY 2024-25. This also ensures that the program's maintenance of effort for future years is correct. Staff recommends approving the request.

S3 Universal Preschool Program increase: The Department requests $10.0 million additional spending authority from the Preschool Programs Cash Fund to cover services for higher-than-anticipated Universal Preschool Program caseload. Staff recommends approving the request.

Impacts driven by other agencies: The request includes a net decrease of $464,419 for requests from other state agencies. These are also called "non-prioritized requests." The amounts shown in the table below reflect the impacts of requests made by other agencies. These requests are discussed during supplemental presentations for the lead requesting agency, at which point a staff recommendation will be made. Staff will update these figures to reflect the Committee's decisions on these requests.

Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, Life, and Dental supplemental	-308,390	-220,211	-48,037	-5,182	-34,960	0.0
OIT Real time billing	-154,913	-127,664	0	-27,249	0	0.0
DPA Annual fleet supplemental	-1,116	-1,116	0	0	0	0.0
Total	-$464,419	-$348,991	-$48,037	-$32,431	-$34,960	0.0

Department Supplemental Requests

→ S1 Prioritizing CCDF investments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	-$910,000	$0	$0	$0	-$910,000	0.0
Recommendation	-510,000	0	0	0	-510,000	0.0
Staff Recommendation Higher/-Lower than Request	$400,000	$0	$0	$0	$400,000	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES
An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.
Explanation: The Department did not indicate how this request meets supplemental criteria. JBC staff thinks this request is the result of data that was not available when the original appropriation was made, namely possible cuts to quality investments that could slow progress towards the CCDF's funding cliff.

Request

The Department requests to reduce $910,000 in Child Care and Development Fund (CCDF) appropriations in FY 2025-26 to start to address the anticipated fiscal cliff that would be reached by FY 2027-28. The Department's S1 and R1 requests reduce this cliff from $32.4 million to $22.5 million, through the reductions outlined below:

Table 1: Total Requested Cuts and Increases in S1/R1

Item	FY 2025-26	FY 2026-27
Teacher Salary Grant Program	-$250,000	-$2,928,167
Colorado Shines School Readiness Quality Improvement Program	-$400,000	-$1,621,595
Workforce Recruitment and Retention Grants	-$150,000	-$75,000
Consumer Education and Outreach	-$50,000	-$40,000
Child Care Resource and Referrals	-$30,000	$0
Expanding Quality for Infants and Toddlers	-$30,000	$0
Teacher Education Compensation Helps Early Childhood (TEACH) Scholarships	$0	$75,000
Apprenticeships	$0	$100,000
Total	-$910,000	-$4,489,762

Recommendation

Staff recommends that the Committee partially approve the request. Staff recommends a reduction of $510,000, allowing contracts to complete scheduled FY 2025-26 Colorado Shines observations.

Analysis

The Child Care and Development Fund (CCDF) is a federal block grant that funds child care for low-income families and activities to strengthen the child care sector. Most (70.0 percent) of this funding must be used for Colorado Child Care Assistance Program (CCCAP) direct services. The Department spends the remainder on the following, according to federal requirements:

- **Quality activities** (must spend at least 9.0 percent): Provider training and other activities to improve provider preparedness, child safety and wellbeing, or entry to kindergarten.
- **Infant and toddler quality activities** (must spend at least 3.0 percent): Provider training and state licensing and guidelines specific to care for infants and toddlers.
- **Administration** (no more than 5.0 percent): Administrative staff at both state and county levels
- **Non-direct services** (may spend 13.0 percent): Includes county eligibility determination staff salaries, information technology, and CDEC's administrative costs for CCCAP.

Table 2: CCDF FY 2024-25 Spending Target vs Actual

Spending Category	Target Spending	Target: Percent of Total	Actual Spending	Actual: Percent of Total
Quality Requirement	$19,458,419	9.0%	$28,524,498	13.2%
Infant Toddler Requirement	$6,486,140	3.0%	$6,106,963	2.8%
Direct Services Requirement	$151,343,257	70.0%	$151,409,888	70.0%
Administration Limit	$10,810,233	5.0%	$8,353,578	3.9%
Non-Direct Services Limit	$28,106,605	13.0%	$21,809,727	10.1%
Total	$216,204,654	100.0%	$216,204,654	100.0%

Fundamental to S1 and R1, the Department exceeded its quality target by about $9.1 million in FY 2024-25. While S1 only cuts $910,000 of quality appropriations to partially address the FY 2027-28 funding cliff, cutting all quality appropriations over the target amount **would not** fully address the cliff. The Department requests appropriation reductions in FY 2025-26 and FY 2026-27 while it identifies additional ways to avoid a funding cliff.

CCDF Funding Cliff

The Department's R1 request, as summarized in the November Staff Budget Briefing, estimated a CCDF funding cliff in FY 2027-28 of $29.4 million. Current staff analysis, after accounting for requested common policy appropriations in the FY 2026-27, puts the cliff at $32.4 million. This number will likely change as the Department incorporates expenditure decreases resulting from waitlists and freezes. Regardless of the final cliff projection, the Department's S1 and R1 requests reduces that cliff by $9.9 million.

Table 3: CCDF Projections with Impacts of S1/R1: Current Staff Projection

Federal CCDF Funds	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Appropriation	FY 2027-28 Projection	FY 2028-29 Projection
CCDF Carryforward (Unspent Balance)	$102,539,612	$76,112,377	$42,457,670	$9,980,629	-$22,496,412
New Annual CCDF Award	$140,715,188	$138,477,436	$137,612,150	$137,612,150	$137,612,150
Total Funds Available	$243,254,800	$214,589,813	$180,069,820	$147,592,779	$115,115,738
Total Expenditures	$167,142,423	$173,042,143	$174,578,953	$170,089,191	$170,089,191
S1/R1 Reduction		-$910,000	-$4,489,762	$0	$0

Federal CCDF Funds	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Appropriation	FY 2027-28 Projection	FY 2028-29 Projection
Balance	$76,112,377	$42,457,670	$9,980,629	-$22,496,412	-$54,973,453

In calculating this cliff, the following assumptions are made:

1. Federal rules that will increase costs are repealed or implementation is delayed to August 1, 2028
2. The last round of provider rate increases is delayed from October 1, 2026
3. The annual CCDF award remains constant
4. Counties remain on waitlists and freezes, and caseload decreases through attrition

The Department anticipates that as long as counties remain on waitlists and freezes, provider rate increases and federal policy changes do not happen, and a state policy to decrease parent copays is not implemented, the CCDF will be able to fulfill its obligations for FY 2026-27.

Causes of the funding cliff

This funding cliff has been driven by appropriation increases in recent years caused by the following:

- Provider rate increases, specifically increases to comply with a federal audit finding on CCCAP provider payments. The final rate increase would happen in October 2026 and cost about $8.3 million.[1] The Department is seeking to delay this final increase.
- Replacing federal stimulus funds with annual CCDF appropriations to continue decreased parent copays, reimbursements based on enrollment for infants and toddlers, and increased paid absences for older children.

Implications of repealing federal and state rules

On January 5, 2026, the federal Administration for Children and Families released a proposed rule that rescinds many of the provisions of the 2024 federal rule.[2] The 2024 federal rule would have increased costs to CCCAP by $40.3 million. If this rule were to become final, the Department would be able to avoid those costs.

If the rule became final, the Department would also be able to direct counties to stop paying providers based on enrollment for infants and toddlers. The Department continued implementation of this provision after stimulus funding ended in compliance with their waiver to delay full implementation of the 2024 rule. **This would make about $6.9 million available in CCCAP direct services appropriations to start addressing waitlists and freezes.** This is not considered an appropriation reduction because the Department is required to use 70.0% of CCDF funding on direct services; Table 2 shows that the Department cannot cut appropriations to direct services.

The Department is also seeking to repeal the following provisions in H.B. 24-1223 (Improved Access to the Child Care Assistance Program) to reduce ongoing expenditures: capping family copayments at 7.0%, prospective payment of providers, enrollment-based pay for all children, and offering additional grants and contracts. These would help the Department avoid about $26.1 million in costs, as outlined in the table below.

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[1] Estimates during staff briefing put this at $9.9 million. It has since decreased due to the impact of decreased enrollments on the expected total cost of the provider rate increase.

[2] https://www.federalregister.gov/documents/2026/01/05/2025-24272/restoring-flexibility-in-the-child-care-and-development-fund-ccdf

Table 4: Cost avoidance from repealing certain H.B. 24-1223 provisions

Policy	Estimated cost avoidance
Capping family copayments at 7.0% instead of 10.0%	$5.5 million
Pay providers based on child enrollment, instead of attendance	$18.7 million
Grants and contracts	$161,000
Prospective payment	$1.7 million (one-time)
Total	$26.1 million

Overall, federal and state policies changes help avoid future CCDF costs and make additional funding available to address waitlists and freezes, but **do not solve the CCDF's solvency issues.**

Updated UPK/CCCAP fund stacking estimates

The Department started to implement fund stacking for UPK and CCCAP, but total savings have been lower than estimated. The Department originally projected $3.0 million in CCDF savings in FY 2025-26 from stacking payments for full-time CCCAP and full-time UPK dual enrollees. Instead, they now project that savings will be between $725,000 and $1,000,000 in FY 2025-26. Similarly, the Department originally projected $9.7 million in savings from stacking payments for all dually enrolled children starting in FY 2026-27. They now project this will have $3.0 million in savings.

Similar to federal and state policy changes discussed above, **savings from fund stacking would make additional funding available to address waitlists and freezes, but do not solve the CCDF's funding cliff.**

Quality Appropriation Reductions

Regardless of policy and fund stacking changes, actions to reduce CCDF spending are needed to address its imminent funding cliff. The Department's requests and staff recommendation for mid-year reductions and one-time cuts for FY 2025-26 is documented in the following table.

Table 5: S1 Request and Staff Recommendation

Item	Request	Recommendation
Teacher Salary Grant Program	-$250,000	-$250,000
Colorado Shines School Readiness Quality Improvement Program	-$400,000	$0
Workforce Recruitment and Retention Grants	-$150,000	-$150,000
Consumer Education and Outreach	-$50,000	-$50,000
Child Care Resource and Referrals (FY 2025-26 only)	-$30,000	-$30,000
Expanding Quality for Infants and Toddlers (FY 2025-26 only)	-$30,000	-$30,000
Total	-$910,000	-$510,000

Staff recommendation **increases** the FY 2027-28 funding cliff by $400,000 to $22.9 million; under the Department's request, it would have been $22.5 million. Each reduction is discussed in further detail below.

Teacher Salary Grant Program ($250,000 reduction)

The Teacher Salary Grant Program was created by S.B. 21-236 (Increase Capacity Early Childhood Care and Education) to improve child care provider retention by increasing teacher salaries. It was originally appropriated $3.0 million CCDF and 1.0 FTE, and the Department has continued to fund it through its annual CCDF appropriation. The Department used the grant program as a pilot to evaluate the impact of salary increases on teacher retention. The Department plans to end this pilot by July 2026.

The program has served 300 of 315 eligible teachers and about 40.0% of families receiving CCCAP. It has resulted in salary increases ranging from $6,220 to $15,760 annually. Evaluation of the program indicates it improved teacher retention and job satisfaction. The Department plans to use philanthropic or other funding to replace the CCDF reduction in FY 2025-26, but this has not yet been procured. However, the Department has told impacted teachers to expect a salary decrease this fiscal year; teachers were already expecting a salary decrease when the pilot ends in July 2026.

Given that the pilot is ending, the Department is identifying opportunities to reallocate some of this funding to other teacher recruitment and retention activities while decreasing total CCDF appropriations. The Department's requested investment in TEACH Scholarships through R1 is part of this.

Separately, provider rates have increased through the updated alternative rate methodology. The Department is doing a smaller evaluation using philanthropic funding to identify the impact of increased provider rates on salaries and workforce retention.

Even though this reduction ends the pilot for teachers a few months earlier than originally planned, staff recommends approving this reduction to start to address the funding cliff.

Colorado Shines School Readiness Quality Improvement Program ($400,000 reduction)

The Colorado Shines Quality Rating and Improvement System (QRIS) rates participating licensed early learning programs serving children ages 0 to 5. To incentivize quality ratings, quality funds are granted based on program type, size, and quality rating. In addition, CCCAP provider rates are tiered based on QRIS ratings, with provider rates increasing based on level.

Ratings range from Level 1 to Level 5. To attain Level 1, a program must be currently licensed within Colorado. Level 2 programs are licensed and have a quality improvement plan, staff registered in the Colorado Shines Professional Development Information System (PDIS), and have completed required hours of e-learning courses.

To attain Levels 3 to 5, a program must already have completed requirements for Level 2 and receive an assessment and rating from a Colorado Shines Quality Ratings Assessor or have attained another applicable accreditation. This reduction eliminates observational assessments by Colorado Shines Quality Ratings Assessors, while the Department reevaluates the entire Colorado Shines rating system.

Why reevaluate Colorado Shines?

The Department has received feedback that many providers find the current ratings system cost-prohibitive, particularly for smaller centers and family child care homes. In addition, providers report delays in timely rating reviews. The Department has seen low participation in QRIS from licensed providers. As of November 2025, most licensed providers participating in QRIS are at Levels 1 and 2 (66.3%), and only 33.7% are in higher levels. This is an indication of the difficulty for providers in attaining higher levels. In addition, the Department is considering wider improvements to the ratings framework and related quality measures.

Timeline for the refresh

The Department indicated that the refresh will take between 18 to 24 months, to be completed no later than January 2028. It hopes to avoid any backlogs in ratings through offering alternative pathways and implementing a more efficient rating system through the refresh.

Impact to providers seeking Level 3 to 5 ratings

The Department will freeze providers' current ratings during this refresh period. This means that providers who have already attained Levels 3 to 5 will stay at that respective level until the refresh is complete. Existing alternative pathways to Level 3 to 5 accreditation will remain open to providers, which are summarized in Appendix B. Currently, 47.0% of highly tiered providers used an alternative pathway for their rating. The Department indicates it is also developing its own alternative pathway outside of accreditation for providers seeking a Level 3 rating.

What has been communicated to providers?

The pause was communicated to providers after the Department submitted its FY 2026-27 budget request in mid-November. Providers have been told that the pause to observations will begin June 2026 at the latest, but that some observations scheduled for FY 2025-26 may not occur. Providers have been told about the alternative pathways available to them, but the Department's own alternative process has not yet been developed.

Would this have an impact on health and safety?

No, because licensing inspections include a site visit to verify providers meet minimum health and safety standards. This request has no impact on licensing procedures. In addition, providers must submit both a criminal background check and a child abuse and neglect background check as part of licensing. QRIS observations include sanitation and safety, but also measures language and literacy, learning activities, program structure, and social interactions.

Given that providers learned about this change with the Department's budget request, staff recommends denial of this request to allow observations scheduled for FY 2025-26 to complete.

Workforce Recruitment and Retention Grants ($150,000 reduction)

The Early Care and Education Recruitment and Retention Grant and Scholarship Program was created by S.B. 21-236 (Increase Capacity Early Childhood Care and Education). The program has been funded by both federal stimulus funds and the CCDF through S.B. 21-236, S.B. 22-213 (Child Care Support Programs), and annual CCDF appropriations. There are a variety of eligible uses for the grant including covering tuition for degree or credential-bearing courses, costs towards coaching or mentoring certifications, and apprenticeship payments. The particular funding the Department proposes to reduce was planned to support credit-bearing workforce development pathways, which the Department indicates will continue with philanthropic dollars.

Staff recommends approving this reduction.

Consumer Education and Outreach ($50,000 reduction)

The Department has indicated these are unobligated funds. Total expenditure in FY 2024-25 was $63,070 and total appropriations in FY 2025-26 was $124,500. This funding is used to share information to parents, providers, and the public to help make decisions about child care. The Department will still maintain the Raising Colorado Kids website even after this reduction.

Staff recommends approval of this reduction.

Child Care Resource and Referrals ($30,000 reduction, FY 2025-26 only)

This reduction reduces support to the 211 call center mid-year, but maintains support to Early Childhood Councils to provide referral and resource support.

Staff recommends approval of this reduction.

Expanding Quality for Infants and Toddlers ($30,000 reduction, FY 2025-26 only)

The Expanding Quality for Infant Toddler Initiative aims to improve the skills and knowledge of professionals working with infants and toddlers. This is a mid-year reduction to in-person training for instructions. The Department will provide training virtually instead.

Staff recommends approval of this reduction.

All CCDF Quality Expenditures

The following table shows all quality expenditures made using CCDF appropriations. Lines highlighted in blue are impacted by the Department's proposed S1 and R1 reductions.

Table 6: Actual and Estimated CCDF Quality Spending

Activity	FY 2024-25 Actual	FY 2025-26 Est. (incl. S1)	FY 2026-27 Request (incl. R1)
Licensing Contracts, Staff, and System	$9,225,606	$9,225,606	$9,225,606
Colorado Shines	4,880,574	4,696,853	4,445,878
Personal Services	4,525,479	4,638,615	4,638,615
Teacher Salary Grant Program	2,606,805	2,488,942	0
Early Childhood Councils Systems Building Contracts	2,100,384	1,844,720	1,844,720
Early Childhood Mental Health Consultation Contracts	1,806,229	1,806,229	1,806,229
CCR&R	710,834	501,010	501,010
Navigator Contracts	649,695	660,000	660,000
Workforce Recruitment and Retention Expansion Contracts	450,659	401,058	401,058
Local Coordinating Organizations Contracts	446,015	0	0
Interrater Reliability Contracts	354,565	356,595	356,595
Language and Translation Services	145,854	0	0
Contracted Consultant Services	145,207	100,000	100,000
Child Care Health, Safety, and Wellness Support Contract	143,630	164,541	164,541
Operating Expenses	112,194	111,742	111,742
Technical Assistance (Workforce Recruitment and Retention)	70,780	66,392	66,392
Community Education and Outreach	63,070	74,500	10,000
Coaching Scholarships and Apprenticeship Program	53,667	75,000	175,000
Early Childhood Leadership Commission	19,826	26,644	26,644
Professional Development Coaching and Training, PDIS Expenditures	13,425	0	534,317
Total	$28,524,498	$27,238,447	$25,068,347

The following table shows CCDF expenditures for targeted infant and toddler quality initiatives. Lines highlighted in blue are impacted by the Department's proposed S1 and R1 reductions.

Table 7: Actual and Estimated CCDF Targeted Infant and Toddler Quality Spending

Activity	FY 2024-25 Actual	FY 2025-26 Est. (incl. S1)	FY 2026-27 Request (incl. R1)
Colorado Shines	$3,316,597	$3,542,338	$3,542,338

Activity	FY 2024-25 Actual	FY 2025-26 Est. (incl. S1)	FY 2026-27 Request (incl. R1)
Early Childhood Councils Systems Building Contracts	786,854	950,310	950,310
Expanding Quality in Infant Toddler Initiative	621,051	736,000	736,000
Teacher Salary Grant Program	537,822	510,000	0
Licensing Contracts	318,536	651,319	651,319
Early Childhood Navigator Contracts	252,662	340,000	340,000
CCR&R	145,496	215,504	215,504
Personal Services	101,085	138,302	138,302
Bilingual Early Quality Expansion	26,859	20,000	20,000
Total	$6,106,962	$7,103,773	$6,593,773

Evidence Based Designation

The Department indicates that CCCAP and the Quality Rating and Improvement System (QRIS) are evidence-informed. JBC staff agrees that CCCAP is evidence-informed, although there are various perspectives on the desired outcomes from CCCAP (employment, child education and learning, child care quality, etc.). One study showed that increased CCDF expenditures on child care increased the probability of employment for eligible mothers.[3] Another study demonstrated a positive relationship between receiving CCDF subsidies and choosing high-quality child care, as recipients become more likely to choose center-based care rather than care from families or neighbors.[4]

JBC staff disagrees with the designation for QRIS, as it is not a program or practice and is therefore not applicable for an evidence designation. QRIS is a measure of quality, but is not itself a set of defined and replicable practices that improve quality.

→ S2 Early Intervention right-size

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	-$7,342,227	-$7,342,227	$0	$0	$0	0.0
Recommendation	-7,342,227	-7,342,227	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	$0	$0	$0	$0	$0	0.0

[3] https://aspe.hhs.gov/sites/default/files/migrated_legacy_files//171046/EffectsCCSubsidiesMaternalLFPTechnical.pdf
[4] https://pmc.ncbi.nlm.nih.gov/articles/PMC3160790/

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES
An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.
Explanation: JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made, specifically data on historic underspending and FY 2024-25 under-expenditure.

Request

The Department requests a decrease of $7,342,227 General Fund to the Early Intervention program to right-size FY 2025-26 appropriations based on actual underspending in FY 2024-25 and projected underspending in FY 2025-26. This also ensures that the program's maintenance of effort for future years is correct.

Recommendation

Staff recommends that the Committee approve the request.

Staff is exploring options with the Department for third-party assistance with research or strategizing on long-term programmatic or policy improvements to Early Intervention and CCCAP. Should staff find any options that would have a positive long-term impact and should General Fund become available in FY 2025-26, staff will present options to the Committee during either supplemental comebacks or figure setting.

Analysis

Early Intervention (EI) is a voluntary federal program that is state-regulated and -operated. It provides developmental services to families with young children ages 0 through 2 with developmental delays. Services are provided locally through Early Intervention Brokers (EIBs), who hire or contract with service providers. Federal rules require that all children eligible must receive services.

Early Intervention Funding

Early Intervention services are paid for based on the following funding hierarchy, in which federal funds are the payor of last resort:

1. Private pay: Voluntary personal direct payments by parents.
2. Private health insurance
3. TRICARE
4. Medicaid
5. Child Welfare and Temporary Assistance to Needy Families
6. Other available local, state, or federal funds, including the Early Intervention Services Trust Fund
7. State General Fund
8. Federal Part C funding

Under this funding hierarchy, General Fund is expended before Federal Part C funding is used.

History Behind the FY 2025-26 Appropriation

After figure setting in February last year, JBC members and staff were alerted that the Department faced a $4.2 million budget shortfall in FY 2024-25, that would continue into FY 2025-26. The Department did not have an estimate for the FY 2025-26 shortfall but JBC staff estimated it could be $16.5 million. JBC staff noted significant limitations to this estimate, but suggested additional funding to prevent a FY 2025-26 shortfall and ensure services to families continued.[5]

Due to the FY 2025-26 budget actions, General Fund to Early Intervention increased by 23.2%, as shown in the table below.

Table 1: Early Intervention Appropriation History

Fund Source	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
General Fund	$52,885,994	$58,097,481	$62,492,837	$76,986,834
Cash Funds	10,589,516	10,842,123	10,887,177	10,987,177
Reappropriated Funds	8,358,218	9,457,463	5,940,111	5,940,111
Federal Funds	6,032,585	6,032,585	6,032,585	6,032,585
Total Funds	$77,866,313	$84,429,652	$85,352,710	$99,946,707
Percent Increase General Fund		9.9%	7.6%	23.2%

Reason for Returning General Fund: Historic Underspending

Despite initially predicting a $4.2 million budget shortfall in FY 2024-25, the Department *underspent* FY 2024-25 appropriations by $3.0 million. This is effectively a surplus of federal funds that carries over into FY 2025-26. The Department also projects $4.3 million in underspending for FY 2025-26 based on historic trends, creating a net surplus of $7.3 million.

Table 2: Summary of Underspending and Reversion

Fiscal Year	Amount
FY 2024-25 Underspending	$3,042,299
FY 2025-26 Projected Underspending	4,300,000
Total General Fund Reversion	$7,342,299

Since figure setting last year, the Department has identified historic underspending in administration, direct costs, and evaluations which caused the $3.0 million underspend in FY 2024-25 and underlie the Department's projected FY 2025-26 underspend.

Table 3: Total EI Costs and Underspend in FY 2024-25 and FY 2025-26

Costs Category	FY 2024-25 Allocation	FY 2024-25 Expenditures	FY 2024-25 Underspend	FY 2025-26 Allocation	FY 2025-26 Projected Expenditures [1]	FY 2025-26 Projected Underspend
Administrative Costs	$11,715,140	$11,176,383	-$538,757	$14,345,732	$13,720,339	-$625,393
Direct Costs (EIB contracts)	61,379,558	58,915,999	-2,463,559	66,329,867	63,955,260	-2,374,607
Evaluations	4,100,000	4,060,087	-39,913	6,527,890	5,227,890	-1,300,000

[5] For FY 2024-25, the Committee increased General Fund appropriations by $2.0 million through reallocating funding from the Department of Health Care Policy and Financing. The Department found the remaining $2.2 million through negotiating cuts in broker contracts.

Costs Category	FY 2024-25 Allocation	FY 2024-25 Expenditures	FY 2024-25 Underspend	FY 2025-26 Allocation	FY 2025-26 Projected Expenditures [1]	FY 2025-26 Projected Underspend
Total	$77,194,698	$74,152,469	-$3,042,229	$87,203,489	$82,903,489	-$4,300,000

[1] Projected expenditures based on the same percentage of expenditures in the prior year.

FY 2025-26 projection for evaluations

Evaluations are paid for at a flat rate, with additional reimbursement for interpretation and no-show costs. Evaluation allocations are calculated based on the prior years' total evaluations plus a growth factor. There were 11,754 total evaluations in FY 2024-25, of which 7,800 were not covered by Medicaid. The Department projects there will be 9,012 non-Medicaid evaluations in FY 2025-26, which is an increase of 15.0 percent. After accounting for this increase, the Department estimates they are over-appropriated $1.3 million General Fund for evaluations in FY 2025-26.

Table 4: FY 2024-25 and FY 2025-26 Evaluation Caseload and Cost per Evaluation

Fiscal Year	Total Number Evaluations	Total Cost	Average cost per evaluation
FY 2024-25	7,800	$4,060,087	$521
FY 2025-26 (projected)	9,012	$5,227,890	$580

FY 2025-26 projection for broker contracts

EIB contract costs ("direct services") cover direct services like provider pay, intake and referral, and service coordination, as well as administrative expenses. Under-expenditures mainly occurred in service coordination and provider costs. This underspending reflects in part the $2.2 million reduction to broker contracts negotiated by the Department last year. The Department indicates that amount is part of historical underspending.

Table 5: Early Intervention Brokers Direct Services Costs and Underspend

Costs Category	Task	2024-25 Allocation	FY 2024-25 Expenditures	FY 2024-25 Difference Expenditure to Allocation	FY 2025-26 Allocation	FY 2025-26 Projected Expenditures [1]	FY 2025-26 Difference Expenditure to Allocation
Administration	Admin and Operating	$9,315,140	$9,112,989	-$202,151	$11,096,659	$10,855,847	-$240,812
Direct Services	Intake and Referral [2]	$743,930	$782,351	$38,421	$793,639	$793,639	$0
Direct Services	Service Coordination	14,432,840	13,334,507	-1,098,333	17,691,659	16,345,331	-1,346,328
Direct Services	Service Providers	46,202,788	44,799,141	-1,403,647	47,844,569	47,057,102	-787,467
Direct Services	Total Direct Services	$61,379,558	$58,915,999	-$2,463,559	$66,329,867	$64,196,073	-$2,133,794
Grand Total		$70,694,698	$68,028,988	-$2,665,710	$77,426,526	$75,051,920	-$2,374,606

[1] Projected costs based on allocations and executed contracts in FY 2025-26.
[2] Intake and Referral expenses exceed the allocation in FY 2024-25, but these costs were offset by underspending in other categories. FY 2025-26 estimates that the allocation will be increased to match expenditures.

Reason for Returning General Fund: Maintenance of Effort Requirement

Aligning General Fund appropriations with actual need for EI is important not only to right-size appropriations, but also for maintenance of effort requirements. Actual state spending sets Part C's federal maintenance of effort requirement, annually. For example, state and local spending to EI in FY 2025-26 and ongoing cannot fall below FY 2024-25 actual spending, as highlighted in the table below.

FY 2026-27's maintenance of effort will be set at FY 2025-26 actual spending, which is currently $80.4 million. This means that FY 2026-27 appropriations cannot fall below that amount. While FY 2026-27 spending is projected to slightly exceed $80.4 million, the Department's ability to decrease FY 2026-27 appropriations would be limited if it found projections were too high, unless General Fund appropriations in FY 2025-26 were right-sized.

Since state and local funding must be spent before federal Part C funds, the Committee must revert anticipated excess General Fund through supplemental action or it would get spent.

Table 6: Early Intervention Federal Maintenance of Effort Without S2

Source	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriated	FY 2026-27 Requested
General Fund: Early Intervention line item in CDEC	$49,822,382	$58,094,847	$62,492,837	$76,986,834	$77,141,495
General Fund: Transfer to EI from HCPF	$1,769,044	$2,102,358	$2,128,285	$2,970,056	$2,970,056
Early Intervention Services Trust Fund	$0	$0	$0	$100,000	$100,000
Local Funds	$871,700	$354,001	$364,464	$364,464	$364,464
Total Maintenance of Effort	$52,463,126	$60,551,206	$64,985,586	$80,421,354	$80,576,015

Overall, reverting $7.3 million General Fund in FY 2025-26 ensures appropriations align with projected expenditures and ensures that the state's future-year maintenance of effort is not over-inflated. The Department assures that this reversion will not impact service access or delivery, and that it would request appropriations if it finds its projections were incorrect.

Evidence Based Designation

The Department indicates that the Early Intervention program is evidence informed, and JBC staff agrees. Multiple reviews of the program have found statistically significant improvements in children's cognitive, motor, behavioral, and communication skills.[6] In addition, Colorado's federal FY 2023 State Performance Plan for EI indicate most children (about 96.0% across several developmental areas) improved their functioning, with about 60.0% having attained age-appropriate functioning levels by the time they exit EI or turn 3 years old.[7] To have a higher evidence designation, the program would need at least one evaluation with a strong comparison group. An evidence brief by Prenatal-to-3 Policy Impact Center indicates that it is difficult to have studies on EI with a strong comparison group, given that EI requires serving all eligible children.[8]

[6] https://pn3policy.org/wp-content/uploads/2021/09/ER.11B.0821_EarlyInterventionServices.pdf

[7] https://dcfs.my.salesforce.com/sfc/p/#410000012srR/a/4N000000IfDH/0LeZHAhSYXEClDbIrJVOr_xGDSIqVtYpP3bV61lCgUI

[8] https://pn3policy.org/wp-content/uploads/2021/09/ER.11B.0821_EarlyInterventionServices.pdf

→ S3 Universal Preschool Program increase

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	$10,000,000	$0	$10,000,000	$0	$0	0.0
Recommendation	10,000,000	0	10,000,000	0	0	0.0
Staff Recommendation Higher/-Lower than Request	$0	$0	$0	$0	$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES
An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.
Explanation: JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made, namely higher caseload than originally estimated.

Request

The Department requests $10.0 million additional spending authority from the Preschool Programs Cash Fund to cover services for higher-than-anticipated Universal Preschool Program caseload.

Recommendation

Staff recommends that the Committee approve the request.

Analysis

The Universal Preschool program is a voluntary statewide program providing preschool assistance for children in the year before kindergarten (typically 4-year-olds) and children with an Individualized Education Plan (IEP), and additional support for children in low-income families. The program operates as a mixed-delivery system. Eligible children receive a minimum of 10 hours of state-funded preschool a week, extended to 15 hours through Department rule, with additional hours available for children in low-income families or how meet a qualifying factor.

The Department received a total appropriation of $349.1 million in the FY 2025-26 Long Bill, including $202.8 million from the Preschool Programs Cash Fund and $146.3 million General Fund. Since that time, the Department has updated its projected caseload upwards. This drives their request for $10.0 million in additional spending authority from the Preschool Programs Cash Fund.

Statutory requirements

Section 26.5-4-204 (3)(a)(I), C.R.S., mandates that the State fund at least 10 hours of preschool for children the year before they can enroll in kindergarten. Section 26.5-4-204 (3)(b) also mandates that the State provide preschool services for three- and four-year-olds with an Individualized Education Plan (IEP). Statute also guarantees a minimum historic allocation of funding for three-year-olds for providers that participated in the Colorado Preschool Program in school year 2022-23. Section 26.5-4-209 (3)(a), C.R.S., requires the Department to prioritize the use of the Preschool Programs Cash Fund for these groups and hours.

Additionally, the following groups can get covered preschool services, subject to available appropriations, according to Sections 26.5-4-204 (3)(a)(III) to (V), C.R.S. and Section 26.5-4-209 (3)(b), C.R.S.:

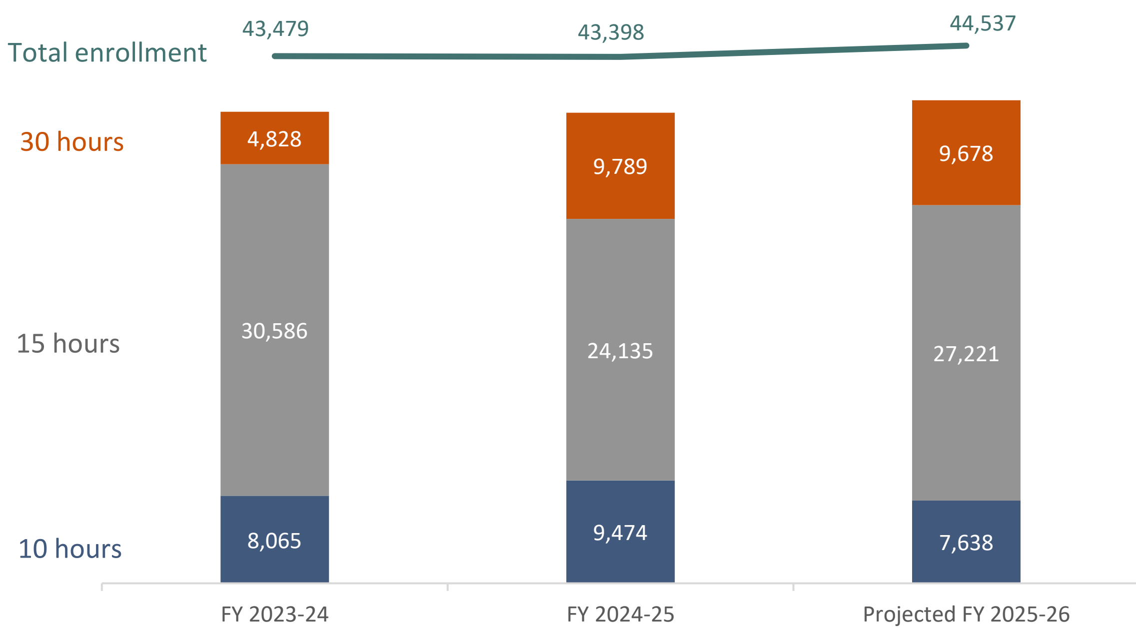
- Three-year-olds who are not eligible for kindergarten in the next school year, who
  - Are low-income, or
  - Meet qualifying factors, as determined by Department rule and reviewed at least every five years. These include
    - Homelessness
    - Foster care
    - Dual language learner
    - Have an IEP
    - Experiencing poverty, with household income less than 100.0 percent federal poverty guidelines
- Additional hours for a child from a low-income family and who meet a qualifying factor

Should the Department not have enough appropriations to close out the fiscal year, preschool services for non-IEP three-year-olds and additional hours would be at risk.

Growth of caseload and updated caseload projection

Based on payments from August to November 2025, the Department projects to serve about 1,139 more 4-year-olds in FY 2025-26 than it served in FY 2024-25, or a 2.6% enrollment increase. This includes serving about 3,086 more 4-year-olds in 15-hour care than served in FY 2024-25.

Four-year-old total enrollment and enrollment in 15-hour care is projected to increase in FY 2025-26.



The Department also projects to serve about 5,784 3-year olds with an IEP in FY 2025-26. This is slightly higher than the 5,728 3-year-olds with an IEP served in FY 2024-25.

Impact on the Preschool Programs Cash Fund

Proposition EE created increased and new taxes on cigarettes and other nicotine products. The majority of Proposition EE revenue is deposited into the Preschool Programs Cash Fund, which funds the Universal Preschool Program and Local Coordinating Organizations. In addition, the Joint Budget Committee sets the reserve amount for the Preschool Programs Cash Fund during figure setting annually.

With $10.0 million additional spending, the Preschool Programs Cash Fund's reserve will be 20.1%, well over the 15.0% reserve that JBC staff recommended during FY 2025-26 figure setting. The current forecast for the FY 2025-26 reserve is higher than predicted during FY 2025-26 figure setting due to two factors:

1. Increased forecasted revenue for FY 2025-26 ($5.0 million more) in the September forecast compared to March
2. Higher starting balance in FY 2025-26 than projected ($18.3 million more), due to higher revenue and lower expenditure in FY 2024-25 than projected

The table below shows the projected FY 2025-26 performance of the Preschool Programs Cash fund as presented during figure setting in March 2025, and current FY 2025-26 projections inclusive of this S3 request.

Table 1: FY 2025-26 Preschool Programs Cash Fund Performance

Category	Figure Setting, March Revenue Forecast	Current, Sept. Revenue Forecast
Year Beginning Fund Balance	$39,763,173	$58,022,110
Forecasted Revenues	201,100,000	206,080,154
Total Funding Available	$240,863,173	$264,102,264
Appropriation (Long Bill)	$211,914,429	$211,914,429
S3 Additional cash fund request		10,000,000
Total Expenditure	$211,914,429	$221,914,429
Year End Balance	$28,948,744	$42,187,835
FY 2024-25 Revenue	*$201,800,000*	*$210,181,381*
Reserve Target (15.0% of FY 2024-25 Revenue)	$30,270,000	$31,527,207
Actual anticipated reserve	**14.3%**	**20.1%**

The table demonstrates that the Preschool Programs Cash Fund will maintain a healthy reserve if the Committee approved a $10.0 million increase to spending authority.

Evidence Based Designation

The Department indicates the Universal Preschool Program is evidence informed. JBC staff assesses the Universal Preschool Program as have insufficient evidence, as the balance of evidence is mixed – although staff assessment may change upon further review. A review of experimental and quasi-experimental research found that early childhood education has positive and statistically significant effects on decreasing special education placement and grade retention, and increasing high school graduation rates.[9] However, evidence on outcomes from universal preschool itself is mixed. In general, evidence on universal preschool in the U.S. is limited, and there is variation in how states run their universal preschool program that makes comparisons difficult. A review of universal preschool programs in Europe found a mix of positive results – ranging from very small effects to large effects – in motor skills, reading test score at age 15, completed years of schooling, and language development by age 7.[10] Additionally, the level of benefit varied depending on families' socio-economic status (SES), where children from families with a lower SES benefited more. The Department is collecting data on Colorado's Universal Preschool program through an independent evaluation[11] concluding in 2027; the Department anticipates that further evidence will improve the program's designation to "Promising".

[9] https://pmc.ncbi.nlm.nih.gov/articles/PMC6107077/
[10] https://www.asc.ohio-state.edu/blau.12/docs/1-s2.0-S0885200620301277-main.pdf
[11] https://coloradolab.org/wp-content/uploads/2025/09/SFY25_UPK_Evidence-Building_Hub_Summary_Aug-2025_revised.pdf

Appendix A: Numbers Pages

Appendix A details the supplemental changes recommended by staff, including the actual expenditures for the previous state fiscal year, the appropriation for the current fiscal year, and the requested and recommended appropriation changes for the current fiscal year. Appendix A organizes this information by line item and fund source.

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
Department of Early Childhood					
Executive Director, Executive Director					
S1 Prioritizing CCDF investments					
(2) Partnerships and Collaborations					
Child Care Resource and Referrals	1,171,572	663,835	-30,000	-30,000	633,835
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,171,572	663,835	(30,000)	(30,000)	633,835
(3) Early Learning Access and Quality					
Workforce Recruitment and Retention Grants	1,408,786	1,128,167	-150,000	-150,000	978,167
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,408,786	1,128,167	(150,000)	(150,000)	978,167
Professional Development and Training Assistance	2,891,079	2,425,317	-80,000	-80,000	2,345,317
General Fund	75,000	75,000	0	0	75,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	2,816,079	2,350,317	(80,000)	(80,000)	2,270,317

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
Early Childhood Quality and Availability	11,965,758	10,490,649	-650,000	-250,000	10,240,649
General Fund	3,009,461	3,043,243	0	0	3,043,243
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	8,956,297	7,447,406	(650,000)	(250,000)	7,197,406
Total for S1 Prioritizing CCDF investments	17,437,195	14,707,968	(910,000)	(510,000)	14,197,968
FTE	0 .0	0 .0	0 .0	0 .0	0 .0
General Fund	3,084,461	3,118,243	0	0	3,118,243
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	14,352,734	11,589,725	(910,000)	(510,000)	11,079,725

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
S2 Early Intervention caseload					
(4) Community and Family Support					
Early Intervention	90,742,980	99,946,707	-7,342,227	-7,342,227	92,604,480
General Fund	62,492,837	76,986,834	(7,342,227)	(7,342,227)	69,644,607
Cash Funds	16,590,510	10,987,177	0	0	10,987,177
Reappropriated Funds	0	5,940,111	0	0	5,940,111
Federal Funds	11,659,633	6,032,585	0	0	6,032,585
Total for S2 Early Intervention caseload	90,742,980	99,946,707	(7,342,227)	(7,342,227)	92,604,480
FTE	0 .0	0 .0	0 .0	0 .0	0 .0
General Fund	62,492,837	76,986,834	(7,342,227)	(7,342,227)	69,644,607
Cash Funds	16,590,510	10,987,177	0	0	10,987,177
Reappropriated Funds	0	5,940,111	0	0	5,940,111
Federal Funds	11,659,633	6,032,585	0	0	6,032,585

	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2025-26 Requested Change	FY 2025-26 Rec'd Change	FY 2025-26 Total w/Rec'd Change
S3 Universal preschool program					
(3) Early Learning Access and Quality					
Universal Preschool Program	335,903,744	349,096,944	10,000,000	10,000,000	359,096,944
General Fund	146,301,440	146,333,200	0	0	146,333,200
Cash Funds	189,602,304	202,763,744	10,000,000	10,000,000	212,763,744
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Total for S3 Universal preschool program	335,903,744	349,096,944	10,000,000	10,000,000	359,096,944
FTE	0 .0	0 .0	0 .0	0 .0	0 .0
General Fund	146,301,440	146,333,200	0	0	146,333,200
Cash Funds	189,602,304	202,763,744	10,000,000	10,000,000	212,763,744
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Totals Excluding Pending Items					
EARLY CHILDHOOD					
TOTALS for ALL Departmental line items	756,860,531	802,741,580	1,747,773	2,147,773	804,889,353
FTE	235.1	243.1	0 .0	0 .0	243.1
General Fund	293,871,099	318,425,707	(7,342,227)	(7,342,227)	311,083,480
Cash Funds	248,794,329	279,083,896	10,000,000	10,000,000	289,083,896
Reappropriated Funds	7,550,537	16,607,388	0	0	16,607,388
Federal Funds	206,644,566	188,624,589	(910,000)	(510,000)	188,114,589

Appendix B: Alternative Pathways for Levels 3 to 5 Colorado Shines Rating

While observations for Colorado Shines are paused, programs that receive the following accreditation or certification, or that are part of the following approved school districts, can use these pathways to achieve Level 3 to Level 5 ratings.

Accrediting Bodies

- AdvancED – Level 4
- American Montessori Society (AMS) – Level 3
- Association of Christian Schools International (ACSI) – Level 3
- Association of Colorado Independent Schools (ACIS) - Level 4
- Cognia – Level 4
- Head Start/Early Head Start – Level 4
- National Association for Family Child Care (NAFCC) – Level 3
- National Association for the Education of Young Children (NAEYC) – Level 4
- National Early Childhood Program Accreditation (NECPA) – Level 4

Office of Head Start

- Office of Head Start (OHS) Grantee and Delegate Programs- programs with a child care license and an OHS issued grant - Level 4

Approved School Districts

- Aurora Public Schools – Level 4
- Boulder Valley School District (BVSD) – Level 4
- Cherry Creek School District – Level 4
- Denver Public Schools (DPS) – Level 4
- Douglas County School District – Level 3
- Jeffco School District – Level 4
- Mesa County Valley School District – Level 4
- Weld County RE-1 School District and Council – Level 4