



Memorandum

To: JBC Members
From: Phoebe Canagarajah, JBC Staff (303-866-2149)
Date: March 10, 2026
Subject: Technical Correction to Department of Early Childhood Figure Setting Document

JBC staff corrects the following parts of the CDEC figure setting document.

R4 Child care licensing services decrease

Staff makes the following technical corrections. They do not change staff recommendation.

Request

Staff omitted that the Department's request also includes an increase of \$148,367 reappropriated funds. This does not change the Department's total reduction of \$428,707.

Analysis

JBC staff's recommendation for the outyear FTE costs was incorrectly annualized. The table below is corrected, for next year's annualization if the Committee approves staff recommendation.

FTE: Staff Recommendation

	FY 2026-27	FY 2027-28
FTE	19.5	21.3
Personal Services	\$1,365,855	\$1,493,202
Operating Costs	24,960	27,264
Capital Outlay	147,000	0
Centrally appropriated costs (est.)	0	447,740
Total	\$1,537,815	\$1,968,206
Contract Reduction	-2,590,580	-2,590,580
Net Change	-\$1,052,765	-\$622,374



Joint Budget Committee

Staff Figure Setting FY 2026-27

Department of Early Childhood

Prepared by:

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March 10, 2026

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How to Use this Document

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

Department Overview

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.
- **Child Care Support including 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** – 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

Item	Total Funds	General Funds	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	1,533,354	-7,841,218	9,951,963	-32,431	-544,960	0.0
Total	\$804,424,934	\$310,734,489	\$289,035,859	\$16,574,957	\$188,079,629	243.1
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$804,424,934	\$310,734,489	\$289,035,859	\$16,574,957	\$188,079,629	243.1
R1 Prioritize CCDF investments	-4,664,762	0	0	0	-4,664,762	0.0
R2 Early Intervention increase	-9,342,227	-5,342,227	0	-4,000,000	0	0.0
R3 UPK increase	14,304,521	1,902,331	12,402,190	0	0	0.0
R4 Child care licensing svcs decrease	-904,398	-590,224	0	148,367	-462,541	19.5
R5 Maximize federal reimbursement	0	0	0	0	0	0.0
Statewide R6 End child care SUD pilot	0	0	0	0	0	0.0
Statewide R6 Red Child Maltreat Prev	-480,000	-480,000	0	0	0	0.0
BA1 Local Leads budget consolidation	-294,750	-105,575	-189,175	0	0	-4.0
BA2 OIT Real-Time Billing right size	-1,500,000	-1,500,000	0	0	0	0.0
SI1 Technical FRC approp adjust	0	0	0	0	0	0.0
SI2 Reduce Child Mental Health Svcs	-134,781	-134,781	0	0	0	0.0

Item	Total Funds	General Funds	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SI3 Personal svcs and op exp reduce	-125,113	-125,113	0	0	0	0.0
SI4 SLDS staff reduction	-123,324	-123,324	0	0	0	-0.8
SI5 HealthySteps reduction	-314,113	-314,113	0	0	0	0.0
SI6 OEDIT workforce contract reduce	-187,800	-187,800	0	0	0	0.0
Employee compensation common policies	1,935,213	704,321	98,993	-697,628	1,829,527	0.0
Operating common policies	563,765	705,196	240,000	313,131	-694,562	0.0
Impacts driven by other agencies	117,748	152,511	0	-34,763	0	1.8
Technical adjustments	2,009,500	-1,996,485	8	4,105,977	-100,000	-3.5
Prior year actions	-3,606,465	7,529,986	-11,674,324	12,672	525,201	0.5
Total	\$801,677,948	\$310,829,192	\$289,913,551	\$16,422,713	\$184,512,492	256.6
Changes from FY 2025-26	-\$2,746,986	\$94,703	\$877,692	-\$152,244	-\$3,567,137	13.5
Percentage Change	-0.3%	0.0%	0.3%	-0.9%	-1.9%	0.1
FY 2026-27 Executive Request	\$812,263,621	\$322,022,769	\$287,960,394	\$16,422,713	\$185,857,745	262.0
Staff Rec. Above/-Below Request	-\$10,585,673	-\$11,193,577	\$1,953,157	\$0	-\$1,345,253	-5.4

Changes assumed to be ongoing unless otherwise noted.

R1 Prioritizing Child Care and Development Fund (CCDF) investments: Staff recommends reductions to federal Child Care and Development Fund appropriations for certain quality initiatives to address a funding cliff.

Year 1: Reduction of \$4,664,762 federal funds from the CCDF

R1 Request and Staff Recommendation

Item	Request	Recommendation
Teacher Salary Grant Program	-\$2,928,167	-\$2,928,167
Colorado Shines School Readiness Quality Improvement Program	-\$1,621,595	-\$1,621,595
Workforce Recruitment and Retention Grants	-\$75,000	-\$75,000
Consumer Education and Outreach	-\$40,000	-\$40,000
Teacher Education Compensation Helps Early Childhood (TEACH) Scholarships	\$75,000	\$75,000
Apprenticeships	\$100,000	\$100,000
Professional Development Information System (PDIS)	\$0	-\$175,000
Total	-\$4,489,762	-\$4,664,762

R2 Early Intervention increase: Staff recommends to continue a reallocation of \$2.0 million General Fund from the Department of Health Care Policy and Financing (HCPF) to the Department of Early Childhood, and a reduction of General Fund to Early Intervention to align with caseload. Staff also recommends a General Fund reduction in FY 2025-26.

Year 0: Reduction of \$1.0 million General Fund

Year 1: Reduction of \$9.3 million total funds, including a reduction of \$5.3 million General Fund and \$4.0 million reappropriated funds. This continues the reallocation of \$2.0 million General Fund from HCPF to the Department ongoing.

The Department's March caseload forecasts for FY 2025-26 and FY 2026-27 are lower than originally projected, revising expenditure forecasts downwards.

R3 Colorado Universal Preschool Program (UPK) increase: Staff recommends increased funding to the Universal Preschool Program (UPK) to cover projected enrollment and inflationary increases. Staff also recommends to drop the reserve target to the Preschool Program Cash Fund for FY 2026-27.

Year 1: Increase of \$14.3 million total funds, including \$1.9 million General Fund and \$12.4 million increase spending authority from the Preschool Programs Cash Fund.

Staff does not recommend the Department's requested General Fund increase in the outyears, as the FY 2027-28 inflationary increase should be decided next year.

R4 Child care licensing services decrease: Staff recommends a net decrease in appropriations and 19.5 additional FTE as the Department eliminates some of its child care licensing contracts and moves these functions within the Department.

Year 1: Reduction of \$0.9 million total funds, including \$590,224 General Fund and \$462,541 federal Child Care and Development Fund (CCDF), and an increase of \$148,367 reappropriated funds and 19.5 FTE.

R5 Maximize federal reimbursement [legislation]: Staff recommends approving the Department's request for a net-neutral reallocation of General Fund and Tobacco Master Settlement Agreement (MSA) funds between SafeCare and the Nurse Home Visitor Program to draw down about \$1.1 million more federal funds.

Year 1: No change to total funds, this request is budget neutral.

Staff also recommends limiting this transfer in statute through FY 2029-30 as a pilot, and requiring the Department report to the Joint Budget Committee no later than November 1, 2029 on how much federal funds it has drawn down. If this reallocation is successful, the Department could then request it continue ongoing.

Statewide R6 Discontinue Child Care Services and Substance Use Disorder Treatment Pilot [legislation]: Staff recommends approval of the Department's request to end the Child Care Services and Substance Use Disorder Treatment Pilot program.

Year 1 and 2: Reduction of \$500,000 General Fund annually

The program is set to repeal on July 1, 2028. This repeals the program 2 years early.

Statewide R6 Reduce Child Maltreatment Prevention funding: Staff recommends approval of the Department's request to reduce funding to Family Resource Centers in the Child Maltreatment Prevention line item.

Year 1: Reduction of \$480,000 General Fund.

BA1 Local Leads budget consolidation: Staff recommends a net reduction in total funds and 4.0 FTE, and to reallocate certain appropriations into the Early Childhood Councils line item. Staff also recommends a footnote and Request for Information.

Year 1: Reduction of \$294,750 total funds, including \$105,575 General Fund and \$189,175 from the Preschool Programs Cash Fund, and reduction of 4.0 FTE.

BA2 OIT Real-Time Billing right size: Staff recommends a General Fund reduction to right-size appropriations to Payments for OIT.

Year 1: Reduction of \$1.5 million General Fund.

SI1 Technical Family Resource Center (FRC) appropriation adjustment: Staff recommends a budget-neutral technical adjustment to move funding in the Child Maltreatment Prevention line item for Family Resource Centers into the Family Resource Centers line item, for transparency.

SI2 Reduction to Early Childhood Mental Health Services: Staff recommends an ongoing 10.0% reduction to General Fund supporting Early Childhood Mental Health Services, for budget balancing.

Year 1: Reduction of \$134,781 General Fund.

SI3 Personal services and operating expenses reduction: Staff recommends a reduction to the General Fund portion of a vacant FTE’s salary and reductions to the Department’s in-state and out-of-state travel expenses.

Year 1: Reduction of \$125,133 General Fund.

SI4 Statewide Longitudinal Data System (SLDS) staff reduction: Staff recommends eliminating appropriations and staff for the Department’s connection into the Statewide Longitudinal Data System, as the Department will not be part of the SLDS for at least the next fiscal year.

Year 1: Reduction of \$123,324 General Fund and 0.8 FTE.

SI5 HealthySteps reduction: Staff recommends a 50.0% appropriation reduction to HealthySteps, for budget balancing. Staff also recommends moving remaining appropriations for HealthySteps into its own line item, for transparency.

Year 1: Reduction of \$314,113 General Fund.

SI6 OEDIT workforce development contract reduction: Staff recommends eliminating a workforce development contract operated by the Office of Economic Development and International Trade (OEDIT), for budget balancing.

Year 1: Reduction of \$187,660 General Fund.

Employee compensation common policies: The recommendation includes a net increase of \$1.9 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments. Staff will update these figures as needed to reflect the Committee’s common policy decisions.

Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$828,584	\$342,379	\$141,189	\$72,781	\$272,235	0.0
Health, life, and dental	654,580	245,743	-44,348	-463,161	916,346	0.0
Health, life, dental budget amendment	324,530	130,630	53,177	24,357	116,366	0.0
Step plan	73,722	25,093	14,915	5,244	28,470	0.0
HLD Jan 15 BA true-up	38,529	15,877	5,999	2,660	13,993	0.0
PERA direct distribution	22,577	427	-6,905	-55,272	84,327	0.0
Unfunded liability amortization payments	-6,870	-53,003	-61,808	-268,464	376,405	0.0
Paid family and medical leave insurance	-309	-2,385	-2,781	-12,081	16,938	0.0
Shift differential	-81	-69	-12	0	0	0.0
Short-term disability	-49	-371	-433	-3,692	4,447	0.0
Total	\$1,935,213	\$704,321	\$98,993	-\$697,628	\$1,829,527	0.0

Operating common policies: The recommendation includes a net increase of \$0.5 million for operating common policies. Staff will update these figures as needed to reflect the Committee’s common policy decisions.

Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Workers’ compensation	\$509,920	\$509,920	0	0	0	0.0
Office of Information Technology services	313,131	0	0	\$313,131	\$0	0.0
Risk management & property	70,002	70,002	\$0	\$0	\$0	0.0
State accounting system (CORE)	63,137	63,137	\$0	\$0	\$0	0.0
Legal services	55,575	55,575	\$0	\$0	\$0	0.0
Administrative law judge services	7,510	7,510	\$0	\$0	\$0	0.0
Statewide indirect cost adjustment	-454,562	0	240,000	0	-694,562	0.0
Vehicle lease payments	-948	-948	0	0	0	0.0
Total	\$563,765	\$705,196	\$240,000	\$313,131	-\$694,562	0.0

Impacts driven by other agencies: The recommendation includes a net increase of \$117,748 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request. Staff will update these figures as needed to reflect the Committee’s common policy decisions.

Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$174,762	\$174,762	\$0	\$0	\$0	0.9
NP8 SB24-205 AI compliance	133,760	133,760	0	0	0	0.9
NP State accounting system (CORE) staff	6,874	6,874	0	0	0	0.0
NP4 SB24-205 AI compliance	4,920	4,055	0	865	0	0.0
NP Statewide enable AI	2,469	2,035	0	434	0	0.0
BA Language access	0	0	0	0	0	0.0
NP IT efficiencies	-167,061	-137,678	0	-29,383	0	0.0
NP IT operating offset	-37,976	-31,297	0	-6,679	0	0.0
Total	\$117,748	\$152,511	\$0	-\$34,763	\$0	1.8

Technical adjustments: The request includes a net increase of \$2.0 million for corrections to prior annualizations or fund shifts, and additions to leased space.

Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
EI GF reduction	\$2,000,000	-\$2,000,000	0	\$4,000,000	\$0	0.0
Leased space	9,500	3,515	8	5,977	0	0.0
CCCAP reappropriated fund shift	0	0	0	100,000	-100,000	0.0
TA SB 22-213 remove remaining FTE	0	0	0	0	0	-3.5
Total	\$2,009,500	-\$1,996,485	\$8	\$4,105,977	-\$100,000	-3.5

Prior year actions: The request includes a net decrease of \$3.6 million for the impact of prior year budget decisions and legislation.

Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 24-1223 Improved access child care	\$66,880	\$66,880	0	0	0	0.1
SB 21-217 Market rate study child care	55,000	55,000	0	0	0	0.0
FY 24-25 R2 Dept core operations	23,702	23,702	0	0	0	0.0
HB 24-1364 Edu-based workforce readiness	23,186	23,186	0	0	0	0.4
FY 25-26 Salary survey	0	0	\$0	\$0	\$0	0.0
FY 25-26 Step Plan	0	0	0	0	0	0.0
FY 25-26 BA2 UPK program	-1,721,570	0	-1,721,570	0	0	0.0
HB 26-1152 EAR supplemental	-1,683,354	7,691,218	-9,951,963	32,431	544,960	0.0
SB 21-137 Behav health recovery	-280,000	-280,000	0	0	0	0.0
HB 24-1045 Treat substance use disorders	-50,000	-50,000	0	0	0	0.0
FY 25-26 R6 Cost allocation plan	-40,309	0	-791	-19,759	-19,759	0.0
Total	-\$3,606,465	\$7,529,986	-\$11,674,324	\$12,672	\$525,201	0.5

Major Differences from The Request

- **R1:** Additional reduction of \$175,000 Child Care and Development Fund (CCDF)
- **R2:** Net \$5.3 million General Fund reduction, instead of \$2.1 million General Fund increase
- **R3:** Smaller General Fund increase (\$1.9 million) compared to the request (\$3.8 million)
- **R4:** Net decrease in CCDF compared to the request
- **BA1:** Net \$371,194 General Fund and 4.0 FTE reduction
- **BA2:** Additional \$1.25 million General Fund reduction compared to request
- Additional \$2.5 million in staff-initiated General Fund reductions
- Technical adjustment to put the annualization of S.B. 21-217 (Market Rate Study for Child Care Assistance Program) into the correct line item

Decision Items Affecting Multiple Divisions

→ R4 Child care licensing services decrease

Request

The Department requests to eliminate some of its child care licensing contracts and move more of this function within the Department. This results in a reduction of \$428,707 total funds, including \$590,224 General Fund, and an increase of 19.6 FTE.

Recommendation

Staff recommends a total reduction of \$0.9 million funds, including \$590,224 General Fund and \$462,541 federal Child Care and Development Fund (CCDF), and an increase of \$148,367 reappropriated funds and 19.5 FTE.

Analysis

The Department establishes regulations on and licenses all less-than-24-hour child care facilities in Colorado. In FY 2024-25, the Department oversaw 4,625 licensed providers and completed more than 9,300 inspections and investigations. Of these providers, about 60.0% (2,750) are licensed by contractors.

This request moves three contractors' work within the Department, representing 47.0 percent of currently contracted work (1,300 facilities). Contracts are mostly paid from federal Child Care and Development Fund (CCDF), and some General Fund.¹

While contracting licensing work used to be more cost-effective, wages have not kept pace with need, resulting in high contractor turnover. Turnover results in increased Department workload and process inefficiencies. 93.0% of negative surveys about licensing since January 2025 related to contract staff, not state employees. Overall, JBC staff agrees on bringing underperforming contracts in-house. However, JBC staff needs more information on remaining contracts' performance before agreeing that *all* contracts should be brought in-house.

In its hearing response, the Department estimated that transitioning all contracted licenses in-house would cost an additional \$1.1 million in CCDF and 44.4 FTE. Contingent on sufficient appropriations, the Department plans to consolidate all licensing services in-house by FY 2031-32. **However, this could aggravate ongoing CCDF fiscal cliff concerns and related CCCAP waitlists, unless an alternative funding source were found.**

¹ Impacted areas are Broomfield, Douglas, Adams, Larimer, Mesa, Chaffee, Cheyenne, Elbert, Grand, Gunnison, Jackson, Kiowa, Kit Carson, Lake, Lincoln, Moffatt, Park, Rio Blanco, Routt, Washington, Yuma, and Weld counties. Arapahoe, Clear Creek, El Paso, Gilpin, Jefferson and Pueblo counties will still have contractors.

Senate Bill 26-020

Senate Bill 26-020 (Child Care Provider Licensing & Quality) requires that the Department start to phase out use of licensing contracts on July 1, 2026, amongst other requirements. The bill’s Fiscal Note includes the impact of this R4 request, but staff has been in contact with Legislative Council Staff. JBC staff and the Department agree it is better for this appropriation change to occur in the Long Bill to ensure appropriation reductions occur. The Department can bring licenses in-house without statute changes.

Difference between Request and Recommendation

Recommendation results in a higher net reduction than the Department request, due to differences in calculating salary, operating costs, and centrally appropriated costs.

FTE: Staff Recommendation

	FY 2026-27	Ongoing
FTE	19.5	21.3
Personal Services	\$1,365,855	\$1,365,855
Operating Costs	24,960	24,960
Capital Outlay	147,000	0
Centrally appropriated costs (est.)	0	447,740
Total	\$1,537,815	\$1,838,555
Contract Reduction	-2,590,580	-2,590,580
Net Change	-\$1,052,765	-\$752,025

Department Request

	FY 2026-27	Ongoing
FTE	19.6	21.3
Personal Services	\$1,398,886	\$1,519,059
Operating Costs	14,384	4,370
Capital Outlay	154,000	0
Centrally appropriated costs (est.)	446,236	518,869
Total	\$2,013,506	\$2,042,298
Contract Reduction	-2,590,580	-2,590,580
Net Change	-\$577,074	-\$548,282

FTE Requested

The Department requests the following FTE:

- Compliance Specialist III (17.0 FTE): Will inspect about 1,300 facilities and investigate complaints
- Compliance Specialist IV (1.0 FTE): Will train additional specialists and ensure consistently in inspection process
- Compliance Specialist V (1.0 FTE): Will supervise all specialists and new administrative staff
- Technician IV (1.0 FTE): Will conduct administrative tasks to support specialists, including training and workload allocation support
- Accountant III (1.0 FTE): Will analyze and manage program expenditures and finances
- Human Resource Specialist III (0.3 FTE): Will recruit and hire new staff

→ BA1 Local Leads Budget Consolidation

Request

The Department requests to budget neutral consolidation of appropriations for Local Coordinating Organizations (LCOs) and Early Childhood Councils (ECCs), specifically:

- Local Coordinating Organizations (-\$2.8 million cash funds)
- Early Childhood Councils (-\$4.4 million total funds, including -\$1.0 million General Fund and -\$3.4 million federal funds)
- Child Care Resource and Referrals (-\$0.4 million federal funds)
- Workforce Recruitment and Retention Grants (-\$0.08 million federal funds)
- Professional Development and Training (-\$0.7 million federal funds)
- Early Childhood Quality and Availability (-\$6.4 million total funds including -\$2.8 million General Fund and -\$3.6 million federal funds)

These appropriations would go into a new Local Leads line item with a total appropriation of \$14.8 million, including \$3.8 million General Fund, \$2.8 million cash funds, and \$8.3 million federal funds.

Recommendation

Staff recommends that the \$14.8 million be consolidated into the Early Childhood Councils line item. Senate Bill 26-019 (Early Childhood Local System Consolidation) will reflect that LCOs have been combined into ECCs.

Staff also recommends a reduction of \$294,750 total funds, including \$105,575 General Fund and \$189,175 from the Preschool Programs Cash Fund, and a reduction of 4.0 FTE to Personal Services in the Division of Early Learning Access and Quality. This reduces FTE whose duties would shift to managing quality work under the Department's request. The expansion of quality work in the Department should be a separate request.

Staff recommends a footnote clarifying that appropriations in the Early Childhood Councils line item may not be used for the Department's internal expenses, to ensure transparency in funding allocated to ECCs. Finally, staff recommends an RFI on the Department's quality improvement efforts, including the refresh of Colorado Shines.

Analysis

Early Childhood Councils (ECCs) are convened through County Commissioners and required to serve children 5 years old and under. They coordinate services like supporting quality improvements. Local Coordinating Organizations (LCOs) were established by H.B. 22-1295 (Department Early Childhood and Universal Preschool Program) to support providers offer seats for and families access Universal Preschool (UPK).

Overlap between ECCs and LCOs

There is significant administrative and statutory overlap between ECCs and LCOs. 29 of the state's 32 LCOs are also ECCs. Only three counties have an LCO separate from their ECC: Adams, Denver, and Jefferson/Gilpin/Clear Creek. Resulting inefficiencies include overlapping data collection and coordination practices, particularly to

support UPK providers, and managing multiple contracts. The Department oversees ECCs through 4.0 FTE and oversees LCOs through 6.0 FTE. These 10.0 FTE cost an estimated \$708,936 in FY 2025-26, not including benefits. The Department shared the following cost comparisons in its FY 2025-26 Request for Information #7 response.

FY 2025-26 Funding Comparison between ECCs and LCOs

Local Lead	Total Budget	Personnel Services	FTE	Contractors & Consultants	Travel	Supplies & Operating Expenses	Training & Technical Assistance	Indirect Costs	Quality Improvement Grants
ECC	\$11,974,054	\$5,267,933	74.2	\$278,076	\$110,802	\$519,189	\$0	\$711,053	\$5,087,001
LCO	\$4,521,573	\$3,406,860	43.1	\$363,381	\$52,660	\$218,104	\$20,312	\$460,256	\$0
Total	\$16,495,627	\$8,674,793	117.3	\$641,457	\$163,462	\$737,293	\$20,312	\$1,171,309	\$5,087,001

Local Leads Consolidation

The Department’s request centralizes ECC and LCO’s (“local leads”) work into three core areas:

1. **Systems building:** Create and implement local strategic plans to improve services, including data collection
2. **Base and targeted quality improvements:** Improve engagement in Colorado Shines and quality guidelines to increase the number of CCCAP and UPK providers in Levels 3 to 5
3. **Provider navigation:** Support providers with licensing, access to quality improvement resources and childhood mental health consultation services, offering slots, and obtaining CCCAP fiscal agreements

The Department is also revisiting its funding allocation methodology to ECCs and LCOs, likely basing it on the historic ECC methodology. The ECC allocation model distributes funding based on prioritizing high-needs child populations, and favors rural areas over urban ones with minimum and maximum funding caps and a base allocation to support systems-building. LCO’s allocation methodology is based on the number of eligible children and providers, and kept above a funding minimum.

While at face value these seem reasonable, the financial impact and Department’s reorganization indicate they plan to take on additional quality work and work formerly provided by LCOs.

Fiscal Impact

The Department’s planned funding shift is below. Namely, the Department plans to allocate \$1.6 million more to quality improvement. The Department plans to handle UPK enrollment and technical support work instead of LCOs and ECCs, so that local leads focus on quality work. This will likely impact the allocation methodology.

Department's Proposed Funding Redistribution

Funding Area	FY 2025-26 (est.)	FY 2026-27 (est.)	Net Change
System-building	\$3,473,266	\$3,215,030	-\$258,236
Base Quality Improvement Funding	2,630,021	4,310,021	1,680,000
Provider Navigation Funding	1,700,000	1,700,000	0
CCR&R	462,004	530,175	68,171
Quality Improvement Grants	5,087,001	5,087,001	0
UPK Enrollment/Technical Support	3,143,335	0	-3,143,335
Total	\$16,495,627	\$14,842,227	-\$1,653,400

The net reduction of \$1.7 million is from the reduction of one-time funding to LCOs provided in FY 2025-26.

Overall, this reorganization lacks transparency in how much funding would go to local leads versus kept by the Department for increased quality work. Ideally, there should be separate line items for ECC and quality initiative funding. Without that transparency, staff recommends a footnote detailing that appropriations in the Early Childhood Councils line item may not be used for the Department’s internal expenses. Staff also recommends the FTE reduction below.

Department Programmatic Reorganization

The Department is restructuring its internal staff to reflected the updated local lead model and implement new UPK quality standards. The Department assumes but did not explicitly request to take on these new duties:

- Develop and maintain a resource bank
- Design and implement a child outcome monitoring system
- Assure quality standards statewide
- Support providers in implementing quality standards
- Document community classroom observation needs and refer for or conduct on-site observations
- Centralize certain enrollment activities, including managing tier two support tickets (the state already manages tier one tickets), and onboard new providers

The Department will have a single point of contact for contract management to ECCs, making contract support and requirements standardized. This creates questions on why the request does not reduce costs.

The following table shows how roles for the existing 10.0 FTE who coordinate ECCs and LCOs would change. It indicates which is a continuation of an existing ECC/LCO support role, and which is a new quality role. JBC staff’s recommended FTE reduction eliminates staff taking new quality roles.

Reallocation of Existing FTE under Department Request

Position Title	FTE	ECC/LCOs & Prior Work/Roles	New Quality Role
Quality and Grants Manager	1.0	<ul style="list-style-type: none"> • Facilitate and support quality improvement coordinators’ work • Measure local performance goal progress 	
Quality Improvement Coordinators	5.0	<ul style="list-style-type: none"> • Provide contractual support, training, and technical assistance to local leads • Support local leads strategic plan • Apply for funding for local Early Childhood Systems • Convene local stakeholders to address gaps • Coordination data collection • Provide Early Childhood Mental Health Consultation • Address workforce and child health needs • Connect families with resources • Implement quality improvement activities in the CCDF state plan • Support providers’ professional development 	

Position Title	FTE	ECC/LCOs & Prior Work/Roles	New Quality Role
Early Learning Manager	1.0		<ul style="list-style-type: none"> • Lead Department's early learning practices and guidelines • Oversee Early Learning Unit's operations • Manage staff • Oversee Unit's contracts, including UPK quality standards contracts • Implement financial strategies for the Unit <p><i>The Early Learning Unit develops and delivers quality early learning goals and practices for providers and community support organizations.</i></p>
Early Childhood Learning Specialist	3.0		<ul style="list-style-type: none"> • Provide community and workforce access information on child learning goals, quality standards, and QRIS/workforce alignment • Monitor implementation of quality standards activities and child learning goals • Gather early learning program outcome data • Ensure QRIS/workforce alignment
10.0			

Senate Bill 26-019

Statute changes to effectuate this consolidation will happen through S.B. 26-019 (Early Childhood Local System Consolidation; Sens Ball/Bright, Reps Sirota/Gonzalez). This bill is not expected to go through appropriation committees, which is why Staff recommends making the budget changes in the FY 2025-26 Long Bill.

The bill also allows for a transition period of no more than three years for existing LCOs who are not combined with their ECCs. The Department must submit a written report to the JBC on transition costs and any legislation needed to facilitate that transition.

Evidence Designation

The Department indicates ECCs are evidence-informed. Staff analysis indicates ECCs have insufficient evidence, based on reports of positive outcomes but no statistically significant measures of improvement over time.

→ SI1 Technical Family Resource Center appropriation adjustment

Recommendation

Staff recommends combining funding for Family Resource Centers (FRCs) in the Child Maltreatment Prevention line item into the Family Resource Centers line item, for transparency in FRC's total funding.

Analysis

Beginning July 1, 2024, the Department reinvested resources from the Colorado Community Response program to FRCs (\$3.2 million), and the Colorado Community Resource program ended. This decision was made to increase administrative efficiencies and still achieve desired outcomes for families. The funding in the Child Maltreatment Prevention line item for FRCs and funding in the Family Resource Centers line item is combined when awarding grants to FRCs. Since funds from each line item are not distinctly separated when awarded to FRCs, staff recommends combining all FRC funding in the Family Resource Centers line item.

If the Committee does not approve the Statewide R6 reduction to FRCs, \$3,050,453 General Fund with move from the Child Maltreatment Prevention line item to the Family Resource Centers line item. If the Committee does approve that Statewide R6 request, \$2,570,453 General Fund would move.

i. Informational: Recommended Budget Reductions

The table below shows all proposed one-time and ongoing General Fund reductions recommended in this document. They represent 1.8% of the Department’s FY 2025-26 General Fund appropriation.

Staff Recommendations for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
Informational: Anticipated unexpended ARPA funds	\$1,616,989	-\$1,616,989	Y	The Department indicates this will be unspent by December 2026, of amounts originally appropriated as federal stimulus funds that were refinanced to General Fund. Staff indicates this can be built into the Committee’s assumptions for budget balancing, but no action is needed.
	\$1,616,989			
Expenditure Reductions				
R4 Child care licensing services decrease	-\$590,224	\$161,517	N	Moves 47.0 percent of currently contracted licensing work back within the Department.
Statewide R6 Discontinue child care services and substance use disorder treatment pilot	-500,000	0	Y	Ends this pilot program, which began in 2019.
Statewide R6 Reduce Child Maltreatment Prevention funding	-480,000	0	N	Reduce funding for Family Resource Centers.
BA2 OIT real time billing right-size	-1,500,000	0	N	The Department requested a \$250,000 General Fund decrease. Staff recommends a \$1.5 million decreased based on prior reversions.
S12 Reduction to Early Childhood Mental Health Services	-134,781	0	N	JBC staff proposed this option during FY 2025-26 figure setting that was not approved by the Committee. This amount represents a 10.0 percent reduction.
S13 Personal services and operating expenses reduction	-\$125,133	0	N	Cuts General Fund for a portion of 1.0 FTE that is vacant, out-of-state travel expenses, and non-licensing in-state travel expenses.

Option	General Fund	Other Funds	Bill? Y/N	Description
SI4 Statewide Longitudinal Data System staffing reduction	-123,324	0	N	Eliminates funding related to the Department's data connection to the Statewide Longitudinal Data System. Also removes 0.8 FTE.
SI5 Reduction to HealthySteps	-314,133	0	N	Reduces state funding to the HealthySteps program by 50.0%, which is administered by ABCD Colorado.
SI6 OEDIT workforce development contract reduction	-187,660	0	N	Approved as ongoing funding in the FY 2024-25 Long Bill, as stimulus funds expired. The contract provides business training courses and consultation at no cost to existing and prospective child care providers
Subtotal - Expenditures	-\$3,955,255	\$161,517		
Net General Fund Relief	\$5,572,244			

Anticipated unexpended ARPA funds

Description: JBC Staff has worked with the Department to anticipate the amount of refinanced federal stimulus funds that would be unspent and returned to the General Fund by December 31, 2026. Staff provides the Committee this information for awareness, as it can be built into budget balancing. The Committee also has the option to transfer these funds to the General Fund for FY 2025-26 balancing, which would require a bill.

Additional Background: Senate Bill 22-213 (Child Care Support Programs) appropriated \$51.5 million from the Economic Recovery and Relief Cash Fund, which was financed by federal coronavirus stimulus funds, to the Department. Unexpended funds were swapped for General Fund through H.B. 24-1466 (Refinance Federal Coronavirus Recovery Funds). Of these, \$1.6 million is expected to be unspent by December 31, 2026.

Refinanced Federal Stimulus Funds

Program Name	Original Federal Funds	Unobligated Funds	Expected Expenses	Anticipated Unexpended
Early Care Recruitment and Retention Program	\$15.0 million	\$441,719	\$179,440	\$262,278
Emerging and Expanding Child Care Grant Program	16.0 million	1,569,344	225,526	1,343,817
Family, Friend, and Neighbor Training and Support	7.5 million	203,463	196,232	7,232
Home Instruction for Parents of Preschool Youngsters (HIPPIY)	1.0 million	13,435	9,774	3,661
Total	\$39.5 million	\$2,227,961	\$610,972	\$1,616,989

(1) Executive Director's Office

The Executive Director's Office is responsible for the management and administration of the Department, housing core such functions as budget and finance, human resources, policy development, communications, performance monitoring, and other leadership functions.

Executive Director's Office

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$51,133,305	\$28,750,748	\$5,092,654	\$10,667,277	\$6,622,626	77.8
Other legislation	-\$464,419	-\$348,991	-\$48,037	-\$32,431	-\$34,960	0.0
Total FY 2025-26	\$50,668,886	\$28,401,757	\$5,044,617	\$10,634,846	\$6,587,666	77.8
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$50,668,886	\$28,401,757	\$5,044,617	\$10,634,846	\$6,587,666	77.8
R4 Child care licensing svcs decrease	148,367	0	0	148,367	0	1.1
BA2 OIT Real-Time Billing right size	-1,500,000	-1,500,000	0	0	0	0.0
SI3 Personal svcs and op exp reduce	-125,113	-125,113	0	0	0	0.0
SI4 SLDS staff reduction	-123,324	-123,324	0	0	0	-0.8
Employee compensation common policies	1,935,213	704,321	98,993	-697,628	1,829,527	0.0
Operating common policies	1,018,327	705,196	0	313,131	0	0.0
Impacts driven by other agencies	117,748	152,511	0	-34,763	0	1.8
Technical adjustments	9,500	3,515	8	5,977	0	0.0
Prior year actions	-520,866	-259,452	-94,190	12,672	-179,896	0.4
Total FY 2026-27	\$51,628,738	\$27,959,411	\$5,049,428	\$10,382,602	\$8,237,297	80.3
Changes from FY 2025-26	\$959,852	-\$442,346	\$4,811	-\$252,244	\$1,649,631	2.5
Percentage Change	1.9%	-1.6%	0.1%	-2.4%	25.0%	3.2%
FY 2026-27 Executive Request	\$53,180,826	\$29,511,499	\$5,049,428	\$10,382,602	\$8,237,297	81.7
Staff Rec. Above/-Below Request	-\$1,552,088	-\$1,552,088	\$0	\$0	\$0	-1.4

→ BA2 OIT Real-Time Billing right size

Request

The Department requests a reduction of \$250,000 General Fund ongoing to its Payments to OIT line item.

Recommendation

Staff recommends a reduction of \$1.5 million General Fund, based on prior reversions.

Analysis

The Department identified efficiencies in service usage with the Office of Information Technology (OIT). The General Fund reduction in this request is from areas where the Department has underused services.

From FY 2023-24 to FY 2024-25, the Department reverted about \$2.4 million General Fund in its Payments to OIT line item. Staff recommends a reduction of about half that amount to right-size appropriations to prior underspending.

Payment to OIT General Fund Reversions

	FY 2023-24	FY 2024-25	Two-Year Average
Appropriation	\$7,945,792	\$10,507,070	
Actual Expenditure	\$5,669,029	\$8,013,640	
Reversion	\$2,276,763	\$2,493,430	\$2,385,097

The Department's requested FY 2026-27 Payments to OIT appropriation is \$14.8 million total funds, including \$11.9 million General Fund. Staff recommendation makes this \$12.3 million total funds, including \$10.6 million General Fund.

→ SI3 Personal services and operating expenses reduction

Recommendation

Staff recommends removing General Fund for a portion of 1.0 FTE's staff that is vacant and operating expenses for out-of-state travel and non-licensing in-state travel.

Year 1: Reduction of \$125,113 General Fund

Analysis

In FY 2024-25, the Department had a total of 38.1 vacancies. The Department has since filled all those positions except 1.0 FTE. This FTE has a salary of \$156,000 as a senior executive service position, and is cost allocated: 46.0% of their salary is from General Fund, 25.0% from cash funds, 7.0% from reappropriated funds, and 25.0%

from federal funds. Staff recommends cutting the General Fund portion of their salary (\$67,080) for General Fund relief, in the Personal Services line item of the EDO.

Additionally, the Department uses some General Fund for in-state and out-of-state travel in various operating expenses line items. In FY 2024-25, \$26,725 General Fund supported out-of-state travel and \$31,308 General Fund was for in-travel expenses that were not related to licensing work. Staff recommends reducing these General Fund amounts in Operating Expenses for the EDO.

→ SI4 Statewide Longitudinal Data System staffing reduction

Recommendation

Staff recommends eliminating appropriations for H.B. 24-1364 (Education-Based Workforce Readiness) as the Department of Early Childhood will not join the Statewide Longitudinal Data System (SLDS) for at least the next fiscal year. This reduces \$123,324 total General Fund and 0.8 FTE, with the understanding that the Department will request any necessary FTE closer to when it joins the SLDS.

Analysis

House Bill 24-1364 (Education-Based Workforce Readiness) created the Statewide Longitudinal Data System (SLDS). The Department is provided \$123,324 General Fund and 0.8 FTE in FY 2026-27 through this bill. The FTE has facilitated planning for eventually connecting Department data systems with the SLDS.

However, early childhood programs are not part of the SLDS' first phase build. Department data systems may not be connected until at least two years from now. This option eliminates all General Fund in the Department towards this initiative. The Department can submit a budget request to reinstate this funding timely to its connection to the SLDS.

Staff also notes an option to refinance the General Fund with the Preschool Programs Cash Fund and maintain the Department's engagement with SLDS, as the appropriation was intended to connect UPK data to the SLDS.

Line Item Detail – (A) General Administration

Personal Services

This line item provides appropriation for the associated Full Time Equivalent (FTE) and personal services funding to support the Executive Office staff and management functions including management direction, policy formulation, and core internal functions for Executive Director's Office, Communications, Human Resources, Legislative Affairs, Performance & Strategic Outcomes, and Finance.

Statutory Authority: Sections 26.5-1-104, 24-50-101, and 24-75-112 (1)(m), C.R.S.

Executive Director's Office, General Administration, Personal Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$8,320,096	\$2,162,347	\$180,811	\$5,976,938	\$0	77.8
Total FY 2025-26	\$8,320,096	\$2,162,347	\$180,811	\$5,976,938	\$0	77.8
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$8,320,096	\$2,162,347	\$180,811	\$5,976,938	\$0	77.8
Prior year actions	265,736	201,486	84	64,166	0	0.4
R4 Child care licensing svcs decrease	133,507	0	0	133,507	0	1.1
Impacts driven by other agencies	126,025	126,025	0	0	0	0.9
SI3 Personal svcs and op exp reduce	-67,080	-67,080	0	0	0	0.0
SI4 SLDS staff reduction	-61,595	-61,595	0	0	0	-0.8
Total FY 2026-27	\$8,716,689	\$2,361,183	\$180,895	\$6,174,611	\$0	79.4
Changes from FY 2025-26	\$396,593	\$198,836	\$84	\$197,673	\$0	1.6
Percentage Change	4.8%	9.2%	0.0%	3.3%	n/a	2.1%
FY 2026-27 Executive Request	\$8,845,364	\$2,489,858	\$180,895	\$6,174,611	\$0	80.3
Staff Rec. Above/-Below Request	-\$128,675	-\$128,675	\$0	\$0	\$0	-0.9

Health, Life, and Dental

This line funds the Department's share of the state's group health, life and dental insurance plans for state employees.

Statutory authority: Sections 24-50-611, 24-50-603 (9), 24-50-101, and 24-75-112 (1)(e), C.R.S.

Executive Director's Office, General Administration, Health, Life, and Dental

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$4,321,929	\$1,778,952	\$920,600	\$822,673	\$799,704	0.0
Other legislation	-308,390	-220,211	-48,037	-5,182	-34,960	0.0
Total FY 2025-26	\$4,013,539	\$1,558,741	\$872,563	\$817,491	\$764,744	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$4,013,539	\$1,558,741	\$872,563	\$817,491	\$764,744	0.0
Employee compensation common policies	1,017,639	392,250	14,828	-436,144	1,046,705	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Prior year actions	308,390	220,211	48,037	5,182	34,960	0.0
SI4 SLDS staff reduction	-14,975	-14,975	0	0	0	0.0
Total FY 2026-27	\$5,324,593	\$2,156,227	\$935,428	\$386,529	\$1,846,409	0.0
Changes from FY 2025-26	\$1,311,054	\$597,486	\$62,865	-\$430,962	\$1,081,665	0.0
Percentage Change	32.7%	38.3%	7.2%	-52.7%	141.4%	n/a
FY 2026-27 Executive Request	\$5,339,568	\$2,171,202	\$935,428	\$386,529	\$1,846,409	0.0
Staff Rec. Above/-Below Request	-\$14,975	-\$14,975	\$0	\$0	\$0	0.0

Short-term Disability

This line item provides funding for the Department's share of the state's short-term disability which is administered by the Department of Personnel.

Statutory authority: Sections 24-50-603 (13), and 24-50-611, C.R.S.

Request: The Department request \$17,104 total funds, including \$7,064 General Fund, \$2,916 cash funds, \$1,502 reappropriated funds, and \$5,622 federal funds.

Recommendation: The staff recommendation is pending Committee action on this common policy. Staff requests permission to make adjustments to reflect the Committee's final action in this common policy.

Unfunded Liability Amortization Payments

This line item will provide funding for amortization and supplemental amortization payments to increase the funded status of the Public Employees' Retirement Association (PERA).

Statutory authority: Section 24-51-411, C.R.S.

Request: The Department request \$2,443,506 total funds, including \$1,009,196 General Fund, \$416,577 cash funds, \$214,527 reappropriated funds, and \$803,206 federal funds.

Recommendation: The staff recommendation is pending Committee action on this common policy. Staff requests permission to make adjustments to reflect the Committee's final action in this common policy.

Step Pay

This line item provides detail on the amount of funding appropriated to each department as a result of the step pay plan. The step pay plan takes effect in FY 2024-25 and is a result of negotiations between the State of Colorado and Colorado Workers for Innovative and New Solutions (COWINS).

Statutory authority: Section 24-50-104, C.R.S.

Executive Director's Office, General Administration, Step Pay

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$103,887	\$51,307	\$10,378	\$6,661	\$35,541	0.0
Total FY 2025-26	\$103,887	\$51,307	\$10,378	\$6,661	\$35,541	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$103,887	\$51,307	\$10,378	\$6,661	\$35,541	0.0
Employee compensation common policies	73,722	25,093	14,915	5,244	28,470	0.0
Prior year actions	-103,887	-51,307	-10,378	-6,661	-35,541	0.0
Total FY 2026-27	\$73,722	\$25,093	\$14,915	\$5,244	\$28,470	0.0
Changes from FY 2025-26	-\$30,165	-\$26,214	\$4,537	-\$1,417	-\$7,071	0.0
Percentage Change	-29.0%	-51.1%	43.7%	-21.3%	-19.9%	n/a
FY 2026-27 Executive Request	\$73,722	\$25,093	\$14,915	\$5,244	\$28,470	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Salary Survey

The Department uses this line item to pay for annual increases for salary survey and senior executive service positions. Salary survey increases may include across-the-board increases, movement to minimum related to salary range adjustments, and specified classification increases. This line item funds the recommended salary adjustments pursuant to the Department of Personnel's annual compensation study.

Statutory authority: Section 24-50-104, C.R.S.

Executive Director's Office, General Administration, Salary Survey

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$673,166	\$291,654	\$131,663	\$70,534	\$179,315	0.0
Total FY 2025-26	\$673,166	\$291,654	\$131,663	\$70,534	\$179,315	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$673,166	\$291,654	\$131,663	\$70,534	\$179,315	0.0
Employee compensation common policies	828,584	342,379	141,189	72,781	272,235	0.0
Prior year actions	-673,166	-291,654	-131,663	-70,534	-179,315	0.0
Total FY 2026-27	\$828,584	\$342,379	\$141,189	\$72,781	\$272,235	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Changes from FY 2025-26	\$155,418	\$50,725	\$9,526	\$2,247	\$92,920	0.0
Percentage Change	23.1%	17.4%	7.2%	3.2%	51.8%	n/a
FY 2026-27 Executive Request	\$828,584	\$342,379	\$141,189	\$72,781	\$272,235	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Paid Family and Medical Leave

Colorado Proposition 118, Paid Family Medical Leave Initiative, was approved by voters in November 2020 and created a paid family and medical leave insurance program for all Colorado employees administered by the Colorado Department of Labor and Employment. This requires employers and employees in Colorado to pay a payroll premium (.90 percent with a minimum of half paid by the employer) to finance paid family and medical leave insurance benefits beginning January 1, 2023. It will finance up to 12 weeks of paid family and medical leave to eligible employees beginning January 1, 2024.

Statutory authority: Section 8-13.3-516, C.R.S.

Request: The Department request \$109,958 total funds, including \$45,414 General Fund, \$18,746 cash funds, \$9,654 reappropriated funds, and \$36,144 federal funds.

Recommendation: The staff recommendation is pending Committee action on this common policy. Staff requests permission to make adjustments to reflect the Committee’s final action in this common policy.

Shift Differential

This line item provides funding for employees working outside the traditional business hours of 8am to 5pm.

Statutory authority: Section 24-50-104, C.R.S.

Request and Recommendation: The Department requests and staff recommends a reduction of \$81 total funds, including \$69 General Fund and \$12 cash funds, which eliminates this line item.

Workers’ Compensation

This line item is used to pay the Department's share of the state's workers' compensation program run by the Department of Personnel.

Statutory authority: Section 24-30-1510.7, C.R.S.

Executive Director's Office, General Administration, Workers' Compensation

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$66,300	\$66,300	\$0	\$0	\$0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2025-26	\$66,300	\$66,300	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$66,300	\$66,300	\$0	\$0	\$0	0.0
Operating common policies	509,920	509,920	0	0	0	0.0
Total FY 2026-27	\$576,220	\$576,220	\$0	\$0	\$0	0.0
Changes from FY 2025-26	\$509,920	\$509,920	\$0	\$0	\$0	0.0
Percentage Change	769.1%	769.1%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$569,576	\$569,576	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$6,644	\$6,644	\$0	\$0	\$0	0.0

PERA Direct Distribution

This line item is included as a common policy allocation payment for the state portion of the PERA Direct Distribution created in Section 24-51-414, C.R.S., enacted in S.B. 18-200.

Statutory authority: Section 24-51-414 (2), C.R.S.

Request: The Department request \$457,181 total funds, including \$188,821 General Fund, \$77,942 cash funds, \$40,138 reappropriated funds, and \$150,280 federal funds.

Recommendation: The staff recommendation is pending Committee action on this common policy. Staff requests permission to make adjustments to reflect the Committee's final action in this common policy.

Operating Expenses

The line item supports the annual operating costs associated with the Executive Office operations including but not limited to office supplies, telephone, postage, printing, furniture, and travel expenses.

Statutory authority: Sections 24-102-302, and 24-75-112 (1)(I), C.R.S.

Executive Director's Office, General Administration, Operating Expenses

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$846,987	\$668,150	\$791	\$177,708	\$338	0.0
Total FY 2025-26	\$846,987	\$668,150	\$791	\$177,708	\$338	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$846,987	\$668,150	\$791	\$177,708	\$338	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
R4 Child care licensing svcs decrease	14,860	0	0	14,860	0	0.0
Impacts driven by other agencies	7,735	7,735	0	0	0	0.0
SI3 Personal svcs and op exp reduce	-58,033	-58,033	0	0	0	0.0
Prior year actions	-5,976	1,024	-270	-6,730	0	0.0
SI4 SLDS staff reduction	-1,024	-1,024	0	0	0	0.0
Total FY 2026-27	\$804,549	\$617,852	\$521	\$185,838	\$338	0.0
Changes from FY 2025-26	-\$42,438	-\$50,298	-\$270	\$8,130	\$0	0.0
Percentage Change	-5.0%	-7.5%	-34.1%	4.6%	0.0%	n/a
FY 2026-27 Executive Request	\$883,606	\$696,909	\$521	\$185,838	\$338	0.0
Staff Rec. Above/-Below Request	-\$79,057	-\$79,057	\$0	\$0	\$0	0.0

Legal Services

This line item is used to pay the Department of Law for the provision of legal services to all divisions.

Statutory authority: Sections 24-31-101 (1)(a), and 24-75-112 (1)(i), C.R.S.

Executive Director's Office, General Administration, Legal Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$1,431,001	\$1,431,001	\$0	\$0	\$0	0.0
Total FY 2025-26	\$1,431,001	\$1,431,001	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$1,431,001	\$1,431,001	\$0	\$0	\$0	0.0
Operating common policies	55,575	55,575	0	0	0	0.0
Total FY 2026-27	\$1,486,576	\$1,486,576	\$0	\$0	\$0	0.0
Changes from FY 2025-26	\$55,575	\$55,575	\$0	\$0	\$0	0.0
Percentage Change	3.9%	3.9%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$1,486,576	\$1,486,576	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Administrative Law Judge Services

This line item provides funding for services received from the Division of Administrative Hearings in the Department of Personnel. Appropriations are based upon historical utilization of these services.

Statutory authority: Section 24-30-1001 (3), C.R.S.

Executive Director's Office, General Administration, Administrative Law Judge Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$2,822	\$2,822	\$0	\$0	\$0	0.0
Total FY 2025-26	\$2,822	\$2,822	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$2,822	\$2,822	\$0	\$0	\$0	0.0
Operating common policies	7,510	7,510	0	0	0	0.0
Total FY 2026-27	\$10,332	\$10,332	\$0	\$0	\$0	0.0
Changes from FY 2025-26	\$7,510	\$7,510	\$0	\$0	\$0	0.0
Percentage Change	266.1%	266.1%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$10,745	\$10,745	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	-\$413	-\$413	\$0	\$0	\$0	0.0

Payment to Risk Management and Property Funds

Funding appropriated to this line item is used to reimburse the Department of Personnel for the Department's share of the state's liability and property insurance.

Statutory authority: Sections 24-30-1510 and 24-30-1510.5, C.R.S.

Executive Director's Office, General Administration, Payment to Risk Management and Property Funds

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$4,303	\$4,303	\$0	\$0	\$0	0.0
Total FY 2025-26	\$4,303	\$4,303	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$4,303	\$4,303	\$0	\$0	\$0	0.0
Operating common policies	70,002	70,002	0	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2026-27	\$74,305	\$74,305	\$0	\$0	\$0	0.0
Changes from FY 2025-26	\$70,002	\$70,002	\$0	\$0	\$0	0.0
Percentage Change	1,626.8%	1,626.8%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$74,355	\$74,355	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	-\$50	-\$50	\$0	\$0	\$0	0.0

Vehicle Lease Payments

This line item provides funding for vehicles leased from the Department of Personnel and Administration for staff that must travel to complete their job duties. Funding supports the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles.

Statutory authority: Section 24-30-1104 (2)(k), C.R.S.

Executive Director's Office, General Administration, Vehicle Lease Payments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$8,026	\$8,026	\$0	\$0	\$0	0.0
Other legislation	-1,116	-1,116	0	0	0	0.0
Total FY 2025-26	\$6,910	\$6,910	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$6,910	\$6,910	\$0	\$0	\$0	0.0
Prior year actions	1,116	1,116	0	0	0	0.0
Operating common policies	-948	-948	0	0	0	0.0
Total FY 2026-27	\$7,078	\$7,078	\$0	\$0	\$0	0.0
Changes from FY 2025-26	\$168	\$168	\$0	\$0	\$0	0.0
Percentage Change	2.4%	2.4%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$7,078	\$7,078	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Capital Outlay

This line item pays for the purchase or replacement of equipment, furnishings, or minor renovations for the department.

Statutory authority: Sections 26.5-1-104, 26.5-1-106, and 24-75-112 (1)(a), C.R.S.

Request: The Department requests \$216,730 total funds, all from General Fund. This is the same amount from FY 2025-26.

Recommendation: Staff recommends approval of the Department’s request.

Leased Space

This line item provides funding to support rental payments for office space rented in buildings outside of the capital complex. Currently, the Department leases 14,704 square feet at 710 South Ash Street in Glendale, CO.

Statutory authority: Sections 26.5-1-104, and 24-75-112 (1)(g), C.R.S.

Executive Director's Office, General Administration, Leased Space

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$332,520	\$123,032	\$291	\$209,197	\$0	0.0
Total FY 2025-26	\$332,520	\$123,032	\$291	\$209,197	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$332,520	\$123,032	\$291	\$209,197	\$0	0.0
Technical adjustments	9,500	3,515	8	5,977	0	0.0
Total FY 2026-27	\$342,020	\$126,547	\$299	\$215,174	\$0	0.0
Changes from FY 2025-26	\$9,500	\$3,515	\$8	\$5,977	\$0	0.0
Percentage Change	2.9%	2.9%	2.7%	2.9%	n/a	n/a
FY 2026-27 Executive Request	\$342,020	\$126,547	\$299	\$215,174	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Statewide Indirect Cost Assessment

This line item finances the Department's indirect cost assessment according to the state plan. The state plan takes costs associated with agencies such as the Governor's Office, the Department of Personnel, and the Department of Treasury that are not directly billed and allocates these costs to each state department. The departments are then responsible for collecting the money from the various sources of revenue that support their activities. Pursuant to JBC policy, the money collected is used to offset the need for General Fund in the executive director's office of each department to ensure that departments have an incentive to make the collections. An increase in the statewide indirect assessment on a department will decrease the need for General Fund in the executive director's office, and vice versa. The indirect cost assessment on a department can change from year to year based on changes in the total statewide indirect cost pool or based on changes in the allocation of costs. The allocation of costs complies with criteria of the Government Accounting Standards Bureau (GASB).

Statutory authority: Section 24-75-112 (1)(f), C.R.S.

Executive Director's Office, General Administration, Statewide Indirect Cost Recoveries

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$176,389	\$0	\$0	\$176,389	\$0	0.0
Total FY 2025-26	\$176,389	\$0	\$0	\$176,389	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$176,389	\$0	\$0	\$176,389	\$0	0.0
Total FY 2026-27	\$176,389	\$0	\$0	\$176,389	\$0	0.0
Percentage Change	0.0%	n/a	n/a	0.0%	n/a	n/a
FY 2026-27 Executive Request	\$176,389	\$0	\$0	\$176,389	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Line Item Detail – (B) Information Technology Systems

Information Technology Contracts and Equipment

This line item pays for operating expenses associated with the Department's information technology.

Statutory authority: Sections 26.5-1-104 and 26.5-1-106, C.R.S.

Executive Director's Office, Information Technology, Information Technology Contracts and Equipment

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$11,792,150	\$7,852,664	\$3,260,000	\$0	\$679,486	0.0
Total FY 2025-26	\$11,792,150	\$7,852,664	\$3,260,000	\$0	\$679,486	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$11,792,150	\$7,852,664	\$3,260,000	\$0	\$679,486	0.0
SI4 SLDS staff reduction	-23,263	-23,263	0	0	0	0.0
Prior year actions	-218	-218	0	0	0	0.0
Total FY 2026-27	\$11,768,669	\$7,829,183	\$3,260,000	\$0	\$679,486	0.0
Changes from FY 2025-26	-\$23,481	-\$23,481	\$0	\$0	\$0	0.0
Percentage Change	-0.2%	-0.3%	0.0%	n/a	0.0%	n/a

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Executive Request	\$11,791,932	\$7,852,446	\$3,260,000	\$0	\$679,486	0.0
Staff Rec. Above/-Below Request	-\$23,263	-\$23,263	\$0	\$0	\$0	0.0

Information Technology Systems Managed by Other Departments

This line item supports funding for the expenses associated with the information technology systems managed by other departments.

Statutory authority: Section 26.5-1-104, C.R.S.

Request: The Department requests \$571,796 total funds, including \$66,622 General Fund and \$505,174 federal funds. This is the same amount from FY 2025-26.

Recommendation: Staff recommends approval of the Department's request.

Payments to OIT

This line item funds services provided by the Governor's Office of Information Technology (OIT), including centralized computer services, provision and administration of the Colorado State Network, information technology security, Service Desk, Desk-side Services, Customer Engagement, Project Management, infrastructure, and OIT's internal office expenses. OIT's costs are allocated based on department usage.

Statutory authority: Sections 24-37.5-101 *et seq.*, C.R.S.

Executive Director's Office, Information Technology, Payments to OIT

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$14,906,899	\$12,285,052	\$0	\$2,621,847	\$0	0.0
Other legislation	-154,913	-127,664	0	-27,249	0	0.0
Total FY 2025-26	\$14,751,986	\$12,157,388	\$0	\$2,594,598	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$14,751,986	\$12,157,388	\$0	\$2,594,598	\$0	0.0
Operating common policies	313,131	0	0	313,131	0	0.0
Prior year actions	156,277	129,028	0	27,249	0	0.0
BA2 OIT Real-Time Billing right size	-1,500,000	-1,500,000	0	0	0	0.0
Impacts driven by other agencies	-197,648	-162,885	0	-34,763	0	0.0
SI4 SLDS staff reduction	-22,467	-22,467	0	0	0	0.0
Total FY 2026-27	\$13,501,279	\$10,601,064	\$0	\$2,900,215	\$0	0.0
Changes from FY 2025-26	-\$1,250,707	-\$1,556,324	\$0	\$305,617	\$0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Percentage Change	-8.5%	-12.8%	n/a	11.8%	n/a	n/a
FY 2026-27 Executive Request	\$14,773,746	\$11,873,531	\$0	\$2,900,215	\$0	0.0
Staff Rec. Above/-Below Request	-\$1,272,467	-\$1,272,467	\$0	\$0	\$0	0.0

IT Accessibility [New line item]

This line funds IT accessibility work, as required by H.B. 21-1110 (Colorado Laws for Persons with Disabilities) and S.B. 23-244 (Technology Accessibility Cleanup).

Statutory Authority: Section 24-85-103, C.R.S.

Executive Director's Office, Information Technology, IT Accessibility

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$0	\$0	\$0	\$0	\$0	0.0
Total FY 2025-26	\$0	\$0	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
Impacts driven by other agencies	174,762	174,762	0	0	0	0.9
Total FY 2026-27	\$174,762	\$174,762	\$0	\$0	\$0	0.9
Changes from FY 2025-26	\$174,762	\$174,762	\$0	\$0	\$0	0.9
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$202,481	\$202,481	\$0	\$0	\$0	1.4
Staff Rec. Above/-Below Request	-\$27,719	-\$27,719	\$0	\$0	\$0	-0.5

CORE Operations

This line item funds the Department's share for services related to the implementation and ongoing support of the Colorado Operations Resource Engine (CORE), which is the statewide accounting system used by the Office of the State Controller to record all State revenues and expenditures.

Statutory authority: Sections 26.5-1-104, 24-72.4-102 (7), and 24-30-202, C.R.S.

Executive Director's Office, Information Technology, CORE Operations

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
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Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$21,441	\$21,441	\$0	\$0	\$0	0.0
Total FY 2025-26	\$21,441	\$21,441	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$21,441	\$21,441	\$0	\$0	\$0	0.0
Operating common policies	63,137	63,137	0	0	0	0.0
Impacts driven by other agencies	6,874	6,874	0	0	0	0.0
Total FY 2026-27	\$91,452	\$91,452	\$0	\$0	\$0	0.0
Changes from FY 2025-26	\$70,011	\$70,011	\$0	\$0	\$0	0.0
Percentage Change	326.5%	326.5%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$95,098	\$95,098	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	-\$3,646	-\$3,646	\$0	\$0	\$0	0.0

Child Care Automated Tracking System

This line item funds software licenses, contracted operations, maintenance and enhancements, and ongoing support for the Child Care Automated Tracking System (CHATS). CHATS is the technology system used by the Department and all 64 counties for the implementation of the Colorado Child Care Assistance Program (CCCAP).

Statutory authority: Section 26.5-4-101, C.R.S.

Executive Director's Office, Information Technology, Child Care Automated Tracking System

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$4,414,382	\$504,449	\$0	\$0	\$3,909,933	0.0
Total FY 2025-26	\$4,414,382	\$504,449	\$0	\$0	\$3,909,933	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$4,414,382	\$504,449	\$0	\$0	\$3,909,933	0.0
Prior year actions	-469,138	-469,138	0	0	0	0.0
Total FY 2026-27	\$3,945,244	\$35,311	\$0	\$0	\$3,909,933	0.0
Changes from FY 2025-26	-\$469,138	-\$469,138	\$0	\$0	\$0	0.0
Percentage Change	-10.6%	-93.0%	n/a	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$3,945,244	\$35,311	\$0	\$0	\$3,909,933	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

(2) Partnerships and Collaborations

The Division of Partnerships and Collaborations includes support for various early childhood coordinating bodies and family support programs including Early Childhood Councils and Local Coordinating Organizations as well as Family Resource Centers and Child Care Resource and Referrals.

Partnerships and Collaborations

Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2025-26 Appropriation					
SB 25-206 (Long Bill)	\$12,566,622	\$2,877,880	\$4,521,570	\$5,167,172	6.5
Other legislation	-\$30,000	\$0	\$0	-\$30,000	0.0
Total FY 2025-26	\$12,536,622	\$2,877,880	\$4,521,570	\$5,137,172	6.5
FY 2026-27 Recommended Appropriation					
FY 2025-26 Appropriation	\$12,536,622	\$2,877,880	\$4,521,570	\$5,137,172	6.5
BA1 Local Leads budget consolidation	7,165,771	2,776,986	0	4,388,785	0.0
SI1 Technical FRC approp adjust	2,570,453	2,570,453	0	0	0.0
Operating common policies	-17,042	0	24,000	-41,042	0.0
Prior year actions	-1,679,808	5,144	-1,721,570	36,618	0.0
Total FY 2026-27	\$20,575,996	\$8,230,463	\$2,824,000	\$9,521,533	6.5
Changes from FY 2025-26	\$8,039,374	\$5,352,583	-\$1,697,570	\$4,384,361	0.0
Percentage Change	64.1%	186.0%	-37.5%	85.3%	0.0%
FY 2026-27 Executive Request	\$18,022,409	\$5,660,010	\$2,800,000	\$9,562,399	6.5
Staff Rec. Above/-Below Request	\$2,553,587	\$2,570,453	\$24,000	-\$40,866	0.0

Decision items for this division were discussed under "Decision Items Affecting Multiple Divisions".

Line Item Detail

Personal Services

This line item funds staff and related services for the Partnerships and Collaborations unit, staff and related services in the department in connection with the work unit, and possible contracts for requisite personal services.

Statutory authority: Sections 26.5-1-104, and 24-50-101, C.R.S.

Partnerships and Collaborations, Personal Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
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Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$852,058	\$286,380	\$0	\$0	\$565,678	6.5
Total FY 2025-26	\$852,058	\$286,380	\$0	\$0	\$565,678	6.5
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$852,058	\$286,380	\$0	\$0	\$565,678	6.5
Prior year actions	12,593	5,144	0	0	7,449	0.0
Total FY 2026-27	\$864,651	\$291,524	\$0	\$0	\$573,127	6.5
Changes from FY 2025-26	\$12,593	\$5,144	\$0	\$0	\$7,449	0.0
Percentage Change	1.5%	1.8%	n/a	n/a	1.3%	0.0%
FY 2026-27 Executive Request	\$864,651	\$291,524	\$0	\$0	\$573,127	6.5
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Operating Expenses

In addition to funding telephones, computers, office furniture, employee supplies, and printing, this line item also supports annual costs such as in- and out-of-state travel, records storage, postage, costs, and subscriptions to publications.

Statutory authority: Sections 26.5-1-104, and 24-102-302, C.R.S.

Request: The Department requests \$182,766 total funds, including \$45,846 General Fund and \$136,920 federal funds. This is the same appropriation as FY 2025-26.

Recommendation: Staff recommends approval of the Department’s request.

Local Coordinating Organizations

This line item provides funding for Local Coordinating Organizations (LCOs) which design community plans to increase outreach, assistance, and entry into the various programs and services offered by the department. LCOs also coordinate services across different levels of government, between different entities, and on local workforce development priorities.

Statutory authority: Section 26.5-2-101 *et seq.*, C.R.S.

Request and Recommendation: The Department request and staff recommendation eliminates this line item.

Partnerships and Collaborations, Local Coordinating Organizations

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-206 (Long Bill)	\$4,521,570	\$0	\$4,521,570	\$0	\$0	0.0
Total FY 2025-26	\$4,521,570	\$0	\$4,521,570	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$4,521,570	\$0	\$4,521,570	\$0	\$0	0.0
BA1 Local Leads budget consolidation	-2,800,000	0	-2,800,000	0	0	0.0
Prior year actions	-1,721,570	0	-1,721,570	0	0	0.0
Total FY 2026-27	\$0	\$0	\$0	\$0	\$0	0.0
Changes from FY 2025-26	-\$4,521,570	\$0	-\$4,521,570	\$0	\$0	0.0
Percentage Change	-100.0%	n/a	-100.0%	n/a	n/a	n/a
FY 2026-27 Executive Request	\$0	\$0	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Early Childhood Councils

This line item provides funding for the Early Childhood Council system, which covers all 64 Colorado counties and is charged with building the foundations of a locally based early childhood system. Funding in this line item is from federal Child Care Development Fund grant funding that is distributed to Early Childhood Councils through a grant process on a three-year cycle by the Department. Funding is also used by the Department for costs related to technical assistance and support to the Councils.

Statutory authority: Section 26.5-2-101 *et seq.*, C.R.S.

Recommendation: Staff recommendation is below and puts all local leads funding into the Early Childhood Councils line item, to reflect that Local Coordinating Organizations are being consolidated into Early Childhood Councils.

Partnerships and Collaborations, Early Childhood Councils

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$4,414,452	\$1,000,000	\$0	\$0	\$3,414,452	0.0
Total FY 2025-26	\$4,414,452	\$1,000,000	\$0	\$0	\$3,414,452	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$4,414,452	\$1,000,000	\$0	\$0	\$3,414,452	0.0
BA1 Local Leads budget consolidation	10,427,775	2,776,986	2,800,000	0	4,850,789	0.0
Total FY 2026-27	\$14,842,227	\$3,776,986	\$2,800,000	\$0	\$8,265,241	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Changes from FY 2025-26	\$10,427,775	\$2,776,986	\$2,800,000	\$0	\$4,850,789	0.0
Percentage Change	236.2%	277.7%	n/a	n/a	142.1%	n/a
FY 2026-27 Executive Request	\$0	\$0	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$14,842,227	\$3,776,986	\$2,800,000	\$0	\$8,265,241	0.0

Child Care Resource and Referrals

This line item provides funding for the Child Care Resource and Referrals program which supports a system of local/regional child care resource and referral organizations that provide coordination and delivery of child care information and resources to families and programs. This line is funded with federal Child Care and Development Fund (CCDF) grant monies, and supports contracts with Early Childhood Councils and other agencies for the implementation of the program.

Statutory authority: Section 26.5-2-101 *et seq.*, C.R.S.

Partnerships and Collaborations, Child Care Resource and Referrals

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$663,835	\$0	\$0	\$0	\$663,835	0.0
Other legislation	-30,000	0	0	0	-30,000	0.0
Total FY 2025-26	\$633,835	\$0	\$0	\$0	\$633,835	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$633,835	\$0	\$0	\$0	\$633,835	0.0
Prior year actions	30,000	0	0	0	30,000	0.0
BA1 Local Leads budget consolidation	-462,004	0	0	0	-462,004	0.0
Total FY 2026-27	\$201,831	\$0	\$0	\$0	\$201,831	0.0
Changes from FY 2025-26	-\$432,004	\$0	\$0	\$0	-\$432,004	0.0
Percentage Change	-68.2%	n/a	n/a	n/a	-68.2%	n/a
FY 2026-27 Executive Request	\$201,831	\$0	\$0	\$0	\$201,831	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Family Resource Centers

This line item provides funding for the Family Resource Center Program (FRCP) which provides training, technical assistance, and grants to establish and maintain family resource centers across Colorado. This line item is funded

with General Fund, and supports costs related to managing the program, contracts with program sites, and other contractual costs necessary for the implementation and evaluation of the program.

Statutory authority: Sections 26.5-3-101 *et seq.*, and 26.5-3-103, C.R.S.

Partnerships and Collaborations, Family Resource Centers

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$1,545,654	\$1,545,654	\$0	\$0	\$0	0.0
Total FY 2025-26	\$1,545,654	\$1,545,654	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$1,545,654	\$1,545,654	\$0	\$0	\$0	0.0
SI1 Technical FRC approp adjust	2,570,453	2,570,453	0	0	0	0.0
Total FY 2026-27	\$4,116,107	\$4,116,107	\$0	\$0	\$0	0.0
Changes from FY 2025-26	\$2,570,453	\$2,570,453	\$0	\$0	\$0	0.0
Percentage Change	166.3%	166.3%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$1,545,654	\$1,545,654	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$2,570,453	\$2,570,453	\$0	\$0	\$0	0.0

Indirect Cost Assessment

Indirect Cost Assessment provides funding for departmental overhead costs by the programs in this Long Bill group. The assessment represents the expected collection of statewide and departmental indirect costs from a cash-funded, reappropriated funds, or federal-funded program.

Statutory authority: Section 26.5-1-108(1)-(2), C.R.S.

Partnerships and Collaborations, Indirect Cost Assessment

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$386,287	\$0	\$0	\$0	\$386,287	0.0
Total FY 2025-26	\$386,287	\$0	\$0	\$0	\$386,287	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$386,287	\$0	\$0	\$0	\$386,287	0.0
Operating common policies	-17,042	0	24,000	0	-41,042	0.0
Prior year actions	-831	0	0	0	-831	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2026-27	\$368,414	\$0	\$24,000	\$0	\$344,414	0.0
Changes from FY 2025-26	-\$17,873	\$0	\$24,000	\$0	-\$41,873	0.0
Percentage Change	-4.6%	n/a	n/a	n/a	-10.8%	n/a
FY 2026-27 Executive Request	\$385,280	\$0	\$0	\$0	\$385,280	0.0
Staff Rec. Above/-Below Request	-\$16,866	\$0	\$24,000	\$0	-\$40,866	0.0

(3) Early Learning Access and Quality

This Division is responsible for the administration of two large early childhood programs, the Colorado Child Care Assistance Program and the Universal Preschool Program, as well as for the administration of various programs that support the early childhood workforce and child care quality improvements.

Early Learning Access and Quality

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$564,997,836	\$191,198,551	\$224,071,662	\$0	\$149,727,623	61.0
Other legislation	\$9,520,000	\$0	\$10,000,000	\$0	-\$480,000	0.0
Total FY 2025-26	\$574,517,836	\$191,198,551	\$234,071,662	\$0	\$149,247,623	61.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$574,517,836	\$191,198,551	\$234,071,662	\$0	\$149,247,623	61.0
R1 Prioritize CCDF investments	-4,664,762	0	0	0	-4,664,762	0.0
R3 UPK increase	14,304,521	1,902,331	12,402,190	0	0	0.0
BA1 Local Leads budget consolidation	-7,460,521	-2,882,561	-189,175	0	-4,388,785	-4.0
SI6 OEDIT workforce contract reduce	-187,800	-187,800	0	0	0	0.0
Operating common policies	-214,501	0	216,000	0	-430,501	0.0
Technical adjustments	0	0	0	100,000	-100,000	-3.5
Prior year actions	-8,687,288	662,701	-9,914,725	0	564,736	0.1
Total FY 2026-27	\$567,607,485	\$190,693,222	\$236,585,952	\$100,000	\$140,228,311	53.6
Changes from FY 2025-26	-\$6,910,351	-\$505,329	\$2,514,290	\$100,000	-\$9,019,312	-7.4
Percentage Change	-1.2%	-0.3%	1.1%	#DIV/0!	-6.0%	-12.1%
FY 2026-27 Executive Request	\$568,480,643	\$192,888,929	\$234,656,795	\$100,000	\$140,834,919	57.6
Staff Rec. Above/-Below Request	-\$873,158	-\$2,195,707	\$1,929,157	\$0	-\$606,608	-4.0

i. Informational: CCCAP Administration Updates

Background

The Department alerted JBC Staff to operational updates to CCCAP on March 3, 2026. That memo is attached as Appendix C. Staff summarizes the updates below.

Short-Term Actions

The Department is working to move the following three counties from freezes to waitlists:

- El Paso
- Douglas
- Montrose

Counties on waitlists may admit new families as their funding permits this fiscal year. These counties are projected to underspend their FY 2025-26 allocation.

Medium-Term Actions

The Department is drafting a rule that may take effect August 14, 2026. Its provisions and outcomes include:

- Allowing the Department to determine any county optional policy with a 30-day notice to the county
- Clarifying the State is a decision-maker for the allocation closeout process (staff takes this to mean that counties may not “trade” funds between those that overspend and underspend by the end of the fiscal year, as they had done prior)
- Allowing counties to invest county-only dollars into CCCAP without impacting their total CCCAP allocation

Long-Term Actions

The CCCAP Allocation Committee is considering allocating *less* than the full CCDF appropriation to counties, beginning in FY 2026-27. This aims to grow the CCDF’s fund balance to postpone the funding cliff and ensure long-term sustainability. The Allocation Committee will make a final decision in May.

The Department is still analyzing the impacts of this proposal on the CCDF fiscal cliff, service to children and families, county finances, upholding federal requirements on spending CCDF awards, and long-term plans for the CCDF and CCCAP.

The CCCAP Allocation Committee is composed of 11 members, of which 8 are appointed by the Colorado Human Services Directors Association for county representation and 3 are appointed by state Departments. Membership is ensured to be representative of the counties in the state.

→ R1 Prioritizing CCDF investments

Request

The Department requests a reduction of \$4.5 million in Child Care and Development Fund (CCDF) appropriations in FY 2026-27 to start to address a fiscal cliff that would be reached by FY 2028-29. The Department also requests to increase CCDF appropriations for TEACH scholarships and apprenticeships.

Recommendation

Staff recommends a total decrease of \$4.7 million CCDF. Staff recommends offsetting increases to scholarships and apprenticeship with reductions to Personal Development Information System investments.

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, including spending at least 9.0 percent on quality activities. The Department exceeded its quality target by \$9.1 million in FY 2024-25.

CCDF Funding Cliff

Analysis for supplementals puts the CCDF fiscal cliff at \$5.6 million in FY 2028-29. However, these projections will continue changing as some counties move from freezes to waitlists, and start to enroll new families.

CCDF Fiscal Cliff Projections without R1

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	\$52,468,213	\$29,415,962	\$17,861,310
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	\$190,080,363	\$167,028,112	\$155,473,460
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 Approved Reduction		-\$400,000			
Balance	\$76,112,377	\$52,468,213	\$29,415,962	\$17,861,310	-\$5,557,703

In calculating this cliff, the Department assumes:

4. Federal rule implementation is delayed to August 1, 2028, unless a proposed repeal² is finalized
5. The last round of provider rate increases is delayed from October 1, 2026
6. The annual CCDF award remains constant

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

7. Counties mostly remain on waitlists and freezes, with some counties moving from freezes to waitlists

Implications of repealing federal and state rules

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

On January 5, 2026, the federal Administration for Children and Families released a proposed rule that rescinds many of 2024 federal rule provisions. If it becomes final, the Department avoids \$40.5 million in increased costs.

If the rule became final, the Department could stop paying providers based on infant and toddler enrollment, if it updates its CCDF State Plan. The next State plan period begins October 1, 2027. **This would make about \$6.9 million available in CCCAP direct services appropriations, only after the next CCDF State Plan is approved.**

House Bill 26-1260 (Updates to Child Care Assistance Programs; Reps Garcia/Willford, Sens Cutter/Bright) delay the family copay cap decrease required by in H.B. 24-1223 (Improved Access to the Child Care Assistance Program) until August 1, 2028. The bill also clarifies that no more than 5.0% of county allocations can be used on administrative costs. The initial fiscal note estimates a cost savings of \$5.5 million General Fund, saved from delaying implementation of the copay cap decrease.

Quality Appropriation Changes

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 is documented below.

R1 Request and Staff Recommendation

Item	Request	Recommendation
Teacher Salary Grant Program	-\$2,928,167	-\$2,928,167
Colorado Shines School Readiness Quality Improvement Program	-\$1,621,595	-\$1,621,595
Workforce Recruitment and Retention Grants	-\$75,000	-\$75,000
Consumer Education and Outreach	-\$40,000	-\$40,000
Teacher Education Compensation Helps Early Childhood (TEACH) Scholarships	\$75,000	\$75,000
Apprenticeships	\$100,000	\$100,000
Professional Development Information System (PDIS)	\$0	-\$175,000
Total	-\$4,489,762	-\$4,664,762

Staff recommendation **decreases** the FY 2028-29 funding cliff to \$0.4 million; under the Department’s request, it would have been \$0.6 million. Each reduction is discussed in further detail below.

Teacher Salary Grant Program (\$2.9 million 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. The program has served 300 of 315 eligible teachers and resulted in salary increases ranging from \$6,220 to \$15,760 annually. The Department indicates this program is Proven, and staff agrees. The Department commissioned a randomized

control study of the pilot, which found statistically significant results in teacher retention about 1 year after the start of the pilot.³ This pilot ends July 1, 2026.

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.

Colorado Shines School Readiness Quality Improvement Program (\$1.6 million reduction)

The Colorado Shines Quality Rating and Improvement System (QRIS) rates licensed early learning programs serving children ages 0 to 5. Ratings range from Level 1 to Level 5.

This reduction eliminates observational assessments by Colorado Shines Quality Ratings Assessors, while the Department reevaluates the entire Colorado Shines rating system. The Department has received feedback that many providers find the current ratings system cost-prohibitive and 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. The Department is considering wider improvements to the ratings framework and related quality measures. The refresh will take between 18 to 24 months, to be completed no later than January 2028.

The Department indicates QRIS is evidence-informed. JBC staff disagrees as QRIS is not a program or practice and is therefore not applicable for an evidence designation.

Workforce Recruitment and Retention Grants (\$75,000 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), and supported by both federal stimulus funds and the CCDF. The particular funding the Department will reduce was planned to support credit-bearing workforce development pathways, which the Department indicates will continue with philanthropic dollars.

Consumer Education and Outreach (\$40,000 reduction)

The Department indicates these are unobligated funds. 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.

TEACH Scholarships (\$75,000 increase)

To encourage teacher retention after the Teacher Salary Grant Program ends, the Department requests funding for Teacher Education Compensation Helps Early Childhood (TEACH) scholarships. This is a national scholarship model managed through the Early Childhood Council Leadership Association. Scholarships are currently funded by stimulus dollars that end in December 2026. The program's FY 2025-26 budget is \$0.6 million, including \$0.4 million in remaining stimulus funds.

TEACH is a national program, created in 1990 to address the low college degree attainment, low wages, and low retention in early childhood education (ECE) professionals. Recipients must stay in the profession for two years.

³ <https://acf.gov/sites/default/files/documents/opre/opre-evaluation-colorado-ccap-teacher-salary-increase-pilot-oct25.pdf>

In Colorado, the program has resulted in a 5.0% wage increase and 97.0% retention rate amongst recipients.^{4, 5} A three-year study of nationwide recipients who got associates and bachelor's degrees showed that retention remained high amongst graduates, and that their wages continued to grow. However, without a comparison group, it is uncertain if these outcomes were due to characteristics in the ECE workforce at large, versus the impact of the scholarship itself.⁶ The Department indicates the program is evidence-informed and staff agrees.

The \$75,000 CCDF investment would be part of a required match with COSI Achieve; for every \$1 of CCDF investment, the program would return an addition \$2 in matching philanthropic funds.

Staff recommends approval of this request due to the match and evidence, but also recommends an offsetting reduction of \$75,000 CCDF to PDIS expenditures. The Department's data indicates PDIS investments will increase to \$534,317 in FY 2026-27, from \$13,425 in FY 2024-25 as federal stimulus funding rolls off.

Apprenticeship Program (\$100,000 increase)

Stimulus dollars, which expire December 2026, supported sponsor organizations in creating and relaunching apprenticeship programs for the early childhood education workforce. The program focused on apprenticeships offered through three higher education institutes: Red Rocks Community College, Colorado Mesa University, and University of Colorado – Colorado Springs. While the investment created 56 new active apprentices, its long-term outcomes on workforce recruitment and retention were not measured.⁷

The Department indicates apprenticeships at-large are promising. Given variations in industries, JBC staff analyzed the evidence for ECE apprenticeships specifically, and found they have insufficient evidence. No study measured statistical significance, but existing studies noted favorable outcomes. A report on an ECE apprenticeship in Texas found that graduated apprentices' wages grew by an average \$2.90/hour.⁸ The study in Texas and another in California⁹ noted improvements in apprentices' teaching knowledge and child interactions.

Sustainable funding is a challenge for ECE apprenticeships.¹⁰ A survey of ECE apprenticeships across states found that 60.0% of respondents were not receiving funding from the federal Department of Labor.¹¹ **Therefore, staff recommends approval of this request but also recommends an offsetting \$100,000 reduction to PDIS expenditures,** for the same reasons listed above.

All CCDF Quality Expenditures

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

⁴ <https://drive.google.com/file/d/1BluwgLR-pOn8byoetXYsVN8AE-CGleEI/view>

⁵ https://www.teachecnationalcenter.org/wp-content/uploads/2020/10/Longevity_Study_Second_Year_Report_10-30-20.pdf

⁶ <https://drive.google.com/file/d/1pA16SGDhkqk2XbGE06tdc0ZGLaDj9CDp/view>

⁷ https://coloradolab.org/wp-content/uploads/2023/10/ECHub_Evidence-Brief_Apprenticeship-Program.pdf

⁸ https://issuu.com/campfirefw/docs/camp_fire_school_readiness_eeap_evaluation_repor

⁹ <https://cscce.berkeley.edu/wp-content/uploads/publications/SEIU-Exec-Sum-FINAL-12-16-19.pdf>

¹⁰ https://cms.childtrends.org/wp-content/uploads/2019/11/PA-Apprenticeship-Spotlight_ChildTrends_December2019.pdf

¹¹ <https://educate.bankstreet.edu/cgi/viewcontent.cgi?article=1012&context=bsec>

Table 6: Actual and Estimated CCDF Quality Spending

Activity	FY 2024-25 Actual	FY 2025-26 (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	5,096,853	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	75,000
Early Childhood Leadership Commission	19,826	26,644	26,644
Professional Development Coaching and Training, PDIS Expenditures	13,425	0	359,317
Total	\$28,524,498	\$27,638,447	\$24,893,347

CCCAP Evidence Based Designation

The Department indicates that CCCAP is evidence-informed and JBC staff agrees, 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.¹² 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.¹³

→ R3 Universal Preschool Program increase

Request

The Department requests an appropriation increase to the Universal Preschool Program (UPK) based on projected enrollment and inflation increases. The Department also requests to drop the reserve target for the Preschool Program Cash Fund (PPGM) from 15.0% to 10.0% of prior year revenues.

Year 1: Increase of \$14.3 million total funds, including \$3.8 million General Fund and \$10.5 million increased spending authority from the PPGM.

¹² https://aspe.hhs.gov/sites/default/files/migrated_legacy_files//171046/EffectsCCSubsidiesMaternalLFPTechnical.pdf

¹³ <https://pmc.ncbi.nlm.nih.gov/articles/PMC3160790/>

Year 2: Increase of \$19.0 million including \$9.2 million General Fund and \$10.5 million increased spending authority from the PPGM.

Recommendation

Staff recommendation:

Staff recommends an increase of \$14.3 million, including \$1.7 million General Fund and \$12.2 million increased spending authority from the PPGM. This drops the cash fund’s reserve to 8.9% under the OSPB forecast or 11.3% under the LCS forecast.

Staff recommendation does not appropriate an additional inflationary increase in the outyears. It also splits this year’s \$3.8 million inflationary increase between General Fund and PPGM. Staff recommendation aligns with current law.

Modified staff recommendation:

House Bill 26-1259 (Department of Early Childhood Clean-Up; Rep Sirota, Sens Marchman/Bridges) requires UPK inflationary increases come from General Fund or State Education Fund. If it becomes law, the full \$3.8 million must come from General Fund.

If the Committee would rather align to H.B. 26-1259, staff recommends approving a modified recommendation of \$13.7 million, including \$3.8 million General Fund and \$9.9 million cash funds from the PPGM and no outyear increases. Under this, the PPGM reserve would be 10.0% under OSPB’s forecast or \$12.4% under LCS’. The total and cash fund appropriations are lower because the Executive Branch prefers to keep the PPGM reserve at 10.0%.

Analysis

Proposition EE increased and created new taxes on cigarettes and other nicotine products, depositing most of this revenue into the Preschool Program Cash Fund (PPGM) to fund UPK. FY 2023-24 was the first year UPK was implemented statewide. UPK provides a minimum 10 hours of child care to all enrolled families (increased to 15 hours in state rule), preschool services for 3- and 4-year olds with an Individualized Education Plan (IEP) and up to 30 hours for 3- and 4-year-olds who are low-income and/or meet a qualifying factor.

Appendix B shares information on UPK’s overall performance.

Universal Preschool Caseload

The Department projects a net 0.9% increase in enrollment compared to FY 2025-26. For 4-year-olds, this is based on serving 70.0% of the state’s estimated 64,208 total 4-year-old population in FY 2026-27.

Total UPK Enrollment [1]

Item	FY 2023-24	FY 2024-25	Projected FY 2025-26	Projected FY2026-27
4-year-olds	43,479	43,398	44,537	44,946
3-year-olds with IEPs	5,751	5,728	5,784	5,842
Total	49,230	49,126	50,321	50,788
Percent Change		-0.2%	2.4%	0.9%

[1] This excludes 3-year-olds who qualify for UPK based on income or other qualifying factors. The Department is making improvements to 3-year-old reporting to project this population in the future.

The Department requests a 1.2% increase from its FY 2025-26 appropriation.

UPK Spending

Item	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Approp.	FY2026-27 Request
General Fund	\$170,000,000	\$146,301,440	\$146,333,200	\$150,137,863
Cash Fund	141,091,079	189,602,304	212,763,744	213,263,602
Total Funds	\$311,091,079	\$335,903,744	\$359,096,944	\$363,401,465
Percent Change		8.0%	6.9%	1.2%

PPGM Reserve Recommendation

Statute dictates that the General Assembly may not appropriate the full balance of the PPGM. Any funding left after appropriations constitutes the PPGM reserve, which is set annually by the JBC during figure setting.

To sustain UPK caseload, the Department requests to drop the PPGM reserve to 10.0%. After updating OSPB's revenue projections and depending on if the Committee takes staff recommendation or modified recommendation, the reserve would either become 8.9% or 10.0%.

Preschool Programs Cash Fund Performance - OSPB Forecast

Category	FY 2026-27 (est.)	FY 2027-28 (est.)
Year Beginning Fund Balance	\$42,196,044	\$18,372,189
Forecasted Revenues	198,600,000	226,400,000
Total Funding Available	\$240,796,044	\$244,772,189
Expenditure - Recommendation	\$222,423,855	\$222,423,855
Year End Balance	\$18,372,189	\$22,348,334
Reserve - Recommendation	8.9%	11.3%
Expenditure - Modified Recommendation	\$220,188,029	\$220,188,029
Year End Balance	\$20,608,015	\$29,819,986
Reserve - Modified Recommendation	10.0%	13.5%

Under LCS' forecast, the reserve will be about 2.4 percentage points higher.

Inflationary Increase

Statute required the state appropriate a minimum state contribution to preschool in FY 2023-24 to an amount equal to the difference in the State Share of Total Program for FY 2022-23 with and without the enrollment in the Colorado Preschool Program and the 3- and 4-year-olds with disabilities receiving services through the Exceptional Children's Educational Act. Moving forward, that amount must increase by inflation.

The Department's FY 2026-27 request is based on a 2.6% inflationary increase using OSPB's September 2025 forecast, and puts the increase into General Fund. LCS' December 2025 forecast had inflation forecasted at 2.5%. Staff used OSPB's forecast in making staff recommendation, but notes the required inflationary increase may change after the March 2025 forecast. Staff will present a comeback if that is the case.

Evidence 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. 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.¹⁴ However, evidence on outcomes from universal preschool itself is mixed. 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 7.¹⁵ 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 concluding in 2027.

→ SI6 OEDIT workforce development contract reduction

Recommendation

Staff recommends eliminating workforce development contracts operated by the Office of Economic Development and International Trade (OEDIT), for an ongoing \$187,800 General Fund reduction.

Analysis

The Committee approved \$187,800 General Fund in ongoing support to an interagency agreement with OEDIT in the FY 2024-25 Long Bill, as stimulus funds expired. The contract provides business training courses and consultation, including one-to-one advising, at no cost to existing and prospective child care providers through OEDIT’s Small Business Development Center. The program is available as self-paced eLearning modules, and hybrid in-person and virtual sessions.

This reduction results in eliminating the Department’s provision of business training courses and consultation to prospective child care providers across the state.

Line Item Detail

Personal Services

This line item also provides funds to administer the Colorado Child Care Assistance Program (CCCAP). Departmental administrative activities include providing technical support and training for all 64 counties, compliance tracking and monitoring of the usage of CCCAP funds and other related administrative and supervisory support. Costs include contracts to conduct the Colorado Child Care Assistance Program Rate Setting Study, which is used to help establish reimbursement rates for child care providers within Colorado's Child Care

¹⁴ <https://pmc.ncbi.nlm.nih.gov/articles/PMC6107077/>

¹⁵ <https://www.asc.ohio-state.edu/blau.12/docs/1-s2.0-S0885200620301277-main.pdf>

Assistance Program (CCCAP) that provide equal access to children and families. The State provides rates for each county and each child care market. Per S.B. 21-217, the State completes a rate setting study once every three years.

Statutory authority: Sections 26.5-4-101 *et seq.*, 26.5-4-201, and 26.5-6-101, C.R.S.

Early Learning Access and Quality, Personal Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$8,855,201	\$3,044,800	\$993,476	\$0	\$4,816,925	61.0
Total FY 2025-26	\$8,855,201	\$3,044,800	\$993,476	\$0	\$4,816,925	61.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$8,855,201	\$3,044,800	\$993,476	\$0	\$4,816,925	61.0
Prior year actions	289,133	111,914	85,275	0	91,944	0.1
Technical adjustments	0	0	0	0	0	-3.5
BA1 Local Leads budget consolidation	-294,750	-105,575	-189,175	0	0	-4.0
SI6 OEDIT workforce contract reduce	-187,800	-187,800	0	0	0	0.0
Total FY 2026-27	\$8,661,784	\$2,863,339	\$889,576	\$0	\$4,908,869	53.6
Changes from FY 2025-26	-\$193,417	-\$181,461	-\$103,900	\$0	\$91,944	-7.4
Percentage Change	-2.2%	-6.0%	-10.5%	n/a	1.9%	-12.1%
FY 2026-27 Executive Request	\$9,089,334	\$3,101,714	\$1,078,751	\$0	\$4,908,869	57.6
Staff Rec. Above/-Below Request	-\$427,550	-\$238,375	-\$189,175	\$0	\$0	-4.0

Operating Expenses

In addition to funding telephones, computers, office furniture, and employee supplies, this line item supports a number of annual costs such as in- and out-of-state travel, records storage, postage costs, software licenses and subscriptions to publications for the Early Learning Access and Quality Division.

Statutory authority: Section 26.5-1-104, C.R.S.

Early Learning Access and Quality, Operating Expenses

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$245,326	\$19,022	\$18,430	\$0	\$207,874	0.0
Total FY 2025-26	\$245,326	\$19,022	\$18,430	\$0	\$207,874	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$245,326	\$19,022	\$18,430	\$0	\$207,874	0.0
Prior year actions	-6,542	-6,542	0	0	0	0.0
Total FY 2026-27	\$238,784	\$12,480	\$18,430	\$0	\$207,874	0.0
Changes from FY 2025-26						
Changes from FY 2025-26	-\$6,542	-\$6,542	\$0	\$0	\$0	0.0
Percentage Change	-2.7%	-34.4%	0.0%	n/a	0.0%	n/a
FY 2026-27 Executive Request						
FY 2026-27 Executive Request	\$238,784	\$12,480	\$18,430	\$0	\$207,874	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Universal Preschool Program

This line item provides funding to administer the Colorado Universal Preschool Program.

Statutory authority: Section 26.5-4-204, C.R.S.

Early Learning Access and Quality, Universal Preschool Program

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$349,096,944	\$146,333,200	\$202,763,744	\$0	\$0	0.0
Other legislation	\$10,000,000	\$0	\$10,000,000	\$0	\$0	0.0
Total FY 2025-26	\$359,096,944	\$146,333,200	\$212,763,744	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$359,096,944	\$146,333,200	\$212,763,744	\$0	\$0	0.0
R3 UPK increase	14,304,521	1,902,331	12,402,190	0	0	0.0
Prior year actions	-10,000,000	0	-10,000,000	0	0	0.0
Total FY 2026-27	\$363,401,465	\$148,235,531	\$215,165,934	\$0	\$0	0.0
Changes from FY 2025-26						
Changes from FY 2025-26	\$4,304,521	\$1,902,331	\$2,402,190	\$0	\$0	0.0
Percentage Change	1.2%	1.3%	1.1%	n/a	n/a	n/a
FY 2026-27 Executive Request						
FY 2026-27 Executive Request	\$363,401,465	\$150,137,863	\$213,263,602	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$0	-\$1,902,332	\$1,902,332	\$0	\$0	0.0

Child Care Assistance Program

This line item provides funding for the Colorado Child Care Assistance Program (CCCAP) which provides financial assistance to low-income families who are working, searching for employment, pursuing training or higher education, or are enrolled in the Colorado Works Program and need child care services to support their efforts toward self-sufficiency. The Department supervises CCCAP services administered by county departments of human or social services.

The State allocates CCCAP monies to counties annually based on an allocation formula. Funding for the program consists of General Fund, local funds, and federal funding from the Child Care and Development Fund (CCDF), and a small amount of Title XX funds. CCCAP monies are used for both county administration of the program and to reimburse child care providers for child care services provided for CCCAP children. CCCAP expenditures are tied to the number of families receiving care, the amount of care provided, and the provider reimbursement rates.

Statutory authority: Sections 26.5-4-104, and 26.5-4-105, C.R.S.

Early Learning Access and Quality, Child Care Assistance Program

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$185,700,444	\$37,058,921	\$20,296,012	\$0	\$128,345,511	0.0
Total FY 2025-26	\$185,700,444	\$37,058,921	\$20,296,012	\$0	\$128,345,511	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$185,700,444	\$37,058,921	\$20,296,012	\$0	\$128,345,511	0.0
Prior year actions	557,329	557,329	0	0	0	0.0
Technical adjustments	0	0	0	100,000	-100,000	0.0
Total FY 2026-27	\$186,257,773	\$37,616,250	\$20,296,012	\$100,000	\$128,245,511	0.0
Changes from FY 2025-26	\$557,329	\$557,329	\$0	\$100,000	-\$100,000	0.0
Percentage Change	0.3%	1.5%	0.0%	n/a	-0.1%	n/a
FY 2026-27 Executive Request	\$186,312,773	\$37,671,250	\$20,296,012	\$100,000	\$128,245,511	0.0
Staff Rec. Above/-Below Request	-\$55,000	-\$55,000	\$0	\$0	\$0	0.0

Intrastate Child Care Assistance Program

This line item provides funding for child care activities allowable under the Child Care and Development Fund grant which addresses specific challenges related to equal access to early child care and education including child care deserts, workforce development, and provider retention. It also supports regulation monitoring and delivery improvements of Colorado's Child Care Assistance Program, including enhancements to the CCCAP IT

system, Child Care Automated Tracking System (CHATS). It receives funding through the federal Child Care and Development Fund grant.

Statutory authority: Section 26.5-4-104, C.R.S.

Request: The Department requests \$500,000 federal funds total. This is the same appropriation as in FY 2025-26.

Recommendation: Staff recommends approval of the Department’s request.

Workforce Recruitment and Retention Grant

This line item provides funding to support recruitment and retention grants to support access to early childhood education, credentialing, and training with the goal of increasing and keeping workers in the early childhood workforce.

Statutory authority: Section 26.5-3-805, C.R.S.

Early Learning Access and Quality, Workforce Recruitment and Retention Grants

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$1,128,167	\$0	\$0	\$0	\$1,128,167	0.0
Other legislation	-150,000	0	0	0	-150,000	0.0
Total FY 2025-26	\$978,167	\$0	\$0	\$0	\$978,167	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$978,167	\$0	\$0	\$0	\$978,167	0.0
Prior year actions	150,000	0	0	0	150,000	0.0
R1 Prioritize CCDF investments	100,000	0	0	0	100,000	0.0
BA1 Local Leads budget consolidation	-75,000	0	0	0	-75,000	0.0
Total FY 2026-27	\$1,153,167	\$0	\$0	\$0	\$1,153,167	0.0
Changes from FY 2025-26	\$175,000	\$0	\$0	\$0	\$175,000	0.0
Percentage Change	17.9%	#VALUE!	n/a	n/a	17.9%	n/a
FY 2026-27 Executive Request	\$1,153,167	\$0	\$0	\$0	\$1,153,167	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Professional Development and Training

This line item provides funding for the Colorado Shines Professional Development Information System (PDIS), which is the statewide workforce registry and learning management system supporting professional development for Colorado’s early childhood workforce. Effective December 2021, all staff in licensed programs

are required to be registered in the PDIS. The funds support the costs of resources for the ongoing oversight and development of ongoing training, and professional development opportunities for early childhood educators, and operating and maintenance costs for the PDIS technology system.

Statutory authority: Sections 26.5-1-106 (1)(a)(I)(B), 26.5-3-805, 26.5-5-101, and 26.5-1-104, C.R.S.

Early Learning Access and Quality, Professional Development and Training Assistance

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$2,425,317	\$75,000	\$0	\$0	\$2,350,317	0.0
Other legislation	-80,000	0	0	0	-80,000	0.0
Total FY 2025-26	\$2,345,317	\$75,000	\$0	\$0	\$2,270,317	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$2,345,317	\$75,000	\$0	\$0	\$2,270,317	0.0
Prior year actions	80,000	0	0	0	80,000	0.0
R1 Prioritize CCDF investments	-1,165,000	0	0	0	-1,165,000	0.0
BA1 Local Leads budget consolidation	-686,000	0	0	0	-686,000	0.0
Total FY 2026-27	\$574,317	\$75,000	\$0	\$0	\$499,317	0.0
Changes from FY 2025-26	-\$1,771,000	\$0	\$0	\$0	-\$1,771,000	0.0
Percentage Change	-75.5%	0.0%	n/a	n/a	-78.0%	n/a
FY 2026-27 Executive Request	\$749,317	\$75,000	\$0	\$0	\$674,317	0.0
Staff Rec. Above/-Below Request	-\$175,000	\$0	\$0	\$0	-\$175,000	0.0

Early Childhood Quality and Availability

This line item funds grants and contracts to improve the quality and availability of child care throughout Colorado.

The federal government currently requires that 9 percent of expenditures for Child Care and Development Fund (CCDF) be used to improve the quality of child care. The 9 percent calculation is based on total CCDF expenditures, including state expenditures required to match a portion of the federal CCDF grant and expenditures of county transfers of Temporary Assistance for Needy Families funds to CCDF. Funding for quality activities supports Colorado’s Early Childhood Councils (ECCs) and the Colorado Shines Quality Improvement (CSQI) Program, which consists of funding from the School-Readiness Quality Improvement Program, the Infant and Toddler Quality and Availability (ITQA) program, and other CCDF funds intended to improve the quality in CCCAP and other licensed child care providers.

The federal government currently requires 3 percent of the total CCDF expenditures to be targeted for infant/toddler care to provide specialized training, technical assistance, improve the quality, or expand the

supply of child care programs serving infants and toddlers. This funding includes, but is not limited to, the ITQA program and the Expanding Quality for Infants and Toddlers (EQIT) program.

The funds support the Department’s Quality Rating and Improvement System (QRIS), Colorado Shines, which was launched in 2014. Colorado Shines is embedded in the state child care licensing regulatory system, requiring the assignment of a quality rating level for all licensed child care programs enrolling children prior to kindergarten to inform parents about the quality of early learning programs and drive improvements to the quality of those programs. The funds support the costs of the ongoing oversight and development of the Colorado Shines framework, including coaching, rating administration, inter-rater reliability for assessor staff, ongoing training, and operating and maintenance costs for the Colorado Shines Technology System.

Statutory authority: Sections 26.5-2-201 et seq., 26.5-5-101 et seq., and 26.5-5-201 et seq., C.R.S.

Early Learning Access and Quality, Early Childhood Quality and Availability

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$10,490,649	\$3,043,243	\$0	\$0	\$7,447,406	0.0
Other legislation	-250,000	0	0	0	-250,000	0.0
Total FY 2025-26	\$10,240,649	\$3,043,243	\$0	\$0	\$7,197,406	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$10,240,649	\$3,043,243	\$0	\$0	\$7,197,406	0.0
Prior year actions	250,000	0	0	0	250,000	0.0
BA1 Local Leads budget consolidation	-6,404,771	-2,776,986	0	0	-3,627,785	0.0
R1 Prioritize CCDF investments	-3,599,762	0	0	0	-3,599,762	0.0
Total FY 2026-27	\$486,116	\$266,257	\$0	\$0	\$219,859	0.0
Changes from FY 2025-26	-\$9,754,533	-\$2,776,986	\$0	\$0	-\$6,977,547	0.0
Percentage Change	-95.3%	-91.3%	n/a	n/a	-96.9%	n/a
FY 2026-27 Executive Request	\$486,116	\$266,257	\$0	\$0	\$219,859	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Imagination Library of Colorado

This line item provides funding for the Imagination Library of Colorado, transferred to the Department of Early Childhood from the Department of Education beginning in FY 2024-25. This program provides books free of charge to children 0-5 years old.

Statutory authority: Section 26.5-1-115, C.R.S.

Request: The Department requests a total appropriation of \$1,624,365 General Fund. This is the same appropriation as in FY 2025-26.

Recommendation: Staff recommends approval of the Department’s request.

Indirect Cost Assessment

This line item provides funding for departmental overhead costs by the programs in this Long Bill group. The assessment represents the expected collection of statewide and departmental indirect costs from a cash-funded, reappropriated funds, or federal-funded program.

Statutory authority: Section 26.5-1-108(1)-(2), C.R.S.

Early Learning Access and Quality, Indirect Cost Assessment

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$4,931,423	\$0	\$0	\$0	\$4,931,423	0.0
Total FY 2025-26	\$4,931,423	\$0	\$0	\$0	\$4,931,423	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$4,931,423	\$0	\$0	\$0	\$4,931,423	0.0
Operating common policies	-214,501	0	216,000	0	-430,501	0.0
Prior year actions	-7,208	0	0	0	-7,208	0.0
Total FY 2026-27	\$4,709,714	\$0	\$216,000	\$0	\$4,493,714	0.0
Changes from FY 2025-26	-\$221,709	\$0	\$216,000	\$0	-\$437,709	0.0
Percentage Change	-4.5%	n/a	n/a	n/a	-8.9%	n/a
FY 2026-27 Executive Request	\$4,925,322	\$0	\$0	\$0	\$4,925,322	0.0
Staff Rec. Above/-Below Request	-\$215,608	\$0	\$216,000	\$0	-\$431,608	0.0

(4) Community and Family Support

This division provides funding and support to multiple family and child support programs delivered at the local level including but not limited to Early Intervention services, Nurse Home Visitor program, and Child Maltreatment Prevention programs.

Community and Family Support

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$157,690,990	\$92,848,622	\$42,263,580	\$5,940,111	\$16,638,677	24.8
Other legislation	-\$7,492,227	-\$7,492,227	\$0	\$0	\$0	0.0
Total FY 2025-26	\$150,198,763	\$85,356,395	\$42,263,580	\$5,940,111	\$16,638,677	24.8
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$150,198,763	\$85,356,395	\$42,263,580	\$5,940,111	\$16,638,677	24.8
R2 Early Intervention increase	-9,342,227	-5,342,227	0	-4,000,000	0	0.0
R5 Maximize federal reimbursement	0	0	0	0	0	0.0
Statewide R6 End child care SUD pilot	0	0	0	0	0	0.0
Statewide R6 Red Child Maltreat Prev fund	-480,000	-480,000	0	0	0	0.0
SI1 Technical FRC approp adjust	-2,570,453	-2,570,453	0	0	0	0.0
SI2 Reduce Early Childhood Mental Health Svcs	-134,781	-134,781	0	0	0	0.0
SI5 HealthySteps reduction	-314,113	-314,113	0	0	0	0.0
Operating common policies	-43,873	0	-157	0	-43,716	0.0
Technical adjustments	2,000,000	-2,000,000	0	4,000,000	0	0.0
Prior year actions	7,103,769	7,062,853	19,112	0	21,804	0.0
Total FY 2026-27	\$146,417,085	\$81,577,674	\$42,282,535	\$5,940,111	\$16,616,765	24.8
Changes from FY 2025-26	-\$3,781,678	-\$3,778,721	\$18,955	\$0	-\$21,912	0.0
Percentage Change	-2.5%	-4.4%	0.0%	0.0%	-0.1%	0.0%
FY 2026-27 Executive Request	\$156,476,991	\$91,593,909	\$42,282,535	\$5,940,111	\$16,660,436	24.8
Staff Rec. Above/-Below Request	-\$10,059,906	-\$10,016,235	\$0	\$0	-\$43,671	0.0

→ R2 Early Intervention increase

Request

The Department requests an increase of \$2,154,661 General Fund and a reduction of \$4.0 million reappropriated funds. Of this amount, \$2.0 million General Fund would be taken from what otherwise would have been appropriated to the Department of Health Care Policy and Financing (HCPF) for its Transfer to Department of Early Childhood for Early Intervention line item.

Recommendation

Staff recommends continuing the \$2.0 million General Fund in the Department that had been appropriated to HCPF and the reduction of \$4.0 million reappropriated funds. However, staff also recommends a \$7.4 million General Fund decrease to align with updated caseload projections.

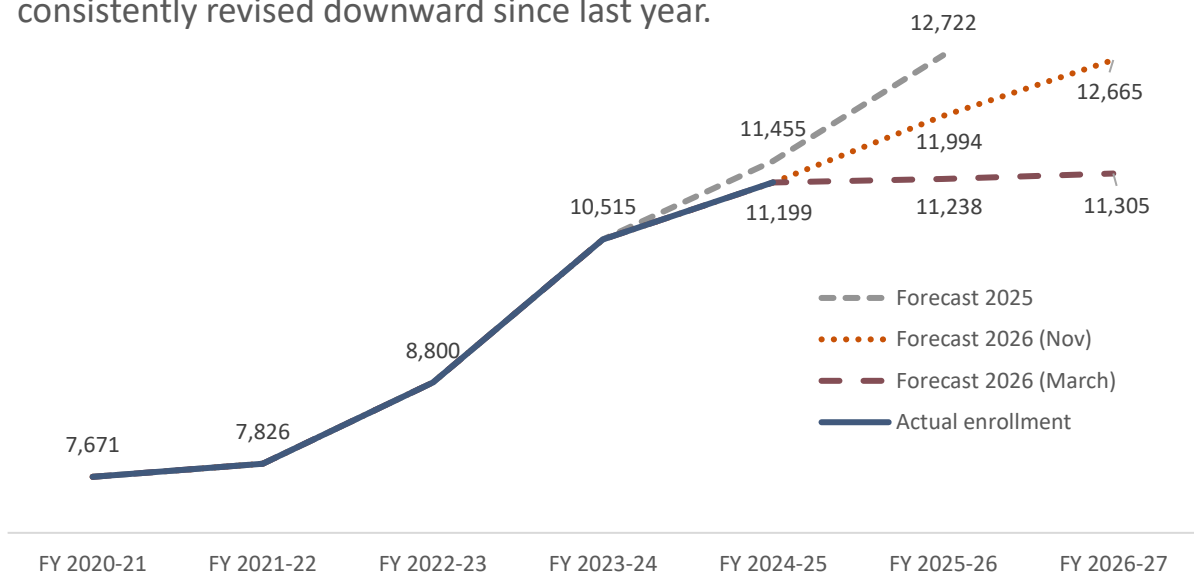
Analysis

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 needs. Services are provided locally through Early Intervention Brokers. All kids eligible must receive services.

Early Intervention Caseload

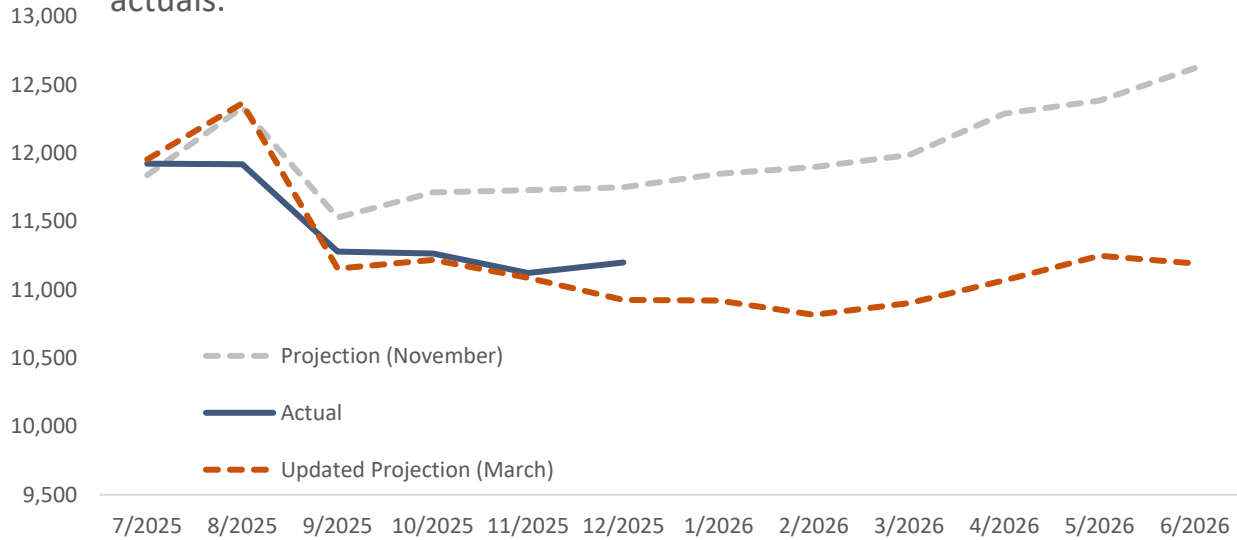
EI enrollment has grown year-over-year, although the Department's March EI enrollment forecast revised projected FY 2025-26 and FY 2026-27 enrollment down.

Average monthly EI enrollment forecasts have been consistently revised downward since last year.



The downward revision is because actual enrollment in the first six months of FY 2025-26 was lower than originally projected. The Department’s revised projections are closer to actuals, but they trend slightly lower.

Actual average monthly enrollment in FY 2025-26 has been lower than November's projections. Updated projections are closer to actuals.



Caseload Utilization

Confounding downward revisions to EI caseload, the Department has *increased* its projections for service utilization by 0.5%. While caseload has been lower than predicted, enrolled children are using more services.

FY 2025-26 Projected and Actual Service Utilization

	FY 2025-26 Proj. (Dec)	FY 2025-26 Proj. (March)	Actual Usage (Q1 and Q2)	Percent used of Proj. (Dec)	Percent used of Proj. (March)
Units	1,164,043	1,170,056	497,651	42.8%	42.5%
Hours	291,011	292,514	124,413	42.8%	42.5%

No Cost-per-Child Estimate

The Department does not have an estimate of cost-per-child, complicating analysis of how much EI should cost given conflicting caseload and service utilization changes. Ideally, caseload and service utilization should clearly link to forecasted state costs, but the Department cannot link these because

- The Department does not have visibility into broker’s fixed and variable costs, which also vary by broker.
 - Fixed costs are overhead costs like administrative staff, internal provider staff salaries, supplies, benefits, and other core operative costs
 - Variable costs include subcontractor costs, paid by hours of service and evaluation time
- The Department does not have visibility into costs paid by private insurers not regulated by Colorado, which would offset state costs.

Accurate caseload modeling will not automatically translate to better cost forecasting without improved information on costs.

Until then, staff analysis makes recommendations on the best available data.

Staff Recommendation

FY 2025-26

The Department projects it will underspend its current FY 2025-26 appropriation, after supplemental reductions, by \$1.4 million. As noted above, it is unclear how the Department arrived at this number. For budget balancing and to maintain a manageable long-term maintenance of effort, staff recommends reducing the FY 2025-26 appropriation by \$1.0 million General Fund. If performance indicates the Department over-projected its underspend, staff encourages them to submit a 1331 request for additional funding. This makes the total FY 2025-26 General Fund appropriation to EI \$68.6 million.

FY 2026-27

The Office of State Planning and Budgeting communicated an updated FY 2026-27 request to JBC staff that maintains the same amount of funding provided in FY 2025-26, after supplemental action. This would be \$69.6 million General Fund, inclusive of the \$2.0 million General Fund that was formerly allocated to HCPF. This is \$7.5 million lower than the Department’s original request.

Not included in this recommendation are expected decreases from the Department’s cost containment strategy to require providers redetermine eligibility annually. **The Department projects this will save \$1,078,044 starting in FY 2026-27, and aims to implement it on July 1, 2026.**

Staff recommends approving the Department’s updated amount. Staff does not recommend decreasing General Fund by the estimated cost containment savings to ensure a budgetary buffer should expenditures be higher than expected. Staff encourages the Department submit a supplemental request should FY 2026-27 expenditures be lower or higher than projected.

Early Intervention Appropriation History with R1 Recommendation

Fund Source	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
General Fund	\$52,885,994	\$58,097,481	\$62,492,837	\$69,644,607	\$77,141,495
R1 Recommendation				-\$1,000,000	-\$7,496,888
Updated General Fund				\$68,644,607	\$69,644,607
Cash Funds	10,589,516	10,842,123	10,887,177	10,987,177	10,987,177
Reappropriated Funds	8,358,218	9,457,463	5,940,111	5,940,111	5,940,111
Federal Funds	6,032,585	6,032,585	6,032,585	6,032,585	6,032,585
Total Funds	\$77,866,313	\$84,429,652	\$85,352,710	\$91,604,480	\$92,604,480
Percent Increase General Fund		9.9%	7.6%	9.8%	1.5%
Percent Increase Total Funds		8.4%	1.1%	7.3%	1.1%

Evidence designation

The Department indicates Early Intervention is evidence-informed, and JBC staff agrees. Multiple reviews have found statistically significant improvements in children’s cognitive, motor, behavioral, and communication skills.¹⁶

i. Informational: Early Intervention audit

Purpose

Staff wants to gauge the Committee’s interest in pursuing a performance audit or evaluation of the Department’s Early Intervention program.

Staff brings this item to the Committee as an informational item for discussion, rather than a recommendation, as there is information staff does not know that could impact the timing, cost, and effectiveness of an audit.

Audit Proposal

Staff proposes a one-time \$500,000 General Fund appropriation to the Office of the State Auditor and a bill for a performance audit or evaluation of the Department’s Early Intervention (EI) program.

The audit will likely **not** result in immediate cost savings, but it could provide needed information to control costs moving forward. It would recommend improvements to the State’s EI budgeting, financial management, and funding, as allowable under Colorado’s constitutional landscape.

The Problem

Caseload and budget projections variation for EI over the past year highlight two core budgeting challenges:

8. Inability to accurately forecast the budget, based on inaccuracies in forecasting caseload and service utilization, and how those relate to costs
9. Lack of information on how to best deploy limited financial resources to serve all eligible families

While the Department has made improvements in caseload and service utilization forecasting, it cannot accurately define costs-per-child to project costs. This is in part because the Department **may not** have visibility into the rates brokers pay to subcontractors, the types of services utilized, how payment for services could vary between service and broker, or each brokers’ payments from Medicaid and other insurance.

In addition, there may be models of how to bill private insurance or otherwise ensure an equitable and efficient distribution of financial resources from how other states implement EI, that are applicable to Colorado.

¹⁶ https://pn3policy.org/wp-content/uploads/2021/09/ER.11B.0821_EarlyInterventionServices.pdf

A Solution

One way to solve these problems is a performance audit or evaluation of EI, that includes reviewing other states' best practices and makes recommendations for EI program budgeting improvements. Staff estimates this could cost \$500,000 General Fund based on costs from other audits. The audit would start in FY 2026-27 and take about one year to complete, with results available in FY 2027-28 to inform FY 2028-29 EI budget requests.

The audit could have the following parameters:

- The Office of the State Auditor will contract with an independent auditor/evaluator to do a **performance audit or evaluation** of
 - Individual brokers' financial records, which the brokers **are/would need to be** required to maintain and make available to the Department, including:
 - Reimbursements to subcontractors per-service and total per-subcontractor reimbursement
 - Services provided through the EI program, and cost-per-service as well as cost-per-child
 - How many service units are provided by in-house staff versus subcontractors, and the related costs of those services per unit
 - A breakout of subcontractor and service reimbursements by funding source (i.e. Medicaid, private insurance, state General Fund, federal funds, and any other sources)
 - Internal Department financial and operational records to administer EI
 - Department contracts/agreements with the brokers
 - When separate from brokers, individual evaluators' financial records to provide EI evaluations, which the evaluators **are/would need to be** required to maintain and make available to the Department
 - Other states' best practices for billing and financially managing their EI programs, to the extent they have such programs. This aspect of the audit/evaluation would attempt to collect information on:
 - Other states' models for ensuring an equitable and efficient distribution of financial resources
 - How other states use other federal funding sources to cover EI services, particularly as federal funds are the payer of last resort
 - How other states ensure private insurance billing for EI
 - How other states contain costs for EI
 - How do other states forecast their costs for EI
 - Any other best practices useful in assessing Colorado's EI program

Unknowns Impacting Proposal

For OSA to be able to do an audit, Department contractual agreements with brokers and evaluators must require broker maintain the above information so it is available to the Department for audit. Staff does not know the granularity of information available to the Department through contractual agreements.

For any information the Department does not currently have, the Committee could require brokers and evaluators report such information to the Department as part of the audit bill. However, this would impact the audit's timing and possibly costs.

If the Committee is interested in this idea, a next step may be to have the Department do an informational comeback responding to what of the above information they do and do not already have access to.

→ R5 Maximize Federal Reimbursement

Request

The Department requests a net-neutral swap of General Fund and Tobacco Master Settlement Agreement (MSA) funds between SafeCare and the Nurse Home Visitor Program to draw down \$1.1 million more federal funds.

Recommendation

Staff recommends approval of the request, except with some modifications to requested legislative changes. Staff requests drafting authority for a bill to enable the fund swap in coordination with the Office of Legislative Legal Services, Legislative Council Staff, and the Executive Branch.

Analysis

Background on SafeCare and the Nurse Home Visitor Program

SafeCare is an evidence-based and voluntary home visiting program that makes homes physically safer for children, educates parents on child health, and supports the parent-child relationship. It receives an annual appropriation of \$5.1 million General Fund.

The Nurse Home Visitor Program is another evidence-based and voluntary home visiting program that sends nurses to homes of first-time pregnant individuals and first-time parents of newborns. It is mainly funded by state Tobacco MSA appropriations through the Nurse Home Visitor Cash Fund and federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) grant funds.

Federal Family First Prevention Service Act Funding

The Family First Prevention Services Act of 2018 authorized the use of Title IV-E funding for time-limited prevention services for mental health, substance abuse, and in-home parent skill-based programs. The funding focuses on children or youth who may go into foster care, pregnant or parenting youth in foster care, and their parents or family caregivers.

Only programs that align with required evidence designations and listed in the Title IV-E Prevention Services Clearinghouse can receive Title IV-E reimbursements. Programs must also be listed in the State's Five-Year Family First Prevention Services Plan (hereafter referred to as "the Plan"), as approved by the federal government, to receive reimbursement. The programs that qualify for FFPSA reimbursement are

- Nurse-Family Partnership (aka the Nurse Home Visiting Program)
- SafeCare
- Parents as Teachers
- Child First
- Healthy Families America
- Parent-Child Interaction Therapy

- Fostering Healthy Futures for Preteens
- Multisystemic therapy, and
- Functional family therapy.

Over the last three years, the state has drawn down \$489,000 in federal Title IV-E reimbursements. Reimbursements have been low because the State could only claim on families who have an open child welfare case. The federal reimbursement rate is 50.0% of the state investment in eligible direct services.

Colorado Child Abuse Prevention Trust Fund

Title IV-E reimbursements are deposited into the Colorado Child Abuse Prevention (COCAP) Trust Fund, which is overseen by the COCAP Board. The COCAP Trust Fund is annually appropriated to the Department to fund grants to local entities for evidence-based programs focused on child abuse prevention, including programs that prevent or reduce prenatal substance exposure or child sexual abuse prevention training models that are evidence- or research-based. Funded programs must align with the state’s child abuse prevention strategy.

House Bill 26-1075 (Child Welfare Prevention Services Funding; Rep Hamrick, Sen Frizell) would continue COCAP indefinitely, and only include the federal reimbursements received from Department of Early Childhood programs in the COCAP Trust Fund. The Department of Human Services would retain reimbursements from its own Family First programs and directly allocate them to counties for child welfare services.

The Board partners with the Colorado Evaluation and Action Lab (hereafter, “the Lab”) on its FFPSA strategy. The Board’s current strategy for COCAP includes maximizing federal fund draw down. It also includes direct investments in family resource centers and strategies to improve families’ access to services.¹⁷

Maximizing FFPSA Reimbursements

The Lab identified the opportunity to draw down more federal funding through expanding the eligible draw down population to non-child welfare and non-juvenile justice involved families, called the Community Pathways approach. The Lab identified SafeCare as the program to pilot Community Pathways. The federal government approved SafeCare to pilot Community Pathways in December 2024.

However, SafeCare is already used to meet maintenance of effort (MOE) requirements for MIECHV federal grants. The same program cannot be used twice for matching.

Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Program

The Department receives about \$9.6 million annually through federal MIECHV grants to support three evidence-based and voluntary home-visiting programs:

- Home Instruction for Parents of Preschool Youngsters (HIPPY)
- Parents as Teachers
- Nurse-Family Partnership

¹⁷ <https://copartnershipforthrivingfamilies.org/colorado-thriving-families-framework/>

The MIECHV MOE requires state General Fund be obligated for an evidence-based home visiting program to an amount no less than invested in home visiting activities in FY 2019 or FY 2021. SafeCare's \$5.1 million General Fund appropriation meets this MOE exactly.

Requested Swap

The Nurse Home Visitor Program (NHVP) could meet MIECHV MOE requirements, if it received General Fund. Therefore, the Department proposes to swap SafeCare's \$5.1 million General Fund appropriation and NHVP's \$5.1 million of Tobacco MSA funding.

Of the \$5.1 million swapped to SafeCare, \$2.4 million would be used on direct services to families and eligible for FFPSA reimbursement. At the 50.0% reimbursement rate, the draw down is about \$1.1 million. Additional FFPSA funds will be deposited into the COCAP Trust Fund. The Lab plans monitor this pilot's effectiveness and opportunities to expand it to other programs to increase federal fund draw down.

Legislation Changes

Request

The Department requests legislation to allow the funding swap. Namely, The Department requests an annual statutory transfer from the NHVP cash fund to the COCAP Trust Fund. The Department requests NHVP statute include primary and secondary child maltreatment services as an allowable use of NHVP funds. Finally, the Department requests a statutory change to expressly allow the use of General fund for NHVP. Currently, Section 26.5-3-507 (2)(d), C.R.S., states that "It is the intent of the general assembly that general fund money not be appropriated for implementation of the program."

Recommendation

Staff recommends statute specify the following:

- An annual transfer of \$5.1 million from the NHVP cash fund to the COCAP Trust Fund, from FY 2026-27 through FY 2029-30. This aligns with the state's Five-Year Strategic Plan for FFPSA. If this pilot is successful, the Department can request to continue it indefinitely.
- A statutory change to allow the use of General Fund for NHVP.
- A statutory change to include primary and secondary child maltreatment services as an allowable use of NHVP funds, to enable the transfer and ensure funds when swapped stay TABOR-exempt.
- A required report to the Joint Budget Committee no later than November 1, 2029 on the effectiveness of this pilot, including an accounting of the additional FFPSA reimbursement drawn down and its usage, to inform decisions on continuing this swap.

Evidence Designation

The Department indicates that SafeCare is Proven, and staff agrees. A study in Oklahoma between SafeCare and service as usual for families in Child Protection Services found SafeCare had statistically significant effects in

preventing recidivism.¹⁸ A randomized trial between applying SafeCare and service as usual found statistically significant effects in decreasing dysfunctional parent-child interactions and parental distress.¹⁹

→ Statewide R6 Discontinue Child Care Services and Substance Use Disorder Treatment Pilot

Request

The Department requests to reduce \$500,000 General Fund ongoing through ending the Child Care Services and Substance Use Disorder Treatment Pilot program. The Department requests legislation to do so.

Recommendation

Staff recommends approval of the request. Staff requests drafting authority for a bill to eliminate the program, working with the Office of Legislative Legal Services, Legislative Council Staff, and the Executive Branch.

Analysis

House Bill 19-1193 (Behavioral Health Supports for High-Risk Families) created the Child Care Services and Substance Use Disorder (SUD) Treatment Pilot Program, which was extended through H.B. 22-1295 (Department Early Childhood and Universal Preschool Program). The program repeals on July 1, 2028; this proposal repeals it two years early. Grant funding goes to Illuminating Child Care, a program that provides mobile child care for parents in SUD treatment programs. Nationwide SUD treatment services data from 2018 showed only 16.0% of SUD treatment facilities serving pregnant or postpartum women offered child care.²⁰



Image of Denver's mobile child care unit.

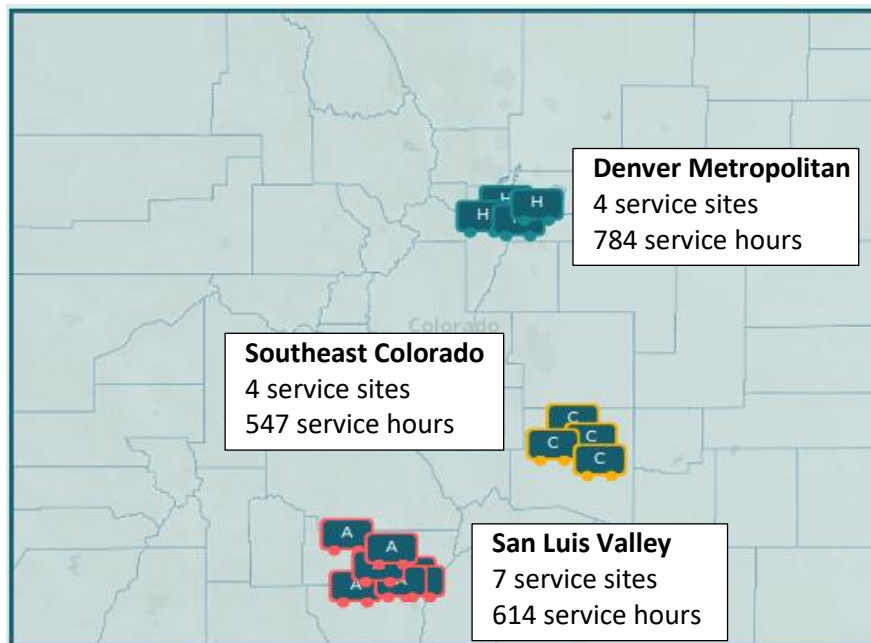
¹⁸ <https://pmc.ncbi.nlm.nih.gov/articles/PMC3289527/pdf/peds.2011-1840.pdf>

¹⁹ ["Effect of SafeCare intervention on parenting outcomes among parents in child welfare systems: A cluster randomized trial."](#)

²⁰ <https://www.sciencedirect.com/science/article/pii/S0740547219302570>

In FY 2024-25, Illuminating Child Care served 148 children, letting 104 caregivers attend SUD treatment. About 11.0% of caregivers were pregnant and 74.0% of caregivers indicated that the program’s child care was necessary to their participation in SUD treatment. All caregivers were satisfied with the program.²¹ Qualitative interviews of Denver’s stakeholders indicated that teachers saw improvements in caregivers’ focus on treatment and long-term goals. Of 27 caregivers studied, 17 completed their treatment or were still successfully engaged in treatment. Parents and providers also reported that the social interactions and stability in routine from child care were positive for their children.²²

This reduction would eliminate programs across all three sites, unless the program found alternative funding. The program has applied for opioid settlement funds, but will not know about awards until May or June 2026. The program receives limited federal funds (\$154,713) and philanthropy fund (\$37,500) but neither can sustain the program. If alternative funding is awarded, only the Denver site would stay open.



There are no similar programs in the State. House Bill 24-1223 (Improved Access to the Child Care Assistance Program) makes participation in SUD treatment an eligible qualification for CCCAP services; however, eligible families would be impacted by existing waitlists. It is also unlikely that these mobile care units would be an eligible CCCAP provider, unless they were or became licensed child care providers.

There are not many alternative funding sources for this program. The program would be eligible for Colorado Child Abuse Prevention (COCAP) Trust Fund appropriations, but the RFP for the next 5 years has already closed. Mental health and SUD providers could choose to use their federal Substance Abuse and Mental Health Services Administration block grants awarded through the BHA on Illuminating Child Care services, but this would be at providers’ discretion.

Despite this service fulfilling a need for parents in SUD treatment, staff recommends this reduction due to the state’s budget constraints and its original intent as a three-year pilot.

²¹ <https://illuminatecolorado.org/wp-content/uploads/2025/09/Illuminating-Child-Care-July-2024-June-2025.pdf>

²² “Illuminating Child Care: Denver Case Study” (June 2025). *The Evaluation Center, University of Colorado Denver.*

→ Statewide R6 Reduce Child Maltreatment Prevention funding

Request

The Department requests to cut \$480,000 General Fund to the Child Maltreatment Prevention line item, ongoing. The Department would effectuate this cut as a reduction to Family Resource Centers.

Recommendation

Staff recommends approving this reduction.

Analysis

Family Resource Centers (FRCs) serve as resource hubs for families. The services provided by an FRC depend on the needs of its community but may include food and nutrition services, parenting classes, housing assistance, and workforce training. FRCs rely on many funding sources, including state funding.

Family Resource Centers received \$3.2 million General Fund in this line item in FY 2025-26. Family Resource Centers also receive \$1.5 million elsewhere in the Department's budget. Family Resource Centers' total FY 2026-27 funding with this reduction would be \$4.1 million. The Committee reduced General Fund to Family Resource Centers by \$200,000 last year. This request's reduction would impact 236 families and children.

Effectiveness of Family Resource Centers

There are 33 family resource centers across the state. FRCs have been effective in helping families improve their short-term economic outcomes. For example, in FY 2022-23, the Denver-based Focus Points Family Resource Center helped 17 families receive SNAP, 152 families receive utilities support, 47 families receive housing support, and 40 individuals with workforce skills development.²³ FRCs also serve as rapid response partners to the state; during the COVID-19 pandemic, FRCs delivered \$2.9 million of baby supplies like diapers and formula that were provided by the Federal Emergency Management Agency.²⁴ There is some evidence that FRCs are cost effective. An OMNI Institute study of Community Partnership, a FRC in Teller County, found that for every \$1 invested in the FRC, the county child welfare system saved about \$2.92.²⁵

Staff recommends this reduction for budget balancing. Some FRCs may eliminate or reduce a staffing position to absorb this cut.

²³ <https://acrobat.adobe.com/id/urn:aaid:sc:US:79d51d8a-6f1d-4bf7-ae59-7f4d91276a45?viewer%21megaVerb=group-discover>

²⁴ <https://co4kids.org/community-blog/how-the-family-resource-center-association-and-family-resource-centers-work-in-partnership/>

²⁵ <https://www.dropbox.com/scl/fi/1I5leg00r1kuynxnkgnhu/Community-Partnership-Family-Resource-Center-Child-Welfare-Return-on-Investment-Full-Report.pdf?rlkey=6xzg6pgxf2uz0dlmiq8i1ze0j&e=1&st=g2rgyggh&dl=0>

→ SI2 Reduction to Early Childhood Mental Health Services

Recommendation

For budget balancing, staff recommends a 10.0% reduction to Early Childhood Mental Health Services, representing \$134,781 General Fund ongoing.

Analysis

JBC staff recommended this reduction in FY 2025-26 figure setting, which was not approved by the Committee. The Early Childhood Mental Health Consultation (ECMHC) program aims to increase mental health consultation services to children from 0 to age 5, and coach and train families and providers. The goal is to identify early concerns in social-emotional development. This reduction decreases services to children and families. The Department estimates this would reduce 2 service providers, resulting in about 60 fewer cases served statewide. In FY 2024-25, there were 26.9 service providers helping 569 children, and reaching 250 classrooms.

→ SI5 HealthySteps reduction

Recommendation

Staff recommends a 50.0% reduction to General Fund appropriated to HealthySteps, to save \$314,113 General Fund ongoing.

Staff also recommends creating a new line item for remaining General Fund to HealthySteps, for transparency.

Analysis

HealthySteps is an evidence-based program that supports pediatric primary care for children aged 0 to 3, and workforce development. It places a HealthySteps Specialist within a family's primary care team to identify developmental concerns and provide system navigation support. All children involved get a developmental, socio-emotional and behavioral, and family needs screening. Depending on concerns found at screening, children and families may get additional consultations, care navigation, and early learning resources. In 2024, the program served 38,321 children and is estimated to return \$2.83 for every \$1 invested.

General Fund supports 6 out of the program's total 33 sites: Children's Hospital Colorado, Denver Health, Southern Colorado Family Medicine (Pueblo), San Louis Valley Health Pediatrics, CommonSpirit Family Medicine clinic (Fort Morgan), and Kaiser Brighton clinic. These sites served 13,433 children total.

A 50.0% reduction would cut 3 site staff and services to 6,716 children annually. Other funding sources for the program include Medicaid reimbursements and philanthropic funding. The Department is working with the Department of Health Care Policy and Financing and the Behavioral Health Administration to identify long-term funding options for HealthySteps. These conversations are ongoing.

Staff also recommends putting remaining appropriations for HealthySteps into a new HealthySteps line item. This appropriation is currently within the Home Visiting line item, which funds the Nurse Home Visitors Program.

Line Item Detail

Personal Services

This line item provides funding for staff and related services for the Community and Family Support division, staff and related services in the department in connection with the work of the division, and possible contracts for requisite personal services.

Statutory authority: Sections 26.5-1-104, and 24-50-101 *et seq.*, C.R.S.

Community and Family Support, Personal Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$4,389,273	\$2,041,221	\$489,586	\$0	\$1,858,466	23.8
Total FY 2025-26	\$4,389,273	\$2,041,221	\$489,586	\$0	\$1,858,466	23.8
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$4,389,273	\$2,041,221	\$489,586	\$0	\$1,858,466	23.8
Prior year actions	94,699	50,626	19,112	0	24,961	0.0
Total FY 2026-27	\$4,483,972	\$2,091,847	\$508,698	\$0	\$1,883,427	23.8
Changes from FY 2025-26	\$94,699	\$50,626	\$19,112	\$0	\$24,961	0.0
Percentage Change	2.2%	2.5%	3.9%	n/a	1.3%	0.0%
FY 2026-27 Executive Request	\$4,483,972	\$2,091,847	\$508,698	\$0	\$1,883,427	23.8
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Operating Expenses

This line item provides funding to support operations tools such as telephones, computers, office furniture, employee supplies as well as in- and out-of-state travel, records storage, postage costs, and subscriptions to publications.

Statutory authority: Section 26.5-1-104, C.R.S.

Request: The Department requests \$329,641 total funds, including \$185,233 General Fund, \$52,188 cash funds, and \$92,220 federal funds. This is the same appropriation as in FY 2025-26.

Recommendation: Staff recommends approval of the Department's request.

Early Intervention

This line item provides funding for the Early Intervention Services program, which is codified in state and federal statute, at Section 26.5-3-401 *et seq.*, C.R.S. (2022) and the Individuals with Disabilities Education Act (2004), 34 C.F.R. Section 303.101 (a)(1). The funding supports contracts with community agencies to provide service coordination and direct services to eligible children and families as well as other costs necessary to implement the Early Intervention program including public awareness, training, information technology, and state staff responsible for oversight and implementation of the program.

Early Intervention services conduct evaluations and provide support to children from birth through age two and their families who are determined eligible based on a developmental delay or disability. These services and supports enhance child development in the areas of adaptive skills, cognitive skills, communication, motor development including vision and hearing and social and emotional development. The Early Intervention program also includes early identification, screening, and assessment services, and procedural safeguards. The program is funded by a combination of General Fund, local funds, Medicaid, the Early Intervention Services Trust (EIST), and federal funding from Part C of the Individuals with Disabilities Education Act (IDEA).

Statutory authority: Section 26.5-3-401 *et seq.*, C.R.S. and 34 C.F.R. Section 303.101 (a)(1)

Community and Family Support, Early Intervention

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$99,946,707	\$76,986,834	\$10,987,177	\$5,940,111	\$6,032,585	0.0
Other legislation	-7,342,227	-7,342,227	0	0	0	0.0
Total FY 2025-26	\$92,604,480	\$69,644,607	\$10,987,177	\$5,940,111	\$6,032,585	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$92,604,480	\$69,644,607	\$10,987,177	\$5,940,111	\$6,032,585	0.0
Prior year actions	7,342,227	7,342,227	0	0	0	0.0
Technical adjustments	2,000,000	-2,000,000	0	4,000,000	0	0.0
R2 Early Intervention increase	-9,342,227	-5,342,227	0	-4,000,000	0	0.0
Total FY 2026-27	\$92,604,480	\$69,644,607	\$10,987,177	\$5,940,111	\$6,032,585	0.0
Changes from FY 2025-26	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	n/a
FY 2026-27 Executive Request	\$100,101,368	\$77,141,495	\$10,987,177	\$5,940,111	\$6,032,585	0.0
Staff Rec. Above/-Below Request	-\$7,496,888	-\$7,496,888	\$0	\$0	\$0	0.0

Home Visiting

This line item includes funding for home visiting including the Nurse Home Visitor Program (NHVP), Maternal, Infant, and Early Childhood Home Visiting (MIECHV), and Healthy Steps.

The Nurse Home Visitor Program (NHVP) is funded by the Nurse Home Visitor Program (NHVP) Fund created in 26-6.4-107 (2)(b), C.R.S. (2021), some federal funding from the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) grant, and Medicaid reimbursements. The program receives an annual distribution of funding from the Tobacco Master Settlement Agreement, which is deposited into the NHVP fund. 95% of the funding must go to contracts with community agencies to implement the direct services, and the remaining 5% supports the cost of oversight and implementation of the program.

Funding for the Home Visiting for School Readiness program, originally known as Healthy Steps for young Children, supports contracts with agencies to implement the national Healthy Steps and Home Instruction for Parents of Preschool Youngsters models. Healthy Steps is delivered through the pediatric care system and provides support and education, developmental screening, instruction in safe sleep practices, family protective and risk factor screening, and connections to services.

Statutory authority: Sections 26.5-3-501 *et seq.*, 26.5-3-903, 26.5-3-904, and 26.5-3-1001 *et seq.*, C.R.S.

Community and Family Support, Home Visiting

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$29,791,933	\$628,226	\$27,400,370	\$0	\$1,763,337	0.0
Total FY 2025-26	\$29,791,933	\$628,226	\$27,400,370	\$0	\$1,763,337	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$29,791,933	\$628,226	\$27,400,370	\$0	\$1,763,337	0.0
R5 Maximize federal reimbursement	0	0	0	0	0	0.0
SI5 HealthySteps reduction	-628,226	-628,226	0	0	0	0.0
Total FY 2026-27	\$29,163,707	\$0	\$27,400,370	\$0	\$1,763,337	0.0
Changes from FY 2025-26	-\$628,226	-\$628,226	\$0	\$0	\$0	0.0
Percentage Change	-2.1%	-100.0%	0.0%	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$29,791,933	\$5,728,226	\$22,300,370	\$0	\$1,763,337	0.0
Staff Rec. Above/-Below Request	-\$628,226	-\$5,728,226	\$5,100,000	\$0	\$0	0.0

HealthySteps [new line item]

This line item provides funding for the HealthySteps program, which provides families of children ages 0 to 3 education and resource navigation for child development and behavioral health in pediatric primary care settings.

Statutory authority: Sections 26.5-3-1001 through 1003, C.R.S.

Recommendation: Staff recommends creation of this new line item by moving funds previously appropriated to the Home Visiting line item, above. After SI5 reductions, staff recommends a total appropriation of \$314,113 General Fund.

Universal Home Visiting Pilot Program

This line item provides funding for the Universal Home Visiting Pilot Program, the funding for which began in FY 2024-25. This program provides prenatal and post-partum visits to families to ensure the well-being of the mother and child as well as to identify opportunities for additional services that may be beneficial for the family. Funding supports up to nine counties and was provided for five years, through FY 2028-29.

Statutory authority: Section 26.5-3-901, C.R.S.

Community and Family Support, Universal Home Visiting Pilot Program

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$2,528,842	\$2,528,842	\$0	\$0	\$0	1.0
Total FY 2025-26	\$2,528,842	\$2,528,842	\$0	\$0	\$0	1.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$2,528,842	\$2,528,842	\$0	\$0	\$0	1.0
Total FY 2026-27	\$2,528,842	\$2,528,842	\$0	\$0	\$0	1.0
Percentage Change	0.0%	0.0%	n/a	n/a	n/a	0.0%
FY 2026-27 Executive Request	\$2,528,842	\$2,528,842	\$0	\$0	\$0	1.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Child Maltreatment Prevention

This line item includes funding for SafeCare, Colorado Community Response Program (CCR), Promoting Safe and Stable Families (PSSF), Community-Based Child Abuse Prevention (CBCAP), and the Colorado Child Abuse Prevention Trust Fund Board (COCAP).

SafeCare Colorado is a voluntary in-home prevention service for parents to assist them with the challenges of parenting and inter-family relationships. Funding is used to support sites across the State that provide services

under the SafeCare Colorado model. The Colorado Community Response Program is a voluntary program providing services to families that have been reported to a county child protective agency for alleged child abuse or neglect but are screened out without an offer of services.

The Promoting Safe and Stable Families (PSSF) program provides funding and technical assistance to selected counties in Colorado to create, enhance, and coordinate family support, preservation, reunification, and adoption services. The line supports state staff who administer the program and associated contracts and budgets.

Funds derived from the Colorado Child Abuse Prevention Trust Fund created in Section 19-3.5-106(1), C.R.S. (2021) are allocated with advisement from the Governor-appointed seventeen-member Colorado Child Abuse Prevention Trust Fund Board to local organizations to prevent the abuse and neglect of Colorado's children. Line item funding also supports the costs of state staff responsible for oversight and administration of the trust fund.

Federal Community Based Child Abuse Prevention (CBCAP) grant funds, from the Child Abuse Prevention and Treatment Act Part II, support the creation and implementation of county child maltreatment prevention plans, implementation of some of those local strategies, and to investments in capacity building across the family strengthening system. Many of these grants go to Family Resource Centers to implement programs and strategies to strengthen families and prevent child abuse and neglect. This funding also supports the cost of state staff responsible for oversight and administration of the federal grant program.

Statutory authority: Sections 26.5-3-903, and 26.5-3-201 *et seq.*, C.R.S.

Community and Family Support, Child Maltreatment Prevention

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$14,697,067	\$8,350,453	\$2,208,216	\$0	\$4,138,398	0.0
Other legislation	-150,000	-150,000	0	0	0	0.0
Total FY 2025-26	\$14,547,067	\$8,200,453	\$2,208,216	\$0	\$4,138,398	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$14,547,067	\$8,200,453	\$2,208,216	\$0	\$4,138,398	0.0
R5 Maximize federal reimbursement	0	0	0	0	0	0.0
SI1 Technical FRC approp adjust	-2,570,453	-2,570,453	0	0	0	0.0
Statewide R6 Red Child Maltreat Prev fund	-480,000	-480,000	0	0	0	0.0
Prior year actions	-50,000	-50,000	0	0	0	0.0
Total FY 2026-27	\$11,446,614	\$5,100,000	\$2,208,216	\$0	\$4,138,398	0.0
Changes from FY 2025-26	-\$3,100,453	-\$3,100,453	\$0	\$0	\$0	0.0
Percentage Change	-21.3%	-37.8%	0.0%	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$14,017,067	\$2,570,453	\$7,308,216	\$0	\$4,138,398	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Staff Rec. Above/-Below Request	-\$2,570,453	\$2,529,547	-\$5,100,000	\$0	\$0	0.0

Early Childhood Mental Health Services

This line item supports the Early Childhood Mental Health Consultation (ECMHC) program which aims to increase the availability of mental health consultation services to young children, birth through age five, and provide coaching and training to families and early care and learning environments that will help adults support children’s social-emotional development and to identify early in a child’s life any concerns that could lead to greater challenges in the future. The line supports costs associated with state staff responsible for administering the program, and managing the associated contracts and budgets.

Statutory authority: Section 26.5-3-701 *et seq.*, C.R.S.

Community and Family Support, Early Childhood Mental Health Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$3,689,262	\$1,627,813	\$0	\$0	\$2,061,449	0.0
Total FY 2025-26	\$3,689,262	\$1,627,813	\$0	\$0	\$2,061,449	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$3,689,262	\$1,627,813	\$0	\$0	\$2,061,449	0.0
Prior year actions	-280,000	-280,000	0	0	0	0.0
SI2 Reduce Early Childhood Mental Health Svcs	-134,781	-134,781	0	0	0	0.0
Total FY 2026-27	\$3,274,481	\$1,213,032	\$0	\$0	\$2,061,449	0.0
Changes from FY 2025-26	-\$414,781	-\$414,781	\$0	\$0	\$0	0.0
Percentage Change	-11.2%	-25.5%	n/a	n/a	0.0%	n/a
FY 2026-27 Executive Request	\$3,409,262	\$1,347,813	\$0	\$0	\$2,061,449	0.0
Staff Rec. Above/-Below Request	-\$134,781	-\$134,781	\$0	\$0	\$0	0.0

Social-Emotional Learning Programs Grants

This line item provides funding for the Incredible Years program, which is an evidence-based, two-generation program that fosters social and emotional well-being in young children and works to prevent behavior issues that could lead to suspension or expulsion from preschool. The program consists of three components: classroom management support for teachers, a curriculum delivered in Pre-K and kindergarten classrooms, and a parenting program. The program is funded through Marijuana Tax Cash Funds. Funding also supports the cost of state staff responsible for oversight and administration of the federal grant program.

Statutory authority: Section 26.5-3-603, C.R.S.

Request: The Department requests \$817,289 cash funds, total. This is the same appropriation as in FY 2025-26.

Recommendation: Staff recommends approval of the Department’s request.

Child Care Services and Substance Use Disorder Treatment Pilot Program

This line item provides funding for the Child Care Services and Substance Use Disorder Treatment Pilot Program which was created by H.B. 19-1193 to provide grants to enhance the existing child care resource and referral programs. The grants aim to support increased child care navigation capacity in one rural pilot program site and one urban pilot program site to serve pregnant and parenting women seeking or participating in substance use disorder treatment, provide a grant to enhance the capacity of the existing child care resource and referral program’s centralized call center to serve pregnant and parenting women seeking or participating in substance use disorder treatments, and provide implementation grants to pilot a regional mobile child care model and serves children under five years of age in at least three facilities that provide substance use disorder treatment to parents.

Statutory authority: Section 26.5-3-302, C.R.S.

Community and Family Support, Child Care Services and Substance Use Disorder Treatment Pilot Program

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$500,000	\$500,000	\$0	\$0	\$0	0.0
Total FY 2025-26	\$500,000	\$500,000	\$0	\$0	\$0	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$500,000	\$500,000	\$0	\$0	\$0	0.0
Statewide R6 End child care SUD pilot	0	0	0	0	0	0.0
Total FY 2026-27	\$500,000	\$500,000	\$0	\$0	\$0	0.0
Changes from FY 2025-26	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	n/a	n/a	n/a	n/a
FY 2026-27 Executive Request	\$0	\$0	\$0	\$0	\$0	0.0
Staff Rec. Above/-Below Request	\$500,000	\$500,000	\$0	\$0	\$0	0.0

Indirect Cost Assessment

Indirect Cost Assessment provides funding for departmental overhead costs by the programs in this Long Bill group. The assessment represents the expected collection of statewide and departmental indirect costs from a cash-funded, reappropriated funds, or federal-funded program.

Statutory authority: Section 26.5-1-108(1)-(2), C.R.S.

Community and Family Support, Indirect Cost Assessment

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$1,000,976	\$0	\$308,754	\$0	\$692,222	0.0
Total FY 2025-26	\$1,000,976	\$0	\$308,754	\$0	\$692,222	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$1,000,976	\$0	\$308,754	\$0	\$692,222	0.0
Operating common policies	-43,873	0	-157	0	-43,716	0.0
Prior year actions	-3,157	0	0	0	-3,157	0.0
Total FY 2026-27	\$953,946	\$0	\$308,597	\$0	\$645,349	0.0
Changes from FY 2025-26	-\$47,030	\$0	-\$157	\$0	-\$46,873	0.0
Percentage Change	-4.7%	n/a	-0.1%	n/a	-6.8%	n/a
FY 2026-27 Executive Request	\$997,617	\$0	\$308,597	\$0	\$689,020	0.0
Staff Rec. Above/-Below Request	-\$43,671	\$0	\$0	\$0	-\$43,671	0.0

(5) Licensing and Administration

This Division oversees the general administration of the licensing of various early childhood care and education centers across the State. This function includes inspecting centers and homes as required by State statute and Department rule.

Licensing and Administration

Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2025-26 Appropriation					
SB 25-206 (Long Bill)	\$16,502,827	\$2,899,906	\$3,134,430	\$10,468,491	73.0
Total FY 2025-26	\$16,502,827	\$2,899,906	\$3,134,430	\$10,468,491	73.0
FY 2026-27 Recommended Appropriation					
FY 2025-26 Appropriation	\$16,502,827	\$2,899,906	\$3,134,430	\$10,468,491	73.0
R4 Child care licensing svcs decrease	-1,052,765	-590,224	0	-462,541	18.4
Operating common policies	-179,146	0	157	-179,303	0.0
Prior year actions	177,728	58,740	37,049	81,939	0.0
Total FY 2026-27	\$15,448,644	\$2,368,422	\$3,171,636	\$9,908,586	91.4
Changes from FY 2025-26	-\$1,054,183	-\$531,484	\$37,206	-\$559,905	18.4
Percentage Change	-6.4%	-18.3%	1.2%	-5.3%	25.2%
FY 2026-27 Executive Request	\$16,102,752	\$2,368,422	\$3,171,636	\$10,562,694	91.4
Staff Rec. Above/-Below Request	-\$654,108	\$0	\$0	-\$654,108	0.0

Decision items for this division were discussed under “Decision Items Affecting Multiple Divisions”.

Line Item Detail

Personal Services

This line item funds staff and related services for the Licensing and Administration division, staff and related services in the department in connection with the work of the division, and contracts for requisite personal services, including licensing contracts. This work unit is responsible for inspecting, licensing, and monitoring child care facilities throughout the State. The licensing program is responsible for enforcement of applicable federal and State rules and regulations for child care facilities. The Division provides technical assistance to child care providers and establishes educational and experience requirements for child care providers in all facilities. The licensing program is federally required to conduct annual licensing inspections for all facilities.

This unit also includes the Coordinator and Supervisor for the Child Care Licensing Appeal Panel, which reviews provider requests for waivers to licensing regulations. Applicants or licensed providers may appeal regulations that they believe cause them undue hardship or have been too stringently applied. The Child Care Licensing Appeal Panel of the Division hears an average of 600 appeals a year. To facilitate parents' involvement in monitoring and making decisions about licensed facilities, the Division makes licensing histories of child care facilities available to the public.

The line item appropriation includes revenue earned from licensing fees deposited into the Child Care Licensing Cash Fund. The Department, through rules promulgated by the Executive Director and pursuant to Section 26.5-5-311, C.R.S. (2022), establishes licensing fees not to exceed the direct and indirect costs incurred.

Statutory authority: Sections 26.5-1-104, and 24-50-101 *et seq.*, C.R.S.

Licensing and Administration, Personal Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$10,798,873	\$2,850,540	\$1,283,751	\$0	\$6,664,582	64.3
Total FY 2025-26	\$10,798,873	\$2,850,540	\$1,283,751	\$0	\$6,664,582	64.3
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$10,798,873	\$2,850,540	\$1,283,751	\$0	\$6,664,582	64.3
Prior year actions	186,291	58,740	37,049	0	90,502	0.0
R4 Child care licensing svcs decrease	-1,354,656	-590,224	0	0	-764,432	18.4
Total FY 2026-27	\$9,630,508	\$2,319,056	\$1,320,800	\$0	\$5,990,652	82.7
Changes from FY 2025-26	-\$1,168,365	-\$531,484	\$37,049	\$0	-\$673,930	18.4
Percentage Change	-10.8%	-18.6%	2.9%	n/a	-10.1%	28.6%
FY 2026-27 Executive Request	\$10,106,199	\$2,319,056	\$1,320,800	\$0	\$6,466,343	82.7
Staff Rec. Above/-Below Request	-\$475,691	\$0	\$0	\$0	-\$475,691	0.0

Operating Expenses

This line item provides funding for telephones, computers, office furniture, and employee supplies, this line item also supports a number of annual costs such as in- and out-of-state travel, records storage, postage, costs, training, and subscriptions to publications for the division.

Statutory authority: Section 26.5-1-104, C.R.S.

Licensing and Administration, Operating Expenses

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
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Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$505,950	\$49,366	\$271,615	\$0	\$184,969	0.0
Total FY 2025-26	\$505,950	\$49,366	\$271,615	\$0	\$184,969	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$505,950	\$49,366	\$271,615	\$0	\$184,969	0.0
R4 Child care licensing svcs decrease	153,524	0	0	0	153,524	0.0
Total FY 2026-27	\$659,474	\$49,366	\$271,615	\$0	\$338,493	0.0
Changes from FY 2025-26	\$153,524	\$0	\$0	\$0	\$153,524	0.0
Percentage Change	30.3%	0.0%	0.0%	n/a	83.0%	n/a
FY 2026-27 Executive Request	\$659,474	\$49,366	\$271,615	\$0	\$338,493	0.0
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Background Investigation Unit

This line item provides funding for the background investigation unit which provides a comprehensive criminal and child abuse and neglect background check program for the department to reduce risks to vulnerable persons. This unit screens applicants who are applying for employment within child care facilities licensed by CDEC, foster care, adoptions, kinship care, volunteers, interns, camps, community mental health, residential child care facilities, and individuals to provide better protection for children in the State of Colorado. This unit provides information for interpretation of background check statutes, and functions as a statewide authority in background screening program development, operation, and updates.

This line item includes both licensing fees deposited into the Child Care Licensing Cash Fund as described above and revenue from background check fees deposited into the Records and Reports Fund pursuant to Section 19-1-307, C.R.S (2022).

Statutory authority: Sections 26.5-1-104, 26.5-1-106, 26.5-5-301 *et seq.*, C.R.S.

Licensing and Administration, Background Investigation Unit

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$1,261,344	\$0	\$1,261,344	\$0	\$0	8.7
Total FY 2025-26	\$1,261,344	\$0	\$1,261,344	\$0	\$0	8.7
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$1,261,344	\$0	\$1,261,344	\$0	\$0	8.7

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total FY 2026-27	\$1,261,344	\$0	\$1,261,344	\$0	\$0	8.7
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%
FY 2026-27 Executive Request	\$1,261,344	\$0	\$1,261,344	\$0	\$0	8.7
Staff Rec. Above/-Below Request	\$0	\$0	\$0	\$0	\$0	0.0

Indirect Cost Assessment

This line provides funding for departmental overhead costs by the programs in this Long Bill group. The assessment represents the expected collection of statewide and departmental indirect costs from a cash-funded, reappropriated funds, or federal-funded program.

Statutory authority: Section 26.5-1-108(1)-(2), C.R.S.

Licensing and Administration, Indirect Cost Assessment

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$3,936,660	\$0	\$317,720	\$0	\$3,618,940	0.0
Total FY 2025-26	\$3,936,660	\$0	\$317,720	\$0	\$3,618,940	0.0
FY 2026-27 Recommended Appropriation						
FY 2025-26 Appropriation	\$3,936,660	\$0	\$317,720	\$0	\$3,618,940	0.0
R4 Child care licensing svcs decrease	148,367	0	0	0	148,367	0.0
Operating common policies	-179,146	0	157	0	-179,303	0.0
Prior year actions	-8,563	0	0	0	-8,563	0.0
Total FY 2026-27	\$3,897,318	\$0	\$317,877	\$0	\$3,579,441	0.0
Changes from FY 2025-26	-\$39,342	\$0	\$157	\$0	-\$39,499	0.0
Percentage Change	-1.0%	n/a	0.0%	n/a	-1.1%	n/a
FY 2026-27 Executive Request	\$4,075,735	\$0	\$317,877	\$0	\$3,757,858	0.0
Staff Rec. Above/-Below Request	-\$178,417	\$0	\$0	\$0	-\$178,417	0.0

Long Bill Footnotes and Requests for Information

Long Bill Footnotes

Staff recommends **CONTINUING** the following footnote:

- N Department of Early Childhood, Partnerships and Collaboration; Early Learning Access and Quality; Community and Family Support; Licensing and Administration -- In addition to the transfer authority provided in Section 24-75-108, C.R.S., the Department of Early Childhood may transfer up to 5.0 percent of the total amount appropriated to the indirect cost assessment line items in these divisions among the indirect cost assessment line items in these divisions.

Comment: Staff recommends this footnote to provide the Department flexibility to collect indirect costs when funding for certain programs fluctuates.

Staff recommends the following **NEW** footnote:

- N Department of Early Childhood, Partnerships and Collaborations, Early Childhood Councils – The General Assembly intends that this amount not be used for the Department’s internal operations, but be allocated to Early Childhood Councils.

Comment: Staff recommends this footnote to ensure that funding designated for Early Childhood Councils in the Long Bill only gets allocated to Early Childhood Councils.

Requests For Information

Requests Affecting Multiple Departments

Staff recommends **CONTINUING AND MODIFYING** the following request for information:

- N Department of Early Childhood; Department of Human Services – The Departments are requested to submit on or before September 1, a report to the Joint Budget Committee concerning the impact of state funding and local decision-making on the TANF, child welfare, and Colorado Child Care Assistance programs. The report should engage county administrators, county human services officials, and other stakeholders to develop strategies to support the long-term sustainability of the three programs. The report should include, at a minimum, the following: an evaluation of state and local expenditures related to administration of these programs; **and the Department’s progress in implementing cost containment strategies proposed in the prior year report analysis of budget practices regarding each program; recommendations that clearly delineate state responsibility and local responsibility as it pertains to funds management and cost containment measures; and, as it pertains to CCCAP, consideration of how other states are or are not implementing federal regulations and what penalties the state may face if it does not fully implement the new federal regulations.**

Comment: This request will update the Committee on how Departments are implementing cost containment strategies for TANF, child welfare, and CCCAP that were proposed on September 1, 2025.

Department of Early Childhood

Staff recommends **ELIMINATING** the following request for information:

- N Department of Early Childhood, Partnerships and Collaborations, Local Coordinating Organizations and Early Childhood Councils – The Department is requested to submit on or before September 1, a report to the Joint Budget Committee concerning duties and expenses related to the Local Coordinating Organizations (LCOs) and Early Childhood Councils (ECCs). The requested report should include following information:
- a. An overview of LCOs and ECCs including their roles and responsibilities in early childhood services, their legislative or administrative origins, and any known collaboration or overlap of their functions;
 - b. The organizational structure and history of LCOs and ECCs including year(s) of establishment, legislative or administrative mandates, initial purpose, evolution of roles and functions over time, what types of organizations or entities serve as LCOs, how often a single organization fulfills both roles of LCO and ECC and how the roles are managed;
 - c. The roles and functions of LCOs and ECCs including primary responsibilities and areas of focus for each compared to the other, how LCOs and ECCs currently collaborate or interact, and what the defined boundaries or guidelines for the division of responsibilities are between the two entities;
 - d. The redundancies and efficiencies between LCOs and ECCs including in service delivery, administration, funding, what the known efficiencies are in their collaboration or distinction, and how stakeholders perceive the overlaps or duplications;
 - e. The funding and budgetary details including what the current funding streams are for LCOs and ECCs are including state, local, federal or private, and what overlaps or inefficiencies in funding allocations are present;
 - f. The administrative functions of each entity including what percentage of their budgets are allocated to administrative costs versus direct services or system improvements;
 - g. The governance and accountability of each including their structure, how they are held accountable for achieving goals and results, and what the performance metrics or evaluation frameworks are for each;
 - h. The operational practices of each including how they address community needs, engage stakeholders, what challenges exist for each, and what examples of best practices or innovative approaches are unique to LCOs and ECCs.

Comment: The Department answered this RFI and used its response to form its proposal to combine ECOs and ECCs in its FY 2026-27 BA1 (Local Leads) request. Given these entities are combined, this RFI is no longer needed.

- N Department of Early Childhood – The Department is requested to submit a report no later than September 1 which describes the current status of its IT infrastructure to support program delivery, particularly as it pertains to the integration of the UPK system with existing internal systems. The requested report shall include the following: (a) estimated expenditures in FY 2023-24 pertaining to

technology infrastructure building by project with a description of each project and the program(s) it serves, and (b) planned expenditures in the three years following the end of FY 2023-24 pertaining to technology infrastructure buildout and upgrades by project with a description of each project and the program(s) it serves.

Comment: This RFI intended to provide updates in the significant up-front investment to build the Department's IT infrastructure. Now that systems are built, the Department has been responding to this request with how its improving and updating those systems. Staff recommends eliminating this RFI as the Department's IT infrastructure builds have stabilized.

Staff recommends the following **NEW** request for information:

N Department of Early Childhood – The Department is requested to submit annually, on or before September 1, a report to the Joint Budget Committee on current issues in the state's child care provider quality system and how the Department's strategic plan for making improvements. This includes updates on the Department's refresh of the Colorado Shines Quality and Improvement Rating System (QRIS), progress in implementing quality standards for the Universal Preschool Program (UPK) and Quality Resource Bank, and ways that quality initiatives for UPK and CCCAP are being aligned across QRIS, the UPK Quality Resource Bank, and the Professional Development Information System (PDIS) are being aligned. The Department is also requested to share information on the distinct roles that local leads and the Department will play in advancing quality statewide.

Comment: This RFI intends to gather information on the Department's updates to the state's child care provider quality system.

Staff recommends **CONTINUING AND MODIFYING** the following requests for information:

N Department of Early Childhood; ~~Department of Human Services~~ -- The Departments ~~are~~ is 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 **and program/initiative**; (c) the amount of funds expended, estimated, or requested to be expended for these years, by Long Bill line item **and program/initiative** 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: This is a long-standing report that provides useful information on the Child Care and Development Funds. Staff recommends modifying the request so that only the Department of Early Childhood responds. The

Department of Human Services no longer receives or uses Child Care and Development Funds. Staff modification also requests reporting of expenditures by program or initiative.

N 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 is a long-standing report that provides useful information on the Colorado Child Care Assistance Program.

N Department of Early Childhood, Early Learning Access and Quality, Universal Preschool Program – the Department is requested to submit bi-annually, on or before September 1 and March 1, a report to the Joint Budget Committee concerning enrollment and expenditure data for the Universal Preschool Program. The requested report shall include the following enrollment information including actual, estimate, and request years: (a) enrollment data by age; (b) enrollment by number of hours (c) enrollment by type of provider (i.e. community-based, school district, or home-based) for all students participating in the Universal Preschool Program; and (d) total enrollment of students with an IEP broken down by age.

The report shall also include the following expenditure information including actuals for the most recent completed fiscal year and full year projections for the upcoming fiscal year: (a) expenditures by type of enrollment for all 4-year-olds (i.e. part time, half day, full day), (b) expenditures for 3-years-old and younger students enrolled in preschool services which are supported by UPK funding; and (c) expenditures to support students with IEP. For estimate and request years, full-year projections should be provided.

Comment: As the Universal Preschool (UPK) Program continues to grow and stabilize, this report provides continued information on enrollment and expenditures.

N Department of Early Childhood, Community and Family Support, Early Intervention Services – The Department is requested to submit annually, on or before September 1 and March 1, a report to the Joint Budget Committee concerning caseload growth for early intervention services. The Department shall annually present an update on the Early Intervention program to the Joint Budget Committee in June and December on the status of the program. The requested reports and presentations should at a minimum 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 for the same time period; and (c) the amount of any estimated gaps between the appropriation in the long bill and actual expenditures.

Comment: This RFI provides useful information on Early Intervention enrollment and expenditures, as caseload and cost projections continue to change.

N Department of Early Childhood, Community and Family Support, Early Intervention – The Department , in collaboration with Early Intervention brokers and, to the extent possible, other Early Intervention

~~service providers, is requested to submit, on or before **November 1 June 15 and December 15**, a report to the Joint Budget Committee concerning **progress in implementing cost containment measures, including specifying the cost containment measures implemented, cost savings realized by the time of the report, and updated projections on cost savings for the remainder of the fiscal year.** agreed-upon cost containment measures which may be enacted immediately in FY 2025-26 or in FY 2026-27 to ensure the financial sustainability of the Early Intervention program while maintaining strength of service delivery for children. The cost containment measures should target savings of no less than \$1.0 million in FY 2025-26. The report should include but not be limited to analysis of the following:~~

- ~~a. — Elimination of Extended Part C — Extended Part C provides services to children who have reached their third birthday but not yet started preschool. Cost containment measures listed above would reduce services for this cohort but not eliminate them. CDEC has indicated that Extended Part C saves the state money because it enhances federal financial participation; however, additional analysis should be done to examine to what extent it provides the state savings as well as assess the impact to the children receiving the gap services.~~
- ~~b. — Strengthening of the eligibility determination tool — Developmental Assessment of Young Children (DAYC). This tool is purported to over-identify children in some areas of its eligibility determinations. At the same time, training on alternative determination tools has been limited. Analysis should determine how to better strengthen its use and/or whether an alternative tool is more appropriate.~~
- ~~c. — Analysis of the bifurcation of information and referral system — In 2022, CDEC assumed information and referral processes for most of the state’s EI brokers. Analysis should examine the financial impact of this decision in terms of cost to the state and in terms of efficiencies for families in navigating the system.~~
- ~~d. — Review of eligibility determination criteria to ensure state dollars and services are directed to the children most in need and with consideration given to future financial impact for state-funded services. This analysis should include exploring if changes to eligibility, potential service limitations and an examination of chronic conditions, like chronic ear infections, which may not rise to the level of Early Intervention services need, but also to the future financial impact of not providing sufficient and timely services to children. This review will ensure that children most in need continue to be eligible for EI and alternative services are considered for those children who may no longer be eligible to ultimately put the program on a sustainable growth path.~~
- ~~e. — Continued investigation and implementation of primary service provider model using evidence-based practices. This should take into consideration medically complex children whose needs may not be adequately met with this model of service delivery.~~
- ~~f. — Analysis of payment and contracting execution timelines for Early Intervention to identify pain points as well as simplifications or solutions.~~
- ~~g. — Evaluation of whether program modeling for future costs may be best accomplished through a contract with another state agency with greater resources to model costs, including but not limited to the Department of Health Care Policy and Financing.~~

h. ~~Review of private insurance billing systems and investigation of potential cost sharing mechanisms which would maximize state resources for the children and families facing the greatest financial barriers to these services.~~

Comment: Staff recommends modifying this RFI to report on updates in implemented cost savings strategies.

N Department of Early Childhood, ~~Partnerships and Collaborations, Early Learning Access and Quality, Family and Community Services~~ – The Department is requested to submit on or before September 1, a report to the Joint Budget Committee concerning expenses and governance related to grant programs overseen by the Department. The requested report should include following information: (a) how many grant programs are administered by or through the Department; (b) how the grants through each grant program are administered; (c) how many grants are awarded through each grant program; (d) the average grant awarded to each awardee for each program; (e) how many families and how many children are served by the grant programs; and (f) the administrative costs related to administering each grant program.

Comment: This RFI provides useful information on grants awarded by the Department. Staff modification ensures the request is for grants awarded Department-wide.

N Department of Early Childhood, Early Learning Access and Quality, Child Care Assistance Program and Universal Preschool Program – The Department, in collaboration with Local Coordinating Organizations (LCOs), **Early Childhood Centers**, and local Child Care Assistance Program (CCAP) administrators, is requested to submit on or before September 1, a report to the Joint Budget Committee concerning the overlap in services and funding for children dually enrolled in CCCAP and Universal Preschool (UPK). The report should include the following: (a) how many children are dually enrolled in CCCAP and UPK; (b) to what extent funding for dually enrolled children ~~has been is or can be~~ stacked; ~~(c) to what extent funding for dually enrolled children is or can be blended or braided;~~ ~~(d) which funding stream is or should be “first in” for dually enrolled children;~~ and (ec) how information regarding dually enrolled children is shared between programs; **(d) actual Child Care and Development Fund (CCDF) cost savings from stacking; (e) ways to improve the efficiency of and increase cost savings from stacking; and (f) other programmatic and policy opportunities to align UPK and CCCAP administration and provision.**

Comment: Staff recommends continuing this RFI for information on the implementation of UPK and CCCAP fund stacking. Staff modifications intend to gather information on realized cost savings from stacking, ways the Department will improve administration of fund stacking, and other areas where UPK and CCCAP can and should be aligned.

Indirect Cost Assessments

Description of Indirect Cost Assessment Methodology

The Department’s indirect cost assessment methodology is primarily driven by its indirect cost allocation plan with the U.S. Department of Health and Human Services as required to administer federal Child Care and Development Funds. The Department is required to report its CCDF administrative costs to the Administration for Children and Families quarterly, and adjust its plan as necessary on a quarterly basis.

The Department uses two different indirect pools to distribute Department-wide administrative costs using the methodology that most reasonably approximates the pro-rata share of Divisions and programs for the shared costs of administrative oversight and central services.

- The headcount pool distributes costs based on the number of FTE by funding source. The following costs are distributed using the headcount methodology:
 - Salary and fringe costs of administrative positions,
 - Department-wide operating expenses,
 - Leased space and information technology costs are distributed based on the headcount pool.
- The total cost pool distributes costs based on the percent of total cost by funding source. The following costs are distributed using the total cost methodology:
 - Salary and fringe costs of finance positions,
 - Operating expenses related to finance positions.
- Costs that are specific to a grant or program – charged directly to that grant or program.

Costs are paid by the appropriate state, cash, or federal fund source, including the Child Care and Development Fund; Community Based Child Abuse Prevention Grant; federal IDEA Part C funding; Maternal, Infant, and Early Childhood Home Visiting Program; Community Based Child Abuse Prevention Grant; Nurse Home Visitor Program Cash Fund, Child Care Licensing Cash Fund, Preschool Programs Cash Fund, and Records and Reports Cash Fund.

Indirect Cost Pool

The Department’s indirect cost pool is the sum of its Departmental and statewide indirect costs. Within the Department, this is a portion of personal services, HLD, short-term disability, unfunded liability amortization payments, salary survey, step pay, FAMLI, PERA direct distribution, operating expenses, leased space, and OIT costs.

Table 1: Indirect Cost Pool

Division	Line Item	FY 2026-27 Request
Executive Director's Office, (A) General Administration	Personal Services	\$6,174,611
	Health, Life, and Dental	\$386,529
	Short-term Disability	\$1,502
	Unfunded Liability Amortization Payments	\$214,527

	Salary Survey	\$72,781
	Step Pay	\$5,244
	Paid Family and Medical Leave Insurance	\$9,654
	PERA Direct Distribution	\$40,138
	Operating Expenses	\$185,838
	Leased Space	\$215,174
Executive Director's Office, (B) Information Technology	Payments to OIT	\$2,447,005
Total Departmental Indirect Costs		\$9,753,003
Total Statewide Indirect Costs		\$176,389
Total Indirect Cost Pool		\$9,929,392

Indirect Cost Assessment

The Department then allocates these indirect costs to its various programs, by the allocation methodology described above, in “indirect cost assessment” line items.

Table 2: FY 2026-27 Indirect Cost Assessment

Division	Total Funds	Cash Funds	Federal Funds
Partnerships and Collaborations	\$368,414	\$24,000	\$327,548
Early Learning Access and Quality	\$4,709,714	\$216,000	\$4,278,106
Community and Family Support	\$953,946	\$208,597	\$635,084
Licensing and Administration	\$3,897,318	\$317,877	\$3,579,441

Additional Balancing Options

As part of staff budget briefings in November and December 2025, staff identified budget reduction options for each department that the JBC could consider in addition to or instead of the options presented in the budget request. **Items staff recommends and items that agencies have requested formally are addressed earlier in this packet.** Other items that could be considered, if needed to bring the budget into balance, are listed below.

A General Fund reduction of 5.0 percent to the Department’s FY 2025-26 General Fund appropriation equates to reduction of \$15.4 million. The Staff recommendations included in this figure setting packet, if adopted by the JBC, provide budget reductions and revenue enhancements totaling \$5.6 million. Options from the table below, if adopted, increase that amount.

Items in the table are ordered from lowest impact on program operations to highest, based on staff’s understanding of the impact of the change.

Additional Options for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
Nurse Home Visitor Program Fund transfer to General Fund	\$5,000,000	-\$5,000,000	Y	This option transfers \$5 million of that balance to the General Fund one-time, but jeopardizes how soon the fund reaches its funding cliff.
Subtotal - Revenue	\$5,000,000	-\$5,000,000		
Expenditure Reductions				
Reduce General Fund from H.B. 24-1223	-\$557,329	0	N	Reduces General Fund appropriated for CCCAP services to families participating in a substance use disorder pilot, as these families will be impacted by waitlists and freezes.
Eliminate Universal Home Visiting Pilot Program	-2,528,842	0	N	Eliminates all remaining funding for this pilot
Reduce Early Childhood Mental Health Support Line	-156,000	0	N	Staff is not recommending it at this time as staff already recommends a 10.0% reduction to Early Childhood Mental Health Services.
Eliminate state funding for HealthySteps	-314,133	0	N	Eliminates all state funding to the HealthySteps program.
Reduce Family Resource Centers line item	-545,654	0	N	Family Resource Centers are already receiving reduced funding through Statewide R6.
20% decrease to Colorado Imagination Library Program	-324,873	0	N	Decreases books available to children and required local matching funds.
CCCAP General Fund reduction	-2,500,000	0	N	The Committee approved \$5.0 million General Fund ongoing in the FY 2025-26 Long Bill to support counties with the increased costs of administering CCCAP due to federal regulations changes and provider rate increases. This reduces that investment by 50.0%. Staff is not recommending this at this time because the Department indicates it results in direct service reduction to children.
UPK care reduction	-35,000,000	0	N	Reduces General Fund that provides 15-hour care to children in Universal Preschool School. Staff is not recommending this at this time because the Department indicates its likely unable to implement this in FY 2026-27.
Subtotal - Expenditures	-\$41,926,831	\$0		

Option	General Fund	Other Funds	Bill? Y/N	Description
Net General Fund Relief	\$46,926,831			

Revenue Enhancements

Nurse Home Visitor Cash fund transfer to General Fund

Description: Bill to transfer \$5.0 million from the Nurse Home Visitor cash fund to the General Fund.

Additional Background: The fund is used to support the Nurse Home Visitor program and is funded by Tobacco Master Settlement Agreement funds. It is forecasted to potentially hit a funding cliff in FY 2030-31, but will hold a balance of \$30.9 million at the end of FY 2025-26. This option jeopardizes how soon the fund hits its cliff.

Expenditure Reductions

Reduce General Fund from H.B. 24-1223

Description: Reduces \$557,329 General Fund appropriated to the Department through the annualization of H.B. 24-1223 (Improved Access to the Child Care Assistance Program) for care for families in a substance use disorder (SUD) treatment program.

Additional Background: House Bill 24-1223 expands the eligibility for the Colorado Child Care Assistance Program (CCCAP) so that families who are in a SUD treatment program are eligible for child care through CCCAP. The bill appropriates \$557,329 General Fund starting in FY 2026-27, with an estimate that the Department would serve 84 families in an SUD treatment program. However, the Department indicates these families would not bypass current waitlists and freezes to receive services, or that this General Fund would be set aside for intended families. This General Fund would go into the pool for county CCCAP allocations to serve all CCCAP-eligible families. At an estimated cost-per-child of \$6,447, this additional General Fund could serve about 86 children, but not necessarily children eligible through a parent’s SUD treatment, as was the original intent of that appropriation.

Eliminate Universal Home Visiting Pilot Program

Description: Ends the pilot three years early.

Additional Background: The Committee reduced funding to this program last year by \$280,982 General Fund. This cut resulted in reducing 4 contracted position, impact services for 400 families. One of the newer counties implementing the program also intends to discontinue implementation due to funding insecurities.

The Universal Home Visiting Pilot Program was an approved FY 2024-25 budget recommendation, funded at \$2.8 million General Fund ongoing until FY 2028-29. This program, also referred to as Family Connects, provides a nurse home visit and evaluation for new mothers and infants. The program is currently running in Arapahoe, Boulder, Denver, Eagle, and Jefferson counties, and is being expanded to Eagle, Mesa, and Pitkin counties. Funding to this program was also intended to support a cost savings study of the pilot, to support a future

request for sustained funding. Family Connects is an evidence-based program first developed in 2008 and now operating in 18 states. State funding is matched with Medicaid and local funds, at a rate of roughly 1:1:1.

Separately, the Nurse Home Visitor Program is an evidence-based program that provides more intensive new mother and infant support targeted to those who are under-resourced and in the most need.

Staff considered a 20.0% reduction to this line item, but it would eliminate 2 out of 10 existing sites. It would also cut staff at remaining sites, risking the required 60.0% contact rate for families that the program must achieve to meet national standards. This in turn impacts whether the state can produce a valid study of this pilot. Given the large impact of a 20.0% reduction, staff recommends the Committee eliminate the program entirely over reducing the appropriation by 20.0%.

Reduce Early Childhood Mental Health Support Line

Description: This budget option reduces funding by 50.0%, cutting \$156,000 General Fund ongoing.

Key Considerations: This option eliminates 1.0 FTE and may create delays in calls answered and support.

Additional Background: The Early Childhood Mental Health Support line is free for anyone caring for a child under age 6. It is intended to support the Early Childhood Mental Health Consultation program, particularly for counties with few to no consultation services providers. The line both connects providers to a consultant and helps with in-the-moment brief consultations. In FY 2024-25, the line received 611 calls.

In FY 2023-24, the Committee approved a \$311,872 General Fund appropriation for this program. It had been funded through a federal Preschool Development Grant Birth through Five (PDG B-5) award, but an updated award limited the fund's usage. The Department applied for an implementation grant through PDG B-5, but it was not awarded.

Eliminate state funding for HealthySteps

Description: Removes remaining HealthySteps General Fund (\$314,133), after SI6.

Additional Background: This reduction cuts services for 6 out of the program's total 33 sites: Children's Hospital Colorado, Denver Health, Southern Colorado Family Medicine (Pueblo), San Louis Valley Health Pediatrics, CommonSpirit Family Medicine clinic (Fort Morgan), and Kaiser Brighton clinic. These sites served 13,433 children total.

Reduce Family Resource Centers funding

Description: Removes \$545,654 additional General Fund from Family Resource Centers.

Additional Background: The Committee approved a \$200,000 reduction to this line item for FY 2025-26. This option further decreases funding by 35.3%, leaving \$1.0 million remaining in this line item (before staff recommendation to combine FRC funding from the Child Maltreatment Prevention line item).

This line item provides direct funding to Family Resource Centers to provide training, technical assistance, and grants to establish and maintain centers. Family Resource Centers' services vary but can include food and nutrition services, housing assistance, and workforce training. The Department's Statewide R6 request to reduce

appropriations in the Child Maltreatment Prevention line cuts \$480,000 from Family Resource Centers. This option brings total FY 2026-27 appropriations to Family Resource Centers to \$3.6 million.

Cuts impacting Family Resource Centers

Line Item	FY 2025-26 General Fund Approp.	FY 2026-27 Proposed Cuts	FY 2026-27 General Fund Approp.
Child Maltreatment Prevention	\$3,047,453	-\$480,000 (Statewide R6)	\$2,567,453
Family Resource Centers	1,545,654	-545,654 (Staff option)	1,000,000
Total	\$4,593,107	-\$1,025,654	\$3,567,453

The Department anticipates this cut, if in addition to its Statewide R6 request, would result in laying off 26 Family Development Workers in Family Resource Centers, impacting families in significant poverty from accessing supportive services.

Decrease to Colorado Imagination Library Program

Description: Cuts 20.0% of General Fund from the program, saving \$324,873 annually.

Additional Background: H.B. 24-1205 (Colorado Imagination Library Program) shifted this program from the Department of Education to the Department of Early Childhood. The program receives local matching funds. Local funds are matched 1:1. This cut would decrease books available to children and decrease required local matching funds.

CCCAP General Fund reduction

Description: General Fund reduction of \$2.5 million to the Colorado Child Care Assistance Program (CCCAP) ongoing.

Additional Background: The Committee approved \$5.0 million ongoing General Fund in the FY 2025-26 Long Bill to support counties with the increased costs of administering CCCAP due to federal regulations changes and provider rate increases. The recommendation reduces that investment by 50.0% due to the likely repeal of those federal rules. In January, the federal Department of Health and Human Services released a proposed rule that will eliminate federal provisions added in 2024 that increase state expenditures for CCCAP. As part of the state’s waiver to delay implementation of the 2024 rule, the Department had to maintain provisions it implemented during the pandemic like paying providers based on enrollment for infants and toddlers, and setting parent copays at 10.0%. To help counties cope with those additional costs, the Committee approved \$5.0 million General Fund in FY 2025-26. Given that it is likely that the 2024 federal rule will be reversed, staff recommends winding down that General Fund investment. This recommendation reduces it by 50.0%.

The Department indicates this reduction would be taken from direct services to children and families, impacting about 388 children.

UPK care reduction

Description: \$35.0 million General Fund reduction to the Universal Preschool Program (UPK), with the intent that the Department reduce 15-hour care slots to the statutorily-required 10-hour care minimum.

Additional Background: The Department currently provides 15 hours of care for all children enrolled in UPK, if their families and providers elect it. This was provided through Department rule-making through consultation with providers and families on the most cost-effective hours to provide. However, the statutory minimum for hours of care is 10. This recommendation reduces the amount of General Fund used to provide 15 hours of care, as indicated in the Department’s January hearing response. However, the Committee cannot reverse the Department's rulemaking, so JBC Staff offers this reduction with the hope and intent that the Department use this to reduce instances of 15-hour care, instead of limiting 30-hour care for qualifying children.

The legislation declaration in Section 26.5-4-202 (3)(a)(I), C.R.S., states, “in approving proposition EE, the voters supported funding for ten hours of high-quality preschool programming for all Colorado children in the year preceding kindergarten enrollment, as well as additional preschool programming for children who are at risk of entering kindergarten without being prepared to learn, including children in low-income families.” Other areas in UPK statute make it clear that additional hours beyond the minimum 10 hours should be supplied to children in low-income families or who meet qualifying factors.

The Department provides 15-hour care through its specified purpose funding in Section 26.5-4-208 (1)(d), C.R.S.:

In addition to distributing funding based on the per-child rates established pursuant to subsection (1)(a) if this section, the department may by rule distribute funding to achieve a specified purpose, which may include funding for administrative units to provide special education services through the preschool program and funding for measures related to recruiting, training, and retaining preschool educators. The department may choose to distribute funding pursuant to this subsection (1)(d) only after the department allocates the amounts necessary to fund preschool services for eligible children who are three years of age or younger, up to the amounts described in subsection (3)(c) of this section, and to fully fund universal preschool services for all eligible children who enroll.

This reduction will decrease care for about 27,221 4-year-olds, representing 61.1% of all 4-year-olds enrolled in UPK in FY 2025-26. It is estimated that 7,638 4-year-olds are in 10-hour care, and 9,678 are in 30-hour care. The number of children in 10-hour care has decreased since FY 2023-24, when about 8,065 4-year-olds were enrolled in 10-hour care.

The Department indicates this would have significant impacts on UPK, and that it would likely not be able to implement this reduction in FY 2026-27. The Department indicates that rule must change to eliminate the 15 hours provided, which could take 6 months. This would also mean that services for families and provider agreements, which would have already started, would need to be changed mid-year.

Appendix A: Numbers Pages

Appendix A details the actual expenditures for the last two state fiscal years, the appropriation for the current fiscal year, the requested appropriation for next fiscal year, and the staff recommendation. Appendix A organizes this information by line item and fund source.

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
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DEPARTMENT OF EARLY CHILDHOOD
Executive Director, Executive Director

(1) EXECUTIVE DIRECTOR'S OFFICE

(A) General Administration

Personal Services	<u>5,567,125</u>	<u>7,154,461</u>	<u>8,320,096</u>	<u>8,845,364</u>	<u>8,716,689</u> *
FTE	71.8	75.8	77.8	80.3	79.4
General Fund	1,212,747	1,922,927	2,162,347	2,489,858	2,361,183
Cash Funds	(9,459)	135,549	180,811	180,895	180,895
Reappropriated Funds	3,933,454	5,095,985	5,976,938	6,174,611	6,174,611
Federal Funds	430,383	0	0	0	0
Health, Life, and Dental	<u>2,671,938</u>	<u>2,212,952</u>	<u>4,013,539</u>	<u>5,339,568</u>	<u>5,324,593</u>
General Fund	1,183,648	1,551,248	1,558,741	2,171,202	2,156,227
Cash Funds	309,664	186,975	872,563	935,428	935,428
Reappropriated Funds	1,178,626	0	817,491	386,529	386,529
Federal Funds	0	474,729	764,744	1,846,409	1,846,409
Short-term Disability	<u>21,591</u>	<u>16,939</u>	<u>17,153</u>	<u>17,104</u>	<u>17,104</u>
General Fund	9,630	11,610	7,435	7,064	7,064
Cash Funds	2,370	1,506	3,349	2,916	2,916
Reappropriated Funds	0	0	5,194	1,502	1,502
Federal Funds	9,591	3,823	1,175	5,622	5,622

*Indicates impacted by staff recommendation and/or Department request.

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
S.B. 04-257 Amortization Equalization					
Disbursement	<u>717,363</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	319,921	0	0	0	0
Cash Funds	78,873	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	318,569	0	0	0	0
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>717,363</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	319,921	0	0	0	0
Cash Funds	78,873	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	318,569	0	0	0	0
Unfunded Liability Amortization Equalization					
Disbursement Payments	<u>0</u>	<u>1,129,236</u>	<u>2,450,376</u>	<u>2,443,506</u>	<u>2,443,506</u>
General Fund	0	773,984	1,062,199	1,009,196	1,009,196
Cash Funds	0	100,382	478,385	416,577	416,577
Reappropriated Funds	0	0	482,991	214,527	214,527
Federal Funds	0	254,870	426,801	803,206	803,206
Salary Survey					
General Fund	<u>956,075</u>	<u>718,013</u>	<u>673,166</u>	<u>828,584</u>	<u>828,584</u>
General Fund	374,506	272,798	291,654	342,379	342,379
Cash Funds	126,434	124,098	131,663	141,189	141,189
Reappropriated Funds	0	4,400	70,534	72,781	72,781
Federal Funds	455,135	316,717	179,315	272,235	272,235

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Step Pay	<u>0</u>	<u>454,514</u>	<u>103,887</u>	<u>73,722</u>	<u>73,722</u>
General Fund	0	155,821	51,307	25,093	25,093
Cash Funds	0	98,724	10,378	14,915	14,915
Reappropriated Funds	0	2,474	6,661	5,244	5,244
Federal Funds	0	197,495	35,541	28,470	28,470
Paid Family and Medical Leave Insurance Program	<u>0</u>	<u>50,731</u>	<u>110,267</u>	<u>109,958</u>	<u>109,958</u>
General Fund	0	34,745	47,799	45,414	45,414
Cash Funds	0	4,517	21,527	18,746	18,746
Reappropriated Funds	0	0	21,735	9,654	9,654
Federal Funds	0	11,469	19,206	36,144	36,144
PERA Direct Distribution	<u>0</u>	<u>450,190</u>	<u>434,604</u>	<u>457,181</u>	<u>457,181</u>
General Fund	0	170,561	188,394	188,821	188,821
Cash Funds	0	78,202	84,847	77,942	77,942
Reappropriated Funds	0	52,689	95,410	40,138	40,138
Federal Funds	0	148,738	65,953	150,280	150,280
Shift Differential	<u>0</u>	<u>0</u>	<u>81</u>	<u>0</u>	<u>0</u>
General Fund	0	0	69	0	0
Cash Funds	0	0	12	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Operating Expenses	<u>118,838</u>	<u>656,897</u>	<u>846,987</u>	<u>883,606</u>	<u>804,549</u> *
General Fund	57,055	612,866	668,150	696,909	617,852
Cash Funds	0	0	791	521	521
Reappropriated Funds	61,783	44,031	177,708	185,838	185,838
Federal Funds	0	0	338	338	338

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Workers' Compensation	<u>66,234</u>	<u>66,234</u>	<u>66,300</u>	<u>569,576</u>	<u>576,220</u>
General Fund	66,234	66,234	66,300	569,576	576,220
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Legal Services	<u>1,009,460</u>	<u>42,857</u>	<u>1,431,001</u>	<u>1,486,576</u>	<u>1,486,576</u>
General Fund	1,009,460	42,857	1,431,001	1,486,576	1,486,576
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Administrative Law Judge Services	<u>55,072</u>	<u>20,366</u>	<u>2,822</u>	<u>10,745</u>	<u>10,332</u> *
General Fund	55,072	20,366	2,822	10,745	10,332
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Payment to Risk Management and Property Funds	<u>3,653</u>	<u>3,653</u>	<u>4,303</u>	<u>74,355</u>	<u>74,305</u>
General Fund	3,653	3,653	4,303	74,355	74,305
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Vehicle Lease Payments	<u>6,939</u>	<u>8,905</u>	<u>6,910</u>	<u>7,078</u>	<u>7,078</u> *
General Fund	6,939	8,905	6,910	7,078	7,078
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Leased Space	<u>296,520</u>	<u>314,649</u>	<u>332,520</u>	<u>342,020</u>	<u>342,020</u>
General Fund	102,819	117,173	123,032	126,547	126,547
Cash Funds	0	277	291	299	299
Reappropriated Funds	193,701	197,199	209,197	215,174	215,174
Federal Funds	0	0	0	0	0
Statewide Indirect Cost Recoveries	<u>0</u>	<u>0</u>	<u>176,389</u>	<u>176,389</u>	<u>176,389</u>
Reappropriated Funds	0	0	176,389	176,389	176,389
Capital Outlay	<u>36,249</u>	<u>17,419</u>	<u>126,730</u>	<u>126,730</u>	<u>126,730</u>
General Fund	36,249	17,419	126,730	126,730	126,730
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Operational Support Contract with Department of Human Services	<u>80,460</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	51,666	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	28,794	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (A) General Administration	12,324,880	13,318,016	19,117,131	21,792,062	21,575,536
FTE	<u>71.8</u>	<u>75.8</u>	<u>77.8</u>	<u>80.3</u>	<u>79.4</u>
General Fund	4,809,520	5,783,167	7,799,193	9,377,543	9,161,017
Cash Funds	586,755	730,230	1,784,617	1,789,428	1,789,428
Reappropriated Funds	5,396,358	5,396,778	8,040,248	7,482,387	7,482,387
Federal Funds	1,532,247	1,407,841	1,493,073	3,142,704	3,142,704

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
(B) Information Technology					
Information Technology Contracts and Equipment	<u>6,440,951</u>	<u>10,872,559</u>	<u>11,792,150</u>	<u>11,791,932</u>	<u>11,768,669</u>
General Fund	4,756,340	7,710,595	7,852,664	7,852,446	7,829,183
Cash Funds	0	2,880,423	3,260,000	3,260,000	3,260,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,684,611	281,541	679,486	679,486	679,486
Information Technology Systems Managed by Other Departments	<u>102,003</u>	<u>159,348</u>	<u>571,796</u>	<u>571,796</u>	<u>571,796</u>
General Fund	29,569	48,370	66,622	66,622	66,622
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	72,434	110,978	505,174	505,174	505,174
Payments to OIT	<u>6,667,081</u>	<u>10,167,399</u>	<u>14,751,986</u>	<u>14,773,746</u>	<u>13,501,279</u> *
General Fund	5,669,029	8,013,640	12,157,388	11,873,531	10,601,064
Cash Funds	0	0	0	0	0
Reappropriated Funds	998,052	2,153,759	2,594,598	2,900,215	2,900,215
Federal Funds	0	0	0	0	0
IT Accessibility	<u>392,659 2.0</u>	<u>294,829</u>	<u>0 0.0</u>	<u>202,481 1.4</u>	<u>174,762 0.9</u> *
General Fund	152,255	158,092	0	202,481	174,762
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	240,404	136,737	0	0	0

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
CORE Operations	71,546	15,600	21,441	95,098	91,452
General Fund	71,546	15,600	21,441	95,098	91,452
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Child Care Automated Tracking System	2,671,600	3,687,718	4,414,382	3,945,244	3,945,244
General Fund	0	0	504,449	35,311	35,311
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	2,671,600	3,687,718	3,909,933	3,909,933	3,909,933
SUBTOTAL - (B) Information Technology	16,345,840	25,197,453	31,551,755	31,380,297	30,053,202
<i>FTE</i>	2.0	0.0	0.0	1.4	0.9
General Fund	10,678,739	15,946,297	20,602,564	20,125,489	18,798,394
Cash Funds	0	2,880,423	3,260,000	3,260,000	3,260,000
Reappropriated Funds	998,052	2,153,759	2,594,598	2,900,215	2,900,215
Federal Funds	4,669,049	4,216,974	5,094,593	5,094,593	5,094,593
TOTAL - (1) Executive Director's Office	28,670,720	38,515,469	50,668,886	53,172,359	51,628,738
<i>FTE</i>	73.8	75.8	77.8	81.7	80.3
General Fund	15,488,259	21,729,464	28,401,757	29,503,032	27,959,411
Cash Funds	586,755	3,610,653	5,044,617	5,049,428	5,049,428
Reappropriated Funds	6,394,410	7,550,537	10,634,846	10,382,602	10,382,602
Federal Funds	6,201,296	5,624,815	6,587,666	8,237,297	8,237,297

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
(2) PARTNERSHIPS AND COLLABORATIONS					
Personal Services	<u>773,097</u>	<u>789,801</u>	<u>852,058</u>	<u>864,651</u>	<u>864,651</u>
FTE	6.5	6.5	6.5	6.5	6.5
General Fund	272,633	283,139	286,380	291,524	291,524
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	500,464	506,662	565,678	573,127	573,127
Operating Expenses	<u>132,206</u>	<u>65,722</u>	<u>182,766</u>	<u>182,766</u>	<u>182,766</u>
General Fund	42,929	45,798	45,846	45,846	45,846
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	89,277	19,924	136,920	136,920	136,920
Local Coordinating Organizations	<u>5,126,336</u>	<u>4,340,668</u>	<u>4,521,570</u>	0	0 *
General Fund	0	0	0	0	0
Cash Funds	0	3,640,190	4,521,570	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	5,126,336	700,478	0	0	0
Early Childhood Councils	<u>3,288,603</u>	<u>4,290,566</u>	<u>4,414,452</u>	0	<u>14,842,227</u> *
General Fund	0	999,771	1,000,000	0	3,776,986
Cash Funds	0	0	0	0	2,800,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	3,288,603	3,290,795	3,414,452	0	8,265,241

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Child Care Resource and Referrals	<u>2,167,402</u>	<u>1,171,572</u>	<u>633,835</u>	<u>201,831</u>	<u>201,831</u> *
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	2,167,402	1,171,572	633,835	201,831	201,831
Family Resource Centers	<u>1,548,122</u>	<u>1,745,654</u>	<u>1,545,654</u>	<u>1,545,654</u>	<u>4,116,107</u>
General Fund	1,548,122	1,745,654	1,545,654	1,545,654	4,116,107
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Indirect Cost Assessment	<u>125,540</u>	<u>206,586</u>	<u>386,287</u>	<u>385,280</u>	<u>368,414</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	24,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	125,540	206,586	386,287	385,280	344,414
TOTAL - (2) Partnerships and Collaborations	13,161,306	12,610,569	12,536,622	3,180,182	20,575,996
FTE	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>
General Fund	1,863,684	3,074,362	2,877,880	1,883,024	8,230,463
Cash Funds	0	3,640,190	4,521,570	0	2,824,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	11,297,622	5,896,017	5,137,172	1,297,158	9,521,533

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
(3) EARLY LEARNING ACCESS AND QUALITY					
Personal Services	<u>8,271,476</u>	<u>11,030,532</u>	<u>8,855,201</u>	<u>9,089,334</u>	<u>8,661,784</u>
FTE	50.7	56.4	61.0	57.6	53.6
General Fund	2,331,372	4,986,129	3,044,800	3,101,714	2,863,339
Cash Funds	500,110	969,231	993,476	1,078,751	889,576
Reappropriated Funds	0	0	0	0	0
Federal Funds	5,439,994	5,075,172	4,816,925	4,908,869	4,908,869
Operating Expenses	<u>109,610</u>	<u>190,745</u>	<u>245,326</u>	<u>238,784</u>	<u>238,784</u>
General Fund	28	81,959	19,022	12,480	12,480
Cash Funds	10,701	35,862	18,430	18,430	18,430
Reappropriated Funds	0	0	0	0	0
Federal Funds	98,881	72,924	207,874	207,874	207,874
Universal Preschool Program	<u>311,091,079</u>	<u>335,903,744</u>	<u>359,096,944</u>	<u>363,401,465</u>	<u>363,401,465</u> *
General Fund	170,000,000	146,301,440	146,333,200	150,137,863	148,235,531
Cash Funds	141,091,079	189,602,304	212,763,744	213,263,602	215,165,934
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Child Care Assistance Program	<u>146,437,453</u>	<u>166,667,147</u>	<u>185,700,444</u>	<u>186,312,773</u>	<u>186,257,773</u>
General Fund	29,734,240	33,058,921	37,058,921	37,671,250	37,616,250
Cash Funds	0	0	20,296,012	20,296,012	20,296,012
Reappropriated Funds	0	0	0	100,000	100,000
Federal Funds	116,703,213	133,608,226	128,345,511	128,245,511	128,245,511

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Intrastate Child Care Assistance Program					
Distribution	<u>115,380</u>	<u>198,676</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	115,380	198,676	500,000	500,000	500,000
Child Care Assistance Program Stimulus - Eligibility Expansion and Infant and Toddler Care					
Reimbursement	<u>20,309,046</u>	<u>6,492,554</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	20,309,046	6,492,554	0	0	0
Workforce Recruitment and Retention Grants	<u>10,173,650</u>	<u>1,408,786</u>	<u>978,167</u>	<u>1,153,167</u>	<u>1,153,167</u> *
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	10,173,650	1,408,786	978,167	1,153,167	1,153,167
Professional Development and Training Assistance	<u>5,217,173</u>	<u>2,891,079</u>	<u>2,345,317</u>	<u>749,317</u>	<u>574,317</u> *
General Fund	40,000	75,000	75,000	75,000	75,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	5,177,173	2,816,079	2,270,317	674,317	499,317

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Early Childhood Quality and Availability	<u>20,504,882</u>	<u>11,965,758</u>	<u>10,240,649</u>	<u>486,116</u>	<u>486,116</u> *
General Fund	3,042,817	3,009,461	3,043,243	266,257	266,257
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	17,462,065	8,956,297	7,197,406	219,859	219,859
Emerging and Expanding Child Care Grant Program	<u>6,991,893</u>	<u>3,395,129</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	3.5	0.0	0.0	0.0	0.0
General Fund	2,469,042	0	0	0	0
Cash Funds	0	1,322,536	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	4,522,851	2,072,593	0	0	0
Early Care and Education Recruitment and Retention Grant and Scholarship Program	<u>5,279,400</u>	<u>2,676,329</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	0	2,557,717	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	5,279,400	118,612	0	0	0
Child Care Sustainability Grant Program	<u>16,159,991</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	16,159,991	0	0	0	0

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Employer-Based Child Care Facility Grant Program	<u>4,167,878</u>	<u>3,462,255</u>	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	1,883,029	0	0	0	0
Cash Funds	0	2,259,164	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	2,284,849	1,203,091	0	0	0
Imagination Library of Colorado	0	0	<u>1,624,365</u>	<u>1,624,365</u>	<u>1,624,365</u>
General Fund	0	0	1,624,365	1,624,365	1,624,365
Indirect Cost Assessment	<u>2,985,843</u>	<u>3,478,245</u>	<u>4,931,423</u>	<u>4,925,322</u>	<u>4,709,714</u>
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	216,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	2,985,843	3,478,245	4,931,423	4,925,322	4,493,714
Family, Friend, and Neighbor Training and Support Program	<u>412,786</u>	<u>2,429,975</u>	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	0	2,122,652	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	412,786	307,323	0	0	0

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
TOTAL - (3) Early Learning Access and Quality	558,227,540	552,190,954	574,517,836	568,480,643	567,607,485
<i>FTE</i>	<u>54.2</u>	<u>56.4</u>	<u>61.0</u>	<u>57.6</u>	<u>53.6</u>
General Fund	209,500,528	187,512,910	191,198,551	192,888,929	190,693,222
Cash Funds	141,601,890	198,869,466	234,071,662	234,656,795	236,585,952
Reappropriated Funds	0	0	0	100,000	100,000
Federal Funds	207,125,122	165,808,578	149,247,623	140,834,919	140,228,311

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
(4) COMMUNITY AND FAMILY SUPPORT					
Personal Services	<u>2,420,530</u>	<u>3,598,028</u>	<u>4,389,273</u>	<u>4,483,972</u>	<u>4,483,972</u>
FTE	26.8	24.7	23.8	23.8	23.8
General Fund	2,043,126	3,210,437	2,041,221	2,091,847	2,091,847
Cash Funds	302,613	302,091	489,586	508,698	508,698
Reappropriated Funds	0	0	0	0	0
Federal Funds	74,791	85,500	1,858,466	1,883,427	1,883,427
Operating Expenses	<u>106,018</u>	<u>1,735,684</u>	<u>329,641</u>	<u>329,641</u>	<u>329,641</u>
General Fund	102,308	1,732,894	185,233	185,233	185,233
Cash Funds	3,710	2,338	52,188	52,188	52,188
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	452	92,220	92,220	92,220
Early Intervention	<u>87,355,234</u>	<u>90,742,980</u>	<u>92,604,480</u>	<u>100,101,368</u>	<u>92,604,480</u> *
General Fund	58,094,847	62,492,837	69,644,607	77,141,495	69,644,607
Cash Funds	15,068,806	16,590,510	10,987,177	10,987,177	10,987,177
Reappropriated Funds	0	0	5,940,111	5,940,111	5,940,111
Federal Funds	14,191,581	11,659,633	6,032,585	6,032,585	6,032,585
Home Visiting	<u>26,915,806</u>	<u>24,008,168</u>	<u>29,791,933</u>	<u>29,791,933</u>	<u>29,163,707</u> *
General Fund	586,814	550,504	628,226	5,728,226	0
Cash Funds	22,441,157	21,561,609	27,400,370	22,300,370	27,400,370
Reappropriated Funds	0	0	0	0	0
Federal Funds	3,887,835	1,896,055	1,763,337	1,763,337	1,763,337
HealthySteps	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>314,113</u>
General Fund	0	0	0	0	314,113

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	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Universal Home Visiting Pilot Program	0	0	<u>2,528,842</u>	<u>2,528,842</u>	<u>2,528,842</u>
FTE	0.0	0.0	1.0	1.0	1.0
General Fund	0	0	2,528,842	2,528,842	2,528,842
Child Maltreatment Prevention	<u>9,969,305</u>	<u>12,648,422</u>	<u>14,547,067</u>	<u>14,017,067</u>	<u>11,446,614</u> *
General Fund	7,648,828	8,578,344	8,200,453	2,570,453	5,100,000
Cash Funds	61,239	136,552	2,208,216	7,308,216	2,208,216
Reappropriated Funds	0	0	0	0	0
Federal Funds	2,259,238	3,933,526	4,138,398	4,138,398	4,138,398
Early Childhood Mental Health Services	<u>5,553,481</u>	<u>3,362,296</u>	<u>3,689,262</u>	<u>3,409,262</u>	<u>3,274,481</u>
General Fund	1,595,830	1,627,657	1,627,813	1,347,813	1,213,032
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	3,957,651	1,734,639	2,061,449	2,061,449	2,061,449
Social-Emotional Learning Programs Grants	<u>608,363</u>	<u>722,333</u>	<u>817,289</u>	<u>817,289</u>	<u>817,289</u>
General Fund	0	0	0	0	0
Cash Funds	608,363	722,333	817,289	817,289	817,289
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Child Care Services and Substance Use Disorder					
Treatment Pilot Program	<u>499,978</u>	<u>483,053</u>	<u>500,000</u>	0	<u>500,000</u> *
General Fund	499,978	483,053	500,000	0	500,000
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
Indirect Cost Assessment	<u>439,951</u>	<u>951,668</u>	<u>1,000,976</u>	<u>997,617</u>	<u>953,946</u>
General Fund	0	0	0	0	0
Cash Funds	150,126	232,763	308,754	308,597	308,597
Reappropriated Funds	0	0	0	0	0
Federal Funds	289,825	718,905	692,222	689,020	645,349
Home Visiting Grant Program	<u>116,019</u>	<u>212,030</u>	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	0	42,625	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	116,019	169,405	0	0	0
Children's Mental Health Program	<u>503,679</u>	<u>610,895</u>	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	0	611,408	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	503,679	(513)	0	0	0
TOTAL - (4) Community and Family Support	134,488,364	139,075,557	150,198,763	156,476,991	146,417,085
FTE	<u>26.8</u>	<u>24.7</u>	<u>24.8</u>	<u>24.8</u>	<u>24.8</u>
General Fund	70,571,731	78,675,726	85,356,395	91,593,909	81,577,674
Cash Funds	38,636,014	40,202,229	42,263,580	42,282,535	42,282,535
Reappropriated Funds	0	0	5,940,111	5,940,111	5,940,111
Federal Funds	25,280,619	20,197,602	16,638,677	16,660,436	16,616,765

JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
(5) LICENSING AND ADMINISTRATION					
Personal Services	<u>9,356,755</u>	<u>10,408,681</u>	<u>10,798,873</u>	<u>10,106,199</u>	<u>9,630,508</u> *
FTE	62.4	63.1	64.3	82.7	82.7
General Fund	2,450,141	2,775,885	2,850,540	2,319,056	2,319,056
Cash Funds	1,035,613	1,168,200	1,283,751	1,320,800	1,320,800
Reappropriated Funds	0	0	0	0	0
Federal Funds	5,871,001	6,464,596	6,664,582	6,466,343	5,990,652
Operating Expenses	<u>295,931</u>	<u>399,163</u>	<u>505,950</u>	<u>659,474</u>	<u>659,474</u> *
General Fund	11,387	102,752	49,366	49,366	49,366
Cash Funds	231,148	263,066	271,615	271,615	271,615
Reappropriated Funds	0	0	0	0	0
Federal Funds	53,396	33,345	184,969	338,493	338,493
Background Investigation Unit	<u>1,002,970 8.0</u>	<u>884,237 8.6</u>	<u>1,261,344 8.7</u>	<u>1,261,344 8.7</u>	<u>1,261,344 8.7</u>
General Fund	0	0	0	0	0
Cash Funds	1,002,970	884,237	1,261,344	1,261,344	1,261,344
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Indirect Cost Assessment	<u>1,742,815</u>	<u>2,775,901</u>	<u>3,936,660</u>	<u>4,075,735</u>	<u>3,897,318</u> *
General Fund	0	0	0	0	0
Cash Funds	100,449	156,288	317,720	317,877	317,877
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,642,366	2,619,613	3,618,940	3,757,858	3,579,441

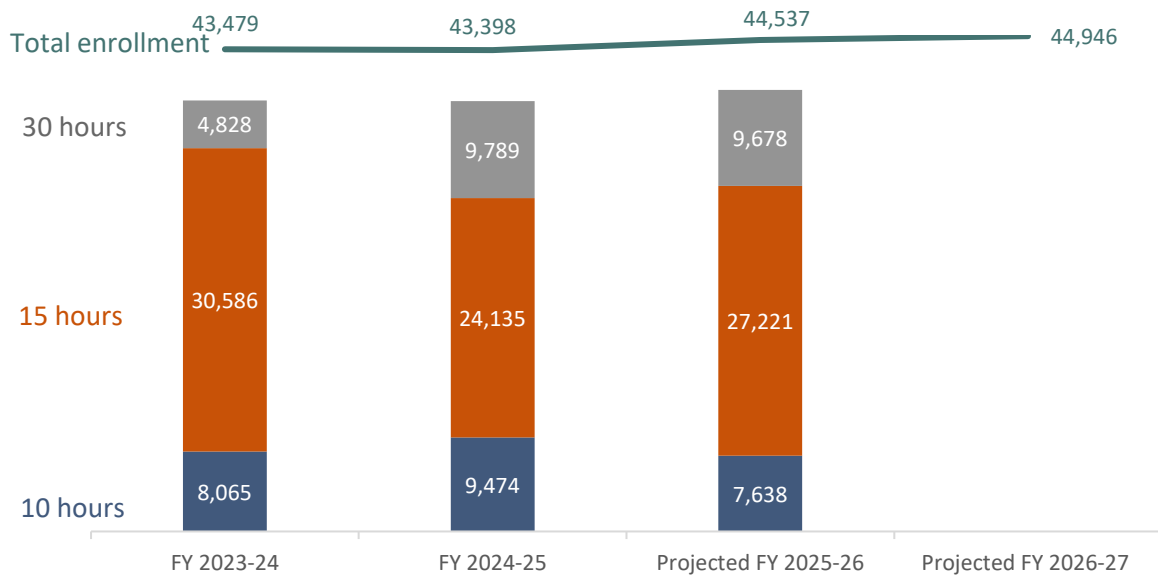
JBC Staff Figure Setting - FY 2026-27
Staff Working Document - Does Not Represent Committee Decision

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	FY 2026-27 Recommendation
TOTAL - (5) Licensing and Administration	12,398,471	14,467,982	16,502,827	16,102,752	15,448,644
<i>FTE</i>	<u>70.4</u>	<u>71.7</u>	<u>73.0</u>	<u>91.4</u>	<u>91.4</u>
General Fund	2,461,528	2,878,637	2,899,906	2,368,422	2,368,422
Cash Funds	2,370,180	2,471,791	3,134,430	3,171,636	3,171,636
Reappropriated Funds	0	0	0	0	0
Federal Funds	7,566,763	9,117,554	10,468,491	10,562,694	9,908,586
TOTAL - Department of Early Childhood	746,946,401	756,860,531	804,424,934	797,412,927	801,677,948
<i>FTE</i>	<u>231.7</u>	<u>235.1</u>	<u>243.1</u>	<u>262.0</u>	<u>256.6</u>
General Fund	299,885,730	293,871,099	310,734,489	318,237,316	310,829,192
Cash Funds	183,194,839	248,794,329	289,035,859	285,160,394	289,913,551
Reappropriated Funds	6,394,410	7,550,537	16,574,957	16,422,713	16,422,713
Federal Funds	257,471,422	206,644,566	188,079,629	177,592,504	184,512,492

Appendix B: Universal Preschool Program Performance

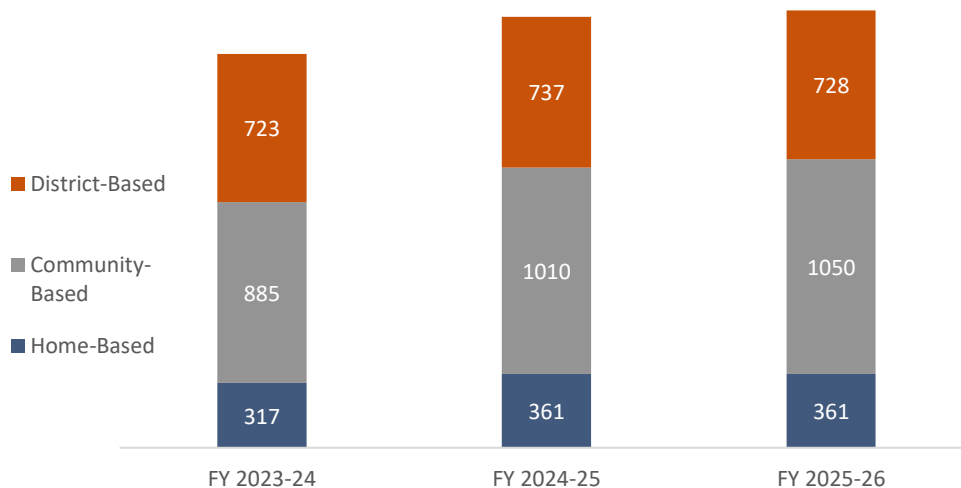
UPK caseload has grown, and the Department is close to reaching about 70.0% of the estimated annual population of 4-year-olds in Colorado.

Four-year-old total enrollment has increased over time, including enrollment in 15- and 30-hour care.

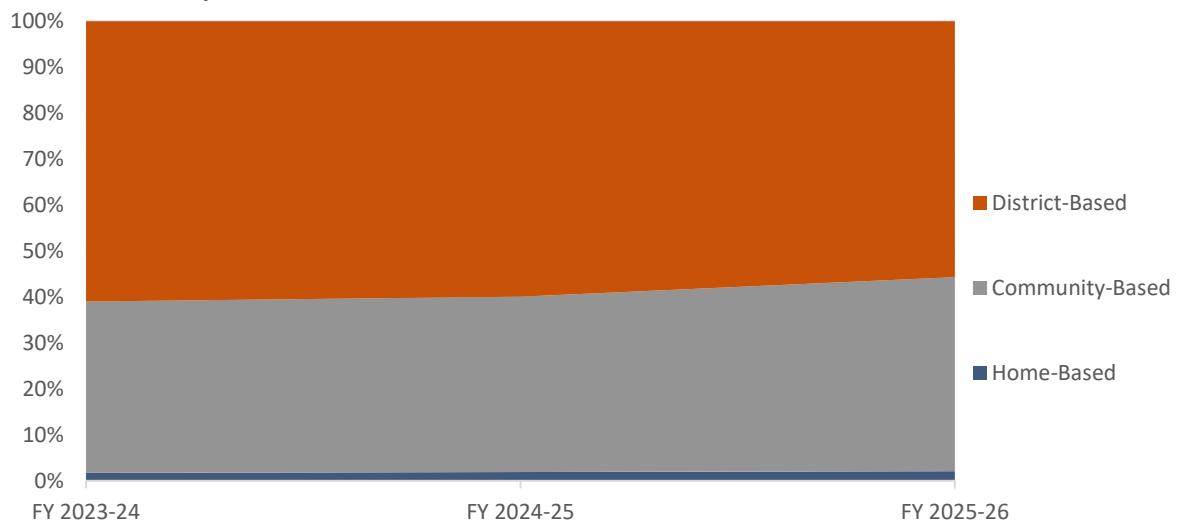


A total of 2,139 providers are enrolled in UPK in FY 2025-26, from 1,925 providers enrolled in FY 2023-24.

Total providers enrolled in UPK has grown, driven by increases in community-based providers.



Despite the growth in community-based providers, district-based providers supply the majority of UPK care to 4-year-olds and 3-year-olds with IEPs.



Appendix C: CCCAP Update Memo

The memo attached on the next page was sent to JBC Staff from the Department. It details updates to its administration of the Colorado Child Care Assistance Program (CCCAP). Staff has attached it with permission from the Department.



To: Phoebe Canagarajah,, JBC Staff
From: CDEC / OSPB
Subject: CCCAP Updates
Date: March 3, 2026

We are writing to update you and the Joint Budget Committee Members about recent developments this spring to address the competing pressures on the Child Care Development Fund:

- On the one hand, CCCAP's \$185.7M total funds appropriation in FY 2025-26 is insufficient to support all eligible families who apply. With a total of 26 counties on waitlists and freezes, thousands of families are currently waiting for childcare subsidies. Legislators, including multiple on the Joint Budget Committee, have urged the Department to find ways to end the waitlists and freezes and serve these families.
- On the other hand, regardless of all pending rule changes, the Department's FY 2025-26 CCDF appropriation in the Long Bill exceeds its annual CCDF award of approximately \$137.6M by about \$40M. The Department currently has accumulated a CCDF fund balance to support these appropriations; however, depending on JBC decisions and underspending, the balance will be exhausted as soon as FY 2027-28. Once the Department hits that fiscal cliff, the Department will be forced to lower CCDF expenditures to more accurately reflect the annual award, which will necessitate drastic reductions to the CCDF portion of the CCCAP appropriation. The steeper the cliff, the more difficult it will be for counties and the Department to maintain compliance with CCDF regulations - particularly the requirement to maintain continuous eligibility for families already admitted to the program.

These fiscal pressures are driven by decisions at the state and federal levels about CCDF/CCCAP requirements that increase the cost per child served, many of which are currently in flux. This complicates the ability to project how many children and families counties can afford to serve.

As a further complicating factor, through the federal continuous eligibility requirement, families admitted to CCCAP must continue to be served until they are no longer eligible. Therefore, caseload can only be controlled by slowing or stopping new entry into CCCAP through waitlists and freezes.

In addition to the Department's continued work to pursue federal waivers to delay full implementation of costly new rules, the Department is also currently pursuing or considering action to address both the immediate needs of families and the long-term fiscal sustainability of CCDF.

Immediate Needs

The Department is working with El Paso, Douglas, and Montrose counties, which are all projected to underspend their allocation in FY 2025-26, to move from freezes to waitlists. Counties on freezes do not admit any new families; counties on waitlists admit new families based on their ability to pay for them within their allocation, both in the current year and in future years. **Moving counties from freezes to waitlists will enable counties to serve more children beginning this fiscal year.**

Medium Term Actions

The Department has [drafted a rule packet](#) that is moving through the typical rule-making process and is proposed to take effect on August 14, 2026. This rule packet includes several proposed changes, including measures that bolster the Department's fiscal controls and program oversight, such as clarifying the Department's authority to implement fiscal controls and manage statewide fiscal risk. The specific outcomes for this portion of the rule changes are outlined below:

- Reduce risk to the state if a county overspends
- Allow the department to determine any county optional policy with a 30-day notice to the county
- Provides clarity that the State is the decision maker for the allocation closeout process
- Promulgating rule as required by 26.5-4-110(3) that the Department may adjust a county's block grant for that fiscal year based on the factors in section 26.5-4-110(3), C.R.S.
- Allows counties to invest county-only dollars into CCCAP without negatively impacting the total CCCAP allocation

This rule packet is being vetted through the CCCAP Rule Rewrite Committee, which includes voting members from counties, childcare providers, families receiving CCCAP, and advocates.

Long-term Fiscal Sustainability

According to statute (C.R.S. 26.5-4-110), the Department establishes the amount of each county's CCCAP block grant upon receiving recommendations from the Allocation Committee based on a formula agreed upon between the Department and the Committee. The Allocation Committee is well aware of the competing pressures on the CCDF fund balance and implications for long-term sustainability.

The CCCAP Allocation Committee is currently considering a proposal to allocate less than the full total funds appropriation for CCCAP beginning in FY 2026-27. Unallocated funds would remain unspent, returning to the CCDF fund balance.

Reducing the CCCAP allocation would both *lessen* the funding cliff (by reducing the delta between expenditures and the federal award) and *postpone* the funding cliff (by spending down the CCDF balance more slowly). Although it may seem counterintuitive, adjusting counties' allocations to prevent a fiscal cliff helps them serve more children by establishing long-term budget certainty, allowing them to confidently take families off the waitlist as they account for the out-year costs of continuous eligibility. As of the [January expenditure data](#), the projected total expenditure for FY 2025-26 is \$169.9M total funds and this expenditure amount would increase by allowing counties to serve additional children due to the move from freezes to waitlists.

CDEC is currently exploring the impacts of this proposal. The magnitude of a potential reduction of the CCCAP allocation requires consideration of:

- Impacts on the magnitude of and timeline for the eventual CCDF fiscal cliff
- Impacts on the number of children that could be served
- Impacts on counties currently projected to spend more than 100% of their FY 2026-27 allocation in FY 2025-26
- Impacts on the county share of CCCAP
- Intersection with federal CCDF requirements for the share of CCDF spent on direct services, quality, and administration
- Long-term plans for aligning the CCDF appropriation with the CCDF award once the cliff hits.

The CCCAP Allocation Committee will not make a final decision until May. By the end of session, the Department will be able to update CCDF and CCCAP projections based on the legislature's decisions on CDEC R-01 Prioritizing CCDF Investments, legislation to revise HB 24-1223, and updated FY 2025-26 county CCCAP expenditures.