



# FY 2026-27 Budget Briefing Summary

## Department of Early Childhood

The Department of Early Childhood exists to support the care, education, and well-being of young children. The Department's FY 2025-26 appropriation represents approximately 1.7 percent of statewide operating appropriations and 1.9 percent of statewide General Fund appropriations.

### Summary of Request

#### Department of Early Childhood

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$802,891,580	\$318,575,707	\$279,083,896	\$16,607,388	\$188,624,589	243.1
Other legislation	-150,000	-150,000	0	0	0	0.0
<b>Total</b>	<b>\$802,741,580</b>	<b>\$318,425,707</b>	<b>\$279,083,896</b>	<b>\$16,607,388</b>	<b>\$188,624,589</b>	<b>243.1</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$802,741,580	\$318,425,707	\$279,083,896	\$16,607,388	\$188,624,589	243.1
R1 Prioritize CCDF investments	-4,489,762	0	0	0	-4,489,762	0.0
R2 Early Intervention inc	-1,845,339	2,154,661	0	-4,000,000	0	0.0
R3 UPK increase	14,304,521	3,804,663	10,499,858	0	0	0.0
R4 Child care licensing svcs dec	-428,707	-590,224	0	148,367	13,150	19.6
R5 Max federal reimbursement	0	0	0	0	0	0.0
Statewide R6 Discont subs disord pilot	-500,000	-500,000	0	0	0	0.0
Statewide R6 Red Child Maltreat Prev	-480,000	-480,000	0	0	0	0.0
Technical adjustments	2,009,500	-1,996,485	8	4,105,977	-100,000	-3.5
Employee compensation common policies	1,572,154	557,814	39,817	-724,645	1,699,168	0.0
Operating common policies	1,022,666	709,535	0	313,131	0	0.0
Impacts driven by other agencies	119,341	154,104	0	-34,763	0	1.8
Prior year actions	-1,923,111	-161,232	-1,722,361	-19,759	-19,759	0.5
<b>Total</b>	<b>\$812,102,843</b>	<b>\$322,078,543</b>	<b>\$287,901,218</b>	<b>\$16,395,696</b>	<b>\$185,727,386</b>	<b>261.5</b>
<b>Increase/-Decrease</b>	<b>\$9,361,263</b>	<b>\$3,652,836</b>	<b>\$8,817,322</b>	<b>-\$211,692</b>	<b>-\$2,897,203</b>	<b>18.4</b>

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Percentage Change	1.2%	1.1%	3.2%	-1.3%	-1.5%	7.6%

Appropriations are assumed to be ongoing unless otherwise noted.

**R1 Prioritizing Child Care and Development Fund (CCDF) investments:** The Department asks to reduce Child Care and Development Fund (CCDF) appropriations for certain quality initiatives.

Year 0: Reduction of \$910,000 federal funds from the CCDF

Year 1: Reduction of \$4,489,762 federal funds from the CCDF

The Department anticipates to deplete the CCDF reserve and face a funding cliff of \$29.4 million starting in FY 2027-28. Therefore, the Department proposes to reduce appropriations for six initiatives and increase funding for two programs in FY 2026-27, resulting in the total net reduction above.

**R2 Early Intervention increase:** The Department asks to increase General Fund to the Early Intervention program to support increases in caseload and service needs.

Year 1: Increase of \$2,154,661 General Fund, of which \$2,000,000 is from the Department of Health Care Policy and Financing (HCPF). Decrease of \$4,000,000 reappropriated funds.

**R3 Colorado Universal Preschool Program (UPK) increase:** The Department asks to increase appropriations to the Universal Preschool Program based on forecasted enrollment and inflationary increases. The Department also asks to drop the reserve target for the Preschool Program Cash Fund from 15.0 percent to 10.0 percent of prior year revenues to allow for additional expenditures from that cash fund.

Year 1: Increase of \$14,304,521 total funds, including \$3,804,663 General Fund and \$10,449,858 cash funds from the Preschool Program Cash Fund.

Year 2: Increase of \$19,709,484, including \$9,209,626 General Fund and \$10,499,858 cash funds from the Preschool Program Cash Fund.

**R4 Child care licensing services decrease:** The Department asks to eliminate three of its child care licensing contracts and move their licensing workload within the Department, for budget balancing.

Year 1: Reduction of \$428,707 total funds, including a reduction of \$590,224 General Fund, and an increase of 19.6 FTE.

**R5 Maximize federal reimbursement [legislation]:** The Department asks 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 in federal funds.

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

This request requires legislation to enable the transfer of Tobacco MSA funds and the NHVP's use of General Fund.

**Statewide R6 – Discontinue Child Care Services and Substance Use Disorder Treatment Pilot [legislation]:** The Department resubmits a budget reduction option from JBC staff last year to end the Child Care Services and Substance Use Disorder Treatment Pilot program, which the Committee chose not to take.

Year 1: Reduction of \$500,000 General Fund.

**Statewide R6 – Reduce Child Maltreatment Prevention funding:** The Department resubmits a budget reduction option that JBC staff presented last year but did not recommend to cut General Fund to the Child Maltreatment Prevention line item. This would be realized as a cut to Family Resource Centers.

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

**Technical adjustments:** The request includes a net increase of \$2.0 million, namely from reversing one-time changes to support the Early Intervention program in FY 2025-26.

#### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Early Intervention 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 correct SB 22-213 FTE	0	0	0	0	0	-3.5
Total	\$2,009,500	-\$1,996,485	\$8	\$4,105,977	-\$100,000	-3.5

**Employee compensation common policies:** The request includes a net increase of \$1.6 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### 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
Step plan	73,722	25,093	14,915	5,244	28,470	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	\$1,572,154	\$557,814	\$39,817	-\$724,645	\$1,699,168	0.0

**Operating common policies:** The request includes a net increase of \$1.0 million for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Workers' compensation	\$503,276	\$503,276	\$0	\$0	\$0	0.0
Office of Information Technology services	313,131	0	0	313,131	0	0.0
State accounting system (CORE)	73,657	73,657	0	0	0	0.0
Risk management & property	70,052	70,052	0	0	0	0.0
Legal services	55,575	55,575	0	0	0	0.0
Administrative law judge services	7,923	7,923	0	0	0	0.0
Statewide indirect cost adjustment	0	0	0	0	0	0.0
Vehicle lease payments	-948	-948	0	0	0	0.0
Total	\$1,022,666	\$709,535	\$0	\$313,131	\$0	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$119,341 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.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Fund	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	8,467	8,467	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
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	\$119,341	\$154,104	\$0	-\$34,763	\$0	1.8

**Prior year actions:** The request includes a net decrease of \$1.9 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 ready	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
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	-\$1,923,111	-\$161,232	-\$1,722,361	-\$19,759	-\$19,759	0.5

## Issues Presented

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

**Need for Financial Strategy to Inform Requests:** Certain Department programs face financial challenges that either limit services or create General Fund pressure. The Department’s R1 and R2 requests start to address funding challenges in the Colorado Child Care Assistance Program and Early Intervention, but the long-term sustainability strategy for these programs and others is unclear. Staff recommends the Department outline its five-year financial strategy in its hearing.

**R1 and Colorado Child Care Assistance Program:** The Department anticipates the Child Care and Development Fund (CCDF) will deplete its reserve and face a funding cliff of \$29.4 million in FY 2027-28. The Department requests to reduce CCDF appropriations to quality initiatives. However, the request does not fully address the

cliff, requiring further appropriation cuts. The request also does not address funding pressures from provider rate increases and state policy that may start in FY 2026-27, nor long-term cost containment strategies amidst growing Colorado Child Care Assistance Program enrollment waitlists and freezes.

**R2 and Early Intervention:** The Department anticipates caseload increases in FY 2026-27 necessitate \$2.2 million in additional General Fund ongoing. However, the Department underspent FY 2024-25 appropriations and anticipates underspending in FY 2025-26, making them likely to submit a FY 2025-26 supplemental request reverting about \$7.3 million General Fund. It is unclear to what extent these requests include ongoing cost containment strategies explored by the Department.

**Budget Reduction Options:** The Department's request includes reductions of \$1.6 million General Fund, representing 0.5 percent of if FY 2025-26 General Fund appropriation. These reductions are offset by proposed increases, so that the Department's total General Fund is requested to increase by 1.1 percent. Staff options for budget reductions total \$4.0 million, representing 1.2% of the Department's General Fund appropriations.

## For More Information

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