# FY 2027-28 Budget Briefing Summary

## Early Childhood

The Department of Early Childhood supports the care, education, and well-being of young children. The Department's FY 2026-27 appropriation represents approximately 1.6 percent of statewide operating appropriations and 1.7 percent of statewide General Fund appropriations.

## Summary of Request

**Department of Early Childhood**

| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---|---|---|---|---|---|---|
| FY 2026-27 Appropriation | | | | | | |
| HB 26-1410 (Long Bill) | $798,055,248 | $308,677,824 | $289,696,534 | $15,744,219 | $183,936,671 | 256.1 |
| Other legislation | 1,218,874 | -9,777,402 | 10,996,276 | 0 | 0 | 0.0 |
| Total | $799,274,122 | $298,900,422 | $300,692,810 | $15,744,219 | $183,936,671 | 256.1 |
| | | | | | | |
| FY 2027-28 Requested Appropriation | | | | | | |
| FY 2026-27 Appropriation | $799,274,122 | $298,900,422 | $300,692,810 | $15,744,219 | $183,936,671 | 256.1 |
| R1 CCCAP short-term sustainability | -10,716,423 | 0 | 524,118 | -316,955 | -10,923,586 | -7.0 |
| R2 UPK quality investments | 7,340,222 | 0 | 7,340,222 | 0 | 0 | 1.8 |
| R3 Reduce contracted IT | -1,481,581 | -1,812,183 | 183,601 | 101,701 | 45,300 | 1.8 |
| R4 Univ Home Visiting true-up | -133,800 | -133,800 | 0 | 0 | 0 | 0.0 |
| R5 FTE funding alignment | 0 | 0 | 0 | 0 | 0 | 2.0 |
| Statewide R13 New funding child care | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Employee compensation common policies | 3,183,194 | 1,158,059 | 678,843 | -429,710 | 1,776,002 | 0.0 |
| Operating common policies | -112,181 | -262,963 | 66,544 | 75,391 | 8,847 | 0.0 |
| Technical adjustments | 6,430,601 | 6,023,075 | 54,808 | 6,455 | 346,263 | 0.0 |
| Prior year actions | 4,437,908 | 10,355,987 | -5,932,650 | 2,497 | 12,074 | 1.6 |
| Total | $808,222,062 | $314,228,597 | $303,608,296 | $15,183,598 | $175,201,571 | 256.3 |
| | | | | | | |
| Increase/-Decrease | $8,947,940 | $15,328,175 | $2,915,486 | -$560,621 | -$8,735,100 | 0.2 |
| Percentage Change | 1.1% | 5.1% | 1.0% | -3.6% | -4.7% | 0.1% |

Changes are assumed to be ongoing unless otherwise noted.

**R1 CCCAP short-term sustainability:** The Department requests an appropriation reduction from the federal Child Care and Development Fund (CCDF) to sustain current Colorado Child Care Assistance Program (CCCAP) caseload for three fiscal years and begin right-sizing CCDF spending to the annual federal award.

- FY 2027-28: Decrease of $10.7 million total funds and 7.0 FTE, including a reduction of $10.9 million CCDF and an increase of $0.5 million cash funds

The request includes offsetting some of the CCDF appropriation with $1.5 million from the Preschool Programs Cash Fund to continue existing quality support, primarily to Early Childhood Councils.

**R2 Universal Preschool Program (UPK) quality investments:** The Department requests funding to implement quality measurements and supports for Universal Preschool Program (UPK) providers.

- FY 2027-28: Increase of $7.3 million from the Preschool Programs Cash Fund and 1.8 FTE

The largest investment is to conduct annual classroom observations, as well as a smaller increase of funding to the Resource Bank. In addition, the Department requests additional funding to provider quality support, the Colorado Shines Quality Rating and Improvement System, Child Care Health Consultations, and quality improvement funding. These programs are already funded by Child Care and Development Funds and are available to UPK providers.

**R3 Reduce contracted IT services:** The Department requests to decrease funding to its information technology contracts and to increase funding for income verification technology.

- FY 2027-28: Decrease of $1.5 million total funds, including $1.8 million General Fund, and an increase of 1.8 FTE

The Department has identified ways to bring certain contracted system maintenance in-house within the Department and OIT. Those systems include those for Early Intervention, licensing, Early Childhood Mental Health, and child maltreatment prevention programs, as well as the Professional Development Information System and Quality Rating and Improvement System. The Department also requests to add funding to maintain and improve its income verification system for the Universal Preschool Program. Finally, this request shifts funding for in-house IT FTE funded by the Payments to OIT line item to the Department's internal IT line item.

**R4 Universal Home Visiting Pilot true-up:** The Department requests to reduce funding to the Universal Home Visiting Pilot by $133,800 General Fund. Weld County stopped participating in the pilot. This reduction reflects Weld's funding allocation, which is no longer needed.

**R5 Department FTE funding alignment:** The Department requests a budget neutral technical adjustment to shift funding and update the FTE reflected in its Long Bill.

- FY 2027-28: Budget neutral funding shift of federal Child Care and Development Funds and increase of 2.0 FTE

The Department used to operate Professional Development and Training (PDT) and Early Child Mental Health (ECMH) contract services. The PDT contract supported data management for the Professional Development Information System (PDIS) and expired in FY 2024-25. The ECMH contract provided professional health services for infant and childhood mental health consultations and expired in FY 2025-26. Instead of renewing these contracts, the Department hired 2.0 FTE.

**Statewide R13 New Funding for Preschool and Childcare [legislation]:** This is an informational request. The Governor is not asking the JBC to sponsor these bills. The Governor's Office proposes two referred ballot measures to increase gaming and tobacco, cigarette, and nicotine taxes. Additional revenue would mainly fund preschool and child care programs. The ballot measures would be put to voters on November 2027.

The Office of State Planning and Budgeting estimates these measures would increase revenue by the following:

- FY 2028-29: Increase gaming tax revenue by $80.2 million. Increase cigarette, nicotine, and tobacco revenue by $48.7 million.
- FY 2029-30: Same additional gaming tax revenue. Increase cigarette, nicotine, and tobacco revenue by $93.5 million.
- FY 2030-31: Same additional gaming tax revenue. Increase cigarette, nicotine, and tobacco revenue by $134.7 million.

By FY 2030-31, the ballot measures would provide $194.8 million in additional child care revenue.

**Employee compensation common policies:** The request includes a net increase of $3.2 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 |
|---|---|---|---|---|---|---|
| Health, life, and dental | $1,759,691 | $586,852 | $352,548 | -$240,680 | $1,060,971 | 0.0 |
| Step plan | 652,790 | 267,461 | 132,608 | 7,527 | 245,194 | 0.0 |
| Salary survey | 461,568 | 185,290 | 89,405 | 7,628 | 179,245 | 0.0 |
| Unfunded liability amortization payments | 293,927 | 113,986 | 92,180 | -163,323 | 251,084 | 0.0 |
| Paid family and medical leave insurance | 13,654 | 5,287 | 4,243 | -7,344 | 11,468 | 0.0 |
| Short-term disability | 2,124 | 823 | 660 | -1,142 | 1,783 | 0.0 |
| PERA direct distribution | -560 | -1,640 | 7,199 | -32,376 | 26,257 | 0.0 |
| Total | $3,183,194 | $1,158,059 | $678,843 | -$429,710 | $1,776,002 | 0.0 |

**Operating common policies:** The request includes a net decrease of $112,181 for operating common policies.

**Operating common policies**

| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---|---|---|---|---|---|---|
| Statewide indirect cost adjustment | $150,782 | $0 | $66,544 | $75,391 | $8,847 | 0.0 |
| Risk management & property | 68,463 | 68,463 | 0 | 0 | 0 | 0.0 |
| Administrative law judge services | 52,744 | 52,744 | 0 | 0 | 0 | 0.0 |
| NP Statewide training system | 5,793 | 5,793 | 0 | 0 | 0 | 0.0 |
| NP DPA Personnel Board | 4,396 | 4,396 | 0 | 0 | 0 | 0.0 |
| Legal services | -198,395 | -198,395 | 0 | 0 | 0 | 0.0 |
| Workers' compensation | -186,474 | -186,474 | 0 | 0 | 0 | 0.0 |
| State accounting system (CORE) | -8,596 | -8,596 | 0 | 0 | 0 | 0.0 |
| Vehicle lease payments | -894 | -894 | 0 | 0 | 0 | 0.0 |
| Total | -$112,181 | -$262,963 | $66,544 | $75,391 | $8,847 | 0.0 |

**Technical adjustments:** The request includes a net increase of $6.4 million, primarily for the statutorily required inflationary increase to the Universal Preschool Program. Other technical adjustments include a leap year adjustment for the Colorado Child Care Assistance Program and leased space adjustment.

**Technical adjustments**

| Item | Total Funds | General Fund | Cash Funds | Reapprop. Funds | Federal Funds | FTE |
|---|---|---|---|---|---|---|
| UPK inflationary increase | $5,917,715 | $5,917,715 | $0 | $0 | $0 | 0.0 |
| FY 27-28 CCCAP leap year adj | 502,626 | 101,564 | 54,799 | 0 | 346,263 | 0.0 |
| Leased space | 10,260 | 3,796 | 9 | 6,455 | 0 | 0.0 |
| Total | $6,430,601 | $6,023,075 | $54,808 | $6,455 | $346,263 | 0.0 |

**Prior year actions:** The request includes a net increase of $4.4 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 |
|---|---|---|---|---|---|---|
| FY 25-26 R1 CCDF regulation | $2,799,952 | $0 | $2,799,952 | $0 | $0 | 0.0 |
| HB 26-1289 Modify tax expenditures | 1,297,398 | 0 | 1,297,398 | 0 | 0 | 0.0 |
| HB 26-1429 County admin public progs | 385,402 | 385,402 | 0 | 0 | 0 | 0.0 |
| FY 24-25 R2 Core operations | 24,412 | 24,412 | 0 | 0 | 0 | 0.0 |
| FY 26-27 R4 Licensing | 14,571 | 0 | 0 | 2,497 | 12,074 | 1.8 |
| FY 26-27 NP9 IT accessibility | 1,484 | 1,484 | 0 | 0 | 0 | 0.1 |
| FY 26-27 Step Plan | 0 | 0 | 0 | 0 | 0 | 0.0 |
| HB 26-1404 Transfer tobacco to UPK | 0 | 10,000,000 | -10,000,000 | 0 | 0 | 0.0 |
| SB 21-217 Market rate study | -55,000 | -55,000 | 0 | 0 | 0 | 0.0 |
| SB 24-078 Outdoor preschool progs | -30,000 | 0 | -30,000 | 0 | 0 | -0.3 |
| HB 24-1223 Improved access child care | -311 | -311 | 0 | 0 | 0 | 0.0 |
| Total | $4,437,908 | $10,355,987 | -$5,932,650 | $2,497 | $12,074 | 1.6 |

# Issues Presented

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

**R1 CCCAP Short-term Sustainability:** The Department's R1 request contributes to sustainability in Child Care and Development Fund (CCDF) expenditure. The request aims to keep Colorado Child Care Assistance Program (CCCAP) caseload stable over the next three fiscal years while providing the Department more time to keep identifying other measures to ensure CCDF sustainability.

**R2 UPK Quality Investments:** The Department finalized Universal Preschool Program (UPK) quality standard rules on July 1, 2026. The Department now aims to fund the implementation of those rules through an annual statewide assessment of UPK programs and investments to help providers improve their quality. However, the Department is in the process of piloting how to implement a statewide assessment. In addition, the request does not clearly convey what a high-quality preschool program should look like, nor how the Department would identify and target interventions to UPK programs in most need of support.

**Statewide R13 New Funding for Preschool and Childcare:** This is an informational request. This issue brief highlights the Governor's proposed increases to gaming taxes and the impacts to child care funding. The JBC is not asked to make a decision on this request.

**Budget Reduction Options:** The Executive budget request includes reductions of $1.9 million General Fund for the Department of Early Childhood, representing 0.7 percent of their General Fund appropriation. Combined with other adjustments across the Department, total General Fund appropriations are requested to increase by 5.1 percent. Staff analysis identifies additional reduction options.

# For More Information

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To read the entire briefing: Go to content.leg.colorado.gov/content/budget#budget-documents-section to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2026.