



**Joint Budget Committee**

# **Staff Budget Briefing FY 2026-27**

**Department of Early Childhood**

Prepared by:

Phoebe Canagarajah, JBC Staff

December 12, 2025

**Joint Budget Committee Staff**

200 E. 14th Avenue, 3rd Floor

Denver, Colorado 80203

Telephone: (303) 866-2061

[leg.colorado.gov/agencies/joint-budget-committee](https://leg.colorado.gov/agencies/joint-budget-committee)

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## Additional Resources

To find the online version of the briefing document search the General Assembly's website for [budget documents](https://leg.colorado.gov/content/budget/budget-documents) (leg.colorado.gov/content/budget/budget-documents).

# Overview of Early Childhood

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

- **Universal Preschool Program (UPK):** Provides funding and access to preschool for all children in the year before kindergarten eligibility and for additional hours as funding allows according to statutory prioritization of services.
- **Colorado Child Care Assistance Program (CCCAP):** Provides assistance with child care expenses for low-income families; offers strategic financial support for providers and workforce development.
- **Early Intervention Services:** Provides targeted support services for families with children birth through 2 years with disabilities or at 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.

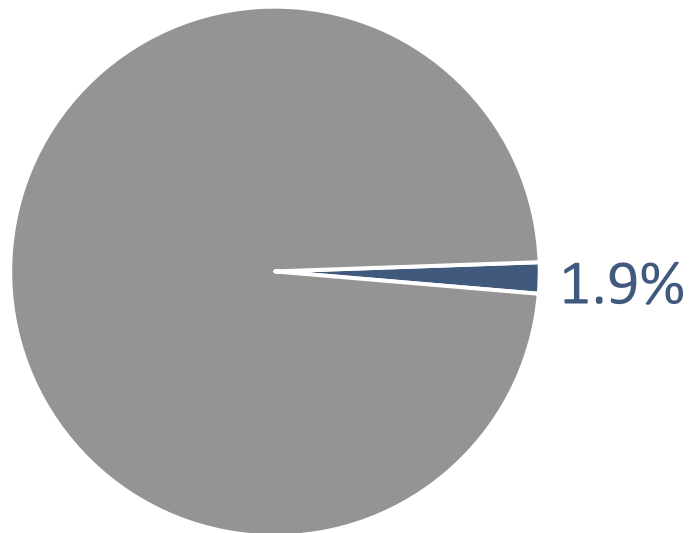
## Recent Appropriations

Early Childhood				
Funding Source	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27 [1]
General Fund	\$306,002,258	\$296,620,566	\$318,425,707	\$322,078,543
Cash Funds	212,983,095	267,930,827	279,083,896	287,901,218
Reappropriated Funds	16,812,083	15,410,241	16,607,388	16,395,696
Federal Funds	273,121,916	206,074,502	188,624,589	185,727,386
Total Funds	\$808,919,352	\$786,036,136	\$802,741,580	\$812,102,843
Full Time Equivalent Staff	231.7	235.1	243.1	261.5

[1] Requested appropriation.

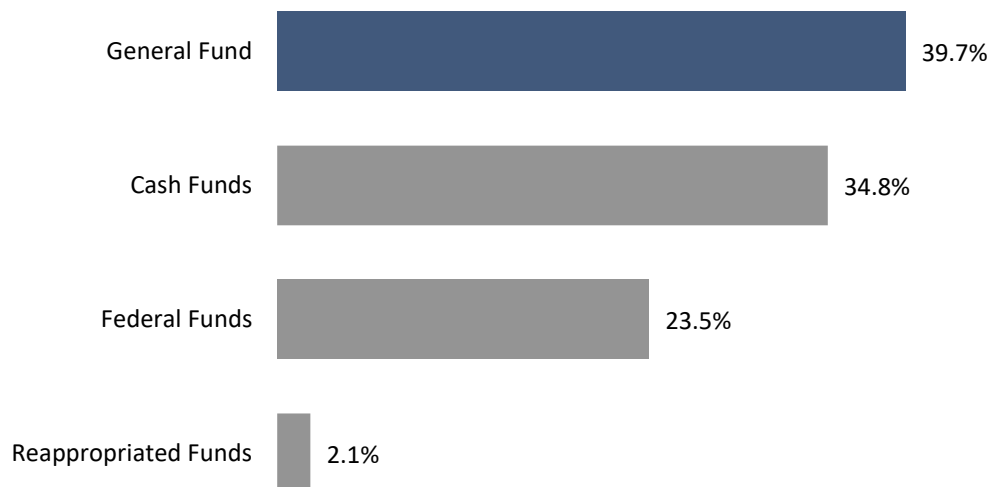
# Graphic Overview

## Department's Share of Statewide General Fund



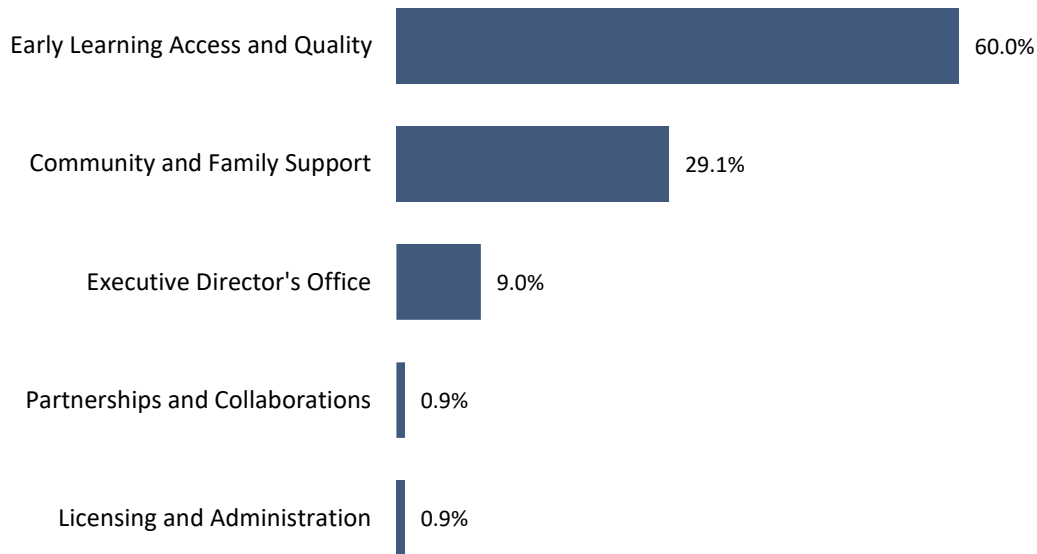
Based on the FY 2025-26 appropriation.

## Department Funding Sources



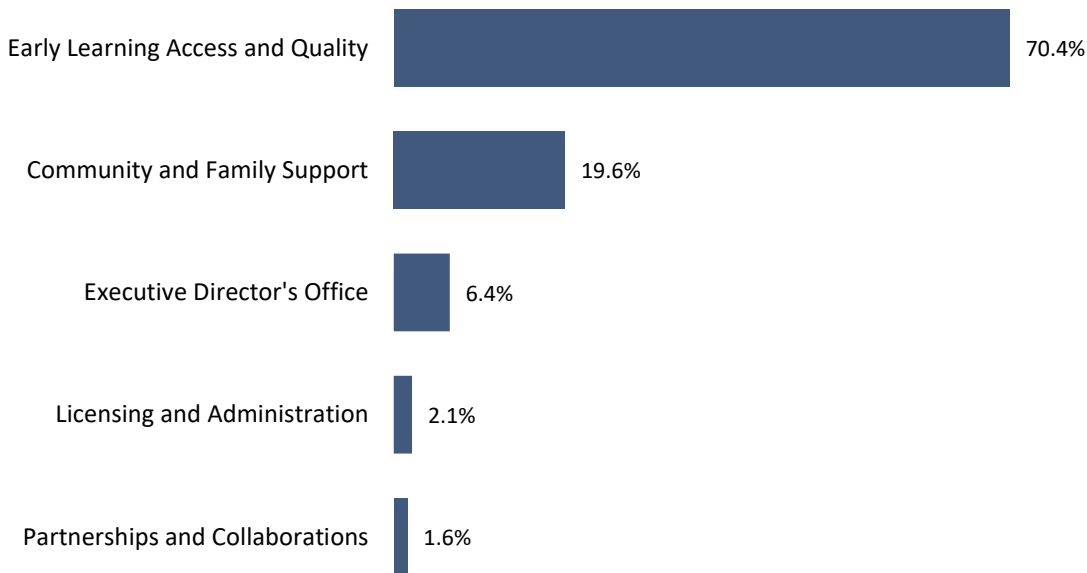
Based on the FY 2025-26 appropriation.

**Distribution of General Fund by Division**



Based on the FY 2025-26 Appropriation

**Distribution of Total Funds by Division**



Based on the FY 2025-26 Appropriation

# Cash Funds Detail

## Department of Early Childhood Cash Funds Detail

Fund Name	FY 2025-26 Approp.	Note	Primary Revenue Sources	Primary Uses in Dept.
Preschool Programs Cash Fund	\$211,914,429	[1]	Revenue primarily from nicotine taxes approved by voters per Proposition EE, 2020. May receive appropriations or transfers made by the General Assembly. (Section 24-22-118, C.R.S.; Section 26.5-4-209, C.R.S.)	Universal Preschool Program; UPK Provider Recruitment; Local Coordinating Organizations
Nurse Home Visitor Program Fund	28,057,030	[1]	Receives 28.7 percent of tobacco settlement revenue annually. (Section 24-75-1104.5, C.R.S.; Section 26.5-3-507 C.R.S.)	Nurse Home Visitor Program
Local Funds (L)(I)	21,370,412	[1]	Local funds to match state and federal funding for the Child Care Assistance Program. (Section 26.5-4-110 (6), C.R.S.)	Child Care Assistance Program; Child Maltreatment Prevention
Early Intervention Services Trust Fund (I)	11,094,748	[1]	Private insurance payments and interest on deposits. Custodial funds not subject to appropriation. (Section 26.5-3-409 (2)(a), C.R.S.)	Early Intervention Services
Child Care Licensing Cash Fund	1,835,899		Fees for applications, reapplications, and renewals for child care licensure. (Section 26.5-5-311 (4), C.R.S.)	Licensing and Administration
Marijuana Tax Cash Fund	1,009,059		Fund consists of applicable retail marijuana sales tax revenues. (Section 39-28.8-501 (2)(b)(IV)(B); Section 26.5-3-603 (5), C.R.S.)	Social-Emotional Learning Grants
Records and Reports Fund	970,811		Fees paid to conduct background checks on people working with children or older adults. Shared services with CDHS. (Section 19-1-307 (2.5), C.R.S.)	Background Investigations
Various cash funds	2,831,508		Child Abuse Prevention Trust Fund Child Care Cash Fund (I) Various sources. (Section 26.5-3-206, C.R.S.; Section 26.5-5-323 (4), C.R.S.; and Sections 24-50-601 through 24-50-620, C.R.S. respectively)	Child Maltreatment Prevention; Child Care Quality Improvement; Fines for violations and fees for services. Various
<b>Total</b>	<b>\$279,083,896</b>			

[1] The majority of all of the funds are TABOR exempt. Certain interest income and service charges from external sources may not be TABOR exempt.

## Additional detail for select funds

### Nurse Home Visitor Program Fund

The Nurse Home Visitor Program provides community health nursing to eligible first-time pregnant people and their babies. The program is open to all first-time pregnant parents with an annual income below 200% of the federal poverty level in all 64 counties in Colorado. Current projections anticipate a funding cliff in FY 2031-32 which would result in a loss of services to approximately 1,350 families. The Department and its partners continue to analyze Medicaid billing revenue as a source of program sustainability. More information about this program can be found in the Request for Information response on page 46.

# General Factors Driving the Budget

## Universal Preschool Program

The Colorado Universal Preschool program offers at least 10 hours of preschool funding to all children the year prior to kindergarten (typically 4 years old). Department rulemaking increased this minimum to 15 hours. Funding for UPK is also prioritized to all three- and four-year-olds with an Individualized Education Program (IEP), for hours determined by the IEP. Additionally, 3-year-olds who meet at least one qualifying factor can get up to 10 hours of covered preschool funding. Finally, depending on available funding, certain children in the year before kindergarten can get full-day, or 30-hour, funding if they are from a low-income household and meeting a qualifying factor. If more funding is available, full day funding can be spent on children from a low-income household *or* meeting a qualifying factor.

A low-income household has been defined as one with income at or below 270.0 percent of federal poverty guidelines. In school year 2026-27, this will lower to 265.0 percent to realign with Colorado Child Care Assistance Program eligibility thresholds. The following are considered qualifying factors:

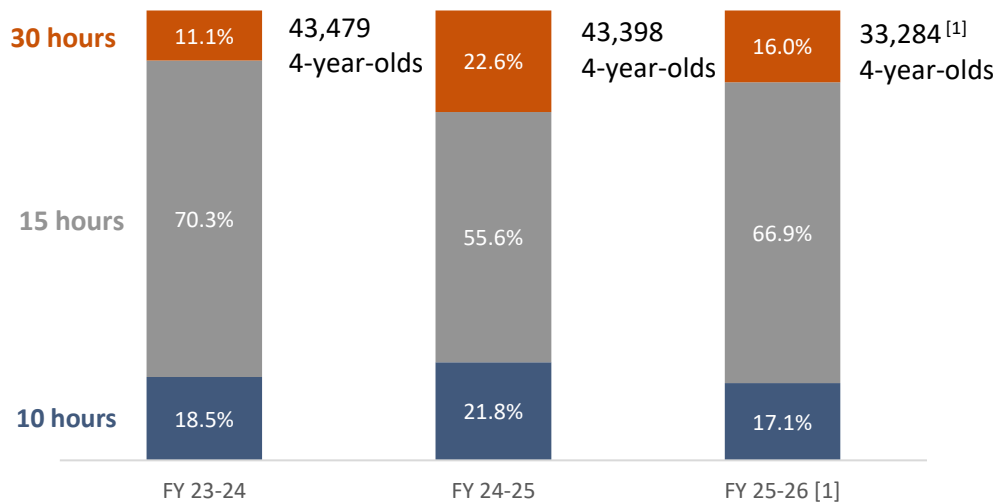
- Homelessness
- Foster care
- Dual language learner
- Have an IEP
- Experiencing poverty, with household income less than 100.0 percent federal poverty guidelines

Cost drivers for the Universal Preschool Program (UPK) include the number of children enrolled, the number of hours provided per child, and provider reimbursement rates. Appropriations for UPK generally rely on available Preschool Program Cash Fund plus a base amount of General Fund that is increased each year by the rate of inflation. Provider reimbursement rates are set annually by the Department by enrollment type, number of hours, catchment area, and take into consideration regional cost differences.

In FY 2025-26, the State provided \$349.1 million total funds for UPK services, including \$146.3 million General Fund and \$202.8 million cash funds from the Preschool Program Cash Fund (PPGM). This is an increase of about \$5.0 million in total funding from FY 2024-25. This does not include \$4.5 million PPGM appropriated for Local Coordinating Organizations. The State maintains a reserve in the Preschool Program Cash Fund which is set by the JBC. In FY 2025-26, the PPGM reserve was set at 15.0 percent of total forecasted fund revenues in FY 2024-25, or \$28.2 million.



A large majority of 4-year-olds in UPK are served with 15 hours.



[1] Based on enrollment as of August 1, 2025, and not indicative of total forecast. Updated numbers to come in March.

In total in school year 2024-25, the Department served 43,398 4-year-olds and 5,728 3-year-olds.<sup>1</sup> In FY 2024-25, UPK was appropriated \$344.1 million, including \$197.7 from the PPGM and \$146.3 million General Fund. In FY 2024-25, the program expended \$338.0 million, of which \$276.8 million was on 4-year-olds, \$23.1 million was on 3-year-olds with Individualized Education Plans, \$38.1 million was for the 3-year-old historical Colorado Preschool Program payment.

In school year 2025-26, the Department projects to serve 44,537 4-year-olds and 5,784 3-year-olds with IEPs. It anticipates using its full appropriation. The Department aims to serve at least 70.0 percent of 4-year-olds annually. In FY 2026-27, this would be at least 44,408 children, requiring expenditures of at least \$290.8 million.

## Colorado Child Care Assistance Program

Colorado Child Care Assistance Program (CCCAP) expenditures are driven by the number of children, the number of hours and type of care provided, and provider reimbursement rates.

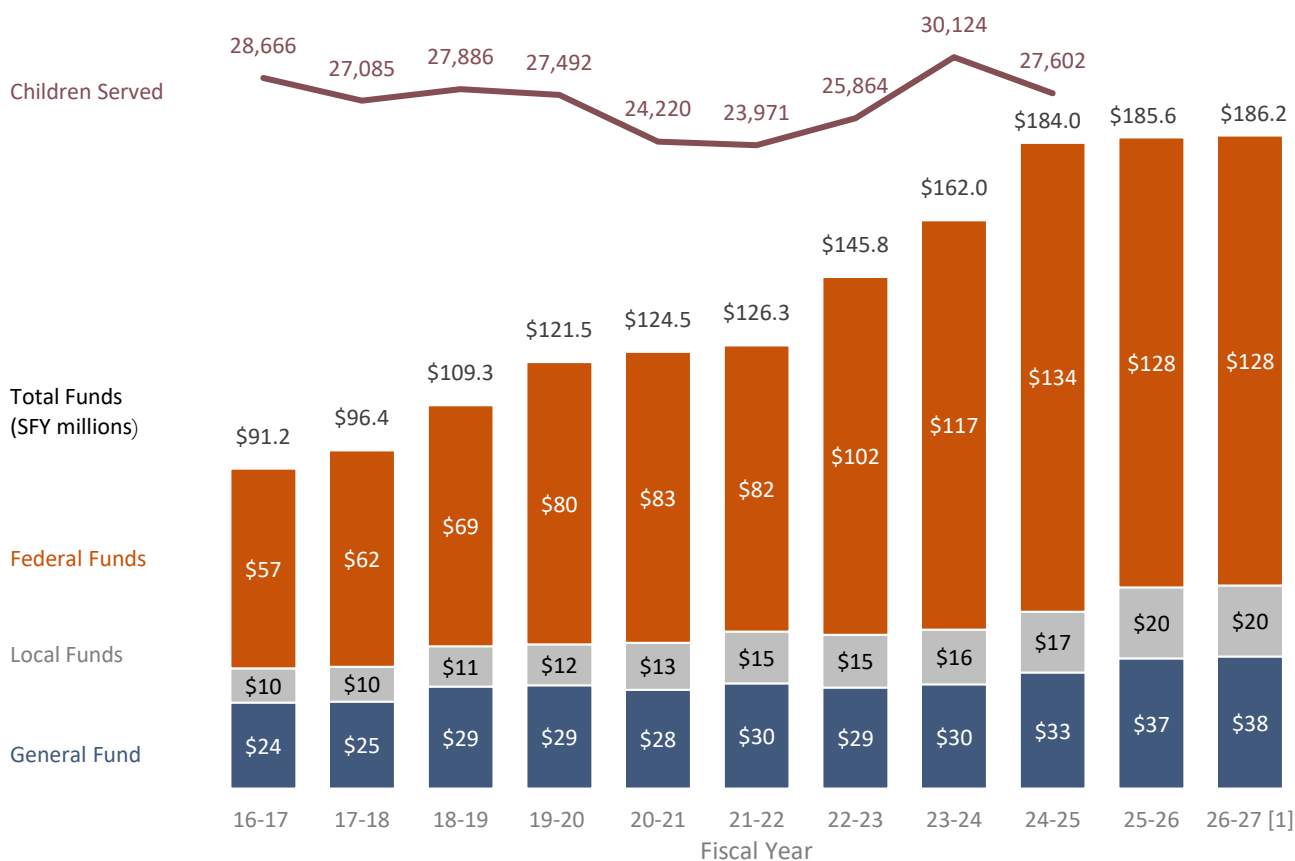
CCCAP provides financial assistance for child care to certain low-income families that are working, seeking employment, or participating in training or education. Funding for this program stems primarily from the federal Child Care and Development Fund (CCDF) which require state and local providers to meet maintenance of effort requirements. Past changes in federal and state policy<sup>2</sup> have increased rates, increased quality reimbursements, increased the length of time in care, decreased family copays, and provided funding for absences. These changes result in fewer children served for longer periods of time at higher reimbursement rates. Recent federal changes to rules governing the CCDF will increase the cost of CCCAP and decrease the number of families served, starting August 1, 2026.

<sup>1</sup> Data does not include count of all 3-year-olds served, only those with an IEP. Three-year-olds eligible for UPK based on a qualifying factor are reported outside of the UPK application system. Some districts report this directly to the Department. The Department will have final data on 3-year-olds in January 2026. In the current budget year, the Department is requiring districts to report all monthly enrollment.

<sup>2</sup> i.e., H.B. 14-1317, H.B. 18-1335, H.B. 24-1223

FY 2025-26 appropriations for CCCAP total \$185.7 million, including \$37.1 million General Fund, \$20.3 million cash funds comprised of local dollars, and \$128.2 million federal Child Care Development Funds (CCDF). Expenditures through FY 2024-25, appropriations for FY 2025-26, and requested amounts for FY 2026-27 are shown in the chart below.<sup>3</sup> The increase in child count for FY 2023-24 is partially due to the inclusion of all CCCAP program types, specifically child welfare CCCAP cases, which were not historically included. This program is discussed in a later issue brief.

Colorado Child Care Assistance Program expenditures have grown while the number of children served is starting to decline.



[1] Request year.

## Early Intervention Services

Early Intervention (EI) services expenditures are driven by the number of eligible children and the costs associated with providing service to them. The Department contracts with local providers to provide intervention services to children that are birth through two years of age and have a developmental delay or disability diagnosis. Children with certain risk factors for developmental delays or with a parent or caretaker who has a developmental disability may also qualify for services.

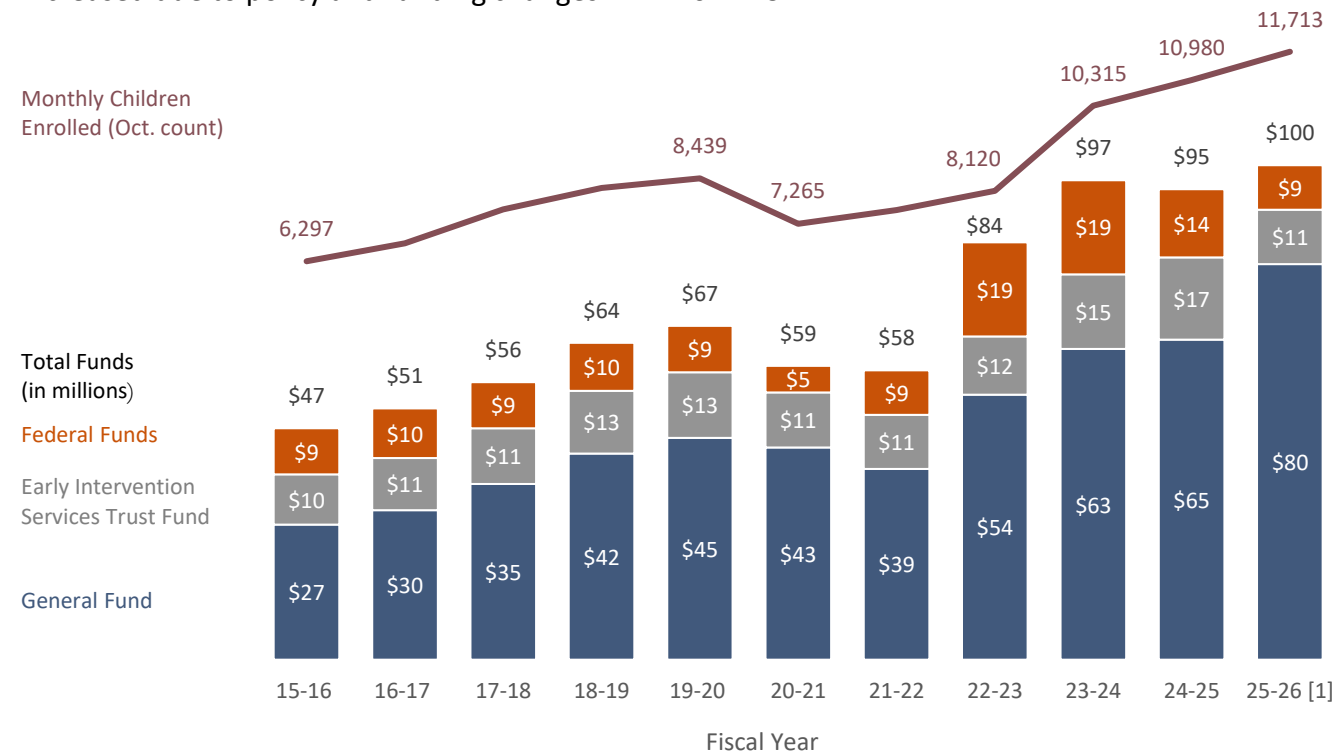
The State must provide EI services to all eligible infants and toddlers to maintain funding provided by the federal Individuals with Disabilities Education Act (IDEA). EI services enhance child development in 15 allowable areas of

<sup>3</sup> Amounts have been adjusted for inflation.

service. These include cognition, speech, communication, physical development, motor development, vision, hearing, social and emotional development, and self-help skills.

FY 2025-26 appropriations for EI total \$99.9 million including \$77.0 million General Fund. This includes funding from HCPF for EI services. Amounts shown in the graph below reflect expenditures through FY 2024-25 and appropriations for FY 2025-26. This program is discussed in a later issue brief.

Early Intervention Services enrollment and expenditures dipped during pandemic years but increased due to policy and funding changes in FY 2022-23.



[1] Projected count of children enrolled monthly.

# Summary of Request

## Department of Early Childhood

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$802,891,580	\$318,575,707	\$279,083,896	\$16,607,388	\$188,624,589	243.1
Other legislation	-150,000	-150,000	0	0	0	0.0
Total	\$802,741,580	\$318,425,707	\$279,083,896	\$16,607,388	\$188,624,589	243.1
FY 2026-27 Requested Appropriation						
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
Total	\$812,102,843	\$322,078,543	\$287,901,218	\$16,395,696	\$185,727,386	261.5
Increase/-Decrease	\$9,361,263	\$3,652,836	\$8,817,322	-\$211,692	-\$2,897,203	18.4
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. The request is further discussed in the *R1 and Colorado Child Care Assistance Program* issue brief.

The Department indicates that CCCAP and two impacted programs (the Quality Rating and Improving System and TEACH scholarships) are Evidence-Informed; another impacted program (apprenticeships) is Promising; and a final impacted program (Teacher Salary Grant Program) is Proven.

**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.

This request is further discussed in the *R2 and Early Intervention* issue brief. The Department indicates the Early Intervention program is Evidence-Informed.

**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.

The Department's General Fund request is based on a 2.6 percent inflationary increase from the Office of State Planning and Budgeting's September 2025 forecast. The Department also plans to submit a supplemental request for \$10.0 million additional spending authority from the Preschool Program Cash Fund for FY 2025-26, as enrollment has been higher than forecasted. The Department indicates that the Universal Preschool Program is Evidence-Informed.

**R4 Child care licensing services decrease:** The Department asks to eliminate some of its child care licensing contracts and move more of this function 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.

The Division of Early Learning Licensing and Administration establishes regulations setting minimum health and safety standards for all less-than-24-hour child care facilities in Colorado, and must license and monitor such facilities. Facilities include child care homes and centers, preschool programs, summer camps, neighborhood youth organizations, and children's resident camps. The program has historically contracted out most of its licensing functionality. However, contracted staff turnover has shifted work back to the Department. This request moves two non-renewing contractors' work and that of another smaller contractor back within the Department, representing 47.0 percent of currently contracted work.

**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.

The Department seeks to draw down more federal Family First Prevention Services Act (FFPSA) funding through using SafeCare to meet federal matching requirements. However, SafeCare is already used to meet maintenance

of effort (MOE) requirements for Maternal, Infant, and Early Childhood Home Visiting (MIECHV) federal grants. The same source of funding cannot be used twice for matching. State funds to meet MIECHV MOE requirements must be invested in an evidence-based home visiting program using General Fund. The Nurse Home Visitor Program (NHVP) would qualify for MIECHV's MOE requirement, if it received General Fund. Therefore, to maintain MIECHV MOE requirements while drawing down additional FFPSA funds, the Department proposes to swap SafeCare's \$5.1 million General Fund appropriation and \$5.1 million of the NHVP's Tobacco MSA funding. The Tobacco MSA funds would be deposited into the Colorado Child Abuse Prevention Trust Fund to be accessed by SafeCare.

This request requires legislation to enable the transfer of Tobacco MSA funds and the NHVP's use of General Fund. Additional federal funds will be deposited into the Colorado Child Abuse Prevention Trust Fund and distributed to local agencies to support child sexual abuse and prenatal substance exposure prevention, poverty reduction, and housing stability. The Department indicates that SafeCare is Proven.

**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.

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). Grant funding currently goes to the Illuminate Child Care program, which provides mobile child care using an RV for parents in an SUD treatment program. It supports 15 sites in the Denver Metro Area, Southeast Colorado, and the San Luis Valley. From July 2024 to June 2025, the program served 148 children, letting 104 caregivers attend SUD treatment. The program is set to repeal on July 1, 2028. The program's annual legislative report can be found on the Colorado Legislative Council website.<sup>4</sup>

**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.

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

JBC staff did not recommend this cut during figure setting as it could risk the MOE requirement for federal funds through SafeCare, support to Family Resource Centers, or programs that prevent child maltreatment. The Department proposes to cut funding to Family Resource Centers, which received \$3.0 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.

**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

<sup>4</sup> <https://www.leg.state.co.us/library/reports.nsf/ReportsDoc.xsp?documentId=65058E1F7F813B5E87258BCF0079EE25>

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
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

Item	Total Funds	General Fund	Cash Fund	Reapprop. Funds	Federal Funds	FTE
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



# Need for Financial Strategy to Inform Requests

This issue brief suggests that the Department create a written financial strategy to present during its hearing.

## Summary

- The Colorado Child Care Assistance Program (CCCAP) and Early Intervention (EI) currently face funding shortfalls. The Universal Preschool Program (UPK) and the Nurse Home Visitor Program may in the future.
- The Department's Request for Information (RFI) #7 response indicates significant overlap between Early Childhood Councils (ECCs) and Local Coordinating Organizations (LCO), yet consolidation plans are unclear.
- The Department's long-term financial strategy, including any necessary policy and operational changes, remains unclear despite RFIs gathering cost containment strategies for CCCAP and EI.
- The Department is requesting the Committee make appropriation cuts or approve additional General Fund in FY 2026-27, yet it is unclear how these requests fit into larger financial sustainability goals.

## Recommendation

Staff recommends that the Department outline its proposal for a five-year financial strategy, and how its FY 2026-27 requests align with this strategy, in its hearing. If the Department does not yet have a financial strategy, the Department should indicate what it would need to develop one.

## Discussion

Some Department programs face financial challenges that either limit services or create General Fund pressure. Federal funding deficits and cost increases, paired with issues in forecasting caseload and costs, have already impacted services for CCCAP and EI. It is unclear how the Department's R1 and R2 requests position CCCAP and EI to long-term sustainability. UPK and the Nurse Home Visitor Program may face future revenue decreases.

The Department has strategic program plans on improving access to early childhood support. However, the Department's current financial position does not support achievement of those goals. The State also faces General Fund limitations that are likely ongoing, limiting its investment in early childhood programs.

## Financial pressures on Early Intervention

The Department's forecasting of caseload and costs has historically been challenged. The Department forecasted it would be \$4.2 million underbudgeted in FY 2024-25, prompting Committee action to increase appropriations. Subsequently, the Department realized it was over-appropriated \$3.0 million for FY 2024-25 and \$4.3 million for FY 2025-26. At the same time, caseload forecasting for FY 2026-27 anticipates increased expenses, necessitating the continuation of the increased appropriations provided for FY 2025-26 and an additional \$153,646 General Fund. The Department does not have insight into total Medicaid funding to the program, control of private insurance that is not state-regulated, or meaningful control of broker contract costs and arrangements.

- Given all of these pressures and influences on the program, what is the Department prioritizing to address in FY 2026-27?
- How will the Department incrementally reach financial predictability for EI over the next five fiscal years?
- When will the Department incorporate cost containment strategies?
- What does the Department need in order to create and implement fiscal strategies?

## Financial pressures on the Colorado Child Assistance Program

In addition to challenges in caseload forecasting, the program faces limited federal funds to fulfill required provider-rate increases, federal policy changes, and recent state policy changes. Even without these changes fully implemented, counties have already had to limit services to children and families. On top of the existing shortfall of funding to meet demand, the Child Care and Development Fund faces a funding cliff in FY 2027-28 that the Department's R1 request does not fully resolve.

- Given funding constraints, what are the priorities for CCCAP?
  - What families and children should counties target serving?
  - What quality and additional CCDF investments are vital to maintain?
  - What policy and operational changes need to occur to get to financial sustainability?
- How does the Department plan to better estimate and control caseload and costs over the next few fiscal years?
- What does the Department need in order to create and implement fiscal strategies?

## Statutory duplication of ECCs and LCOs and potential cost-savings

The Department's response to RFI #7 (summarized on page 52) indicates significant duplication between ECCs and LCO, and the opportunity to consolidate those entities in statute for efficiency. However, it is unclear if the Department is pursuing consolidation opportunities this legislative session, or if it will do so in a future fiscal year. Consolidation may present cost saving opportunities, but a specific amount has not been defined.

- Does the Department plan to pursue efforts to consolidate ECCs and LCOs in statute to address duplication?
- What would be the financial impact of consolidation?

## Financial pressures on Universal Preschool

The Department's Long Range Financial Plan indicates that cigarette and tobacco revenue streams may start to decrease annually as soon as FY 2028-29, from decreasing tobacco and cigarette consumption.

- If this occurs, what would be the impact to providing universal preschool services?

## Financial pressures on the Nurse Home Visitor Program

The Nurse Home Visitor Program anticipates a funding cliff starting in FY 2031-32. The Department has indicated it is pursuing avenues to improve funding to the program, but the Long Range Financial Plan did not include details of avenues being pursued or their timeline.

# R1 and Colorado Child Care Assistance Program

This issue brief discusses financial pressures facing the Colorado Child Care Assistance Program and the Department's R1 request to partially avoid a funding cliff in FY 2027-28.

## Summary

- Currently, 5 counties have a waitlist and 19 counties froze enrollments for the Colorado Child Care Assistance Program (CCCAP). *The following budget projections assume their continuation.*
- The Department anticipates the Child Care and Development Fund (CCDF) will deplete its reserve balance and face a **funding cliff of \$29.4 million in FY 2027-28.**
- The Department's S1 and R1 requests reduce CCDF appropriations to quality initiatives to prevent this.
  - However, even with this change, the funding cliff will be **\$17.1 million in FY 2027-28**, requiring further appropriation cuts. Further cuts are not addressed in the Department's request.
  - JBC members and staff have received constituent concern about the proposed cut to the observational portion of the Colorado Shines rating system as part of this request.
- The Department was granted an extended waiver to delay implementation of federal policy changes to August 1, 2028.
- However, federally-mandated provider rate increases and H.B. 24-1223 may put pressure on the CCDF in FY 2026-27. The Department hopes to delay implementation of the last required provider rate increase.
  - If rates increases are **not delayed**, an additional **\$16.7 million** is needed in FY 2026-27 to maintain services for the current caseload.
- The Department is considering longer-term cost containment strategies for CCCAP, but their timeline or plan is not defined in this request.

## Points to Consider

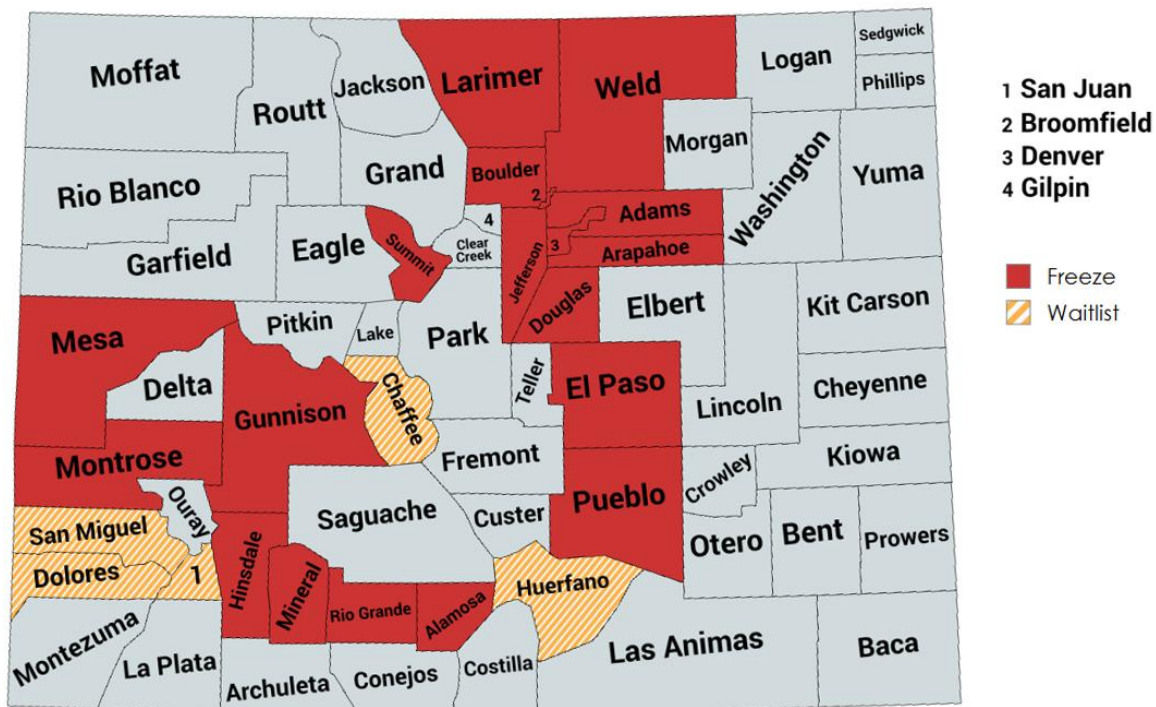
- What is the Department's long-term strategy for CCCAP – fiscally, administratively, and in policy?
- What is the Department's timeline for pursuing long-term cost containment strategies?
- S1/R1 does not fully address the anticipated CCDF funding cliff. How does the Department plan to do so?
- In FY 2024-25, counties over-expended their appropriations by \$17.0 million. How much county over-expenditure is projected in FY 2025-26, and how much faster could this draw down the CCDF reserve?
- If the last round of required provider rate increases were not delayed, how fast would this draw down the CCDF reserve? How many less children would be served as a result?
- If Universal Preschool (UPK) delivery was modified to provide the minimum 10 hours to most children, instead of a minimum 15 hours as per Department rule, how much UPK General Fund could shift to support CCCAP child care?

# Discussion

## Background on the Colorado Child Care Assistance Program

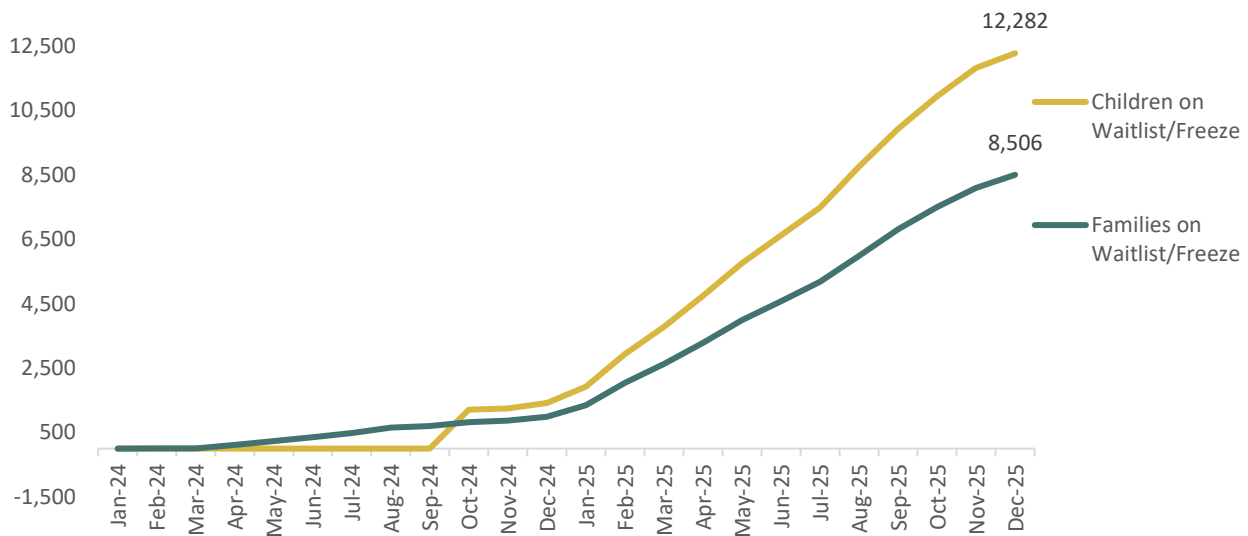
The Colorado Child Care Assistance Program (CCCAP) provides financial support for child care for low-income families that are homeless, working, seeking employment, or participating in training or education. Children must be 13 years old or under, or 19 years old if they have special needs or a disability. The program is administered at the county level with state supervision and state, federal, and local funding. Eligibility criteria can vary by county but must at minimum serve families that have an income of 185.0 percent or less of the federal poverty guidelines and no more than 85.0 percent of the state median income. Families receiving Temporary Assistance for Needy Families (TANF) or child welfare assistance are also eligible for CCCAP.

CCCAP served 27,602 children in FY 2024-25. As of December 1, five counties have a waitlist and 19 froze their enrollments.<sup>5</sup> Freezes and waitlists are optional policies that counties implement to control their costs.



<sup>5</sup> Since March 2025, Dolores county started a freeze and Huerfano county has gone from a freeze to a waitlist.  
[https://docs.google.com/spreadsheets/d/1wqozczrJljkCRhWv6fqFk\\_cYZ5CPjTTsaeWWZNc\\_VA/edit?gid=1759948843#gid=1759948843](https://docs.google.com/spreadsheets/d/1wqozczrJljkCRhWv6fqFk_cYZ5CPjTTsaeWWZNc_VA/edit?gid=1759948843#gid=1759948843)

The number of families and children<sup>[1]</sup> impacted by county waitlists and freezes have increased as counties start and remain on waitlists/freezes.



[1] Count of children impacted by waitlists and freezes was first reported in October 2024, and may reflect duplicates.

## Background on the Child Care and Development Fund

The Child Care and Development Fund (CCDF) is a federal block grant to fund 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 CCCAP direct services. The Department spends the remainder on the following, according to federal requirements:

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

### CCDF FY 2024-25 Spending Target vs Actual

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

**Fundamental to R1, the Department exceeded its quality target by about \$9.1 million in FY 2024-25.** While R1 only cuts \$4.5 million of quality appropriations to partially address the FY 2027-28 funding cliff, cutting all quality appropriations over the target amount **would not** fully address the cliff.

## Current Cost Pressures on the CCDF

The Department projects that by FY 2027-28, the CCDF reserve will be fully expended, creating a funding cliff. The Committee has increased CCDF appropriations in recent years, driven by the following cost pressures.

### Provider rate increases

Provider reimbursement rates increased in FY 2024-25 and FY 2025-26 to comply with a federal audit finding on CCCAP's provider payments. The October 2025 provider rate increase raised costs by \$20.1 million. The Department is seeking to delay the October 2026 rate increase with the federal government.

### Federal stimulus impacts on the CCDF

CCCAP received and used federal stimulus funds during the pandemic, which are ending. Some stimulus funds were used to increase provider pay, decrease parent payment, provide reimbursement based on enrollment rather than attendance for infant-toddler care, and increase the number of paid absences for older children. As federal stimulus funding ended, the CCDF and General Fund have covered some of those ongoing costs.

#### Additional Appropriations Provided to Address Stimulus Shortfall

Appropriation	FY 2024-25	FY 2025-26
CCDF appropriations: Infant and toddler payment based on enrollment	\$4,189,800	\$6,926,872
CCDF appropriations: Parent copays	\$2,365,468	\$3,153,957
Total CCDF appropriation increase	\$6,555,268	\$10,080,829
General Fund: IT system enhancements	\$750,000	\$750,000
Total appropriation increase	\$7,305,268	\$10,830,829

### Challenges to cost control

In addition to the above cost pressures, a few factors impede the Department's and counties' abilities to control CCDF costs, particularly in CCCAP service delivery.

- **Continuous eligibility requirements:** Limit and delay cost control as families are disenrolled upon annual eligibility redetermination. This means that waitlist and freeze only see cost savings once families end their CCCAP services. A child's average time receiving CCCAP is 18 months.<sup>6</sup>
- **County optional policies:** Limit the Department's control and prediction of costs. Counties may implement certain policies (shown in Appendix B) to improve access to child care, which may increase costs, or limit costs through waitlists or freezes. Colorado is one of a few states that allow county optional policies.<sup>7</sup>
- **County allocation trades:** Put pressure on the CCDF if counties request additional appropriations, as trades becomes more limited. Counties that over-expend have historically leveraged funding from under-expending counties. However, as cost pressures impact all counties, exchanging surpluses is less likely.

<sup>6</sup> Reflects average using FY 2021-22 through September 2025 data.

<sup>7</sup> A current list of counties that have implemented optional policies can be found here: [https://docs.google.com/spreadsheets/d/1smhDzGnHNxEVCXrEOa0Qpm\\_-Tjt-todHvTJliWTFIWE/edit?gid=1099797815#gid=1099797815](https://docs.google.com/spreadsheets/d/1smhDzGnHNxEVCXrEOa0Qpm_-Tjt-todHvTJliWTFIWE/edit?gid=1099797815#gid=1099797815)

# Recent cost-containment adjustments

Since March 2025, the Department has implemented new policies to try to control CCCAP costs.

## Changes to TANF family enrollment into CCCAP

On March 17, 2025, the Department and counties stopped allowing TANF referrals to bypass waitlist and freezes.<sup>8</sup> Currently, 277 TANF families are impacted. Referrals from child welfare still bypass county waitlists and freezes, as their child care is funded by the Child Welfare Block Grant.

## Fund stacking for CCCAP and UPK

Requirements to stack funds for Universal Preschool (UPK) and CCCAP became effective on August 1, 2025. This first round of stacking is limited to dually-enrolled children who receive 30 hours of UPK and full time CCCAP.<sup>9</sup> Stacking for all dually-enrolled children will begin with the 2026-27 school year. In both cases, fund stacking is only applied for dually-enrolled children who see the same provider for UPK and CCCAP.

UPK and CCCAP Stacking Estimates

Category and Implementation Period	Number of dually-enrolled children with the same provider	Number of providers serving dually-enrolled children	Est. CCDF cost savings
30 hours UPK and Full Time CCCAP (implement: 2025-26 school year)	1,255	320	\$3.0 million
All CCCAP and UPK (implement: 2026-27 school year)	2,043	514	\$9.7 million

Source: CDEC RFI #9 response.

It is unclear if and how cost savings from fund stacking is included in the Department’s CCDF projections.

## Projected CCDF Funding Cliff

Through the combination of federal stimulus rollofs and appropriation increases, the Department expects to expend the CCDF reserve and hit a funding cliff of \$29.4 million, *starting in FY 2027-28*. The Department makes the following assumptions in this calculation:

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

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

<sup>8</sup> <https://drive.google.com/file/d/1Vut9NSU9uyB-O0wpzpwd8bsud5K689I5/view>

<sup>9</sup> More information on the Department’s stacking of UPK and CCCAP funds is found in their Request for Information response, here: <https://drive.google.com/file/d/101JpULVqw5rY2Omh-QGwrzUngkRzltl6/view>



### Department's CCDF Sustainability Projections without R1

Federal CCDF Funds	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Approp.	FY 2027-28 Projection	FY 2028-29 Projection
CCDF Carryforward (Unspent Balance)	\$102,539,612	\$76,112,377	\$41,547,670	\$6,070,055	-\$29,407,559
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	\$179,159,820	\$143,682,205	\$108,204,591
Total Appropriations	\$167,142,423	\$173,042,143	\$173,089,764	\$173,089,764	\$173,089,764
Balance	\$76,112,377	\$41,547,670	\$6,070,056	-\$29,407,559	-\$64,885,173

## Expected Change in Spending from R1/S1

The Department proposes to reduce CCDF appropriations in FY 2025-26 and FY 2026-27, to increase the balance available for FY 2027-28. However, under the Department's calculations, there would still be a funding cliff \$17.1 million in FY 2027-28 after changes are implemented. Again, it is unclear whether the Department has accounted for financial savings from stacking UPK and CCCAP funds into its projections.

### Department's CCDF Projections Updated with 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	\$42,457,670	\$12,661,938	-\$17,133,794
New Annual CCDF Award	\$140,715,188	\$138,477,436	\$137,612,150	\$137,612,150	\$137,612,150
Total Funds Available	\$243,254,800	\$214,589,813	\$180,069,820	\$150,274,088	\$120,478,356
Total Appropriations	\$167,142,423	\$172,132,143	\$167,407,882	\$167,407,882	\$167,407,882
Balance	\$76,112,377	\$42,457,670	\$12,661,938	-\$17,133,794	-\$46,929,526

## Proposed cuts and funding increases

The following table summarizes the Department's S1/R1 request. Further details follow.

### Total Cuts and Increases in S1/R1

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

The Department's request reduces funding for the following six programs:

1. **Teacher Salary Grant Program:** Pilot program to increase salaries of educators at child care centers or eligible family child care homes. Reduction ends the pilot. The Department indicates they will use findings to inform future workforce recruitment and retention activities.



2. **Colorado Shines School Readiness Quality Improvement Program:** Reduction to eliminate the observation portion as part of the Department's wider efforts to reevaluate and refresh the Colorado Shines Quality Rating and Improvement System. This impacts providers seeking to move up to Level 3 to Level 5 ratings.
  - a. Reevaluation is driven by feedback on the cost prohibitiveness of the current system, delays in providers getting timely reviews towards higher ratings, desire to add additional quality measures and improve frameworks, and low participation from licensed providers.
  - b. However, JBC members and staff have received stakeholder concern about the impacts of this proposal on provider quality ratings.
  - c. The Department said it would prioritize all providers requesting Level 3 to Level 5 ratings this fiscal year. JBC staff has received emails indicating at least one provider was told their scheduled rating review may not occur at all due to the likely loss of contracted observers by March or April 2026. This communication came from a contracted observer, not directly from the Department.
  - d. The Department indicates alternative pathways to higher ratings will be available to providers who want to continue with a rating. Providers will also have the option to freeze their rating until after the refresh.
3. **Workforce Recruitment and Retention Grants:** This funding was planned to support credit-bearing workforce development pathways, which will continue with philanthropic funding.
4. **Consumer Education and Outreach:** Funds in the budget are used to share information to parents, providers, and the public to help make decisions about child care. The Department indicates they can absorb this cut while maintaining Colorado Shines and the Raising Colorado Kids website.
5. **Child Care Resource and Referrals:** Reduces support to the 211 call center. Early Childhood Councils will still provide referral and resource support.
6. **Expanding Quality for Infants and Toddlers:** Cuts annual in-person training for Expanding Quality for Infant and Toddlers instructions, providing virtual training instead.

Through R1, the Department requests to increase funding by \$175,000 for the following programs:

1. **Teacher Education Compensation Helps Early Childhood (TEACH) Scholarships:** A national scholarship program for higher education certificates and degrees for individuals already employed in the field. Currently funded with ARPA dollars that end in December 2026.
2. **Apprenticeships:** Continue support to sponsor organizations by enrolling and overseeing apprenticeships. Currently funded by ARPA dollars that end in December 2026.

## Further Cost Pressure Risks from Federal and State Policies and Provider Rate Adjustments

Changes to federal rules, state policy, and provider rate increases will put further pressure on the CCDF, but are not addressed in R1.

House Bill 24-1223 (Improved Access to the Child Care Assistance Program) requires implementation of capping parent fees at 7.0 percent of family income instead of 10.0 percent starting in August 1, 2026. The bill did not appropriate General Fund to this, assuming federal funds would be available. **The Department's FY 2026-27 budget does not account for this increase.**

Additionally, changes to the provider rate calculation methodology have increased costs. The Department has rolled out the new methodology incrementally since 2024, with the final roll out planned for October 1, 2026.

However, the Department is seeking to delay implementation of this final rate increase with the federal government.

The following table estimates the CCDF balance impacts after accounting for UPK and CCCAP stacking, parent copay increases, and provider rate increases. It does not account for federal policy changes that may become effective on August 1, 2028.

#### CCDF Projections with R1 and Other Cost Pressures

Federal CCDF Funds	FY 2024-25 Actual	FY 2025-26 Estimate	FY 2026-27 Approp. [1]	FY 2027-28 Projection	FY 2028-29 Projection
CCDF carryforward (unspent balance)	\$102,539,612	\$76,112,377	\$42,457,670	\$11,469,818	-\$19,518,034
New annual CCDF award	\$140,715,188	\$138,477,436	\$137,612,150	\$137,612,150	\$137,612,150
Total Funds Available	\$243,254,800	\$214,589,813	\$180,069,820	\$149,081,968	\$118,094,116
Starting expenditures	\$167,142,423	\$173,042,143	\$173,089,764	\$173,089,764	\$173,089,764
S1/R1 requested appropriation reductions		-\$910,000	-\$4,489,762	-\$4,489,762	-\$4,489,762
Total Expenditures after S1/R1	\$167,142,423	\$172,132,143	\$168,600,002	\$168,600,002	\$168,600,002
Balance after S1/R1	\$76,112,377	\$42,457,670	\$11,469,818	-\$19,518,034	-\$50,505,886
Projected UPK and CCCAP stacking savings		-3,000,000	-9,700,000	-9,700,000	-9,700,000
Total Expenditures after S1/R1 and stacking	\$167,142,423	\$169,132,143	\$158,900,002	\$158,900,002	\$158,900,002
Balance after S1/R1 and stacking	\$76,112,377	\$45,457,670	\$24,169,818	\$2,881,966	-\$18,405,886
Adjusted parent copay limit to 7.0%			\$6,750,000	\$6,750,000	\$6,750,000
Total exp. after S1/R1, stacking, & adj. copay limit	\$167,142,423	\$169,132,143	\$165,650,002	\$165,650,002	\$165,650,002
Balance after S1/R1, stacking, and adj. copay limit	\$76,112,377	\$45,457,670	\$17,419,818	-\$10,618,034	-\$38,655,886
Final provider rate increase			\$9,914,801	\$9,914,801	\$9,914,801
Total exp. after S1/R1, stacking, copay adj., & provider rate increase	\$167,142,423	\$169,132,143	\$175,564,803	\$175,564,803	\$175,564,803
Balance after S1/R1, stacking, copay adj., & provider rate increase	\$76,112,377	\$45,457,670	\$7,505,017	-\$30,447,636	-\$68,400,289

[1] Staff forecasts of the FY 2026-27 expenditure after S1/R1 differs from the Department's request. Expenditures for either also do not include a \$1.7 million increase for common policies. Staff is working with the Department to correct differences for Figure Setting.

## Cost Containment Strategies Being Considered

R1 does not address long-term cost containment initiatives, but the Department submitted the following strategies in Statewide RFI #6.

1. **Take advantage of TANF allocation flexibilities at the state level:** Per federal law, states can transfer up to 30.0 percent of their TANF funds to CCCAP or child welfare to support programming or financial shortfalls. Using the full 30.0 percent would provide \$40.7 million in additional funds; using 20.0 percent (with 10.0 percent going to child welfare), would provide \$27.1 million additional funds. In FY 2024-25, counties only transferred \$794,448, towards CCCAP quality initiatives.<sup>10</sup> *The Department of Human Services' FY 2026-27 R5 request (Reducing Financial Pressure on the Colorado Works Program) proposes the State coordinate transfers to CCCAP and child welfare at the beginning of each fiscal year. However, pressures on the TANF reserve make it unlikely that this option would result in CCDF relief.*

<sup>10</sup> [https://docs.google.com/spreadsheets/d/1oa51mE-kfN1a6ykcGU-I9jwPY\\_KVWr4\\_oYyeg3GZ8jk/edit?gid=334023829#gid=334023829](https://docs.google.com/spreadsheets/d/1oa51mE-kfN1a6ykcGU-I9jwPY_KVWr4_oYyeg3GZ8jk/edit?gid=334023829#gid=334023829)

### Historical CCDF Payments to TANF Families and Est. Total with Policy/Provider Rate Changes

County	FY 2021-22	FY 2022-23	FY 2023-24
Current statewide total	\$18,145,680	\$20,665,216	\$24,425,875
Est. addition for infant-toddler enrollment payment	\$3,161,784	\$3,023,236	\$2,977,689
Est. addition for provider rate increase	\$1,473,562	\$1,678,167	\$1,983,560
Est. total after both changes	\$22,781,026	\$25,366,619	\$29,387,124

Source: Department of Early Childhood, Historical CCCAP TANF Payments ([link here](#))

2. **Streamline cross-county contracting process:** Counties can enter into Intergovernmental Agreements with each other to share CCCAP administrative duties, thereby decreasing administrative costs. The Department is exploring ways to expedite this process for counties.
3. **Authorize Department to direct county optional policies during financial crises:** The Department would do this through rulemaking and by working with counties to define “fiscal crisis”. Preserving county flexibility allows counties to meet their communities’ unique needs. However, the Department indicates there are times where more State control over optional policies will help direct funding during crises.
4. **Continue identification and limitation of CCCAP practices beyond federal requirements:** The Department continues to work to identify state practices that go beyond minimum federal requirements. This resulted in changes to stop TANF families from jumping waitlists and freezes, as well as the Department’s R1 request limiting quality investments that go beyond federal requirements.

### County recommendations

Counties submitted additional recommendations for CCCAP cost containment.

1. **Establish state-county workgroup on CCCAP long-term strategies:** This workgroup between the Department and counties would focus on discussing and defining long-term strategies and goals for CCCAP. The Department indicates it is open to exploring this idea further.
2. **Revise statute as necessary to pause H.B. 24-1223 changes with a fiscal impact:** This recommendation involves amending H.B. 24-1223 to pause implementation of changes that could go into effect even if federal funds are not available. The Department was receptive to this idea.

# R2 and Early Intervention

This issue brief covers Early Intervention's FY 2024-25 and FY 2025-26 funding surpluses, anticipated FY 2026-27 caseload increases driving the R2 request, and updates on forecasting and cost containment strategies.

## Summary

- The Department anticipates caseload increases in FY 2026-27 necessitate \$2.2 million in additional General Fund ongoing, using its updated forecasting methodology.
- However, the Department underspent FY 2024-25 appropriations by \$3.0 million and anticipates underspending FY 2025-26 appropriations by \$4.3 million.
  - The Department likely will submit a FY 2025-26 supplemental reverting about \$7.3 million General Fund.
- It is unclear whether FY 2025-26 and FY 2026-27 expenditure forecasts account for implementing administrative cost containment strategies.

## Points to Consider

The Department is likely to submit a supplemental in FY 2025-26 returning some appropriated General Fund, currently estimated at \$7.3 million. At that time, the Committee may want to consider the following options:

1. Return the full amount to the General Fund for FY 2025-26 budget relief
2. Reinvest all or some of the amount to process improvements for Early Intervention. For example:
  - a. Invest in Department forecasting capacity, within the Department or through third-party help
  - b. Invest in research or third-party assistance to identify effective practices and investments in Early Intervention, to inform cost containment

Staff is not providing a recommendation at this time, nor is the list above comprehensive.

If the Committee is inclined to take any option in the second bucket, it may also want to consider using this General Fund to make similar investments into the Colorado Child Care Assistance Program (CCCAP). However, it is worth noting a core difference in those programs: the State must cover all eligible children for Early Intervention, but this mandate does not exist for CCCAP. Early Intervention investments are to better achieve this mandate. CCCAP investments help make informed appropriation and policy decisions with limited funds.

## Discussion

### Background on Early Intervention

Early Intervention (EI) is a voluntary federal program<sup>11</sup> that is state-regulated and -operated. It provides developmental services to families with young children ages 0 through 2 with developmental needs. Services are

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<sup>11</sup> Created through Part C of the Individuals with Disabilities Education Act in 1986. See <https://www.congress.gov/crs-product/R43631>

provided locally through Early Intervention Brokers (EIBs). An intake and evaluation process determines children's eligibility for EI services, based on meeting the following conditions:

- Have CO residency
- Child between ages 0 to 2 (services stop at age 3, except for Extended Part C<sup>12</sup>)
- Child has any of the following:
  - Developmental delay in one or more of these areas: adaptive, cognitive, communication, physical, and/or social emotional development (either 25.0% delay at least two areas or 33.0% delay in one)
  - Diagnosis of a qualifying condition that is likely to result in significant developmental delay
  - Lives with a parent who has a development disability as determined by a Case Management Agency

Families with children eligible for EI are assigned a service coordinator who develops the child's Individualized Family Service Plan (IFSP). The IFSP is reviewed every 6 months, and eligibility re-evaluated annually.

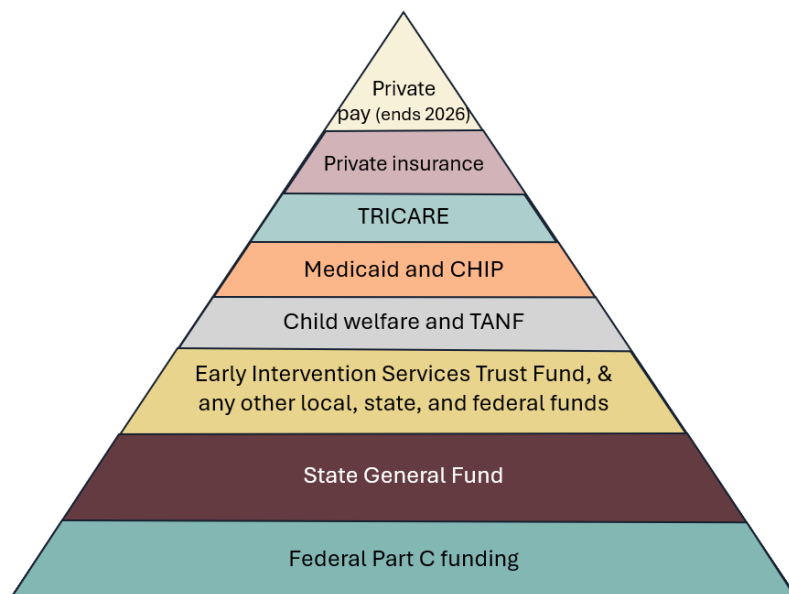
EI is described as a mix of medical and educational interventions. Providers visit a family and child in their home or another comfortable setting. Sessions focus on skill-building for parents and interventions to the child.

EI has several unique program requirements which makes cost containment hard:

- All kids eligible must receive services (i.e. no waitlists or freezes)
- IFSP must be developed within 45 days from the date a referral is received
- After service needs are identified, services must start within 28 days

## Early Intervention funding sources

The program utilizes the following funds in the following hierarchy. Federal funds are the payer of last resort.



FY 2024-25 expenditure data indicates General Fund pays for most of EI. However, Department data does not reflect what is paid by private health insurance that is not regulated by the State, TRICARE, Medicaid payments to service providers, child welfare, and TANF.

<sup>12</sup> Extended Part C applies for children with birthdays between May 1 and August 31. It allows them to continue receiving EI services in the summer while they wait to start Part B preschool special education services with their school district.

### Allocation of FY 2024-25 Early Intervention Expenditure

Fund source	Percent of total expenditure
General Fund	63.0%
Early Intervention Services Trust Fund (EIST)	16.7%
Medicaid (non-provider costs)	8.6%
Part C Federal Funds	11.8%

Private health insurance that is not regulated in the State has been historically underutilized due to reimbursement challenges:

- Of the fifteen services provided by EI, only three – occupational therapy, physical therapy, and speech language pathology – are likely covered by insurance.
- It takes time for providers to become covered by insurers to receive reimbursement.
- The IFSP is not supporting documentation to prove medical necessity with insurers.
- Some insurers may not pay for in-home services.

The Department is working on guidance to improve billing for private insurance that is not state-regulated, and expects to complete a draft by the end of January. It is also plans to work with brokers and other states on research to inform improved billing, for completion by the end of May.

## Shortfalls and Surpluses

### Projected shortfall in February 2025

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

The shortfall was caused by increased caseload, service costs, and the expiration of federal stimulus funds that decreased carry-forward of federal balances. Additionally, delays in paying out invoices, which can be as long as three months, impeded the Department's measurement of current budget year spending.

To address the shortfall and avoid cutting services, the Committee took several actions:

- FY 2024-25 budget
  - Passed S.B. 25-227 (Early Intervention Program Funding for Fiscal Year 2024-25) to provide \$2.0 million General Fund to the Department of Early Childhood from Department of Health Policy and Financing (HCPF) appropriations
  - *Note: The Department found the shortfall's remaining \$2.2 million from renegotiating broker contracts*
- FY 2025-26 budget
  - Continued the \$2.0 million General Fund appropriation shifted from HCPF, for one year only
  - Appropriated an additional \$18.0 million General Fund ongoing
  - Appropriated \$100,000 from the EIST's interest
- Updated an existing Request for Information (RFI) and added a new RFI to stay aware of fiscal performance and require the Department to work with stakeholders to create long-term financial sustainability measures

## FY 2024-25 and FY 2025-26 budget surplus

Despite initially predicting a budget shortfall in FY 2024-25, the Department actually *underspent* FY 2024-25 appropriations by \$3.0 million. This is effectively a surplus of federal funds that will carry over into FY 2025-26. The Department also projects \$4.3 million in underspending in FY 2025-26, creating a net surplus of \$7.3 million. The Department is likely to submit a FY 2025-26 supplemental reverting \$7.3 million General Fund.

The Department indicates underspending in administration, direct costs, and evaluations are historic. FY 2024-25 expenditure include one-time cuts by the Department. FY 2025-26 indicate hiring freezes and vacancies.

### Total EI Costs and Underspend in FY 2024-25 and FY 2025-26

Costs Category	FY 2024-25 Allocation	FY 2024-25 Expenditures	FY 2024-25 Underspend	FY 2025-26 Allocation	FY 2025-26 Projected Expenditures [1]	FY 2025-26 Projected Underspend
Administrative Costs	\$11,715,140	\$11,176,383	-\$538,757	\$14,345,732	\$13,720,339	-\$625,393
Direct Costs (EIB contracts)	61,379,558	58,915,999	-2,463,559	66,329,867	63,955,260	-2,374,607
Evaluations	4,100,000	4,060,087	-39,913	6,527,890	5,227,890	-1,300,000
<b>Total</b>	<b>\$77,194,698</b>	<b>\$74,152,469</b>	<b>-\$3,042,229</b>	<b>\$87,203,489</b>	<b>\$82,903,489</b>	<b>-\$4,300,000</b>

[1] Projected expenditures based on the same percentage of expenditures in the prior year, except for evaluations.

### Surplus in evaluations

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

### FY 2024-25 and FY 2025-26 Evaluation Caseload and Cost per Evaluation

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

### Surplus in broker contracts

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

### Early Intervention Brokers Direct Services Costs and Underspend

Costs Category	Task	2024-25 Allocation	FY 2024-25 Expenditures	FY 2024-25 Difference Expenditure to Allocation	FY 2025-26 Allocation [1]	FY 2025-26 Projected Expenditures	FY 2025-26 Difference Expenditure to Allocation
Administration	Admin and Operating	\$9,315,140	\$9,112,989	-\$202,151	\$11,096,659	\$10,855,847	-\$240,812

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

[1] Projected costs based on allocations and executed contracts in FY 2025-26.

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

## Maintenance of Effort requirement

Aligning General Fund appropriations with actual need for EI is important not only for budget relief, but also for maintenance of effort requirements. Actual state spending sets Part C's federal maintenance of effort requirement annually. For example, ongoing state and local spending to EI cannot fall below FY 2024-25 actual spending. Next year, it will be set at FY 2025-26 actual spending.

### Early Intervention Federal Maintenance of Effort

Source	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Approp.	FY 2026-27 Requested
General Fund: Early Intervention line item in CDEC	\$49,822,382	\$58,094,847	\$62,492,837	\$76,986,834	\$77,141,495
Anticipated FY 2025-26 Supplemental General Fund Reversion				-\$7,342,227	
General Fund: Transfer to EI from HCPF	\$1,769,044	\$2,102,358	\$2,128,285	\$2,970,056	\$2,970,056
Early Intervention Services Trust Fund	\$0	\$0	\$0	\$100,000	\$100,000
Local Funds	\$871,700	\$354,001	\$364,464	\$364,464	\$364,464
Total Maintenance of Effort	\$52,463,126	\$60,551,206	\$64,985,586	\$73,079,127	\$80,576,015

## R2 Early Intervention funding increase

While the Department projects a budget surplus in FY 2025-26, it also projects that increased caseload in FY 2026-27 will require increased appropriations. The Department forecasts that the average number of children served per month will increase from 11,994 in FY 2025-26 to 12,665 in FY 2026-27. This is driven by continued trends from eligibility expansions,<sup>13</sup> a more transparent referral process, an increase in children identified with a developmental delay, and an increase in intensity of needed services. The Department estimates cost per child will be \$6,912 in FY 2025-26, and used this to form their FY 2026-27 request.

### FY 2026-27 Forecasted Cost for Early Intervention

Category	Number
Average FY 2026-27 monthly caseload (forecast)	12,665
Average annual cost per child (using FY 2025-26 data)	\$6,912
Forecasted total cost	\$87,540,480

<sup>13</sup> In 2023, eligibility policies were changed from demonstrating a delay of 33.0 percent in one or more domains to 25.0 percent in two or more domains and 33.0 percent in one domain.



Category	Number
Anticipated Part C federal award	\$10,300,000
EIST interest	\$100,000
Ongoing General Fund from FY 2025-26	\$74,986,834
Additional Appropriations Needed	\$2,153,646

To sustain EI, the Department requests an ongoing appropriation of \$2.2 million General Fund. Of this amount, \$2.0 million would come from an ongoing appropriation shift from the Transfer to Early Intervention line item in HCPF to the Department, which the Committee had only approved for FY 2024-25 and FY 2025-26. The remaining \$154,661 would be a new General Fund appropriation. HCPF continues to under-expend General Fund appropriated towards Targeted Case Management for EI.

#### HCPF Early Intervention Transfer Reversion History

Fiscal Year	Appropriation	Expenditures	Difference Expenditures to Appropriation
2022-23	\$3,685,974	\$1,769,044	-\$1,916,930
2023-24	\$4,634,158	\$2,102,358	-\$2,531,800
2024-25	\$2,970,056	\$2,128,285	-\$841,771

The Department is improving its funding forecast and will submit a Supplemental and Budget Amendment in January with updated projections for FY 2025-26 surplus and FY 2026-27 budget need forecasts.

It is unclear why the entire request amount cannot come from HCPF. **Larger than this, staff remains concerned about the accuracy of the Department’s caseload and cost projections.** Finally, this request does not incorporate cost containment strategies.

A review of the Department’s changes to forecasting and cost containment discussions follow.

## Forecasting Changes and Cost Containment Strategies

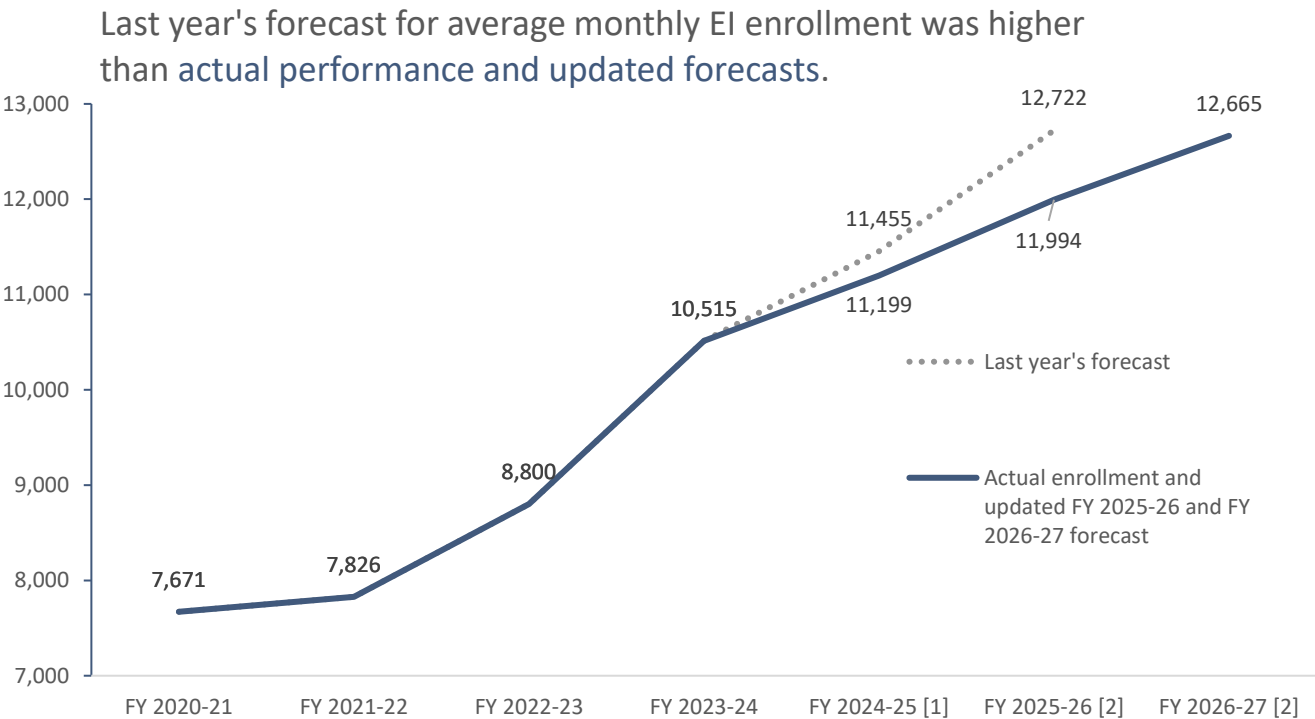
### Changes to caseload forecasting

Historically, EI caseload forecasts used the prior year’s EIB contract costs, evaluation costs, caseload figures, and available Medicaid data. It did not account for seasonal fluctuation, Extended Part C caseload, or all Medicaid-covered costs.

In March 2025, the Department updated its Data Sharing Agreement with HCPF to access additional Medicaid data. The Department has since added the following variables to improve forecasting accuracy:

- Month of initial IFSP
- Age at initial IFSP
- Medicaid eligible
- Established condition
- EI evaluation score based on domain delays
- Number of domains indicating delay at evaluation
- Birthday in May, June, July, or August
- Likelihood of participation in Extended Part C

Using this new model, the Department projects EI caseload will be 11,994 average children monthly in FY 2025-26, lower than forecasts presented in November 2024.



[1] FY 2024-25 for last year's forecast line (grey dashed line) represents the forecast presented in November 2024. FY 2024-25 for the actual average monthly enrollment line (blue solid line) represents actual caseload.  
 [2] Forecasted average monthly enrollment.

However, when the Department applied its new forecasting methodology to FY 2024-25, its projections were 1.0 percent *lower* than actual average monthly caseload (instead of 0.8 percent *higher* as in the prior forecast). This does not necessarily mean that FY 2025-26 and FY 2026-27 actuals will be higher than projections. It does mean that staff remains uncertain about the accuracy of the Department's projections. Staff is curious about the Department's process to test the accuracy of its caseload and cost forecasting models.

### Development of cost containment strategies

The Committee requested the Department develop long-term cost containment strategies and identify at least \$1.0 million in cost reductions for FY 2025-26. The Department presented an initial list of cost containment strategies to the Committee in June.

Department's EI Cost Containment Strategies Presented in June

Cost Containment Strategy	Implementation Date	FY 2025-26 Cost Savings	FY 2026-27 and Ongoing Cost Savings
Administrative Reductions	July 1, 2025	\$300,000	\$0
Discontinue Subcontracted Provider No-Show Payment	January 1, 2026	261,186	522,372
Discontinue Mileage and Travel Reimbursement for Subcontracted Providers	January 1, 2026	359,586	719,172
Discontinue EI Provider Training Stipend	January 1, 2026	33,054	66,108
Total Cost Savings		\$953,826	\$1,307,652

In addition, the Department noted they would continue exploring the following measures:

- Access Medicaid payments through the EI Services Trust Fund or EI code
- Require all providers to be in-network with private insurance
- Analyze bifurcation of referral and intake system

On December 12, the Department will present recommendations from its analysis of strategies in these areas:

- Eligibility determination criteria
- Eligibility redeterminations
- Overview of the primary service provider model (TEAM EI)
- Making providers employers of EIBs or the state with a consistent annual salary
- Implement a tiered model of service
- Refer children diagnosed with autism to an ABA provider or similar service
- Group services for social and emotional services
- Revise EI rules so that services start within 35 to 40 days instead of 28 days
- Reduce the length of time between IFSP review and redetermination meetings
- Eliminate or reduce Extended Part C

## Stakeholder Concerns

The Department was charged to work with stakeholders on cost containment strategies. Brokers and providers report feeling minimally engaged and a lack of transparency in how their feedback was used. They report that cost containment conversations did not extend beyond surveys of the Department's own cost containment ideas, some of which were known to not be viable. Larger than cost containment, stakeholders have been concerned on the Department's general administration of EI, including forecasting.

Separately, EIBs have proposed the following cost containment measures. The Department has discussed the last two and is implementing teaming, but may not have explored the remainder. Staff opinion is noted in italics.

1. **Third-party study to identify financial sustainability strategies.** *Staff is generally supportive but would need to assess the costs and source of funds for a study.*
2. **Evaluate the bifurcation of EIE and EIB services.** *Staff would need to see cost impact data of the current bifurcated system. Streamlining processes may not necessarily result in cost savings.*
3. **Streamline IFSP as a time- and cost-saving initiative.** *Staff would need more information on how IFSPs can be streamlined based on current procedure.*
4. **Establish a policy limiting family's ability to get duplicative services from insurance-covered clinic or home health agencies and EI.** *Staff notes this option needs to be assessed further, as clinic or home health agency services may not be exactly duplicative of EI services. Additionally, even if services were exactly duplicative, the implementation and administrative costs are unclear.*
5. **Continue implementation of primary service provider teaming model using evidence-based practices.** *The Department is piloting a teaming model in January 2026, but indicates it may not be a cost saving measure.*
6. **Evaluate the value and cost of a bifurcated intake and referral system.** *Staff notes this is part of the Department's expected RFI response in December, however the Department seems to indicate that State-operated intake and referral operated is cost-saving. Brokers indicate that having brokers do intake and referral is cost-saving. Data is needed to verify which is true.*

7. **Eliminate chronic ear infection as an established condition.** Some metro-area EIBs have seen more children eligible due to this category, despite not demonstrating a significant developmental delay elsewhere. *The Department has considered this option and found it would have a negative impact on children and inhibit the identification of a potential delay.*

Providers have submitted the following cost containment strategies that may not be discussed in the Department's RFI response. Staff opinion is noted in italics.

1. **Assess differences and create consistency in broker policies, including payments and service requirements.** *Staff thinks this is worthwhile to explore. The Department has indicated that they cannot require brokers to follow consistent policies, but the reason for this is unclear.*
2. **Include an outside provider as part of eligibility redetermination teams,** to address potential conflicts in provider's relationships with children and families upon redetermination. *Staff would need to see data on how often providers redetermine a child eligible who meet age-appropriate developmental levels.*

Staff recommends the Department discuss these alternative cost containment strategies at its hearing in January, and to explain how the Department chose the cost containment strategies explored in its RFI.

## TEAM EI Pilot Updates

The teaming model, referred to as TEAM ("Transdisciplinary Equitable Accessible Model") EI Colorado, coordinates EI care through one primary service provider. The concept was developed in 2023 by the EI Workforce Investment Committee to address workforce capacity issues. It was not intended as a cost reduction strategy, but to implement a best practice and improve workforce development and retention.

TEAM EI was originally conceived for statewide implementation through a national consultant, but the Department has pivoted to a limited pilot. The Department plans to train all EI providers on the teaming model, but only implement it in two cohorts of four to six EIBs starting January 2026.<sup>14</sup> The pilot intends to assess implementation, cost, and service impacts of teaming using Workforce Recruitment and Retention SLFRF funds.

The Department is still developing its pre- and post-data collection surveys to measure the effectiveness and impact of this pilot. It is not clear how the Department plans to assess the cost impact of this pilot. **The Committee may want the Department to discuss how it will evaluate the cost and service impacts of TEAM EI in its January hearing, as well as how it will continue the pilot after expiration of SLFRF funds.**

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<sup>14</sup> A full timeline of TEAM EI development is found here:

<https://docs.google.com/document/d/1AXZo0NolmkXMc4UtcA9ee-SzsmMDde0lcAwSzLTEYvw/edit?tab=t.0>

# Budget Reduction Options

The Executive Budget Request includes reductions of \$1.6 million General Fund for the Department of Early Childhood representing 0.5 percent of the current General Fund appropriations in this section of the budget.<sup>15</sup> This issue brief reviews these proposals and additional options identified by staff.

## Summary

- The Department of Early Childhood represents 1.9 percent of total state General Fund appropriations in FY 2025-26.
- The Executive budget request includes proposed reductions of \$1,570,224, representing 0.5 percent of its General Fund appropriations. 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.

## Recommendation

Staff recommends that the Department discuss the Department proposals and staff options in its hearing.

## Discussion

### Funding History FY 2018-19 to FY 2025-26

The Department of Early Childhood represents 1.9 percent of total state General Fund appropriations in FY 2025-26. As reflected in the table below, General Fund in this section of the budget has increased by 151.8 percent since FY 2018-19<sup>16</sup> after adjusting for inflation. This is more than the statewide increase of 13.6 percent over the same period.<sup>17</sup>

**FY 2018-19 to FY 2025-26 Appropriations Comparison - Adjusted for Inflation**

Fund	FY 2018-19 Nominal	FY 2018-19 Adjusted	FY 2025-26	\$ Change from FY 2018-19 Adjusted	% Change from FY 2018-19 Adjusted
General Fund	\$97,177,072	\$126,463,186	\$318,425,707	\$191,962,521	151.8%
Total Funds	\$264,934,890	\$344,777,936	\$802,741,580	\$457,963,644	132.8%

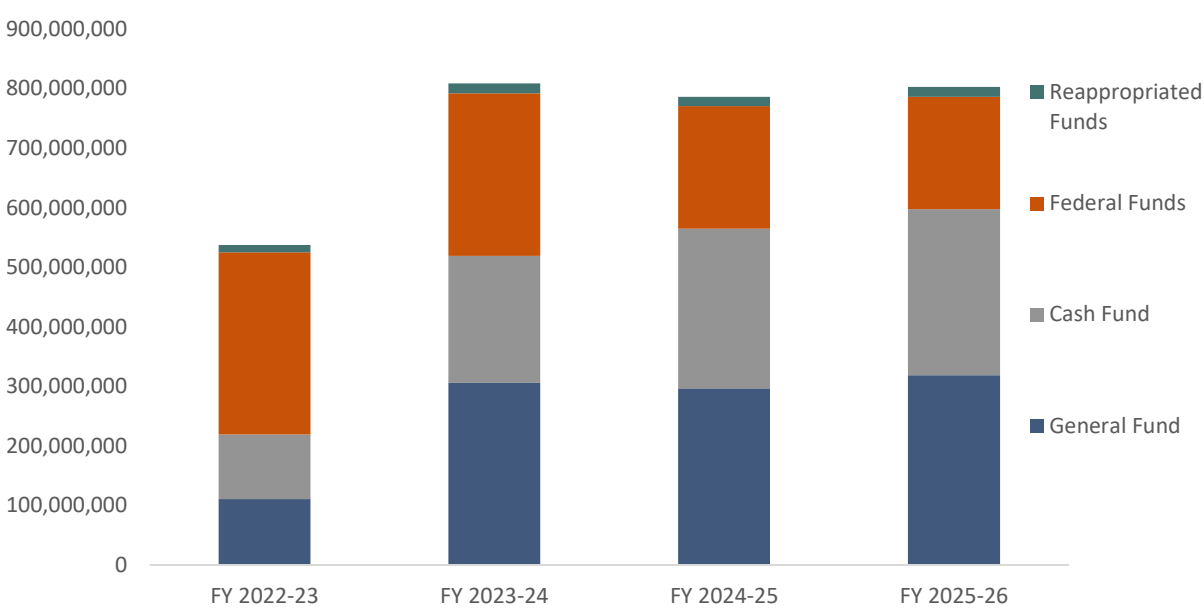
<sup>15</sup> Current FY 2025-26 appropriations do not include mid-year reductions in executive orders.

<sup>16</sup> This takes into consideration line items transferred from other Departments to the new Department per H.B. 22-1295.

<sup>17</sup> Fiscal year 2018-19 appropriations are adjusted for inflation, calculated based on the Legislative Council Staff September 2025 forecast, which reflects an increase in the Denver-Aurora-Lakewood consumer price index of 30.1 percent between FY 2018-19 and FY 2025-26.

The Department of Early Childhood was created with the passage of H.B. 22-1295 (Department Early Childhood and Universal Preschool Program). Divisions within the Department of Human Services as well as line items from Health Care Policy and Financing and the Department of Education were transferred to the new Department in FY 2022-23. In its first two fiscal years as a Department, a large portion of its appropriation came from federal stimulus dollars. Additionally, the Department increased General Fund and cash funds with the implementation of the Universal Preschool Program (UPK). The table below shows the growth in General Fund appropriations in constant dollars from FY 2022-23.

General Fund appropriated to the Department has increased since FY 2022-23 as federal funds have decreased.



The Executive Director’s Office (EDO) and the Division of Early Learning Access and Quality continue to experience the most growth. Increases in the EDO are related to Department infrastructure, particularly information technology. Increases in the Division of Early Learning Access and Quality are driven by UPK.

### Budget Requests for General Fund Relief

The Department’s budget request includes proposals for General Fund relief totaling \$1.6 million, representing 0.5 percent of its General Fund appropriations. These reductions are offset by proposed increases, so that the Department’s total General Fund is requested to increase by 1.1 percent. The proposals for General Fund relief are summarized in the table below. Some of the proposals require statutory change.

Budget Requests for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
Expenditure Reductions				
R4 Child care licensing services decrease	-\$590,224	\$161,517	N	This request includes moving 47.0 percent of currently contracted licensing work back within the Department.

Option	General Fund	Other Funds	Bill? Y/N	Description
Statewide R6: Discontinue child care services and substance use disorder treatment pilot	-500,000	\$0	Y	The Department resubmits a budget reduction option initiated by JBC staff last year to end this pilot program, which began in 2019.
Statewide R6: Reduce Child Maltreatment Prevention funding	-480,000	\$0	N	The Department resubmits a budget reduction option initiated by JBC staff last year to reduce funding for child maltreatment prevention programs.
Subtotal - Expenditures	-\$1,570,224	\$161,517		
Net General Fund Relief	\$1,570,224			

## Additional Options for JBC Consideration

The table below summarizes options identified by the JBC staff that the Committee could consider in addition to or instead of the options presented in the budget request.

A General Fund reduction of 5.0 percent to the Department would require a reduction of \$15.9 million. Staff options below total to \$4.0 million.

### Additional Options for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
<b>Expenditure Reductions</b>				
Eliminate vacant positions	-\$47,715	-\$69,620	N	This option freezes hiring for 1.2 vacant FTE that are not impacted by the current hiring freeze (\$47,715 General Fund) and proposes eliminating all 11.1 currently vacant positions for \$441,367 ongoing General Fund relief.
Eliminate Universal Home Visiting Pilot Program	-2,528,842	0	N	The Committee approved a \$280,982 reduction to this line item during FY 2025-26 figure setting. This option eliminates all remaining funding for this pilot. This program funds a post-natal visit to all families of newborns.
Eliminate all Department travel	-95,417	0	N	This option eliminates all in-state and out-of-state travel supported by General Fund.
Reduce H.B. 24-1364 appropriations	-108,349	0	N	This option reduces funding related to the Department's data connection to the Statewide Longitudinal Data System. It impacts 0.8 FTE.
Reduce Early Childhood Mental Health Services	-162,781	0	N	This is an option JBC staff proposed during FY 2025-26 figure setting that was not approved by the Committee. This amount represents a 10.0 percent reduction.
Reduce Early Childhood Mental Health Support Line	156,000	0	N	This option reduces funding to the Early Childhood Mental Health Support Line by 50.0% and impacts 1.0 FTE.
Eliminate state funding for HealthySteps	-628,266	0	N	This option eliminates all state funding to the HealthySteps program, which is administered by ABCD Colorado.
Reduce Family Resource Centers line item	-545,654	0	N	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.
Subtotal - Expenditures	-\$3,961,024	-\$69,620		
Net General Fund Relief	-\$3,961,024			

## Expenditure Reductions

### Eliminate vacant positions

*Description:* This option cuts positions that were vacant in FY 2024-25 and remain vacant.

*Key Considerations:* 9.9 vacant FTE are currently impacted by the Governor's Executive Order hiring freeze, saving \$393,652 General Fund. This amount is not included in the table above since it is already realized; however, it would be realized as an ongoing reduction once the statewide hiring freeze lifts.

*Background:* In FY 2024-25, the Department had a total of 38.1 vacancies. The Department has since filled 25.0 FTE and posted to hire 2.0 FTE, leaving 11.1 remaining vacant positions. Of these, 9.9 FTE are impacted by the Governor's Executive Order hiring freeze. This option freezes hiring for the remaining 1.2 FTE (\$47,715 General Fund and about \$69,620 in other fund sources) and proposes eliminating all 11.1 vacant positions for \$441,367 ongoing General Fund relief. Last year's budget briefing indicated the Department had 22.0 unfilled vacant positions, indicating consistent staff turnover across the Department. Staff would need to work with the Department to understand this reduction's impact, but consistent turnover seems to indicate it is absorbable.

### Eliminate Universal Home Visiting Pilot Program

*Description:* Option eliminates remaining funding for the Universal Home Visiting Pilot Program, effectively ending the program three years early.

*Health/Life/Safety Impact:* Low to Medium

*Key Considerations:* The Committee reduced funding to this program last year by \$280,982 General Fund.

*Additional background:* The Universal Home Visiting Pilot Program was an approved FY 2024-25 budget request from the Department, 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. 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.

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.

### Eliminate all Department travel

*Description:* This option reduces all state funding for Department in-state and out-of-state travel.

*Health/Life/Safety Impact:* Medium for inspections, none otherwise

*Key Considerations:* This cut could risk child care provider monitoring and required attendance of certain federal grant orientation meetings, unless other funding sources were found.

*Background:* The Department's operating expenditures in FY 2024-25 included \$71,265 for in-state travel and \$24,152 for out-of-state travel. In-state travel funding is used, as least in part, for the Department's federal Child Care and Development Fund (CCDF) requirement to provide at least one pre-licensure inspection and unannounced inspections at least annually to providers. Staff does not know how much of the Department's total in-state travel costs this entails.



The Department used out-of-state travel funds to go to conferences and attend certain federal grant orientation meetings. Staff is inclined to work with the Department to find alternative sources, including federal funds, to support any required federal travel.

### **Reduce H.B. 24-1364 appropriations**

*Description:* This option eliminates funding to support an additional FTE for the Department's connection to the Statewide Longitudinal Data System.

*Key Considerations:* This option may delay connection of early childhood data to the Statewide Longitudinal Data System, but there is currently no defined timeline for data connection.

*Additional background:* House Bill 24-1364 (Education-Based Workforce Readiness) created the Statewide Longitudinal Data System (SLDS). The Department was provided funding in FY 2025-26 to support 0.4 FTE and to connect the Universal Preschool Program into the SLDS. Funding is being further annualized in FY 2026-27, bringing total appropriations to 0.8 FTE and \$108,349. The FTE associated with this funding has facilitated planning for eventually connecting CDEC data systems with the SLDS.

However, early childhood programs are not part of the first phase of the SLDS build or the September 2026 SLDS report. 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 when CDEC data will be connected to the SLDS.

### **Reduce Early Childhood Mental Health Services**

*Description:* This option reduces funding to this line item by 10.0 percent.

*Health/Life/Safety Impact:* Medium

*Key Considerations:* JBC staff proposed this reduction last year, but it was not approved by the Committee.

*Additional background:* The Early Childhood Mental Health Services line item funds the Early Childhood Mental Health Consultation (ECMHC) program. The program aims to increase mental health services to children age zero to five, and providing training and coaching to families and early care and learning providers. A reduction to this line item would reduce services to children and families.

### **Reduce Early Childhood Mental Health Support Line**

*Description:* This option reduces funding for this program by 50.0 percent.

*Health/Life/Safety Impact:* Medium

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

*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. At the time, the Department indicated they may apply for an implementation grant through PDG B-5, but staff is unsure if this was pursued or if this federal funding is available.

### Eliminate General Fund for HealthySteps

*Description:* This option reduces all state funding for the HealthySteps program.

*Health/Life/Safety Impact:* Medium

*Key Considerations:* HealthySteps was codified in state statute through S.B. 25-017 (Measures to Support Early Childhood Health), but existed in the Department beforehand. Statute does not require General Fund support to the program, and the Department is not obligated to implement the bill until it has sufficient appropriations.

*Background:* 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.

### Reduce Family Resource Centers line item

*Description:* This option reduces funding for Family Resource Centers to \$1.0 million.

*Health/Life/Safety Impact:* Low

*Key Considerations:* The Committee reduced funding to this line item by \$200,000 last year. This option further reduces funding, to the total amount recommended by JBC staff during FY 2025-26 figure setting.

*Additional background:* 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.

# FY 2025-26 Executive Order Budget Adjustments

## Other Balancing Holds

For the State as a whole, the Governor's Office anticipates \$3.0 million General Fund savings from a FY 2025-26 hiring freeze. The Governor's Office has not provided estimates at the department level.

# Footnotes and Requests for Information

## Update on Long Bill Footnotes

The General Assembly includes footnotes in the Long Bill to:

3. set forth purposes, conditions, or limitations;
4. explain assumptions; or
5. express legislative intent.

This section discusses a subset of the footnotes relevant to the divisions covered in the briefing. For a full list of footnotes, see the end of each departmental section of the [2026 Long Bill](https://leg.colorado.gov/bills/sb25-206) (<https://leg.colorado.gov/bills/sb25-206>).

- 9 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:** This is the first year this footnote was included in the Long Bill. It provides the Department flexibility in collecting indirect costs across all divisions with an indirect cost assessment line item.

## Update on Requests for Information

The Joint Budget Committee may submit requests for information (RFIs) to departments. The Joint Budget Committee must prioritize the requests per Section 2-3-203 (3), C.R.S.

This section discusses a subset of the RFIs relevant to the divisions covered in the briefing. For a full list of RFIs, see the [letters requesting information](https://leg.colorado.gov/sites/default/files/rfi_fy_2025-26.pdf) ([https://leg.colorado.gov/sites/default/files/rfi\\_fy\\_2025-26.pdf](https://leg.colorado.gov/sites/default/files/rfi_fy_2025-26.pdf)).

## Requests Affecting Multiple Departments

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

anticipated to be available and requested to be expended by Long Bill line item should be provided to the Joint Budget Committee annually on or before January 15.

**Comment:** Components of this response informed the CCCAP issue brief. Additionally, the Department submitted the following information on expenditures, CCDF matching sources and MOE, and federal stimulus accounting. Quality expenditures are inclusive of the Department's S1/R1 request.

#### Expenditures for Quality Initiatives

Category	FY 2024-25 Actual	FY 2025-26 Est.	FY 2026-27 Est.
Annual Federal Expenditures	\$167,142,423	\$173,559,904	\$168,788,022
Annual State Expenditures	\$49,062,232	\$61,138,466	\$64,028,543
Annual TANF Transfer	\$794,448	\$794,448	\$794,448
<b>Total Expenditure</b>	<b>\$216,999,103</b>	<b>\$235,492,819</b>	<b>\$233,611,014</b>
Required 9.0 Percent Expenditure	\$19,529,919	\$21,194,354	\$21,024,991
<b>Expenditure by Long Bill Line Item</b>			
EDO/OIT - IT Contracts and Equipment	\$145,854	\$0	\$0
DPAC/DLAQ/DCFS - Personal Services	\$4,525,478	\$4,638,615	\$4,638,615
DPAC - Operating Expenses	\$19,826	\$26,644	\$26,644
DPAC - Early Childhood Councils	\$3,197,669	\$2,913,538	\$2,913,538
DPAC - Child Care Resource and Referral	\$513,663	\$418,331	\$418,331
DPAC - Local Coordinating Organizations	\$446,015		
DLAQ - Operating Expenses	\$111,742	\$111,742	\$111,742
DLAQ - Early Childhood Quality and Availability	\$6,778,650	\$6,584,042	\$4,605,875
DLAQ - Workforce Recruitment and Retention	\$720,313	\$677,450	\$777,450
DLAQ - Professional Development and Training	\$1,033,001	\$836,250	\$544,317
DCFS - Operating Expenses	\$452		
DCFS - Early Childhood Mental Health	\$1,806,229	\$1,806,229	\$1,806,229
DLAA - Personal Services	\$9,104,551	\$9,104,551	\$9,104,551
DLAA - Operating Expenses	\$121,055	\$121,055	\$121,055
Pass-through Account (TANF) transfer Child Care Reserves	\$794,448	\$794,448	\$794,448
<b>Total</b>	<b>\$29,318,946</b>	<b>\$28,032,895</b>	<b>\$25,862,795</b>

#### Expenditures for Infant-Toddler Quality Initiatives

Category	FY 2024-25 Actual	FY 2025-26 Est.	FY 2026-27 Est.
Annual Federal Expenditures	\$167,142,423	\$173,559,904	\$168,788,022
Annual State Expenditures	\$49,062,232	\$61,138,466	\$64,028,543
<b>Total Expenditures</b>	<b>\$216,204,655</b>	<b>\$234,698,370</b>	<b>\$232,816,565</b>
Required 3.0 Percent Expenditure	\$6,486,140	\$7,040,951	\$6,984,497
<b>Expenditure by Long Bill Line Item</b>			
DPAC - Early Childhood Councils	\$1,121,118	\$1,500,914	\$1,500,914
DPAC - Child Care Resource and Referral	\$145,496	\$215,504	\$215,504
DLAQ - Personal Services	\$101,085	\$138,302	\$138,302
DLAQ - Early Childhood Quality & Availability	\$3,524,367	\$3,632,209	\$3,331,734
DLAQ - Professional Development & Training	\$791,579	\$874,750	\$736,000
DLAQ - Workforce Recruitment & Retention Grants	\$104,781	\$90,775	\$20,000
DLAA - Personal Services	\$318,536	\$651,319	\$651,319

Category	FY 2024-25 Actual	FY 2025-26 Est.	FY 2026-27 Est.
Total	\$6,106,963	\$7,103,773	\$6,593,773

#### CCDF Matching Sources and MOE by Long Bill Line Item

Line Item	FY 2024-25 Actual	FY 2025-26 Est.	FY 2026-27 Est.
EDO/OIT - IT Contracts and Equipment	\$188,835	\$0	\$0
DPAC - Early Childhood Councils	\$999,771	\$1,000,000	\$1,000,000
DLAQ - Personal Services	\$1,167,869	\$4,044,610	\$4,044,610
DLAQ - Operating	\$81,959	\$30,910	\$0
DLAQ - Child Care Assistance Program	\$39,787,680	\$48,789,122	\$51,710,109
DLAQ - Early Childhood Quality and Availability	\$2,968,820	\$3,043,243	\$3,043,243
DCFS - Early Childhood Mental Health Services	\$8,943	\$0	\$0
DLAQ - Professional Development and Training	\$75,000	\$75,000	\$75,000
DLAA - Personal Services	\$3,131,366	\$3,544,067	\$3,544,067
DLAA - Operating	\$314,222	\$320,981	\$320,981
DLAA - Background Investigation Unit	\$337,768	\$290,533	\$290,533
Subtotal - Matching Funds	\$49,062,232	\$61,138,466	\$64,028,543
County MOE	\$9,123,140	\$8,985,901	\$8,985,901
Subtotal - MOE	\$9,123,140	\$8,985,901	\$8,985,901
Total - Matching Funds and MOE	\$58,185,372	\$70,124,367	\$73,014,444

#### Total CCDF COVID-19 Stimulus Awards and Expenditure

Federal CCDF Stimulus Funds	CARES	CRRSA	ARPA Discretionary	ARPA Stabilization
Total Award	\$42,457,884	\$119,294,226	\$178,914,747	\$286,156,175
Total Expenditures FY 20	\$21,683,372	\$0	\$0	\$0
Total Expenditures FY 21	\$12,763,224	\$0	\$0	\$0
Total Expenditures FY 22	\$817,084	\$44,132,784	\$44,745	\$165,874,190
Total Expenditures FY 23	\$7,194,081	\$72,423,576	\$25,763,639	\$118,411,031
Total Expenditures FY 24	\$122	\$2,737,866	\$129,563,051	\$1,870,954
Total Expenditures FY 25	\$0	\$0	\$23,543,312	\$0
Remaining Funds	\$0	\$0	\$0	\$0

- 6 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; 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:** The Department’s response for CCCAP is incorporated into the CCCAP issue brief. The response did not explicitly express how other states are or are not implementing federal regulations, but notes that Colorado risks losing its entire Child Care and Development Fund federal award if it does not comply. Finally, the RFI included the following historical revenue and expenditure information.

**Historical CCCAP Revenue, Expenditure, and Percentage Used on County Administration**

	Federal Fund	General Fund	County MOE	Federal Stimulus	Total Available	Total Expended	% Used: County Admin
SFY 2018-19	\$72,031,366	\$29,039,745	\$11,498,315	\$0	\$112,569,426	\$109,274,241	13.28%
SFY 2019-20	\$83,481,534	\$29,410,508	\$11,645,071	\$11,452,965	\$135,990,078	\$132,990,077	11.10%
SFY 2020-21	\$88,639,738	\$28,190,496	\$13,332,375	\$9,650,000	\$139,812,609	\$135,396,180	11.37%
SFY 2021-22	\$90,556,590	\$29,998,226	\$14,768,652	\$23,545,252	\$158,868,720	\$149,759,387	10.07%
SFY 2022-23	\$94,175,452	\$28,790,460	\$15,064,026	\$45,856,853	\$183,886,791	\$165,168,434	9.84%
SFY 2023-24	\$97,262,618	\$29,734,240	\$15,557,840	\$39,849,644	\$182,404,342	\$182,404,339	9.71%
SFY 2024-25	\$130,344,354	\$33,058,921	\$17,375,025	\$11,377,702	\$192,156,002	\$190,567,804	9.52%
SFY 2025-26	\$128,345,511	\$37,058,921	\$20,296,012	\$0	\$185,700,444		

Counties spent about \$17.6 million in FY 2024-25 to administer CCCAP.

- 8 Department of Health Care Policy and Financing, Medical Services Premiums; Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs; Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons; Governing Boards, Regents of the University of Colorado; Department of Human Services, Division of Child Welfare, Tony Grampsas Youth Services Program; Office of Early Childhood, Division of Community and Family Support, Nurse Home Visitor Program; Department of Military and Veterans Affairs, Division of Veterans Affairs, Colorado State Veterans Trust Fund Expenditures; Department of Personnel, Division of Human Resources, Employee Benefits Services, H.B. 07-1335 Supplemental State Contribution Fund; Department of Public Health and Environment, Disease Control and Public Health Response Division, Administration, General Disease Control, and Surveillance, Immunization Operating Expenses; Special Purpose Disease Control Programs, Sexually Transmitted Infections, HIV and AIDS Operating Expenses, and Ryan White Act Operating Expenses; Prevention Services Division, Chronic Disease Prevention Programs, Oral Health Programs; Primary Care Office – Each Department is requested to provide the following information to the Joint Budget Committee by October 1<sup>st</sup> of each year for each program funded with Tobacco Master Settlement Agreement money: the name of the program; the amount of Tobacco Master Settlement Agreement money received and expended by the program for the preceding fiscal year; a description of the program including the actual number of persons served and the services provided through the program; information evaluating the operation of the program, including the effectiveness of the program in achieving its stated goals.

**Comment:** Prior to FY 2024-25, 26.7 percent of tobacco master settlement money was deposited in the Nurse Home Visitor Program Fund for grants to providers and associated state administrative costs. Beginning in FY 2024-25, that amount was increased to 28.7 percent. Any unused money remains in the fund and is available for future appropriation. Pursuant to Section 26.5-3-507 (2)(d), C.R.S., "it is the intent of the general assembly that general fund money not be appropriated for implementation of the program." Below are program totals for the previous fiscal year.

### Nurse Home Visiting Program FY 2024-25 Funding

Category	Amount
Total FY 2024-25 MSA Appropriation	\$27,981,294
Actual FY 2024-25 MSA Expenditures	\$21,936,894
Total Underspent in FY 2024-25	\$6,044,400
Actual Administrative Expenditures	\$1,138,659
Administrative Expenditures as % of MSA Allocation	4.07%
Maximum % of Admin Expenditures Allowable	5.0%

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

In FY 2024-25 the Nurse Home Visitor Program served 3,618 children and completed 43,080 visits – 3,207 children and 37,326 visits of which were under state MSA funded NHVP.

Nurse vacancies continue to be the greatest challenge to caseload. Additionally, current projections of MSA revenue in the NHVP anticipates exhaustion of this funding source following FY 2030-31, which would result in a loss of services impacting 1,350 families.

- 9 All Departments – The Departments are requested to provide by November 1 of each fiscal year responses to the following:
  - a. Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE; and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE.
  - b. To what does the Department attribute this turnover/vacancy experience?
  - c. Do the statewide compensation policies or practices administered by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?

**Comment:** The Department's response will be summarized in the briefing for Total Compensation.

## Department of Early Childhood Requests

- 1 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:** The Department's deadline to submit this report is January 1, 2026.

- 2 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:** This report was submitted and its contents underlie the Universal Preschool Program section of Factors Driving the Budget. *Staff note: The italicized portion was accidentally listed as RFI #4 in the FY 2025-26 Legislative Requests for Information letter. It was intended to be a part of RFI #2. The Department included it in this response.*

- 3 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:** The Department of Early Childhood created new IT infrastructure upon its creation, building on existing and developing new systems. The Department received a \$14.7 million appropriation in FY 2021-22 to build the Early Childhood Integrated Data System (ECIDS) and the Unified Family Experience (UFE). It received an additional \$6.8 million in combined appropriations for the creation and enhancement of the Universal Preschool Enrollment system with partial funding in FY 2021-22 and the remainder in FY 2023-24.

Now that the foundation of all systems has been created, the Department is focusing on strengthening its current infrastructure, particularly on the following:

- Web experience, including user experience
- Support services, like improving experiences with help desks and phone lines
- Data architecture, including improving ECIDS, and overall data quality and integration

As part of this, CDEC is building its internal technology staffing by creating a web development team and hiring technology-focused project managers.

The Early Childhood Integrated Data System (ECIDS) connects and integrates data across multiple early childhood programs, including CCCAP and Universal Preschool. It intends to improve impact and outcomes tracking. The Department finished building the foundational platform on September 2024, which provides counts of children enrolled in UPK and CCCAP, and provider counts. The Department is exploring private funding options to continue ECIDS improvements, namely in building interoperability with other data systems, a

governance framework, more modernized reporting, a self-service portal, and continued privacy and security compliance.

#### ECIDS Anticipated Expenditures

	FY 2024-25	FY 2025-26 [1]	FY 2026-27 [1]	FY 2027-28 [1]
Operations & Maintenance	\$485,517	\$500,082	\$515,085	\$530,537
Total ECIDS expenses	\$485,517	\$500,082	\$515,085	\$530,537

[1] Reflects estimated expenditure.

The Unified Family Experience (UFE) intends to be a central hub for families and caregivers to access all early childhood and family supports. Its currently includes a service finder and application dashboard, launched in September 2024 and publicly promoted in March 2025. The Department is using a \$1.0 million grant from the Statewide Internet Portal Authority to improve the UFE's user experience and integration with five early childhood programs (programs are yet to be determined).

#### UFE Anticipated Expenditures

	FY 2024-25	FY 2025-26 [1]	FY 2026-27 [1]	FY 2027-28 [1]
Operations & Maintenance	\$520,833	\$526,041	\$531,302	\$536,615
Total UFE expenses	\$520,833	\$526,041	\$531,302	\$536,615

[1] Reflects estimated expenditure.

The Universal Preschool Enrollment system continues to be refined. The Department has launched multiple improvements: direct enrollment to providers; improved family dashboard; direct seat management for providers; targeted and automated alert system; role-based administrative permissions; and GIS integration to streamline enrollment for children with IEPs. In FY 2025-26, the Department plans to add a more robust income verification process for supplemental hour requests, application improvements based on user surveys, policy compliance updates, and provider onboarding improvements.

#### Universal Preschool Enrollment System Anticipated Expenditures

	FY 2024-25	FY 2025-26 [1]	FY 2026-27 [1]	FY 2027-28 [1]
Licensing & Platforms	\$1,472,533	\$1,516,709	\$1,562,210	\$1,609,077
Operations & Maintenance	\$650,808	\$780,970	\$804,399	\$828,531
Total UPK system expenses	\$2,123,341	\$2,297,679	\$2,366,609	\$2,437,608

[1] Reflects estimated expenditure.

Finally, the Child Care Automated Tracking System (CHATS) is used to administer CCCAP. Aside from annual appropriations towards maintenance, CHATS was appropriated \$1.8 million in IT Capital funding in FY 2025-26 to implement new federal CCCAP requirements. Given uncertainty over implementation of those requirements, the Department is updating its system quarterly. The next quarterly release includes prospective payment preparation, functionality to support payment by enrollment and improve overall payment processing, and adding substance use disorder treatment as an eligible activity according to H.B. 24-1223 (Improved Access to the Child Care Assistance Program).

#### CHATS Anticipated Expenditures

	FY 2024-25	FY 2025-26 [1]	FY 2026-27 [1]	FY 2027-28 [1]
CHATS Technology Licensing	\$1,256,467	\$1,504,054	\$1,504,054	\$1,504,054

	FY 2024-25	FY 2025-26 [1]	FY 2026-27 [1]	FY 2027-28 [1]
O&M	\$805,823	\$964,610	\$964,610	\$964,610
Enhancements	\$1,625,427	\$3,533,083	\$1,945,717	\$1,945,717
Total CHATS expenses	\$3,687,717	\$6,001,747	\$4,414,381	\$4,414,381

[1] Reflects estimated expenditure.

- 5 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:** The Department’s June and September RFI responses are summarized in the Early Intervention issue brief. The Department’s next presentation on Early Intervention is scheduled for December 12, 2025.

- 6 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 June 15 and December 15, a report to the Joint Budget Committee concerning 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:** The Department's June RFI responses are summarized in the Early Intervention issue brief. The Department's next presentation on Early Intervention is scheduled for December 12, 2025.

- 7 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:** Currently, 28 of the state’s 32 LCOs are also ECCs. Only four counties have an LCO separate from their ECC: Adams, Jefferson/Clear Creek/Gilpin, Eagle, and Denver.

The Department’s RFI response indicates significant statutory overlap between both programs. The core statutory and functional difference between both entities is that LCOs primarily support the Universal Preschool Program (UPK).

Statute does not specify a distinction between LCOs and ECCs, nor how both should collaborate. LCOs that are housed within an ECC inherently collaborate. CDEC facilitates collaboration between LCOs and ECCs that are separate through defining scope of work, holding monthly meetings, and addressing inefficiencies as they arise.

ECCs and LCOs note overlapping statute as a core challenge. Inefficiencies include overlapping data collection and coordination practices, particularly to support UPK providers. Overall, the overlap in statute creates confusion amongst ECCs and LCOs themselves, and providers and families seeking support.

Finally, overlapping statute also challenges the Department’s capacity as it must manage multiple contracts. CDEC oversees ECCs through three Quality Rating and Improvement coordinators and one supervisor in their Workforce Division. CDEC oversees LCOs through five LCO specialists and one supervisor in their Universal Preschool Division. These 10.0 FTE cost an estimated \$708,936 in FY 2025-26, not including benefits.

ECCs are funded through General Fund and federal Child Care Development Funds (CCDF). LCOs are funded through the Preschool Program Cash Fund. The Department shared the following cost comparison table.

**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

- 8 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:** The Department submitted the following information.

#### Grant Programs Overseen by the Department of Early Childhood

Grant Name	Description	How Administered	# Grants Awarded	Ave. Grant Award	# Family/ Children Served	Admin. Costs	Funding Source
Teacher Salary Grant Program	Funds the Teacher Wage Increase Pilot.	CDEC lottery system of child care centers.	19	195,000	300 teachers, serving 2,000 child care slots	\$290,124	CCDF
Family, Friend, and Neighbor Training Program	Funds training, materials, and technical assistance to Family, Friend, and Neighbor childcare providers. Funding expires December 2026.	Intermediary partner, Colorado Statewide Parent Coalition, administers grant.	15	180,460	N/A	\$178,732	SLFRF
Employer-Based Child Care Program	Funds building or remodeling child care center on or near an employer's property.	CDEC selects eligible non-child care entities	31	598,316	239 children served in FY 2024-25	\$216,991	SLFRF
Emerging and Expanding Grant Program	Funds child care facility start-ups or expansions.	CDEC contracts with ECCs.	241	\$22,601-\$96,051	Est. 830 infant, 1,685 toddler, and 3,717 pre-K slots created	\$163,042	SLFRF
Early Childhood Council Quality Improvement Grants	Support licensed providers enhancing quality levels through Colorado Shines.	ECCs distribute funds allocated by CDEC	928	\$2,800 - \$4,200	928 providers served	\$133,202	CCDF and State General Fund

- 9 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) 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 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 (e) how information regarding dually enrolled children is shared between programs.

**Comment:** The Department’s response is included in the CCCAP issue brief.

# Department Annual Performance Report

Departments must publish an **Annual Performance Report**<sup>18</sup> for the *previous state fiscal year* by November 1 of each year. This report summarizes the Department's performance plan and most recent performance evaluation. In addition, departments develop and submit a **Performance Plan**<sup>19</sup> for the *current fiscal year* to the Joint Budget Committee and the relevant Joint Committee of Reference by July 1 of each year.

Per statute<sup>20</sup>, the Joint Budget Committee must consider performance plans submitted by departments and may prioritize budget requests intended to enhance productivity, improve efficiency, reduce costs, and eliminate waste. To find the performance plans, search the Office of State Planning and Budgeting website and select the [performance plan](http://www.colorado.gov/pacific/performancemanagement/department-performance-plans) ([www.colorado.gov/pacific/performancemanagement/department-performance-plans](http://www.colorado.gov/pacific/performancemanagement/department-performance-plans)).

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<sup>18</sup> Section 2-7-205, C.R.S.

<sup>19</sup> Section 2-7-204 (3)(a), C.R.S.

<sup>20</sup> Section 2-7-204 (6), C.R.S.

## Appendix A: Numbers Pages

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



## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
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### Department of Early Childhood Executive Director, Executive Director

#### (1) Executive Director's Office

##### (A) General Administration

Personal Services	<u>5,567,125</u>	<u>7,154,461</u>	<u>8,320,096</u>	<u>8,845,364</u> *
FTE	71.8	75.8	77.8	80.3
General Fund	1,212,747	1,922,927	2,162,347	2,489,858
Cash Funds	(9,459)	135,549	180,811	180,895
Reappropriated Funds	3,933,454	5,095,985	5,976,938	6,174,611
Federal Funds	430,383	0	0	0
Health, Life, and Dental	<u>2,671,938</u>	<u>2,212,952</u>	<u>4,321,929</u>	<u>4,976,509</u>
FTE	0.0	0.0	0.0	0.0
General Fund	1,183,648	1,551,248	1,778,952	2,024,695
Cash Funds	309,664	186,975	920,600	876,252
Reappropriated Funds	1,178,626	0	822,673	359,512
Federal Funds	0	474,729	799,704	1,716,050
Short-term Disability	<u>21,591</u>	<u>16,939</u>	<u>17,153</u>	<u>17,104</u>
FTE	0.0	0.0	0.0	0.0
General Fund	9,630	11,610	7,435	7,064
Cash Funds	2,370	1,506	3,349	2,916
Reappropriated Funds	0	0	5,194	1,502
Federal Funds	9,591	3,823	1,175	5,622

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
S.B. 04-257 Amortization Equalization Disbursement	<u>717,363</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	319,921	0	0	0	
Cash Funds	78,873	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	318,569	0	0	0	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>717,363</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	319,921	0	0	0	
Cash Funds	78,873	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	318,569	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	773,984	1,062,199	1,009,196	
Cash Funds	0	100,382	478,385	416,577	
Reappropriated Funds	0	0	482,991	214,527	
Federal Funds	0	254,870	426,801	803,206	
Step Pay	<u>0</u>	<u>454,514</u>	<u>103,887</u>	<u>73,722</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	155,821	51,307	25,093	
Cash Funds	0	98,724	10,378	14,915	
Reappropriated Funds	0	2,474	6,661	5,244	
Federal Funds	0	197,495	35,541	28,470	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Paid Family and Medical Leave Insurance Program	<u>0</u>	<u>50,731</u>	<u>110,267</u>	<u>109,958</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	34,745	47,799	45,414	
Cash Funds	0	4,517	21,527	18,746	
Reappropriated Funds	0	0	21,735	9,654	
Federal Funds	0	11,469	19,206	36,144	
PERA Direct Distribution	<u>0</u>	<u>450,190</u>	<u>434,604</u>	<u>457,181</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	170,561	188,394	188,821	
Cash Funds	0	78,202	84,847	77,942	
Reappropriated Funds	0	52,689	95,410	40,138	
Federal Funds	0	148,738	65,953	150,280	
Statewide Indirect Cost Recoveries	<u>0</u>	<u>0</u>	<u>176,389</u>	<u>176,389</u>	
FTE	0.0	0.0	0.0	0.0	
Reappropriated Funds	0	0	176,389	176,389	
Salary Survey	<u>956,075</u>	<u>718,013</u>	<u>673,166</u>	<u>828,584</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	374,506	272,798	291,654	342,379	
Cash Funds	126,434	124,098	131,663	141,189	
Reappropriated Funds	0	4,400	70,534	72,781	
Federal Funds	455,135	316,717	179,315	272,235	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Shift Differential	<u>0</u>	<u>0</u>	<u>81</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	69	0	
Cash Funds	0	0	12	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Operating Expenses	<u>118,838</u>	<u>656,897</u>	<u>846,987</u>	<u>863,606</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	57,055	612,866	668,150	676,909	
Cash Funds	0	0	791	521	
Reappropriated Funds	61,783	44,031	177,708	185,838	
Federal Funds	0	0	338	338	
Workers' Compensation	<u>66,234</u>	<u>66,234</u>	<u>66,300</u>	<u>569,576</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	66,234	66,234	66,300	569,576	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	1,009,460	42,857	1,431,001	1,486,576	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Administrative Law Judge Services	<u>55,072</u>	<u>20,366</u>	<u>2,822</u>	<u>10,745</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	55,072	20,366	2,822	10,745	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	3,653	3,653	4,303	74,355	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Vehicle Lease Payments	<u>6,939</u>	<u>8,905</u>	<u>8,026</u>	<u>7,078</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	6,939	8,905	8,026	7,078	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Capital Outlay	<u>36,249</u>	<u>17,419</u>	<u>126,730</u>	<u>126,730</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	36,249	17,419	126,730	126,730	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Operational Support Contract with Department of Human Services	<u>80,460</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	51,666	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	28,794	0	0	0	
Federal Funds	0	0	0	0	
Leased Space	<u>296,520</u>	<u>314,649</u>	<u>332,520</u>	<u>342,020</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	102,819	117,173	123,032	126,547	
Cash Funds	0	277	291	299	
Reappropriated Funds	193,701	197,199	209,197	215,174	
Federal Funds	0	0	0	0	
<b>SUBTOTAL - (A) General Administration</b>	12,324,880	13,318,016	19,426,637	21,409,003	10.2%
FTE	<u>71.8</u>	<u>75.8</u>	<u>77.8</u>	<u>80.3</u>	<u>3.2%</u>
General Fund	4,809,520	5,783,167	8,020,520	9,211,036	14.8%
Cash Funds	586,755	730,230	1,832,654	1,730,252	(5.6%)
Reappropriated Funds	5,396,358	5,396,778	8,045,430	7,455,370	(7.3%)
Federal Funds	1,532,247	1,407,841	1,528,033	3,012,345	97.1%

### (B) Information Technology

CORE Payroll	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,467</u> *
FTE	0.0	0.0	0.0	0.0
General Fund	0	0	0	8,467

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	4,756,340	7,710,595	7,852,664	7,852,446	
Cash Funds	0	2,880,423	3,260,000	3,260,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,684,611	281,541	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	29,569	48,370	66,622	66,622	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	72,434	110,978	505,174	505,174	
Payments to OIT	<u>6,667,081</u>	<u>10,167,399</u>	<u>14,906,899</u>	<u>15,023,746</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	5,669,029	8,013,640	12,285,052	12,123,531	
Cash Funds	0	0	0	0	
Reappropriated Funds	998,052	2,153,759	2,621,847	2,900,215	
Federal Funds	0	0	0	0	
IT Accessibility	<u>392,659</u>	<u>294,829</u>	<u>0</u>	<u>174,762</u>	*
FTE	2.0	0.0	0.0	0.9	
General Fund	152,255	158,092	0	174,762	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	240,404	136,737	0	0	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
CORE Operations	<u>71,546</u>	<u>15,600</u>	<u>21,441</u>	<u>95,098</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	71,546	15,600	21,441	95,098	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Child Care Automated Tracking System	<u>2,671,600</u>	<u>3,687,718</u>	<u>4,414,382</u>	<u>3,945,244</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	504,449	35,311	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,671,600	3,687,718	3,909,933	3,909,933	
<b>SUBTOTAL - (B) Information Technology</b>	16,345,840	25,197,453	31,706,668	31,611,045	(0.3%)
FTE	<u>2.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.9</u>	NaN
General Fund	10,678,739	15,946,297	20,730,228	20,356,237	(1.8%)
Cash Funds	0	2,880,423	3,260,000	3,260,000	0.0%
Reappropriated Funds	998,052	2,153,759	2,621,847	2,900,215	10.6%
Federal Funds	4,669,049	4,216,974	5,094,593	5,094,593	0.0%
<b>TOTAL - (1) Executive Director's Office</b>	28,670,720	38,515,469	51,133,305	53,020,048	3.7%
FTE	<u>73.8</u>	<u>75.8</u>	<u>77.8</u>	<u>81.2</u>	4.4%
General Fund	15,488,259	21,729,464	28,750,748	29,567,273	2.8%
Cash Funds	586,755	3,610,653	5,092,654	4,990,252	(2.0%)
Reappropriated Funds	6,394,410	7,550,537	10,667,277	10,355,585	(2.9%)
Federal Funds	6,201,296	5,624,815	6,622,626	8,106,938	22.4%



## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
<b>(2) Partnerships and Collaborations</b>					
Personal Services	<u>773,097</u>	<u>789,801</u>	<u>852,058</u>	<u>864,651</u>	
FTE	6.5	6.5	6.5	6.5	
General Fund	272,633	283,139	286,380	291,524	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	500,464	506,662	565,678	573,127	
Operating Expenses	<u>132,206</u>	<u>65,722</u>	<u>182,766</u>	<u>182,766</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	42,929	45,798	45,846	45,846	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	89,277	19,924	136,920	136,920	
Local Coordinating Organizations	<u>5,126,336</u>	<u>4,340,668</u>	<u>4,521,570</u>	<u>2,800,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	3,640,190	4,521,570	2,800,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	5,126,336	700,478	0	0	
Early Childhood Councils	<u>3,288,603</u>	<u>4,290,566</u>	<u>4,414,452</u>	<u>4,414,452</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	999,771	1,000,000	1,000,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,288,603	3,290,795	3,414,452	3,414,452	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Child Care Resource and Referrals	<u>2,167,402</u>	<u>1,171,572</u>	<u>663,835</u>	<u>663,835</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,167,402	1,171,572	663,835	663,835	
Family Resource Centers	<u>1,548,122</u>	<u>1,745,654</u>	<u>1,545,654</u>	<u>1,545,654</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	1,548,122	1,745,654	1,545,654	1,545,654	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Indirect Cost Assessment	<u>125,540</u>	<u>206,586</u>	<u>386,287</u>	<u>385,280</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	125,540	206,586	386,287	385,280	
<b>TOTAL - (2) Partnerships and Collaborations</b>	<b>13,161,306</b>	<b>12,610,569</b>	<b>12,566,622</b>	<b>10,856,638</b>	<b>(13.6%)</b>
FTE	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>0.0%</u>
General Fund	1,863,684	3,074,362	2,877,880	2,883,024	0.2%
Cash Funds	0	3,640,190	4,521,570	2,800,000	(38.1%)
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	11,297,622	5,896,017	5,167,172	5,173,614	0.1%

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
<b>(3) Early Learning Access and Quality</b>					
Personal Services	<u>8,271,476</u>	<u>11,030,532</u>	<u>8,855,201</u>	<u>9,089,334</u>	
FTE	50.7	56.4	61.0	57.6	
General Fund	2,331,372	4,986,129	3,044,800	3,101,714	
Cash Funds	500,110	969,231	993,476	1,078,751	
Reappropriated Funds	0	0	0	0	
Federal Funds	5,439,994	5,075,172	4,816,925	4,908,869	
Operating Expenses	<u>109,610</u>	<u>190,745</u>	<u>245,326</u>	<u>238,784</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	28	81,959	19,022	12,480	
Cash Funds	10,701	35,862	18,430	18,430	
Reappropriated Funds	0	0	0	0	
Federal Funds	98,881	72,924	207,874	207,874	
Universal Preschool Program	<u>311,091,079</u>	<u>335,903,744</u>	<u>349,096,944</u>	<u>363,401,465</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	170,000,000	146,301,440	146,333,200	150,137,863	
Cash Funds	141,091,079	189,602,304	202,763,744	213,263,602	
Reappropriated Funds	0	0	0	0	
Federal Funds	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	29,734,240	33,058,921	37,058,921	37,671,250	
Cash Funds	0	0	20,296,012	20,296,012	
Reappropriated Funds	0	0	0	100,000	
Federal Funds	116,703,213	133,608,226	128,345,511	128,245,511	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Intrastate Child Care Assistance Program Distribution	<u>115,380</u>	<u>198,676</u>	<u>500,000</u>	<u>500,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	115,380	198,676	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	20,309,046	6,492,554	0	0	
Workforce Recruitment and Retention Grants	<u>10,173,650</u>	<u>1,408,786</u>	<u>1,128,167</u>	<u>1,228,167</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	10,173,650	1,408,786	1,128,167	1,228,167	
Professional Development and Training Assistance	<u>5,217,173</u>	<u>2,891,079</u>	<u>2,425,317</u>	<u>1,435,317</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	40,000	75,000	75,000	75,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	5,177,173	2,816,079	2,350,317	1,360,317	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Early Childhood Quality and Availability	<u>20,504,882</u>	<u>11,965,758</u>	<u>10,490,649</u>	<u>6,890,887</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	3,042,817	3,009,461	3,043,243	3,043,243	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	17,462,065	8,956,297	7,447,406	3,847,644	
Emerging and Expanding Child Care Grant Program	<u>6,991,893</u>	<u>3,395,129</u>	<u>0</u>	<u>0</u>	
FTE	3.5	0.0	0.0	0.0	
General Fund	2,469,042	0	0	0	
Cash Funds	0	1,322,536	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	4,522,851	2,072,593	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	2,557,717	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	5,279,400	118,612	0	0	
Family, Friend, and Neighbor Training and Support Program	<u>412,786</u>	<u>2,429,975</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	2,122,652	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	412,786	307,323	0	0	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Child Care Sustainability Grant Program	<u>16,159,991</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	16,159,991	0	0	0	
Employer-Based Child Care Facility Grant Program	<u>4,167,878</u>	<u>3,462,255</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	1,883,029	0	0	0	
Cash Funds	0	2,259,164	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,284,849	1,203,091	0	0	
Imagination Library of Colorado	<u>0</u>	<u>0</u>	<u>1,624,365</u>	<u>1,624,365</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,985,843	3,478,245	4,931,423	4,925,322	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
<b>TOTAL - (3) Early Learning Access and Quality</b>	558,227,540	552,190,954	564,997,836	575,646,414	1.9%
<i>FTE</i>	<u>54.2</u>	<u>56.4</u>	<u>61.0</u>	<u>57.6</u>	(5.6%)
General Fund	209,500,528	187,512,910	191,198,551	195,665,915	2.3%
Cash Funds	141,601,890	198,869,466	224,071,662	234,656,795	4.7%
Reappropriated Funds	0	0	0	100,000	0.0%
Federal Funds	207,125,122	165,808,578	149,727,623	145,223,704	(3.0%)

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
<b>(4) Community and Family Support</b>					
Personal Services	<u>2,420,530</u>	<u>3,598,028</u>	<u>4,389,273</u>	<u>4,483,972</u>	
FTE	26.8	24.7	23.8	23.8	
General Fund	2,043,126	3,210,437	2,041,221	2,091,847	
Cash Funds	302,613	302,091	489,586	508,698	
Reappropriated Funds	0	0	0	0	
Federal Funds	74,791	85,500	1,858,466	1,883,427	
Operating Expenses	<u>106,018</u>	<u>1,735,684</u>	<u>329,641</u>	<u>329,641</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	102,308	1,732,894	185,233	185,233	
Cash Funds	3,710	2,338	52,188	52,188	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	452	92,220	92,220	
Early Intervention	<u>87,355,234</u>	<u>90,742,980</u>	<u>99,946,707</u>	<u>100,101,368</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	58,094,847	62,492,837	76,986,834	77,141,495	
Cash Funds	15,068,806	16,590,510	10,987,177	10,987,177	
Reappropriated Funds	0	0	5,940,111	5,940,111	
Federal Funds	14,191,581	11,659,633	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>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	586,814	550,504	628,226	5,728,226	
Cash Funds	22,441,157	21,561,609	27,400,370	22,300,370	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,887,835	1,896,055	1,763,337	1,763,337	



## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Home Visiting Grant Program	<u>116,019</u>	<u>212,030</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	42,625	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	116,019	169,405	0	0	
Child Maltreatment Prevention	<u>9,969,305</u>	<u>12,648,422</u>	<u>14,547,067</u>	<u>14,017,067</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	7,648,828	8,578,344	8,200,453	2,570,453	
Cash Funds	61,239	136,552	2,208,216	7,308,216	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,259,238	3,933,526	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	1,595,830	1,627,657	1,627,813	1,347,813	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,957,651	1,734,639	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>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	608,363	722,333	817,289	817,289	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
Child Care Services and Substance Use Disorder					
Treatment Pilot Program	<u>499,978</u>	<u>483,053</u>	<u>500,000</u>	<u>0</u> *	
FTE	0.0	0.0	0.0	0.0	
General Fund	499,978	483,053	500,000	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Children's Mental Health Program	<u>503,679</u>	<u>610,895</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	611,408	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	503,679	(513)	0	0	
Indirect Cost Assessment	<u>439,951</u>	<u>951,668</u>	<u>1,000,976</u>	<u>997,617</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	150,126	232,763	308,754	308,597	
Reappropriated Funds	0	0	0	0	
Federal Funds	289,825	718,905	692,222	689,020	
Universal Home Visiting Pilot Program	<u>0</u>	<u>0</u>	<u>2,528,842</u>	<u>2,528,842</u>	
FTE	0.0	0.0	1.0	1.0	
General Fund	0	0	2,528,842	2,528,842	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
<b>TOTAL - (4) Community and Family Support</b>	134,488,364	139,075,557	157,540,990	156,476,991	(0.7%)
<i>FTE</i>	<u>26.8</u>	<u>24.7</u>	<u>24.8</u>	<u>24.8</u>	<u>0.0%</u>
General Fund	70,571,731	78,675,726	92,698,622	91,593,909	(1.2%)
Cash Funds	38,636,014	40,202,229	42,263,580	42,282,535	0.0%
Reappropriated Funds	0	0	5,940,111	5,940,111	0.0%
Federal Funds	25,280,619	20,197,602	16,638,677	16,660,436	0.1%

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
<b>(5) Licensing and Administration</b>					
Personal Services	<u>9,356,755</u>	<u>10,408,681</u>	<u>10,798,873</u>	<u>10,106,199</u>	*
FTE	62.4	63.1	64.3	82.7	
General Fund	2,450,141	2,775,885	2,850,540	2,319,056	
Cash Funds	1,035,613	1,168,200	1,283,751	1,320,800	
Reappropriated Funds	0	0	0	0	
Federal Funds	5,871,001	6,464,596	6,664,582	6,466,343	
Operating Expenses	<u>295,931</u>	<u>399,163</u>	<u>505,950</u>	<u>659,474</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	11,387	102,752	49,366	49,366	
Cash Funds	231,148	263,066	271,615	271,615	
Reappropriated Funds	0	0	0	0	
Federal Funds	53,396	33,345	184,969	338,493	
Background Investigation Unit	<u>1,002,970</u>	<u>884,237</u>	<u>1,261,344</u>	<u>1,261,344</u>	
FTE	8.0	8.6	8.7	8.7	
General Fund	0	0	0	0	
Cash Funds	1,002,970	884,237	1,261,344	1,261,344	
Reappropriated Funds	0	0	0	0	
Federal Funds	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>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	100,449	156,288	317,720	317,877	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,642,366	2,619,613	3,618,940	3,757,858	

## Appendix A: Numbers Pages

	FY 2023-24 Actual	FY 2024-25 Actual	FY 2025-26 Appropriation	FY 2026-27 Request	Request vs. Appropriation
<b>TOTAL - (5) Licensing and Administration</b>	12,398,471	14,467,982	16,502,827	16,102,752	(2.4%)
<i>FTE</i>	<u>70.4</u>	<u>71.7</u>	<u>73.0</u>	<u>91.4</u>	<u>25.2%</u>
General Fund	2,461,528	2,878,637	2,899,906	2,368,422	(18.3%)
Cash Funds	2,370,180	2,471,791	3,134,430	3,171,636	1.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	7,566,763	9,117,554	10,468,491	10,562,694	0.9%
<b>TOTAL - Department of Early Childhood</b>	746,946,401	756,860,531	802,741,580	812,102,843	1.2%
<i>FTE</i>	<u>231.7</u>	<u>235.1</u>	<u>243.1</u>	<u>261.5</u>	<u>7.6%</u>
General Fund	299,885,730	293,871,099	318,425,707	322,078,543	1.1%
Cash Funds	183,194,839	248,794,329	279,083,896	287,901,218	3.2%
Reappropriated Funds	6,394,410	7,550,537	16,607,388	16,395,696	(1.3%)
Federal Funds	257,471,422	206,644,566	188,624,589	185,727,386	(1.5%)

# Appendix B: List of County Optional Policies

Source: [https://docs.google.com/spreadsheets/d/1smhDzGnHNxEVCXrEOa0Qpm\\_-Tjt-todHvTJliWTfIWE/edit?gid=1369515819#gid=1369515819](https://docs.google.com/spreadsheets/d/1smhDzGnHNxEVCXrEOa0Qpm_-Tjt-todHvTJliWTfIWE/edit?gid=1369515819#gid=1369515819)

Option Area	County Option	Definition/Explanation	County Cost Savings Consideration	Provider Impact	Family Impact
Provider Payment	Activity Fees Registration Fees Transportation Fees	Counties have the option to pay for activity, registration, and transportation (ART) fees if the child care provider is licensed and if the fiscal agreement contains the child care provider's policy on the fees.	Counties that currently pay for these fees could reduce the amount they pay or stop covering the cost of the fees altogether to save their allocation.	Reducing or stopping payment of these fees has a negative impact on provider payment.	Providers may not charge families in excess of the agreed fees. In the instance that a county does not cover these fees, they may not be charged to CCCAP households.
	*Future Federal Requirement*	Counties set their own limit on fees in the County Rate Plan in CHATS	It's important to note that the payment of Registration Fees will soon become required so it would only be recommended that counties stop or reduce payment for Activity and Transportation Fees.		
Provider Payment	County Absence Payout	Counties must pay for absences as follows: - No fewer than three (3) absences per month if they are in levels one (1) or two (2) of the Department's quality rating and improvement system. - No fewer than four (4) absences per month if they are in levels three (3), four (4), or five (5) of the Department's quality rating and improvement system. - No fewer than three (3) absences per month if they are school-age age child care program that does not have a quality rating through the Department's quality rating and improvement system.	Retaining the minimum amount of absences as noted ensure payout will only be incurred for the minimum amount. Counties could reduce the number of absences paid out to reduce costs.	Maintaining the minimum can often adversely affect provider payment when families have monthly absences that exceed the minimum amounts.	The provider can directly bill the family for the additional absences that are incurred but not paid by the county, resulting in the family being required to pay out of pocket.
Provider Payment	Holiday Pay  *Future Federal Requirement*	Counties may pay licensed child care providers for holidays. Counties choose which holidays they pay in the County Rate Plan in CHATS.	Counties may opt out of paying some or all holidays to reduce costs.	Reducing or stopping the payment of holidays has a negative impact on provider payment.	Because the holiday payment goes out instead of an absence, a provider may bill the family if they are open to provide care and they do not attend, resulting in the family being required to pay out of pocket.

Option Area	County Option	Definition/Explanation	County Cost Savings Consideration	Provider Impact	Family Impact
Provider Payment	Hold Slots	Hold slots are intended to hold a child's slot with a provider due to extended absence from care.	Counties may reduce the number of hold slot days they pay for or opt out of paying hold slots to reduce costs.	Reducing or stopping the payment of hold slots has a negative impact on provider payment.	If a provider does not receive a hold slot payment when the child is out due to an extended absence, the provider may choose to no longer accept that child, resulting in the family having to find a new provider.
Provider Payment	Drop in Days	Drop-in days are intended to allow a child to attend care, even if it is a day that isn't authorized. Drop-in days allow a parent with an irregular schedule to receive care exactly when they need it. If a county doesn't use drop-in days, they must authorize every day of possible care to ensure care is covered. Drop-in days ultimately ensure absence payments can be made when the child is truly absent.	Reducing or stopping the use of drop-in days <b>may result in an increase in expenditures</b> as more absence payments are likely to be paid even if it doesn't align with the child's care needs.	Reducing or stopping the payment of drop-in days has a negative impact on provider payment if the parent needs care on days that aren't already authorized due to factors such as an irregular activity schedule.	If a county doesn't offer drop in days and the county doesn't authorize all of the days that the child could potentially work, the parent has to regularly ensure that they report their schedule changes to the county to ensure the correct days are authorized.
Provider Payment	Slots Contract  <b>*Future Federal Requirement*</b>	Counties may pay for vacant slots at a licensed child care provider for children enrolled in CCCAP in communities where quality care may not otherwise be available to county-identified target populations and areas or to incentivize or maintain quality. When a slot is filled, the provider is reimbursed based on attendance or enrollment depending on the age of the child.	Not paying for Slot Contracts reduces the amount of payment that counties are making.	Stopping the use of Slot Contracts reduces provider payment since they would revert to only receiving attendance/enrollment-based payments.	Families receiving CCCAP may not be able to access providers as easily since a vacant spot is not being held for them.
Provider Payment	Alternative Rates	Counties may choose to set alternative rates based on care provided that more closely supports the level of care given. These rates include: After School; Before School; Before and After School; Disability; Evening; Out-of-County; Overnight; and Weekend. Non-traditional care (evening, weekend, and overnight) is typically paid at a higher reimbursement rate than the state-established regular rate.	Reducing the rate paid or not offering alternative rates that provide higher reimbursement could reduce expenditures.	Provider reimbursement may be reduced.  Ex - Boulder County 10.1.24 Fiscal Agreement Before and After part-time Tier 1=24.68 vs. Regular (state-established) School Age part-time Tier 1=22.17. Thus the provider receives \$2.51 more with the Before and	Families may not be able to access providers/alternative care types as easily as the providers may choose to not accept CCCAP if they don't receive this higher level of reimbursement.

Option Area	County Option	Definition/Explanation	County Cost Savings Consideration	Provider Impact	Family Impact
				After rate type vs. using the Regular rate for School Age part-time care.  Ex - Disability Rate - This rate is set higher to support a higher level of care.	
Eligibility	Initial Income Eligibility Thresholds	A county may set their initial income eligibility thresholds higher than what is set by the Department, so long as it does not exceed the maximum federal level for eligibility for services of eighty-five percent of the state median income for a family of the same size and the county is serving all eligible families who have applied for CCCAP and whose income level is below that requirement.	If a county currently has an initial income eligibility threshold that is higher than what was established by the state, it can lower the threshold to the state-determined level to reduce the number of families that are eligible to apply for the program.  Families already approved to receive services are not impacted by any reduction in the initial income threshold as they are to be considered income-eligible until they reach 85% of the State Median Income.	No direct impact	Fewer families are eligible to apply for Low Income Child Care services.
Eligibility	Homeless Stabilization	Households that meet the definition of “families experiencing homelessness” must be provided a child care authorization during a stabilization period of at least sixty (60) consecutive calendar days, within a twelve (12) month period, to allow the household the opportunity to submit verification for ongoing child care benefits.	Counties that offer a stabilization period that is longer than 60 days could offer less time or reduce it to the state minimum, reducing the amount of time they are required to not assess a parent fee. Families may also roll off the program sooner as they have less time to provide necessary documentation.  Counties that offer longer stabilization periods may not see drastic cost savings immediately. Counties that reduce their stabilization period to a lesser amount of time or the state minimum are not allowed to roll families off that are currently receiving the longer stabilization period, however. For example, if a county reduces its time limit from 90 days to 60 days, a family initially approved to receive 90 days of stabilization must	Providers could have fewer families receiving CCCAP enrolled if this population become ineligible sooner.	Families may lose services sooner and families experiencing homelessness will have decreased access to care.



Option Area	County Option	Definition/Explanation	County Cost Savings Consideration	Provider Impact	Family Impact
Eligibility	Job Search	Counties must provide families no fewer than thirteen (13) weeks of child care for each instance of non-temporary cessation of activity. This includes at application, during the eligibility period, and at redetermination. There are no limits on what causes the cessation of activity and we cannot restrict this. If a client is no longer in their eligible activity, the Job Search time must be provided.	receive the entire 90 days even after the county makes the reduction.		
			Counties that offer more than 13 weeks could offer less time or reduce it to the state minimum, possibly reducing the amount of time a family is eligible for the program.  Counties that offer longer job search time limits may not see drastic cost savings immediately. Counties that reduce their job search time limit to a lesser amount of time or the state minimum are not allowed to roll families off that are currently receiving the longer job search time limit. For example, if a county reduces its time limit from 26 weeks to 13 weeks, a family initially approved to receive 26 weeks must receive the entire 26 weeks even after the county makes the reduction.	Providers could have fewer families receiving CCCAP enrolled if this population become ineligible sooner.	Families would lose services sooner.
Eligibility	Education Time Limits	1) Counties must offer no less than 104 weeks (two years) of post-secondary education and vocational/workforce/technical job skills training but may offer up to 208 weeks (four years).	Counties that offer higher amounts of time for education may reduce it to the state minimum or lower amounts, possibly reducing the number of families that are eligible for the program.	Providers could have fewer families receiving CCCAP enrolled if this population become ineligible sooner.	Families would lose services sooner.
		2) Counties must offer up to 52 weeks (one year) of basic education	Counties that offer longer education time limits may not see drastic cost savings immediately. Counties that reduce their education time limit to a lesser amount of time or the state minimum are not allowed to roll families off that are currently receiving the longer education limit. For example, if a county reduces its post-secondary education time limit from 208 weeks to 104 weeks, a family initially approved to receive 208 weeks must receive the entire 208 weeks even after the county makes the reduction.		

Option Area	County Option	Definition/Explanation	County Cost Savings Consideration	Provider Impact	Family Impact
Eligibility	<b>Orientation or interview for new applicants may be required</b>  <b>*Will be removed in 2026 (HB24-1223)*</b>	An orientation or interview for new applicants as a county option. Counties shall ensure that the orientation or interview process is not burdensome to families by allowing a family to complete the process via phone or electronic tools or by offering extended office hours to hold the orientation or interview	Counties that require orientations or interviews may have the need for a slightly different model of intake/staffing. Counties that have dedicated intake teams to perform this task could see a cost reduction in admin costs if they do away with this process.	No direct impact	Families may receive services sooner if they are able to attend an interview and provide information. Not utilizing this option may result in more applications being denied or applications may take longer to approve if multiple pieces of verification are needed.
Eligibility	<b>Parent Fees</b>	<p>The household's contribution to the total cost of child care paid directly to the child care provider(s) prior to any state/county child care funds being expended. Counties have the following options which are outlined in their County Plan:</p> <p>1) Offering parent fee hardships and reducing the fee to \$5 for up to 6 months. The hardship may be extended for another 6-month period if the client requests it and the county policy allows for it.</p> <p>2) Offering to waive parent fees if the child is dually enrolled in Head Start/Early Head Start.</p> <p>3) Offering to waive parent fees for teen parent households</p>	<p>Counties that utilize one or more of these options may see a reduction in cost as the parent would cover more of the cost of care.</p> <p>Counties that waive or reduce parent fees for a high number of families may not see drastic cost savings immediately. If a county has waived or reduced a fee and not provided notice of the higher fees that the family may have to pay via CHATS correspondence, the parent fee must remain at zero or the reduced amount for the remainder of the family's 12-month eligibility period.</p>	If a parent cannot afford their parent fee, they are unlikely to pay the provider resulting in a hardship for the provider.	Not waiving fees or granting hardships increases the cost of care for families.
Eligibility	<b>Protective Services Child Care (PSCC)</b>	Counties may offer Protective Services Child Care (PSCC) for children that have been placed by the county in foster home care, kinship foster home care, or non-certified kinship care; and have an open child welfare case. If counties elect to offer PSCC, the cost of care for these families is covered through CCDF rather than the Child Welfare Block Grant.	<p>Counties that offer PSCC could opt to no longer utilize this option, freeing up more CCDF dollars. Opting out of using PSCC would increase their Child Welfare Block Grant expenditures.</p> <p>Counties that offer PSCC to a high number of families may not see drastic cost savings immediately. The county will have to cover the cost of care through PSCC until the family is no longer eligible for PSCC due to 12-month eligibility requirements under CCDF.</p>	Opt out of PSCC the county must use Child Welfare funding to support this care. The county is either spending the money from their Child Welfare funding or their CCDF allocation	Opt out of PSCC the county must use Child Welfare funding to support this care. The county is either spending the money from their Child Welfare funding or their CCDF allocation

Option Area	County Option	Definition/Explanation	County Cost Savings Consideration	Provider Impact	Family Impact
Eligibility	Waitlist	<p>Counties may implement a waitlist via their County Plan in CHATS when: Department-generated projections indicate that a county's allocation will be at least eighty-five percent (85%) expended by the end of the fiscal year; or, a county is able to demonstrate a fiscal need that includes factors that are not accounted for in the Department-generated projections for county CCAP expenditures, such as, but not limited to, drastic economic changes.</p> <p>If your county has not hit the thresholds outlined in rule for this State Fiscal Year, please still reach out to CDEC to start the process. Given the average number of years a child receives CCCAP (35 months) and the costs of the new changes coming in August 2026, CDEC will help generate longer-term projections for your county.</p>	<p>Counties save funds by implementing a waitlist as it slows enrollment ultimately reducing the cost of care for families going onto the program.</p> <p>Please note that families qualifying for Child Welfare CCCAP, Colorado Works CCCAP, or are transitioning from Colorado Works to Low Income CCCAP bypass the waitlist and are required to be served.</p> <p>Counties are still required to cover the cost of care to families who are already approved for Low Income CCCAP including continuing services for families that remain eligible at redetermination.</p>	Providers could have fewer families receiving CCCAP enrolled as the newly eligible population will reduce.	Families will have a delay in getting services.
Eligibility	Freeze	<p>Counties may implement a freeze via their County Plan in CHATS when: A county may apply to the Department to implement a freeze when: Department-generated projections indicate that a county's allocation will be at least ninety-five percent (95%) expended by the end of the fiscal year; or a county is able to demonstrate a fiscal need that includes factors that are not accounted for in the Department-generated projections for county CCCAP expenditures, such as, but not limited to drastic economic changes.</p> <p>If your county has not hit the thresholds outlined in rule for this State Fiscal Year, please still reach out to CDEC to start the process. Given the average number of years a child receives CCCAP (35 months) and the costs of the new changes coming in August 2026, CDEC will help generate longer-term projections for your county.</p>	<p>Counties save funds by implementing a freeze as it stops enrollment ultimately reducing the cost of care for families going onto the program.</p> <p>Please note that families qualifying for Child Welfare CCCAP, Colorado Works CCCAP, or are transitioning from Colorado Works to Low Income CCCAP bypass the freeze and are required to be served.</p> <p>Counties are still required to cover the cost of care to families who are already approved for Low Income CCCAP including continuing services for families that remain eligible at redetermination.</p>	Providers could have fewer families receiving CCCAP enrolled as the newly eligible population will reduce.	Families are unable to access services.

Option Area	County Option	Definition/Explanation	County Cost Savings Consideration	Provider Impact	Family Impact
<b>Eligibility</b>	<b>Presumptive Eligibility</b>	Counties have the option to cover the cost of care for a family who has not yet been fully determined eligible for the program.	No impact as counties do not currently offer this.	No impact as counties do not currently offer this.	No impact as counties do not currently offer this.

# Appendix C: Independent Evaluation of the Department

House Bill 22-1295 (Department Early Childhood and Universal Preschool Program) required an independent evaluation of the Department by November 1, 2025. The full report is found here:

<https://docs.google.com/document/d/1jZfL6xeQaX5JaggXl4EBZEgpM9RzjyMLvmXnTEK1F60/edit?usp=sharing>

It is briefly summarized below.

## Summary

- The Department contracted with Child Trends and Watershed Advisors to review its operations.
- Evaluators got input from stakeholders receiving, implementing, and coordinating Department services.
- The report highlights the benefits of consolidating various early childhood programs across the state into a unified Department, and the Department's efforts to improve workforce capacity.
- It generally recommends strengthening cross-program coordination through aligning the Department's governance structure, improving data systems, aligning policy and operations, and leveraging local partners.

## Notable Findings

- The Department lacks a unifying definition of quality standards across programs, particularly within licensed child care and CCCAP.
- Siloed data systems, inconsistent navigation support, and unclear roles limit cross-system coordination.
- The Departments' governance structure must evolve to promote transparency and efficiency, particularly to address program silos and uneven local implementation of programs.
- Universal Preschool's impact on the Colorado Child Care Assistance Program is unclear due to the separate data systems and recent policy changes limiting insights.
- In two or three years after existing programs mature, the Department may want to consider moving Part B, Section 619 preschool special education into the Department from the Department of Education.

## Recommendations from Report

1. Organize Department by function instead of programs to improve coordination
2. Coordinate and simplify program structures including with policy, enrollment, data collection, and funding
3. Strengthen and streamline local infrastructure to improve program coordination and funding
4. Develop a unified, data-driven quality improvement system like integrating QRIS and ECIDS
5. Mature the Department's data infrastructure and integrate programs through ECIDS
6. Improve interagency collaboration for programs serving children with developmental delays and disabilities
7. Pursue sustainable funding for workforce recruitment and retention
8. Strengthen family and provider feedback through improving existing advisory structures