Joint Budget Committee

Staff Budget Briefing
FY 2027-28

Department of Early Childhood

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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://content.leg.colorado.gov/content/budget#budget-documents-section).

Overview of Early Childhood

The Department of Early Childhood supports 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.
- **Colorado Child Care Assistance Program (CCCAP)**: Provides assistance with child care expenses for low-income families and offers strategic financial support for providers and workforce development.
- **Early Intervention Services:** Provides targeted support services for families with children birth through two 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

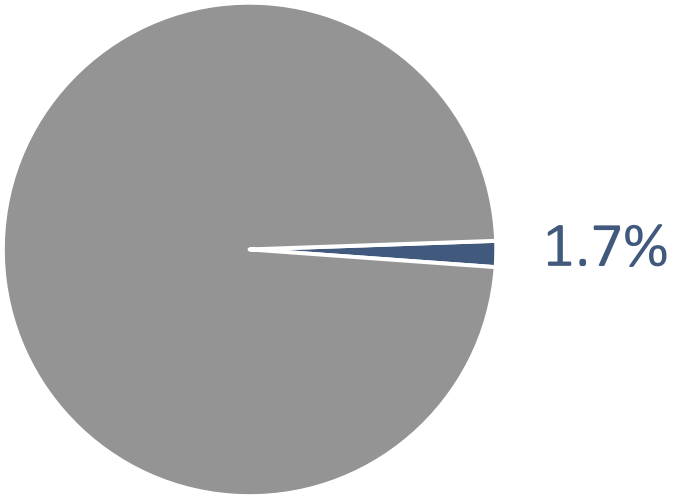
Early Childhood

Funding Source	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28 [1]
General Fund	$296,620,566	$309,734,489	$298,900,422	$314,228,597
Cash Funds	267,930,827	289,035,859	300,692,810	303,608,296
Reappropriated Funds	15,410,241	16,574,957	15,744,219	15,183,598
Federal Funds	206,074,502	188,079,629	183,936,671	175,201,571
Total Funds	$786,036,136	$803,424,934	$799,274,122	$808,222,062
Full Time Equivalent Staff	235.1	243.1	256.1	256.3

[1] Requested appropriation.

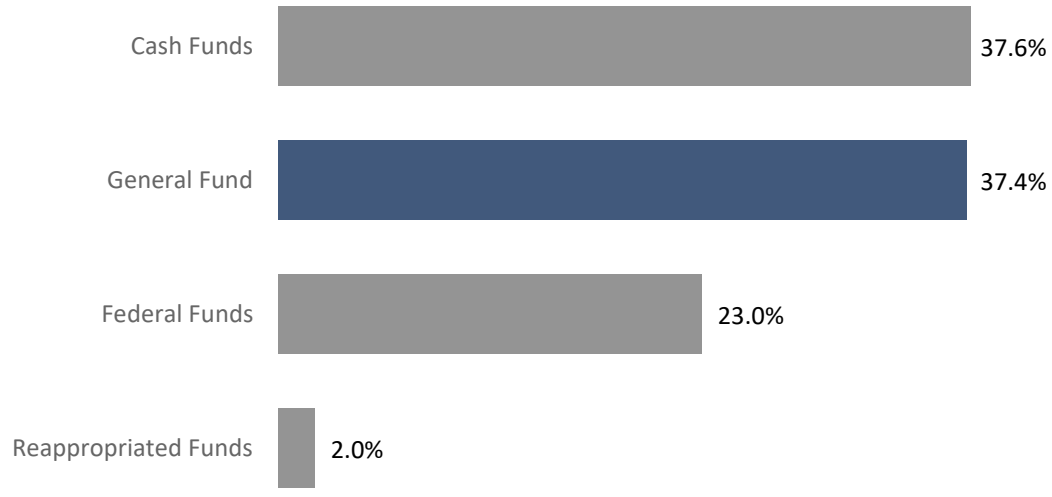
Graphic Overview

Department's Share of Statewide General Fund



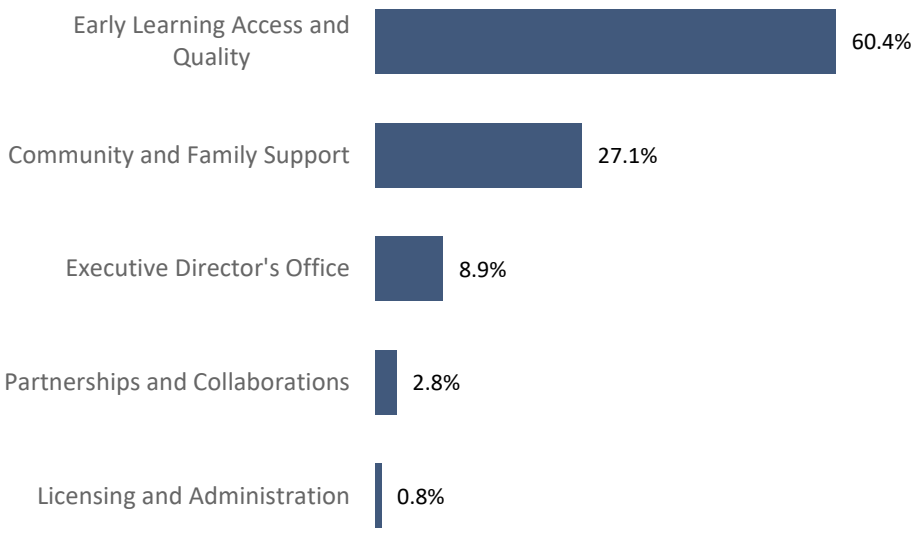
Based on the FY 2026-27 appropriation.

Department Funding Sources



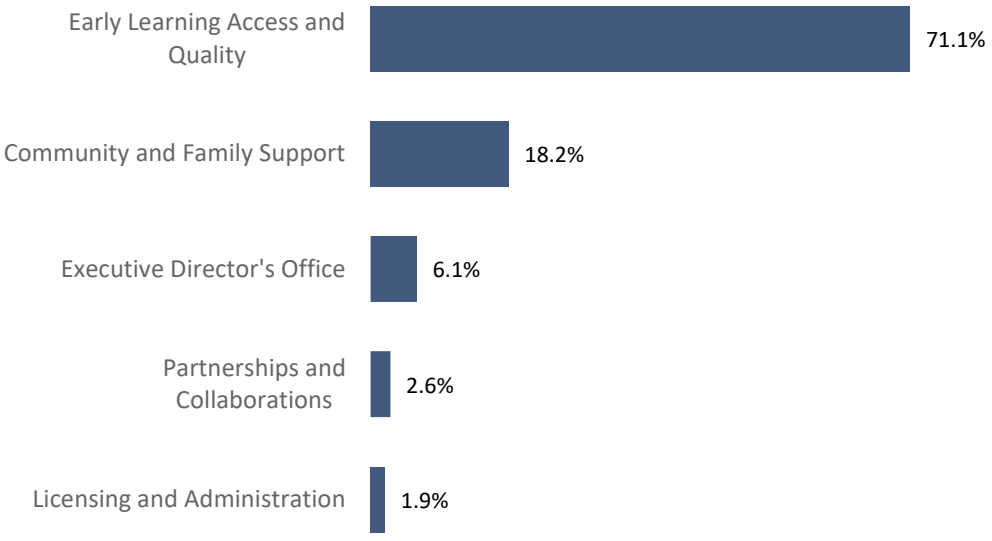
Based on the FY 2026-27 appropriation.

Distribution of General Fund by Division



Based on the FY 2026-27 appropriation.

Distribution of Total Funds by Division



Based on the FY 2026-27 appropriation.

Cash Funds Detail

Department of Early Childhood
Cash Funds Detail

Fund Name	FY 2026-27 Approp.	Note	Primary Revenue Sources	Primary Uses in Dept.
Preschool Programs Cash Fund	$233,617,223	[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	22,945,834	[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	1,872,948		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	1,002,929	[1]	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	7,817,905		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
Total	$300,692,810			

[1] 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 200.0 percent of the federal poverty level in 63 counties in Colorado. Current projections anticipate a funding cliff in FY 2029-30 which would result in a loss of services to approximately 1,977 families by FY 2030-31. 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 41.

Preschool Programs Cash Fund

The Department has three requests that increase appropriations from the Preschool Programs Cash Fund (PPGM). JBC Staff has not yet done an independent analysis on how this impacts the PPGM's reserve and expenditure over time. However, the Office of State Planning and Budgeting (OSPB) forecasts that the PPGM will have an ending fund balance above the 13.0 percent reserve ongoing after these requests.

OSPB PPGM Projections

Category	FY 2025-26 Actual	FY 2026-27 Approp.	FY 2027-28 Request	FY 2028-29 Est.
Revenue (approx.)	$221,000,000	$213,900,000	$230,500,000	$226,200,000
Current Expenditures	$221,376,514	$233,489,653	$225,100,427	$225,100,427
R1 CCCAP short-term sustainability	0	0	1,519,806	1,519,806
R2 UPK quality	0	0	7,340,222	6,998,495
R3 Reduce contracted IT services	0	0	181,218	181,274
Total Expenditures	$221,376,514	$233,489,653	$234,141,673	$233,800,002
Ending Fund Balance	$57,004,900	$43,089,570	$39,822,245	$35,659,052

General Factors Driving the Budget

Three major programs drive the Department's budget: the Universal Preschool Program, the Colorado Child Care Assistance Program, and Early Intervention. Costs for all programs are driven by some variation of caseload, hours or units of service, and provider reimbursement rates.

Universal Preschool Program

The Colorado Universal Preschool Program (UPK) accounts for 45.6 percent of the Department's total budget and 46.2 percent of its General Fund appropriation.

UPK 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, three-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 hours, 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.

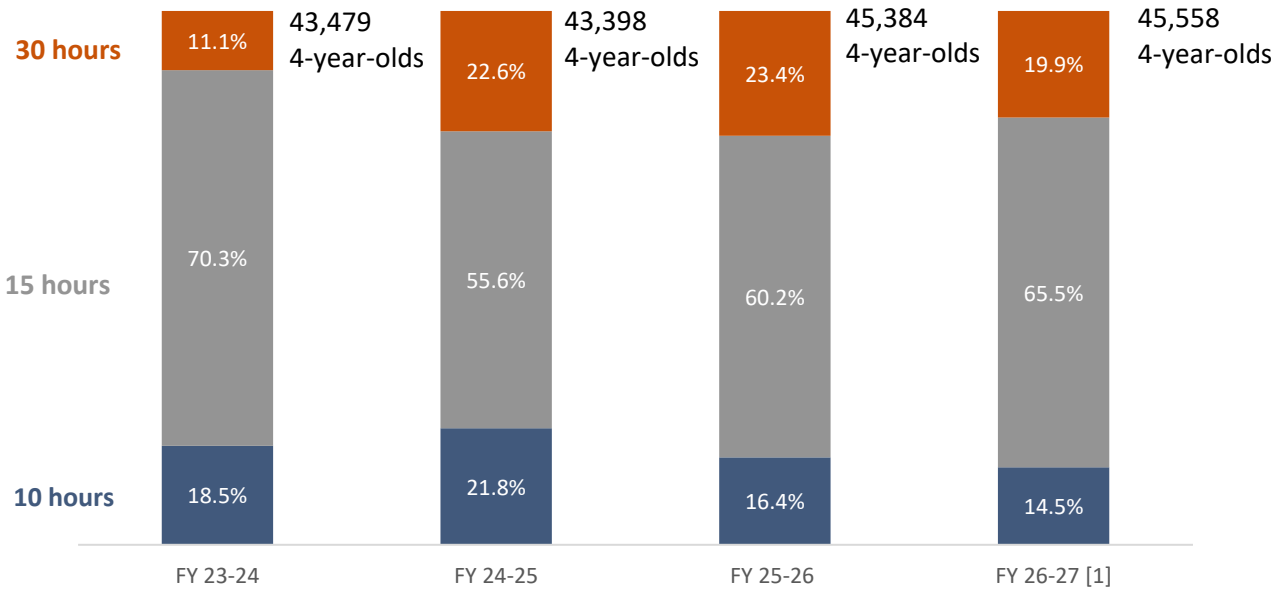
A low-income household has been defined as one with income at or below 265.0 percent of federal poverty guidelines.[1] The following are considered qualifying factors:

- 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 UPK include the number of children enrolled, the number of hours provided per child, and provider reimbursement rates. Provider reimbursement rates are set annually by the Department by enrollment type, number of hours, catchment area, and take into consideration regional cost differences. Appropriations for UPK generally rely on available Preschool Programs Cash Fund (PPGM) plus a base amount of General Fund that is increased each year by inflation. The State maintains a reserve in the PPGM which is set by the JBC. In FY 2026-27, the PPGM reserve was set at 13.0 percent of total forecasted fund revenues in FY 2025-26, or $27.6 million.

[1] Prior to FY 2026-27, this threshold was 270.0 percent. It changed in FY 2026-27 to align with CCCAP eligibility.

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



[1] Based on enrollment as of September 15, 2026, and not indicative of total forecast. Updated numbers to come in March.

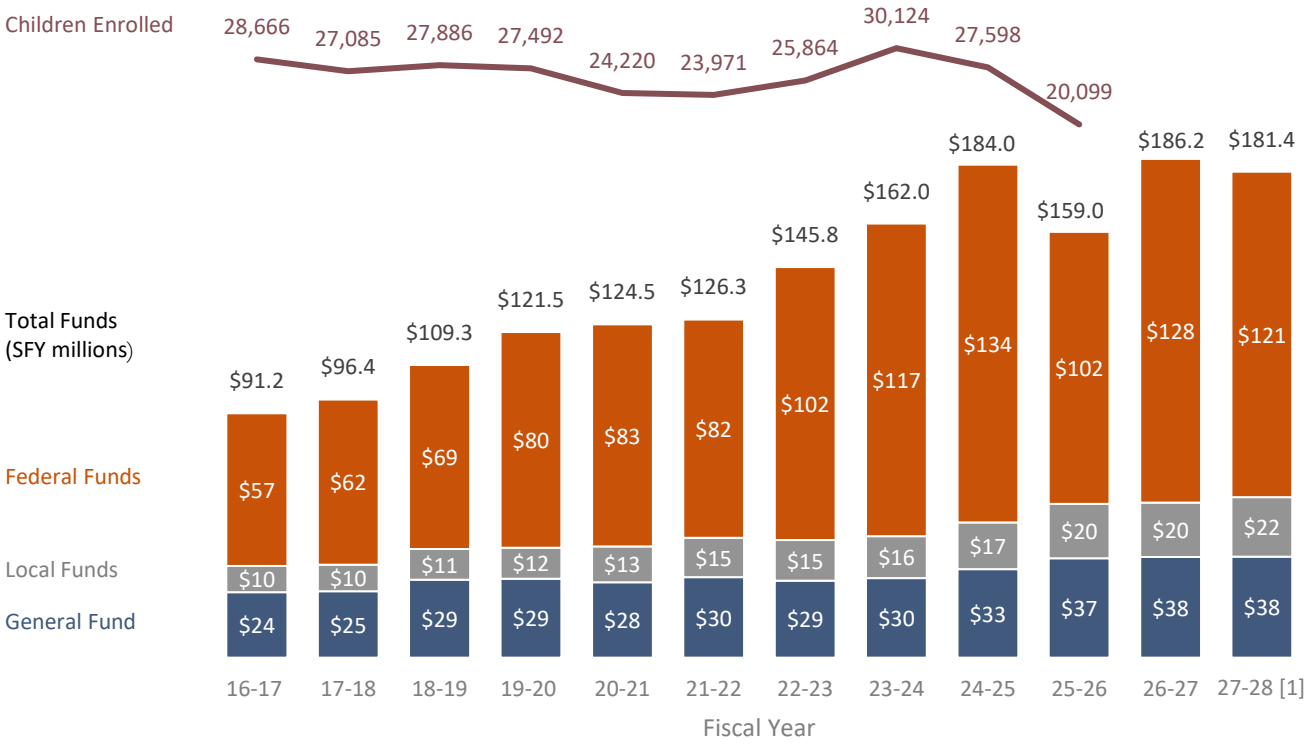
Colorado Child Care Assistance Program

Colorado Child Care Assistance Program (CCCAP) accounts for 23.3 percent of the Department's total budget and 12.7 percent of its General Fund appropriations.

CCCAP provides financial assistance for child care to certain low-income families that are working, seeking employment, or participating in training or education. The federal Child Care and Development Fund (CCDF) primarily funds CCCAP. Expenditures are driven by the number of children, the number of hours and type of care provided, and provider reimbursement rates. Past changes in federal and state policy[2] have increased rates, increased quality reimbursements, decreased family copays, and provided funding for absences. These changes result in fewer children served at higher reimbursement rates. The annual CCDF award has not grown to accommodate rising costs.

[2] i.e., H.B. 14-1317, H.B. 18-1335, H.B. 24-1223

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



[1] Request year.

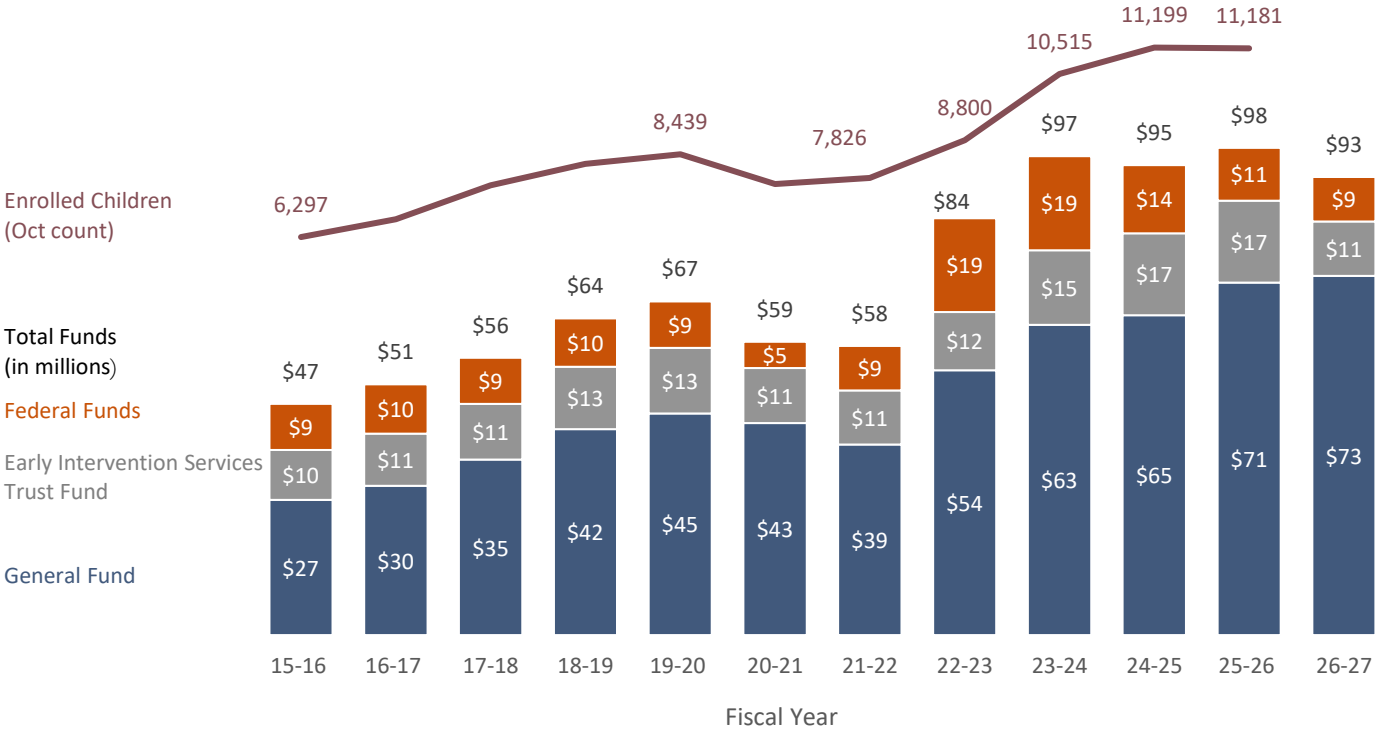
Early Intervention Services

Early Intervention (EI) accounts for 11.6 percent of the Department's total budget and 23.3 percent of its General Fund appropriation.

EI expenditures are driven by the number of children served and service costs. The Department contracts with local providers to provide intervention services to children birth through two years of age who 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 areas like cognition, speech, physical and motor development, vision, hearing, social and emotional development, and self-help skills.

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



Summary of Request

Department of Early Childhood

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

Changes are assumed to be ongoing unless otherwise noted.

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

- FY 2027-28: Decrease of $10.7 million total funds and 7.0 FTE, including an increase of $0.5 million cash funds, a reduction of $0.3 million reappropriated funds, and a reduction of $10.9 million CCDF

The request includes offsetting some of the CCDF appropriation with $1.5 million from the Preschool Programs Cash Fund to continue existing quality support, primarily to Early Childhood Councils and providers. *More information on this request is found in the R1 issue brief.*

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

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

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

This request is further discussed in the R2 issue brief.

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

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

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

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

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

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

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

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

OSPB estimate the ballot measures would increase revenue by:

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

- FY 2030-31: Same additional gaming tax revenue. Increase cigarette, nicotine, and tobacco revenue by $134.7 million.

This request is discussed in the Statewide R13 issue brief.

Employee compensation common policies: The request includes a net increase of $3.2 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

Employee compensation common policies

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

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

Operating common policies

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

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

Technical adjustments

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

Prior year actions: The request includes a net increase of $4.4 million for the impact of prior year budget decisions and legislation.

Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 25-26 R1 CCDF regulation	$2,799,952	$0	$2,799,952	$0	$0	0.0
HB 26-1289 Modify tax expenditures	1,297,398	0	1,297,398	0	0	0.0
HB 26-1429 County admin public progs	385,402	385,402	0	0	0	0.0
FY 24-25 R2 Core operations	24,412	24,412	0	0	0	0.0
FY 26-27 R4 Licensing	14,571	0	0	2,497	12,074	1.8
FY 26-27 NP9 IT accessibility	1,484	1,484	0	0	0	0.1
FY 26-27 Step Plan	0	0	0	0	0	0.0
HB 26-1404 Transfer tobacco to UPK	0	10,000,000	-10,000,000	0	0	0.0
SB 21-217 Market rate study	-55,000	-55,000	0	0	0	0.0
SB 24-078 Outdoor preschool progs	-30,000	0	-30,000	0	0	-0.3
HB 24-1223 Improved access child care	-311	-311	0	0	0	0.0
Total	$4,437,908	$10,355,987	-$5,932,650	$2,497	$12,074	1.6

Issue: R1 CCCAP Short-term Sustainability

This issue brief describes the Department's R1 request to progress towards sustainability in Child Care and Development Fund (CCDF) expenditure. The request aims to keep Colorado Child Care Assistance Program (CCCAP) caseload stable over the next three fiscal years so counties do not have to decrease the number of children served. The Department will keep working towards identifying other measures to endure CCDF sustainability.

Summary

- Spending from the CCDF exceeds the annual federal CCDF award due to provider rate changes and other federal requirements for the program.
- Many counties have put CCCAP enrollment on waitlists and freezes due to uncertainty in CCDF sustainability, decreasing annual caseload.
- The Department's request aims to balance preventing further caseload decreases with ensuring the CCDF can sustain current caseload for the next three fiscal years.
- The Department is working to identify other measures to decrease CCDF expenditures without negatively impacting CCCAP caseload.
- However, if providing child care through CCCAP is a priority for the General Assembly, it would have to identify alternative funding sources as the federal CCDF award cannot sustain increasing costs.

Questions to Consider

1. How much funding is required to serve at least 50.0 percent of eligible children?
2. What is the evidence base on the effectiveness of CCCAP in improving parent employment?
3. What other models exist outside of CCCAP to provide child care to low-income families?
4. What has been the impact of the Universal Preschool Program and waitlists and freezes on CCCAP providers who care for infants and toddlers?

Department request

This request seeks to maintain level Colorado Child Care Assistance Program (CCCAP) caseload for the next three fiscal years and, in doing so, provide the Department time to strategize on the program moving forward.

To do so, the Department requests a $10.9 million ongoing reduction to Child Care and Development Fund (CCDF) appropriations, including reducing 7.0 FTE. The request also decreases county payments. While the overall county payment will decrease, the Department will increase the percentage of county payments from 10.9 percent to 12.4 percent. This increase was approved by the JBC in the Department's FY 2025-26 budget request, yet implementation was delayed. Finally, the request refinances some CCDF cuts with Preschool Programs Cash Fund.

R1 Request Summary

Category	CCDF	Reapprop. Funds	County Funds	Preschool Programs Cash Fund	Total by Category
CCCAP Services	-$7,034,053	$0	-$995,688	$0	-$8,029,741
Quality	-1,816,493	0	0	1,519,806	-296,687
Non-Direct	-1,249,875	0	0	0	-1,249,875
Administration	-823,165	-316,955	0	0	-1,140,120
Total by Fund	-$10,923,586	-$316,955	-$995,688	$1,519,806	-$10,716,423

Preschool Programs Cash Fund refinance

Cuts to CCDF quality investments would be refinanced by the Preschool Programs Cash Fund (PPGM) to sustain Early Childhood Councils' quality improvement initiatives for providers and workforce support like coaching and apprenticeships. Some Universal Preschool Program providers already access these services, so the refinance lets them continue to do so. The table below shows total cuts and refinances in the "quality" category of CCDF reductions.

R1 Quality Reductions and Refinances

Category	CCDF	PPGM	Total by Category
Quality improvement funding	-$1,281,785	$1,281,785	$0
Workforce	-238,021	238,021	0
Licensing	-165,517	0	-165,517
Child Care Resource and Referrals call center	-124,978	0	-124,978
Consumer education	-6,192	0	-6,192
Total by Fund	-$1,816,493	$1,519,806	-$296,687

Impact of request on CCDF forecast

With these cuts, the Department forecasts that it would be able to maintain the current 20,099 caseload until about FY 2030-31.

CCDF Forecast with R1

Category	FY 2025-26	FY 2026-27 (proj)	FY 2027-28 (proj.)	FY 2028-29 (proj.)	FY 2029-30 (proj.)	FY 2030-31 (proj.)
CCCAP children served	20,099	20,099	20,099	20,099	20,099	20,099
Federal award	$141,287,690	$141,713,500	$141,713,500	$141,713,500	$141,713,500	$141,713,500
CCDF appropriation	140,031,141	146,823,976	154,768,760	159,415,806	162,009,259	175,264,047
Award minus appropriation	$1,256,549	-$5,110,476	-$13,055,260	-$17,702,306	-$20,295,759	-$33,550,547
CCDF balance	$77,368,926	$72,258,450	$59,203,190	$41,500,884	$21,205,125	-$12,345,422

The Department's projections assume that:

- the number of children served through CCCAP stays the same
- the final alternative methodology increase to provider payments is implemented in January 2027
- provider rates increase by the cost of living in FY 2027-28 and FY 2030-31
- parent copayments drop from 10.0 percent to 7.0 percent in FY 2028-29
- the county proportional share increases from 10.9 percent to 12.4 percent

The projections also include a 3.0% buffer for budgetary flexibility if unknown factors drive up projected costs.

Without this request, either two of the following would happen:

- If caseload was kept at 20,099, the CCDF would run out of funding to support caseload much sooner
- If the Department had to stay within the current award amount, counties would need to decrease caseload

Analysis

Background on the Child Care and Development Fund

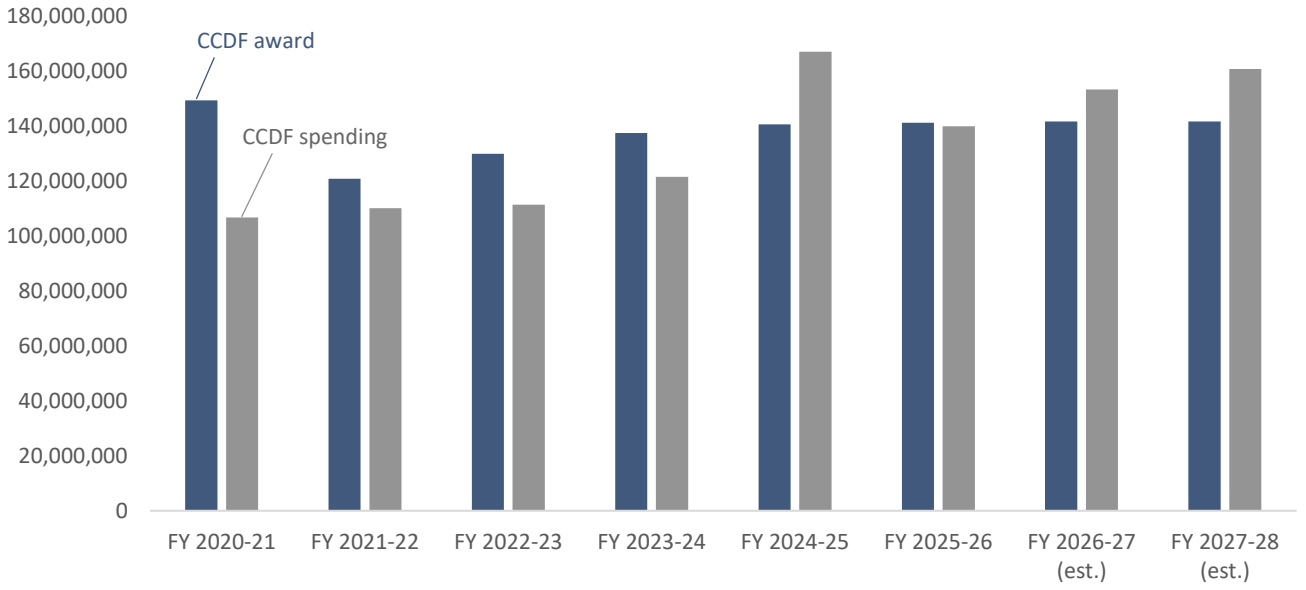
The CCDF is a federal block grant that funds child care for low-income families and activities to strengthen the child care sector. Most (70.0 percent) of this funding must be used for CCCAP direct services, which provides financial support for child care for low-income families that are homeless, working, seeking employment, or in school. CCCAP is state directed and county administered through a mix of federal, state, and local funding. The Department spends the remainder of CCDF on the following:

- **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 overexpenditures

Spending from the CCDF has long outpaced the annual grant amount received by the Department. While the Department has been able to cover overexpenditures with the CCDF reserve, it will soon deplete its reserve.

CCDF spending has exceeded the annual award in recent years by an average of $14.0 million.[1]



[1] This average and the FY 2026-27 spending amount includes the reduction to county allocations.

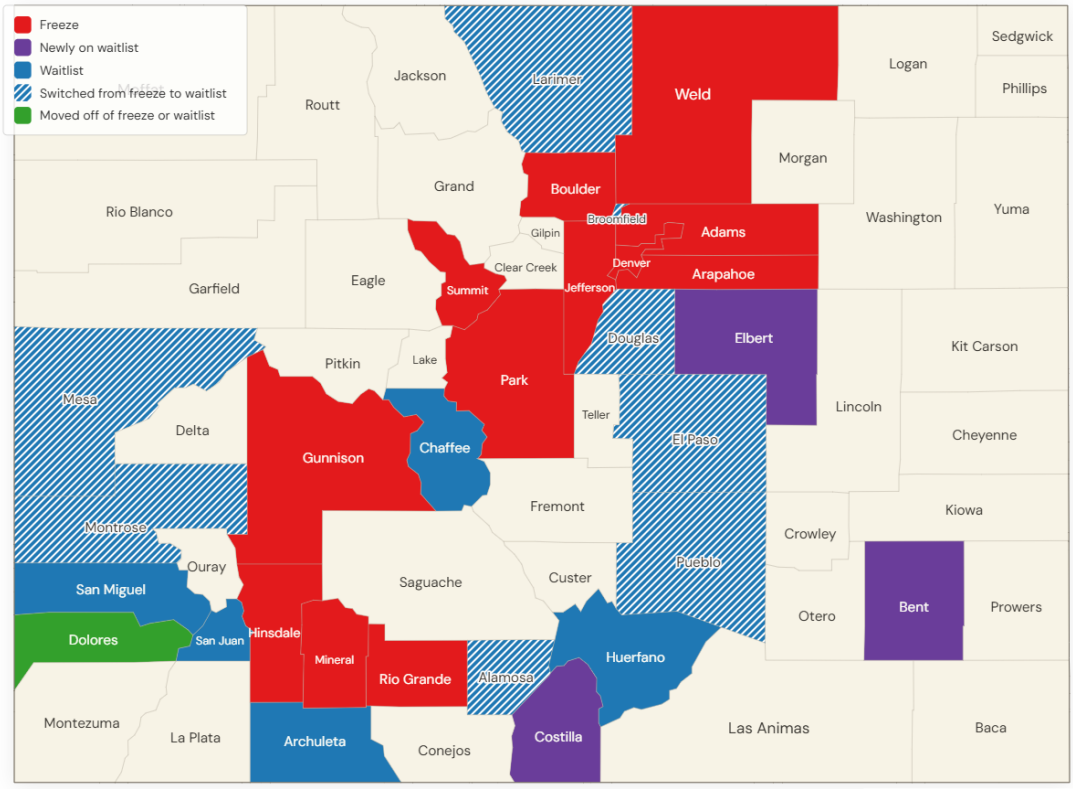
Due to sustainability concerns and the fact that families receiving CCCAP services are continuously eligible, counties implemented waitlists and freezes starting in FY 2024-25.

Actions taken to address CCDF solvency

- Funding cuts
    - **JBC cuts:** Last year, the JBC cut appropriations to quality initiatives funded by CCDF by $510,000 in FY 2025-26 and $4.7 million in FY 2026-27 and ongoing.
    - **Department cuts:** This fall, the Department reduced CCCAP county allocations for FY 2026-27 by $18.3 million, including $16.3 million CCDF and $2.0 from county proportional share.
- Legislation and regulatory changes
    - **Legislation:** House Bill 26-1260 (Updates to Child Care Assistance Programs) delayed implementing decreased parent copayments from 10.0 percent to 7.0 percent until August 1, 2028.
    - **Regulation:** The Department has changed rule to streamline administration of CCCAP. Changes include flexibility for the Department to update a county plan or rate plan due to funding concerns and Department determination of allocations of excess county CCCAP funds at year close-out.

Impact of actions taken

Through these actions, eight counties have transitioned from an enrollment freeze to a waitlist since March 2026. However, three counties who were not on freezes or waitlists prior started waitlists.



Source: Data from Colorado Department of Early Childhood, CCCAP Waitlists or Freezes tracker. Compiled by Phoebe Canagarajah.

Under a waitlist, children from low-income households, with physical or mental disabilities, experiencing homelessness, and/or whose family receives Temporary Assistance for Needy families are prioritized. So far, 410 children who were on a waitlist are now enrolled in CCCAP.

These changes overall have not changed caseload trends, but are indicative that counties are able to project and sustain their funding to start admitting more children into the program.

Future actions to address CCDF sustainability

The Department is exploring long-term options to ensure CCDF sustainability. This includes:

1. Evaluating policies and investments that can be reduced through defining CCCAP priorities with stakeholders, reviewing CCCAP rules and adjusting its federal CCDF State Plan to limit additional rate increases.
2. Exploring a specialized provider rate for dual CCCAP and Universal Preschool providers.
3. Leveraging the requirement under H.B. 26-1429 (County administration public assistance programs) for counties to pool resources and workloads. The Department hopes this creates administrative efficiencies that reduce costs.
4. Working with stakeholders to identify the long-term vision and priorities for CCCAP.

However, these changes will have minimal effect in serving more children and families in CCCAP, particularly compared to need. The annual CCDF award has not kept pace with growing child care costs. This is a structural issue with no indication of federal award increases in the future. If increasing CCCAP caseload is a priority for the General Assembly, it will need to consider how to deploy additional funding investments.

R2 UPK quality investments

This issue brief summarizes the Department's R2 request for Universal Preschool Program (UPK) quality investment and analyzes the research behind preschool quality and evaluations.

Summary

- The Department requests funding to implement quality standards as defined by rule. The largest investment is towards classroom observations using the Classroom Assessment Scoring System (CLASS). Additional investments go towards provider and Early Childhood Council supports, IT development, and Department FTE. These are in addition to refinances requested in R1.
- The Department is currently piloting the use of CLASS statewide including the current use and funding of CLASS assessments and the cost of implementing CLASS statewide.
- While UPK providers can currently receive a quality rating through the Quality Rating and Improvement System (QRIS), not all do. The Department does not have a baseline understanding of quality level amongst all UPK providers.
- The Department's request does not indicate how it will target high-need groups or care settings. Research indicates that high-quality preschool improves kindergarten readiness. However, research on long-term outcomes is highly mixed. The general trend is that children from low-income families, dual language learners, and children with disabilities benefit the most from high-quality preschool.
- Determining whether to invest funding into improving UPK access or quality is a delicate balance. Quality investments and standardization overall is important to ensure positive outcomes for children. Expanding UPK access too rapidly without assessing and standardizing quality risks putting children in weak educational settings.

Department Request

The Department aims to begin evaluating Universal Preschool Program (UPK) provider quality and expand professional development supports. To do so, the Department requests a new Universal Preschool Quality Infrastructure line item with $7.3 million in spending authority from the Preschool Programs Cash Fund (PPGM) and 1.8 FTE. The request annualizes to $7.0 million and 2.0 FTE. The request's components are described below.

R2 Request Components

Item	FY 2027-28	FY 2028-29
Classroom observations	$5,109,000	$5,109,000
Quality improvement funding	785,359	785,359
Provider quality support	640,967	640,967
Resource Bank improvements	288,400	138,400
Quality Rating and Improvement System updates	250,000	50,000
2.0 FTE	216,496	224,769
Child Care Health Consultation	50,000	50,000
Total Funding Request	$7,340,222	$6,998,495

Classroom observations: Administration, subscription costs, data collection, and contractor payment to do annual classroom observations of all preschool providers using the Classroom Assessment Scoring System (CLASS), which is a research-backed classroom observation tool.

Quality improvement funding: Grants of $2,400 to $4,500 to providers for quality improvements investments including new curriculum, coverage of substitute teachers, scholarships, and program accreditation.

Provider quality support: Awarded to Early Childhood Councils (ECCs) to support FTE, contracted staff, Child Care Resource and Referral support to UPK providers, and provision of training and coaching to providers.

Resource Bank improvements: Funding for (1) IT enhancement to transition the Resource Bank to CDECPro, a new platform that the Department is launching in 2027, (2) tools to collect data on child development, and (3) a curated research database.

Quality Rating and Improvement System (QRIS) updates: IT build-out and maintenance to integrate CLASS observation scores into QRIS and the Professional Development Information System.

2.0 FTE: Includes 1.0 FTE for a Partner and Provider Management position to communicate and support implementation of quality standards to providers and ECCs, and 1.0 FTE for an Instructional Design Specialist to develop training coursework.

Child Care Health Consultation: Training, outreach, credentialing, and professional development for child care health consultants.

The Department plans to continuously evaluate implementation and outcomes from these investments. They hope to align these updates with QRIS, which is currently undergoing a refresh. In particular, the Department will integrate CLASS assessments and data into the QRIS, and use this as the system for all classroom observations.

UPK providers can already access quality improvement funding and Child Care Health Consultation through CCDF funding. In addition, R1 refinances CCDF quality improvement funding with PPGM.

CLASS pilot

The Department is currently conducting a pilot on using CLASS statewide. This pilot assesses:

- How and where CLASS is currently used, including how much local funding finances CLASS
- The use of CLASS assessments in about 80 family child care homes
- How other states use CLASS
- How to implement CLASS assessments statewide
- The costs of contracting with a vendor to do evaluations
- How a whole-child assessment will wrap around CLASS assessments.

The pilot ends in June 2027. The Department is requesting funding for FY 2027-28 so it can implement findings from the pilot without a lag in funding.

Issues with the Department's request

The following summarizes identified issues with the Department's request. These are discussed in more detail in the analysis below.

Lack of understanding on how well CLASS will scale: The Department requests funding to implement CLASS statewide before knowing its findings from pilot. Additionally, CLASS implementation by local evaluators can be less reliable than research-based evaluators. The request does not indicate what types of organizations the Department will try to contract with to implement CLASS, nor how state funding will interact with existing local investments.

Lack of baseline understanding of State preschool quality: Some preschool providers currently participate in QRIS, but not all. The Department does not have a baseline understanding of where the State is in terms of preschool quality. Additional investments aside from CLASS may be premature, without knowing where gaps in quality are and what investments are needed for improvement.

Lack of targeting: The request does not make clear how the Department will target quality investments to groups and settings with the most need. Research indicates that family child care homes and center-based care have lower educational outcomes than school-based care. Additionally, high-quality preschool provides the greatest gains for children from low-income families, dual language learners, and children with disabilities.

Lack of defined desired outcomes: The Department has defined performance indicators it would like to achieve through this request, including increasing the number of high-quality UPK providers. However, the goal of investing in quality is to improve child educational outcomes. The request does not define the State's current baseline in kindergarten readiness nor the Department's desired outcome measures.

Questions to Consider

1. What would the ideal "high quality" preschool in Colorado do and achieve, compared to current baseline?
2. Why is the strategy to improve quality related to measurement and coaching rather than increasing teacher pay? Increasing teacher pay is associated with better retention, classroom management, and teaching quality.
3. How does the Department plan to target quality support and maximize the return on investment?
4. What kind of vendor will do CLASS assessments? How will this impact reliability and validity of assessment findings?

Analysis

Statutory and regulatory UPK quality requirements

Preschool providers must meet the State's quality requirements to participate in UPK.

Statutory requirements for UPK quality

Statute requires the Department to:

- Establish rules defining preschool quality standards[3]
- Align funding rules and provider requirements with other federal and state rules and licensing requirements[4]

[3] Section 26.5-4-204 (4)(a)(V), C.R.S.
[4] Section 26.5-4-204 (4)(b), C.R.S.

- Review and revise quality standards at least every five years[5]
- Ensure the availability of preschool services throughout the state while maintaining quality[6]
- Create a resource bank of preschool curricula[7]

Preschool providers must meet the Department's quality standards to receive public funding. Quality standards must include defining a minimum number of contact hours, maximum educator-to-child ratios and class sizes, and continuing professional development requirements.

The Department has fulfilled the minimum statutory requirements by finalizing quality standard rules and creating the Resource Bank.

Regulatory requirements

The Department adopted UPK rules related to quality standards on July 1, 2026. These include:

- Maximum teacher-to-child ratio of 1:11
- Lead teacher educational qualifications
- Required utilization of an early learning and assessment approach approved by the Department
- An environmental quality observation by the Department at least every three years
- Requirement to provide access to voluntary screening services, referrals for specialized services, and translation services using tools approved by the Department
- Required annual professional development trainings for teachers following the Department's minimum hours and subject areas requirements

Background on preschool quality assessments

What does high quality preschool mean?

Evaluations of preschool quality are generally assessed on two domains: process and structure. Process quality factors include the quality of teacher-child and child-child interactions, learning opportunities, and teaching health and safety routines. Structure quality factors include classroom size, teacher-child ratios, and the educational background of teachers and other preschool staff.

A review of preschool quality research found that factors with the strongest developmental impacts were teacher-child relationships, the quality of teaching and curricula, and coaching on curriculum use and teaching practices. Interestingly, there is not a consistent association between a teacher's highest level of education and quality.[8]

How is preschool quality measured?

The Early Childhood Environmental Rating Scale (ECERS) and the Classroom Assessment and Improvement System (CLASS) are popularly used to measure quality. While neither is comprehensive, they are useful in

[5] Section 26.5-4-205 (1)(a), C.R.S.
[6] Section 26.5-4-205 (1)(a)(IV), C.R.S.
[7] Section 26.5-4-205 (3)(a), C.R.S.
[8] Schoch et al. 2023. "Children's Learning and Development Benefits from High-Quality Early Care and Education: A Summary of the Evidence." *OPRE Report #2023-226.* https://acf.gov/sites/default/files/documents/opre/%232023-226%20Benefits%20from%20ECE%20Highlight%20508.pdf

comparing quality across programs. Desired program outcomes, how to address gaps in the system chosen, and the ease and reliability of conducting the evaluation at scale should be considered in choosing an evaluation system.

ECERS was used as the classroom observation tool for QRIS. ECERS measures structure and process in six areas[9] whereas CLASS measures only process three areas[10]. The main difference between both is that CLASS focuses on measuring the quality of teacher-child and child-child interactions. The Department indicates that CLASS is better aligned with positive educational outcomes for children.

ECERS and CLASS have a similar weakness in that they are generally surface-level measures. Both measures have mixed results in predicting learning gains, do not measure or identify differences in individual learning experiences within a classroom, and do not assess the quality of curriculum content and scope itself. Additionally, CLASS does not measure the degree of cultural acceptance or inclusion of children with disabilities.[11] The Department indicates it will design its whole-child assessment to cover these gaps.

Overall, CLASS scores tend to be slightly correlate with child outcomes, but evidence is mixed. Most studies on CLASS were done by trained research teams, which improved reliability between raters. In comparing ratings between local raters and research-based raters, local raters tended to provide higher CLASS scores and had more variability between raters than research-based raters.[12] The scalability of CLASS should consider this difference.

Research on preschool quality outcomes

Research indicates that a quality preschool program helps with kindergarten readiness and literacy, language, and math skills.[13, 14] However, there are mixed results on long-term benefits. Overwhelmingly, research shows that children from low-income or under-resourced backgrounds benefit more from quality preschool programs than children from advantaged backgrounds.

Long-term outcomes by demographics and subject matter: Many studies show that by 3rd grade, children who did not attend a high-quality preschool program have generally caught up with peers. However, this area of research shows highly mixed results. One study found that preschool attendance positively impacted math scores in the 3rd grade, but had weaker sustained advantages for language and literacy.[15] Another study found immediate and sustained positive effects in outcomes like academic skills, self-regulation, and adult wages from

[9] Space and furnishings, personal care routines, language and literacy, learning activities, interactions, and program structure

[10] Emotional support, classroom organization, and instructional support

[11] Weiland and Rosada. 2022. "Widely Used Measures of Pre-K Classroom Quality." *MDRC.* https://www.mdrc.org/sites/default/files/Widely_Used_Measures.pdf

[12] Vitiello et al. 2018. "Measuring the Quality of Teacher-Child Interactions at Scale: Comparing Research-Based and State Observation Approaches." *Early Childhood Research Quarterly* 44: 161-69. https://doi.org/10.1016/j.ecresq.2018.03.003.

[13] Meloy, Beth, Madelyn Gardner, and Linda Darling-Hammond. 2019. "Untangling the Evidence on Preschool Effectiveness Insights for Policymakers." https://funtimeacademy.org/wp-content/uploads/2020/05/Untangling_Evidence_Preschool_Effectiveness_REPORT.pdf.

[14] "Early Learning and Care: A Proven Return on Investment". 2026. *First Five Years Fund.* https://www.ffyf.org/wp-content/uploads/2026/11/Return-On-Investment_FFYF.pdf

[15] Johnson, Anna D., Anne Partika, Anne Martin, Ian Lyons, Sherri Castle, and Deborah A. Phillips. 2024. "Public Preschool Predicts Stronger Third-Grade Academic Skills." *AERA Open* 10 (January). https://doi.org/10.1177/23328584231223477.

high quality early childhood programs are strongest in children from low-income families, dual-language learners, and children showing early signs of having a disability.[16]

Long-term outcomes by care setting: A study comparing 3rd grade performance of low-income kids who attended preschool in family child care centers, center-based care, and school-base care found that children who attended school-based care had better outcomes than children who attended family-based and center-based care. Family-based care had the lowest outcomes. This effect was strongest in lower-quality elementary schools. Children who later went to higher-quality elementary schools had reduced differences.[17]

Quality is influenced by pay: Teacher experiences are also important to consider in quality. Low teacher salary compared to minimal living wage was significantly associated with worse outcomes in classroom management and quality of instruction.[18]

Evaluations of Colorado's Preschool Quality

The Department does not have a baseline measure of quality across the State's preschool programs.

The only standard nationwide comparison of preschool quality is the annual State of Preschool Yearbook from the National Institute for Early Education Research (NIEER). The figure below shows the benchmarks assessed and Colorado's performance for the 2024-25 school year. This assessment is commonly cited in news articles about Colorado's preschool quality.

QUALITY STANDARDS CHECKLIST

POLICY	CO PRE-K REQUIREMENT	BENCHMARK	REQUIREMENT MEETS BENCHMARK?
Early learning & development standards	Comprehensive, aligned, supported, culturally sensitive	**Comprehensive, aligned, supported, culturally sensitive**	☑
Curriculum supports	Approval process & supports	**Approval process & supports**	☑
Teacher degree	Other	**BA**	☐
Teacher specialized training	Other	**Specializing in pre-K**	☐
Assistant teacher degree	Other	**CDA or equivalent**	☐
Staff professional development	15 hours/year	**For teachers & assistants: At least 15 hours/year; individual PD plans; Coaching**	☐
Maximum class size	20 (3-year-olds); 24 (4-year-olds)	**20 or lower**	☐
Staff-child ratio	1:10 (3-year-olds); 1:12 (4-year-olds)	**1:10 or better**	☐
Screening & referral	Immunizations & Full physical exam; Referrals recommended	**Vision, hearing & health screenings; & referral**	☐
Continuous quality improvement system	Structured classroom observations per QRIS	**Structured classroom observations; data used for program improvement**	☐

[16] Schoch et al. 2023. "Children's Learning and Development Benefits."

[17] Mumma, Kaitlyn, Louis L. Manfra, Charles C. Bleiker, Laura Dinehart, Suzanne Hartman, Victoria Rabii, and Adam Winsler. 2026. "The Influence of Elementary School Quality on Differential Long-Term Effects of Preschool Programs in Third Grade." *Early Childhood Research Quarterly* 76 (July): 157–68. https://doi.org/10.1016/j.ecresq.2026.03.004.

[18] Johnson, Anna D., Deborah A. Phillips, Owen N. Schochet, Anne Martin, and Sherri Castle. 2021. "To Whom Little Is Given, Much Is Expected: ECE Teacher Stressors and Supports as Determinants of Classroom Quality." *Early Childhood Research Quarterly* 54 (January): 13–30. https://doi.org/10.1016/j.ecresq.2020.07.002.

Source: NIEER 2025 State of Preschool Yearbook

While Colorado ranked low compared to other states using this benchmark, staff notes the following limitations with these standards:

1. These benchmarks only measure *the existence of* state policy, not on the quality of implementation nor child outcomes.
2. While the State didn't meet all benchmarks, it is very close for many.
3. Benchmarks were assessed for the 2024-25 school year. This was Colorado's second year of UPK implementation. Since then, the Department has released rules on its quality standards. Based on this rule, Colorado will likely meet additional benchmarks.
4. Are these the standards the State wants to meet? Benchmarks such as requiring teachers to have at least a Bachelor's degree, maximum class sizes, and minimum staff-child ratios require additional financial investments. For example, Georgia invested about $55.0 million additional dollars in its universal preschool program to move from meeting eight to all ten benchmarks. These investments went into increasing teacher pay, providing additional pay for years of experience and advanced credentials, and lowering class sizes to 20 students.[19]

Aside from this measure, there is no other evaluation of Colorado's preschool quality. **The Department does not know what programs are lower quality, from whom, and why.**

Invest in quality or child care slots?

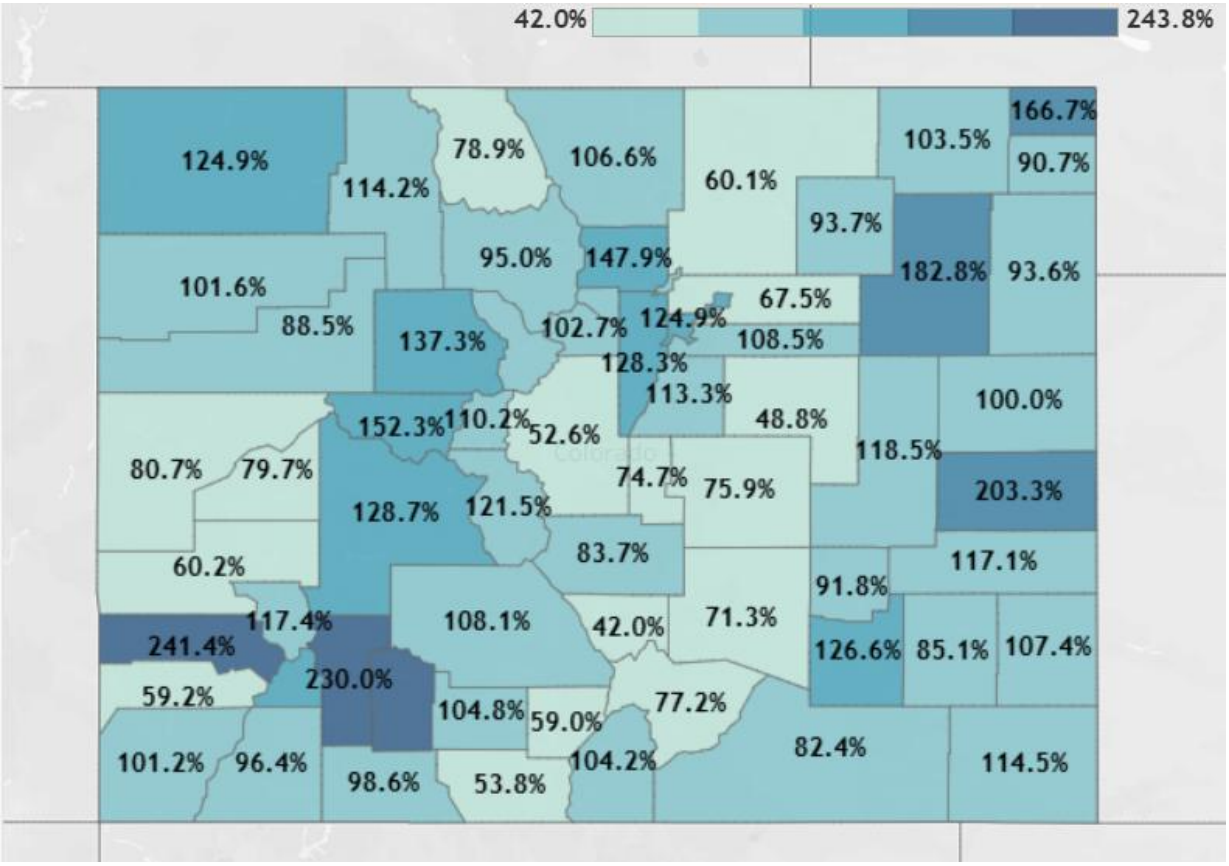
Any investment into quality measurement and support is funding that is not going to improving access. Choosing to invest in quality or child care slots is a delicate balance. There is no established best practice to help determine the best level of investment in either.

Benefits of investments to access

Access to child care allows families to participate in the labor force and have higher earnings. Studies have found that child care access is associated with increases in parent income, which also increases tax revenue. This is particularly true for women.[20]

Data from the Department of Early Childhood shows that about 27 counties do not have enough capacity to serve all of their preschool-aged children. The figure below compares the capacity for preschool slots with the number of preschool-aged children in each county. While the figure below indicates that many counties do have capacity to serve all their preschool-aged children, it does not take into account affordability or availability of a parent's preschool of choice.

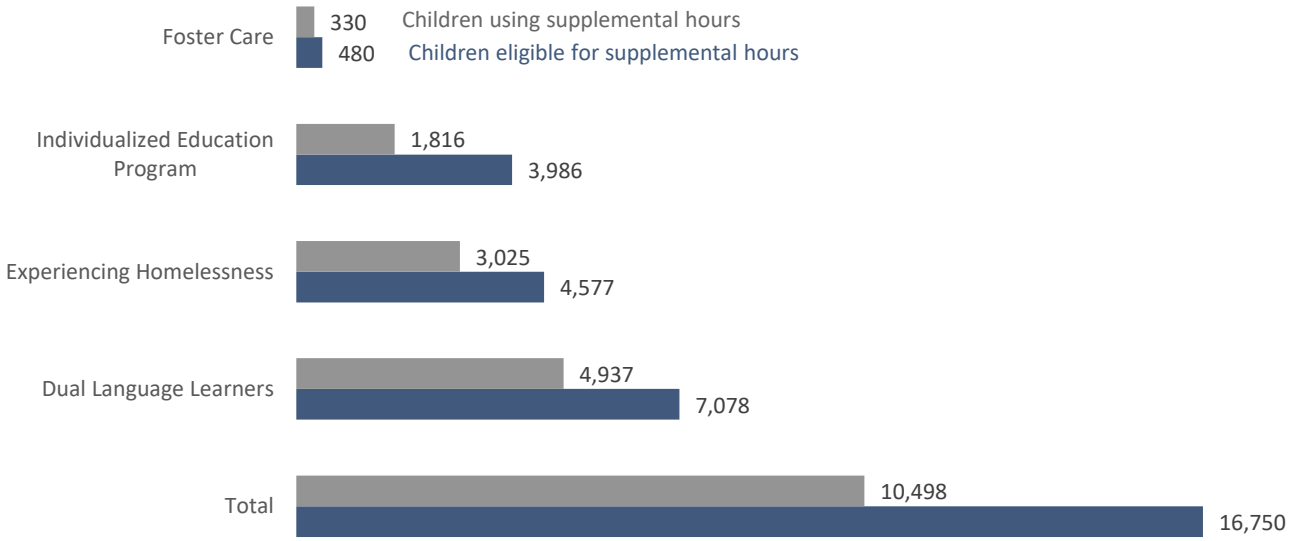
[19] "State Preschool Yearbook." n.d. Accessed November 17, 2026. https://nieer.org/sites/default/files/2026-06/2025_nieer_yearbook.pdf.
[20] "Early Learning and Care." *First Five Years Fund.*



Source: [Colorado Department of Early Childhood tableau]

Evidence overwhelming suggests that children from low-income and disadvantaged backgrounds benefit the most from high-quality preschool. Statute allows children who meet a qualifying factor to receive 30 hours of preschool. Department data indicates that about 62.7 percent of eligible children actually used these additional hours in school year 2025-26. UPK has enough funding to cover all eligible children. The Department is evaluating why this gap in availability and use exists, with findings expected in early 2027. Early findings suggest this is due to both family choice and provider availability.

On average, about 62.7% of eligible children use at least a portion of their additional hours.



Benefits of investing in quality

A lack of high-quality care risks the health and development of children. High-quality child care improves children's educational outcomes, particularly their entry into kindergarten. A study of Illinois's QRIS comparing children's outcomes in preschool programs rated as high-quality versus low-quality found small but significant differences in math, literacy, and school readiness. However, effects were not significant over time.[21] Other studies find that high-quality programs compared to low-quality programs improve health, behavioral, and educational outcomes for children from low-income families.[22]

Additional Background: Colorado's Existing Early Childhood Quality Systems

Colorado Shines

The Colorado Shines system assesses and supports quality improvements for child care providers through the QRIS and the Professional Development Information System (PDIS). Both Colorado Child Care Assistance Program (CCCAP) and UPK providers have access to QRIS and PDIS.

[21] Schmitt, Sara A., James A. Elicker, David J. Purpura, Robert J. Duncan, Katrina L. Schmerold, Adassa Budrevich, Lindsey M. Bryant, and Jennifer K. Finders. 2023. "The Effects of a High Quality State-Run Preschool Program as Rated by a Quality Rating and Improvement System on Children's School Readiness." *Early Childhood Research Quarterly* 62 (January): 89–101. https://doi.org/10.1016/j.ecresq.2022.07.013.

[22] "When it Comes to Child Care, Quality Matters More Than You May Think." 2018. *First Five Years Fund.* https://www.ffyf.org/wp-content/uploads/2018/05/Importance-of-Quality-in-Child-Care.pdf

Quality Rating and Improvement System

QRIS is used to evaluate quality for all licensed child care programs that serve children up to five years old. QRIS assesses providers based on child health and safety, staff training, child learning environment, supporting parent-child interactions, and leadership and business practices. QRIS assigns providers quality levels, with Level 5 being the maximum possible rating. All licensed providers automatically earn a Level 1 rating upon entering QRIS. Families can choose quality providers using the rating system.

QRIS ratings impact providers' reimbursement rates under CCCAP. On average, reimbursement increases by 30.8 percent by moving from Tiers 1 or 2 to Tiers 4 or 5 for center-based care. As of October 15, 2026, 36.0 percent of providers in QRIS had a Level 3 to 5.

State-Established Daily Provider Rates (as of 10/1/25)

County	Tier 1 & Tier 2	Tier 3	Tier 4 & Tier 5	Percent Increase
Adams	$55.14	$64.25	$75.20	36.4%
Arapahoe	$54.52	$64.15	$75.29	38.1%
Boulder	$63.30	$72.55	$86.54	36.7%
Broomfield	$54.83	$65.66	$76.10	38.8%
Clear Creek	$59.33	$67.82	$81.43	37.2%
Delta	$44.30	$49.49	$57.81	30.5%
Denver	$57.36	$65.93	$79.32	38.3%
Dolores	$42.77	$48.21	$55.28	29.3%
Gilpin	$58.24	$67.01	$75.09	28.9%
Mesa	$47.97	$53.34	$61.66	28.5%
Moffat	$65.45	$79.45	$83.79	28.0%
Ouray	$55.17	$63.09	$69.81	26.5%
Pitkin	$76.20	$87.47	$90.17	18.3%
Pueblo	$47.60	$53.49	$63.75	33.9%
Weld	$48.16	$54.49	$64.81	34.6%
Yuma	$41.42	$46.31	$52.58	26.9%

Source: State-Established Daily License Provider Reimbursement Rates, Department of Early Childhood

QRIS refresh

Last year, the Department paused QRIS observations to update its rating system. Part of this refresh is ensuring that UPK quality standards are aligned with QRIS. Additionally, the Department aims for the refresh to focus QRIS more closely with child outcomes while minimizing provider burden. The refresh will be complete in January 2028.

Professional Development Information System

PDIS can be accessed by any child care provider or caretaker, including those that are unlicensed. The system provides free workforce training. It also serves as a workforce registry of providers who access the system. Finally, the system allows professionals to apply for credentials and earn qualifications.

Statewide R13 New Funding for Preschool and Childcare

This issue briefing discusses the Governor's Statewide R13 request to introduce ballot measures to raise more money for preschool and child care.

Summary

The Governor proposes two ballot measures to increase cigarette, nicotine, and tobacco taxes and gaming taxes. Additional revenue would be directed towards child care investments. Combined, these proposals would raise $128.9 million in new revenue for child care in FY 2028-29, increasing in the outyears.

The Tobacco Revenue Briefing on November 12, 2026 discussed the requested cigarette, nicotine, and tobacco tax increase. This issue brief focuses on child care funding and gaming taxes.

Discussion

Governor's request – gaming taxes

The Governor proposes to increase casino gaming taxes and fully exempt the associated revenue from TABOR. Casino gaming taxes are assessed on a graduated schedule based on adjusted gross proceeds (AGP), which represents casino revenue from gambling after paying out player winnings, but before deducting operating expenses. The current effective gaming tax rate is 16.1 percent.

Current Gaming Tax Schedule

AGP Brackets	Tax Rate	Casinos
$0 - $2M	0.25%	3
$2M - $6M	2.0%	0
$6M - $8M	9.0%	7
$8M - $10M	11.0%	4
$10M - $13M	16.0%	2
$13M+	20.0%	18

The proposal notes that Colorado's gaming tax schedule hasn't been updated in over a decade and that the national average for gaming taxes is 26.5 percent. The proposal seeks to update and redistribute tax brackets, making the effective tax rate 23.0 percent.

Proposed Gaming Tax Schedule

AGP Brackets	Tax Rate	Casinos
$0-$6M	0.25%	4
$6M-$12M	12.0%	11
$12M-$20M	25.0%	8
$20M - $100M	27.5%	4
$100M+	35.0%	4

The Governor forecasts that this would generate $80.2 million in new and exempted revenue in FY 2028-29, of which $60.1 million (75.0 percent) would go towards child care and preschool program support. The remainder would go to existing gaming tax beneficiaries.

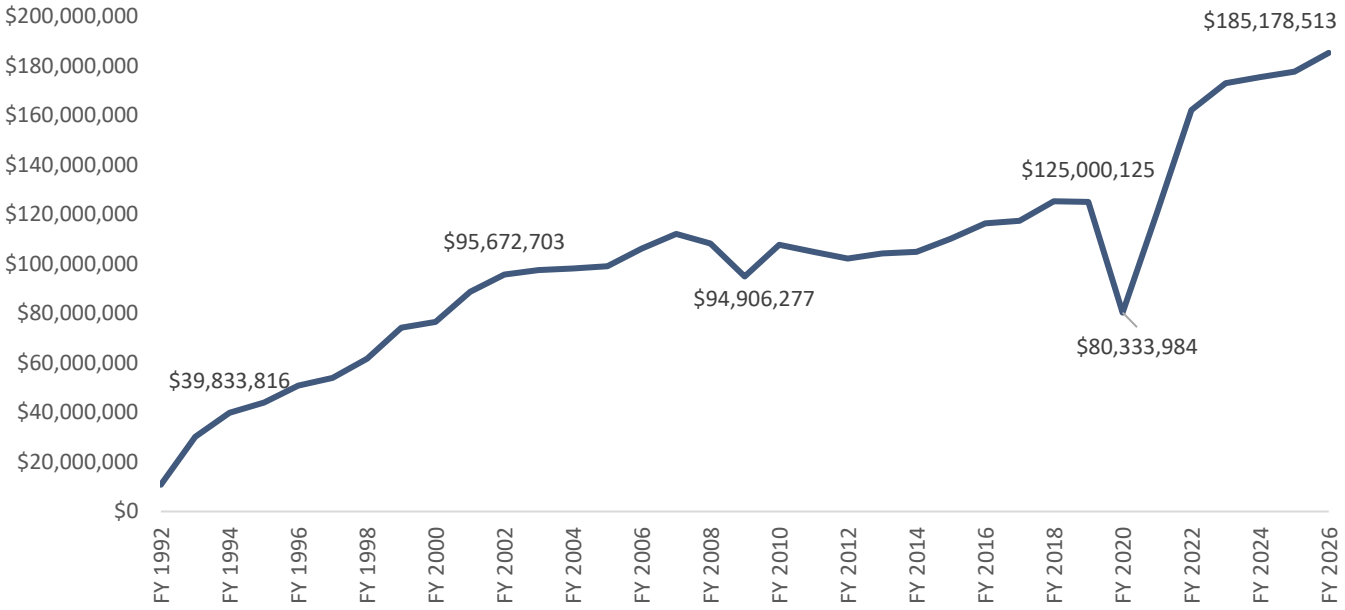
The Governor's proposal also requests to simplify gaming revenue distribution, copied below:

> The Governor's Office proposes to simplify the gaming revenue distribution by categorizing all gaming revenue as one exempt revenue stream and eliminating the distinction between Limited and Extended gaming revenue and the Amendment 50 adjustments. The Governor's Office also proposes a new proportional distribution model, with each beneficiary receiving a percentage of the total revenue based upon prior-year average proportional distributions.

The proposal doesn't explain this simplification and new distribution mechanism further.

The proposal acknowledges that tax increases could result in decreased gaming activity or casino visitation over time. Tax revenue could also decrease as online gaming becomes more prevalent. In general, gaming taxes have increased year-over-year.

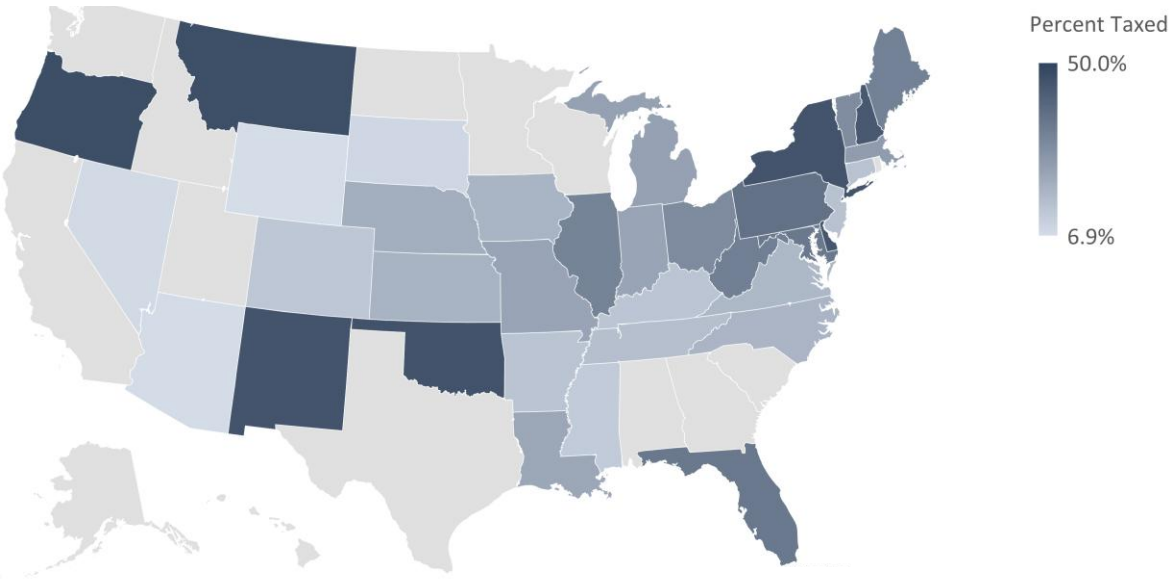
Gaming taxes have consistently increased, except for dips during economic downturns.



Data Source: Department of Revenue, Colorado Casino Revenues & Taxes

In 2025 and amongst states which collect casino gaming taxes, the average percentage of revenue taxed was 26.0 percent. Colorado was at about 13.0 percent, below the national average.

Colorado's percentage of casino revenue taxed is below average compared to other states.



Source: Data from American Gaming Association. Compiled by Phoebe Canagarajah.

Projected child care funding

The proposal projects to raise $194.8 million in additional funding towards preschool and child care by FY 2030-31 and ongoing.

Total Child Care Revenue (in millions)

Tax	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32
Gaming Taxes	$60.1	$60.1	$60.1	$60.1
Cigarette, Nicotine, and Tobacco Taxes	48.7	93.5	134.7	134.7
Total	$108.8	$153.6	$194.8	$194.8

Child care fund sources nationwide

States use many sources of revenue to fund child care including lottery proceeds. Most interestingly, a few states have used large revenue increases to seed endowments or long-term funds, including by using private matching dollars. Vermont instituted a payroll tax to fund early childhood programs.

State early childhood program revenue sources

State	Revenue Source
Arkansas	Marriage certificate fees
Arizona	Tobacco taxes
California	Cigarette and tobacco taxes
Connecticut	Unappropriated surplus funds
DC	Wealth tax
Georgia	Lottery proceeds
Kansas	Tobacco Master Settlement funds
Kentucky	25.0 percent of Tobacco Master Settlement funds

State	Revenue Source
Louisiana	Various portions of specialty license plate revenue, sports betting revenue, land-based casino contract revenue, fantasy sports betting revenue, and industrial hemp-derived CBD sale revenue
Maryland	Gambling fees
Missouri	Portion of Tobacco Master Settlement funds
Montana	$10 million seed funding that gains interest, private donations
Nebraska	Public and private seed funding
Nevada	Birth and death certificate fees
New Mexico	Oil and gas extraction taxes and a permanent endowment seeded with surplus federal stimulus funds and oil profits
North Carolina	Portion of lottery proceeds
Ohio	Casino licenses and fees
Oregon	Portions of corporative activity tax, and a fund seeded with $50.0 million in lottery bonds
Vermont	0.44 percent payroll tax split between employers and employees
Washington	Capital gains tax

Points for Consideration

1. Consumer preferences shift, making taxes based on gaming and smoking behaviors subject to change.
   a. Arizona and California are both experiencing decreasing revenue from tobacco, cigarette, and nicotine taxes that were started in 2006 and 1998, respectively.[23, 24]
2. Trends from the Colorado Department of Revenue indicate that gaming tax revenues decrease during economic recessions. However, government-funded child care such as Head Start helps families stabilize after recessions and reduce their poverty growth during recessions.[25] Tying funding to a source impacted by recessions risks the availability of child care during times of need.
3. Proposition NN and Amendment 87 both increase funding towards child care and preschool, but without defined requirements for investments. What should additional funding be invested into to ensure sustained child care accessibility and create positive outcomes for the labor market and child development?

[23] Tanzer, S. (2026, February 19). *Arizona early childhood funding falls as tobacco use declines - KTAR.Com*. KTAR.Com. https://ktar.com/arizona-education/early-childhood-tobacco-tax

[24] *Creating safe, stable, nurturing relationships and environments for California's children and families*. (n.d.). Retrieved November 16, 2026, from https://www.ccfc.ca.gov/pdf/about/budget_perf/First_5_CA_2025_2028_Strategic_Plan.pdf

[25] Scarborough, William J., Caitlyn Collins, Leah Ruppanner, and Liana Christin Landivar. 2020. "Head Start and Families' Recovery From Economic Recession: Policy Recommendations for COVID-19." *Family Relations* 70 (1): 26–42. https://doi.org/10.1111/fare.12519.

Budget Reduction Options

The Executive budget request includes reductions of $1.9 million General Fund for the Department of Early Childhood. This issue brief reviews these proposals and additional options identified by staff.

Summary

The Department of Early Childhood represents 1.7 percent of total state General Fund appropriations in FY 2026-27. The Executive budget request includes proposed General Fund reductions of $1.9 million, representing 0.7 percent of the General Fund appropriations in this section of the budget. Combined with other adjustments across the department, total General Fund appropriations are requested to increase by 5.1 percent.

Additional General Fund reduction options include eliminating the Universal Home Visiting Pilot program and state funding to HealthySteps, among other reductions. These options result in a total General Fund savings of $41.7 million.

Recommendation

Staff recommends that the Department discuss the Executive request and staff options in its budget hearing.

Discussion

Funding History FY 2018-19 to FY 2026-27

The Department of Early Childhood represents 1.7 percent of total state General Fund appropriations in FY 2026-27. As reflected in the table below, General Fund in this section of the budget has increased by 129.6 percent since FY 2018-19 after adjusting for inflation. This is more than the statewide increase of 13.7 percent over the same period.[26]

FY 2018-19 to FY 2026-27 Appropriations Comparison - Adjusted for Inflation

Fund	FY 2018-19 Nominal	FY 2018-19 Adjusted	FY 2026-27	$ Change from FY 2018-19 Adjusted	% Change from FY 2018-19 Adjusted
General Fund	$97,177,072	$130,197,132	$298,900,422	$168,703,290	129.6%
Total Funds	$264,934,890	$354,957,833	$799,274,122	$444,316,289	125.2%

[26] Fiscal year 2018-19 appropriations are adjusted for inflation, calculated based on the Legislative Council Staff September 2026 forecast, which reflects an increase in the Denver-Aurora-Lakewood consumer price index of 34.0 percent between FY 2018-19 and FY 2026-27.

Budget Requests for General Fund Relief

The Department's budget request includes proposals for General Fund relief totaling $1.9 million. These reductions combined with other adjustments across the department equates to a 5.1 percent increase in General Fund appropriations. The proposals are summarized in the table below.

Budget Requests for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
Expenditure Reductions				
R3 Reduce contracted IT services	-$1,812,183	$330,602	N	This request brings some contracted IT services in-house between the Department and OIT.
R4 Universal Home Visiting true-up	-133,800	0	N	This request accounts for Weld County leaving the Universal Home Visiting Pilot.
Subtotal - Expenditures	-$1,945,983	$330,602		
Net General Fund Relief	$1,945,983			

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 1.0 percent to the Department of Early Childhood would require a reduction of $3.0 million.

Additional Options for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
Expenditure Reductions				
Reduce General Fund from H.B. 24-1223	-$557,329	$0	N	Reduces General Fund appropriated for CCCAP services to families participating in a substance use disorder pilot, as these families are impacted by waitlists and freezes.
Eliminate Universal Home Visiting Pilot Program	-2,395,042	0	N	Eliminates all remaining funding for this pilot.
Eliminate state funding for HealthySteps	-314,133	0	N	Eliminates all state funding to the HealthySteps program.
Reduce Early Childhood Mental Health Support Line	-156,000	0	N	50.0 percent reduction to funding to the Early Childhood Mental Health Support Line. Impacts 1.0 FTE.
Reduce Family Resource Centers line item	-411,611	0	N	10.0 percent reduction to funding for Family Resource Centers
Reduce Colorado Imagination Library Program funding	-324,873	0	N	20.0 percent reduction to funding that provides free books to children
CCCAP General Fund reduction	-2,500,000	0	N	50.0 percent reduction to a FY 2025-26 appropriation
UPK care reduction	-35,000,000	0	N	Reduces General Fund that provides 15-hour care to children in Universal Preschool School
Subtotal - Expenditures	-$41,658,988	$0		
Net General Fund Relief	$41,658,988			

Expenditure Reductions

Reduce General Fund from H.B. 24-1223

Description: Reduces General Fund appropriated through House Bill 24-1223 (Improved Access to the Child Care Assistance Program)

Health/Life/Safety Impact: Low

Additional Background: House Bill 24-1223 appropriated $557,329 General Fund to expand Child Care Assistance Program (CCCAP) services to eligible families participating in a substance use disorder treatment program. However this General Fund appropriation is not prioritized towards serving these families. The appropriation contributes to CCCAP direct services for all families. Families in a substance use disorder treatment program are impacted by their counties' waitlist or freeze, if their county is operating under one.

Since this General Fund is not used directly for its intended purpose through H.B. 24-1223, the Committee could reduce this funding. It would result in a decrease of direct services to about 84 families.

Eliminate Universal Home Visiting Program Pilot

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

Health/Life/Safety Impact: Low to Medium

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. Funding to this program was also intended to support a cost savings study of the pilot, to support a future request for sustained funding.

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.

Eliminate state funding for HealthySteps

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

Health/Life/Safety Impact: Medium

Key Considerations: The Committee reduced HealthySteps funding by 50.0 percent last year.

Additional 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 about 3 out of the program's total 33 sites, impacting about 6,716 children.

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.

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

Reduce Family Resource Centers line item

Description: This option reduces funding for Family Resource Centers by 10.0 percent.

Health/Life/Safety Impact: Low

Key Considerations: The Committee reduced funding to Family Resource Centers by $200,000 in FY 2025-26 and $480,000 in FY 2026-27.

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. This reduction could result in laying off Family Development Workers in Family Resource Centers, impacting families in significant poverty from accessing supportive services.

Reduce Colorado Imagination Library Program funding

Description: Reduces General Fund appropriations to the Imagination Library program by 10.0 percent.

Health/Life/Safety Impact: Low

Additional Background: The Imagination Library of Colorado, the state's implementation of the national Dolly Parton Imagination Library program, provides free books every month to children ages 0 to 5. Since 2021, the program has mailed 3.4 million books. As of May 20226, 91,119 children were enrolled in the program, representing about 29.0 percent of the State's eligible children. Funding for books is provided at a 50:50 match – the State pays 50.0 percent of costs and local funds contribute the other 50.0 percent.

CCCAP General Fund reduction

Description: Reduce General Fund to the Colorado Child Care Assistance Program (CCCAP)

Health/Life/Safety Impact: Low

Additional Background: The Committee approved $5.0 million General Fund ongoing in the FY 2025-26 Long Bill to support counties with the increased costs of administering CCCAP due to federal regulations changes and provider rate increases. This option reduces that investment by 50.0 percent. It results in a decrease of direct services to families.

UPK care reduction

Description: Reduces the General Fund estimated to cover 15-hour care for the Universal Preschool Program (UPK)

Health/Life/Safety Impact: Low

Key Considerations: This reduction would drop the minimum hours for all children from 15 hours to 10 hours.

Additional Background: Statute requires that Colorado children receive at least 10 hours of services in the Universal Preschool Program. The Department increased that minimum to 15 hours through rulemaking. This reduction is the estimated increase in cost to provide services from the statutory 10 hour minimum to the rule-based 15 hour minimum.

Footnotes and Requests for Information

Update on Long Bill Footnotes

The General Assembly includes footnotes in the Long Bill to:

1. set forth purposes, conditions, or limitations;
2. explain assumptions; or
3. 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/hb26-1410).

11 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 footnote provides the Department flexibility in collecting indirect costs across all divisions with an indirect cost assessment line item.

12 Department of Early Childhood, Partnerships and Collaboration, Early Childhood Councils – The General Assembly intends that this amount not be used for the Department's internal operations, but be allocated to Early Childhood Councils and Local Coordinating Organizations.

Comment: This footnote clarifies the General Assembly's intended use of money appropriated to the Early Childhood Councils 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 FY 2026-27 Legislative Requests for Information on the General Assembly website.

Requests Affecting Multiple Departments

3. Department of Early Childhood; Department of Human Services – The Departments are requested to submit on or before November 1, a report to the Joint Budget Committee concerning the impact of state funding and local decision-making on the TANF, child welfare, and Colorado Child Care Assistance programs. The report should engage county administrators, county human services officials, and other stakeholders to develop strategies to support the long-term sustainability of the three programs. The report should include, at a minimum, the following: an evaluation of state and local expenditures

related to administration of these programs; and the Department's progress in implementing cost containment strategies proposed in the prior year report.

Comment: Responses related to CCCAP are summarized below. County responses are included in the full RFI response.

CCCAP Expenditures by Category

Category	FY 2023-24	FY 2024-25	FY 2025-26
Direct services	$164,684,933	$172,421,193	$142,870,472
Non-direct services (include administrative expenses and other program activities to operate CCCAP)	17,719,406	18,146,611	15,856,257
Total Expenditure	$182,404,339	$190,567,804	$158,726,729

Even with this expenditure, as of October 1, 2026, 14,336 children remain on a CCCAP waitlist or freeze. The following table summarizes the Department's progress in implementing the cost containment strategies it identified for CCCAP last year.

Implementation of FY 2025-26 Cost Containment Strategies

Recommendation	Description	Status
Federal Advocacy	Partner with counties to seek federal funding or repeal unfunded rules.	**Accomplished**. On July 13, 2026, the Administration of Children and Families (ACF) promulgated CCDF rule that rescinded the policy requirements issued in 2024. CDEC has created a crosswalk of these policies.
Administrative Intergovernmental Agreements (IGAs)	Simplify multi-county contracting to save on administrative costs.	**Accomplished.** CDEC has created a fillable template to streamline the IGA process. The Department has supported all counties that have requested IGAs. There are 14 IGAs in place as of October 1, 2026.
Stacking Funds	Stack Universal Preschool and CCCAP funds.	Accomplished. CDEC promulgated rules to require stacking of UPK and CCCAP funds on October 30, 2025. Counties worked with eligible families to adjust authorizations to realize CCDF savings in SFY 2025-26, which resulted in an estimated $1.47 million in CCDF savings. Families also saved an average of $468 in copays per family because stacking reduced their care
Fiscal Crisis Authority	Allow the State to direct county optional policies during fiscal emergencies.	**Accomplished.** CDEC promulgated rules to allow CDEC to determine county optional policies when there is a funding concern. See here for the most current rule set.
Policy Realignment	Consider adjusting policies that exceed minimum federal requirements.	**In progress.** CDEC is undertaking a comprehensive rule review with the CCCAP Advisory Committee, which is made up of families, counties, providers, and advocates.
Funding Flexibility	Examine all federal funding flexibilities for CCCAP direct services, including using TANF reserves/other federal blocks for child care services.	In progress. CDEC worked with the federal Office of Child Care to understand all flexibilities in federal funding streams that other states have implemented. Unfortunately, the other federal sources used for child care, including TANF and the Social Services Block
State and County Workgroup	Establish a collaborative State and county workgroup to focus on long-term strategies and goals for the CCCAP program	**In progress.** CDEC is undertaking program visioning work with counties to re-establish the program's purpose statement and vision. Counties are involved in this work through County Work Sessions and county representation on the CCCAP Advisory Committee.
Fiscal Responsibility	Analyze HB24-1223 and revise the statute as necessary to allow the state to pause any changes requiring fiscal resources, if those resources are not available.	Accomplished. CDEC and counties supported the passage of HB26-1260 to align federal implementation dates with Colorado's federal waiver. While the federal rule was repealed on July 13, 2026, state law still mandates limiting parent co-pays to 7%. This bill gives the State until August 1, 2028 to comply.

5. Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs; Department of Higher Education, Colorado Commission on Higher Education,

Special Purpose, Lease Purchase Payments and Capital-related Outlays, University of Colorado Lease Purchase of Academic Facilities at Fitzsimons; Governing Boards, Regents of the University of Colorado; Department of Human Services, Division of Community Programs, Tony Grampsas Youth Services Program; Department of Early Childhood, Community and Family Support, Home Visiting; Department of Law; 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; Office of HIV, Viral Hepatitis and STI's; Prevention Services Division – Each Department is requested to provide the following information to the Joint Budget Committee by October 1 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: The Nurse Home Visiting Program is funded through tobacco master settlement agreement (MSA) funds and federal Maternal Infant and Early Childhood Home Visit Program (MIECHV) funds. Prior to FY 2024-25, 26.7 percent of tobacco MSA 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. Below are program totals for the previous fiscal year.

In FY 2025-26, the Nurse Home Visitor Program served 4,106 clients through 41,260 visits – 3,540 clients and 35,841 visits of which were under state MSA funded NHVP.

The Department anticipates a funding cliff of MSA revenue in NHVP by FY 2029-30, meaning that costs would exceed revenue by $4.9 million. This gap would grow in the outyears. Last year, the Department estimated that the funding cliff would start in FY 2030-31.

8. Department of Early Childhood; Department of Education; Department of Health Care Policy and Financing; Department of Human Services; Behavioral Health Administration; Department of Public Health and Environment; Department of Regulatory Agencies, Division of Insurance – The Departments are requested to provide, by September 1, a report concerning infant and early childhood mental health screenings, services and supports rendered and billed, and workforce capacity and credentialing. The report should engage representatives from the listed departments to identify what data exists on the infant and early childhood mental health system as well as any existing gaps in data and information. The report should include aggregated data from the past five years on:

    a. The number of children in Colorado age 5 and under who have received mental health screenings and/or have been referred to mental health services;

    b. The number of children in Colorado age 5 and under with diagnosed mental health conditions;

    c. The number of children in Colorado age 5 and under who have received mental health services;

    d. The number of prescriptions for psychotropic medications that have been made for children ages 5 and under;

e. The number of expulsions and suspensions from early childhood, preschool, and kindergarten settings; and,

f. The number and type of mental health providers providing infant and early childhood services in each department, and the credentials, endorsements, and training required by provider type.

Comment: This response will be reported in the Behavioral Health Administration briefing on December 3, 2026.

Department of Early Childhood Requests

4. Department of Early Childhood – The Department is requested to submit annually, on or before October 15, a report to the Joint Budget Committee on current issues in the state's child care provider quality system and the Department's strategic plan for making improvements. This includes updates on the Department's refresh of the Colorado Shines Quality and Improvement Rating System (QRIS), progress in implementing quality standards for the Universal Preschool Program (UPK) and developing and expanding the Quality Resource Bank, and ways that quality initiatives for UPK, Head Start, and CCCAP can be aligned, including across QRIS, the UPK Quality Resource Bank, and the Professional Development Information System (PDIS). The Department is also requested to share information on the distinct roles that early childhood councils and the Department will play in advancing quality statewide. Finally, the Department is requested to provide information on the role of Early Childhood Councils and Local Coordinating Organizations in supporting Universal Preschool enrollment, how this has changed since consolidation and the effectiveness of this change.

Comment: Information from this RFI was used in the R2 issue brief.

5. Department of Early Childhood, Early Learning Access and Quality, Child Care Assistance Program – The Department is requested to submit annually, on or before November 1, a report to the Joint Budget Committee concerning its plan to operate the Colorado Child Care Assistance Program within existing federal appropriations. The requested report should include the following information: (a) counties that have shifted in and out of waitlists and freezes; (b) the number of additional families and children taken off of waitlists; (c) updates on the Department's progress to finalize and implement CCCAP 2026 Fiscal Rules and what those rules contained; (d) updates on the CCCAP Allocation Committee's considerations to changes in fund allocation to counties; (e) updates on identified ways to explore making state policy align with minimum federal requirements for CCCAP operating, and (f) any proposed changes to program eligibility.

Comment: Responses from the RFI was used in the R1 issue brief.

6. 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, 2027.

7. Department of Early Childhood, Early Learning Access and Quality, Universal Preschool Program – the Department is requested to submit bi-annually, on or before October 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: The Department's response is summarized in the General Factors Driving the Budget section of this document.

8. Department of Early Childhood, Community and Family Support, Early Intervention Services -- The Department is requested to submit annually, on or before September 15 and March 1, a report to the Joint Budget Committee concerning caseload growth for early intervention services. The requested reports ~~and~~ 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 submission discussed FY 2025-26 performance and expenditure. Average monthly enrollment was 1.4% higher than projected with 11,400 children enrolled monthly and a total of 20,556 children served. The Department underspent their FY 2025-26 total appropriation by $5.1 million.

9. Department of Early Childhood, Community and Family Support, Early Intervention -- The Department is requested to submit, on or before March 1, a report to the Joint Budget Committee concerning progress in implementing cost containment measures, including specifying the cost containment measures implemented, cost savings realized by the time of the report, and updated projections on cost savings for the remainder of the fiscal year.

Comment: The Department's deadline to submit this report is March 1, 2027.

10. Department of Early Childhood, Community and Family Support, Early Intervention – The Department is requested to submit, on or before December 15, a report to the Joint Budget Committee outlining retrospective costs-per-child for Early Intervention, and the Department's methodology to calculating this. The Department is requested to explain how the cost-per-child methodology could be utilized, including constraints, risks, and benefits of the model. To calculate this, the Department is requested to consider:

    a. Individual brokers' financial records, including:
        1) Reimbursements to subcontractors per-service and total per-subcontractor reimbursement
        2) Services provided through the EI program, and cost-per-service as well as cost-per-child
        3) How many service units are provided by in-house staff versus subcontractors, and the related costs of those services per unit, and

4) A breakout of subcontractor and service reimbursements by funding source (i.e. Medicaid, private insurance, state General Fund, federal funds, and any other sources). In the case of private insurance, the Department is requested to provide information on how other states access private insurance payment information for EI, and what the Department would need to access that information.

b. Internal Department financial and operational records to administer EI

c. Department contracts/agreements with the brokers

d. Evaluation records showing the cost-per-child to complete evaluation

Comment: The Department's deadline to submit this report is December 15, 2026.

11. Department of Early Childhood – 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: A summary of the Department's grant programs is below. Effective December 2026, the Early Childhood Council Quality Improvement Grants will be the only competitive grant the Department continues to award.

Grant Programs Overseen by the Department of Early Childhood

Grant Name	Description	How Administered	Grants Awarded	Average Award	Number Served	Total Expended	Funding Source
Teacher Salary Grant Program	Funding expired FY 2025-26. Funded the Teacher Wage Increase Pilot to increase early childhood teacher wages.	Lottery system to select amongst a pool of licensed childcare centers with a Colorado Shines rating of 3 or higher and serving at least 40% of children receiving CCCAP subsidies.	19	$195,000	300 teachers, serving more than 2,000 child care slots	$3,110,161	CCDF
Family, Friend, and Neighbor Training Program	Funding expires December 2026. Funds training, materials, and technical assistance to Family, Friend, and Neighbor childcare providers.	Intermediary partner, Colorado Statewide Parent Coalition, administers grant and selects training providers.	22	$189	1,085 providers	$3,963,879	SLFRF
Employer-Based Child Care Program	Funding expires December 2026. Funds building or remodeling child care center on or near an employer's property.	CDEC selects eligible non-child care entities that provide matching funds and can construct a child care center by September 30, 2026.	31	$598,316	1,795 new slots opened	$2,575,197	SLFRF

Grant Name	Description	How Administered	Grants Awarded	Average Award	Number Served	Total Expended	Funding Source
Emerging and Expanding Grant Program	Funding expires December 2026. Funds child care facility start-ups or expansions.	CDEC contracts with ECCs. Priority given to programs in underserved areas, child care deserts, and areas with infant and toddler capacity.	241	$58,889	830 infant care slots, 1,685 toddler slots, and 3,717 preschool slots will be created	$2,500,675	SLFRF
Early Childhood Council Quality Improvement Grants	Support licensed providers enhance quality levels through Colorado Shines.	ECCs distribute funds allocated by CDEC. Providers must submit application through Colorado Shines.	1,154	Varies per grant type and center	1,107 providers and 47 programs served	$4,396,249 including $698,189 General Fund	CCDF and State General Fund

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

Comment: In FY 2025-26, the Department stacked UPK and CCCAP funds for full-time UPK and CCCAP children through a manual process. Funds were stacked for 57.6% of eligible children (571 children out of 992 total eligible for stacking). This saved $1.5 million in Child Care Development Funds, or about $22.92 per child per day on average. Because stacking could reduce parents' CCCAP copays, 44.2% families impacted by stacking also saved an average of $468. In FY 2026-27, the Department will expand stacking to all children enrolled in UPK and CCCAP. The Department is also moving away from the manual process. The Department will send counties automatic notifications when a child is dually enrolled and request parents' consent to stacking when they check in through the Attendance Tracking System. County workers will also be provided better training to address parents' stacking concerns. The Department is considering implementing a specialized CCCAP rate for dually enrolled children, which would become effective October 1, 2027, if approved.

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

percent federal requirement related to quality activities and four percent federal requirement related to infants and toddlers. The Department is also requested to report on the amount of CCDF for quality activities that goes to providers, Early Childhood Councils, and internal Department initiatives and staff.

Comment: The following table shows overall CCDF performance. Additional tables can be fund in the Department's full RFI response.

CCDF Federal Funds Available by Fund Type Including Roll Forward

Federal CCDF Funds	FY 2025-26 Approp.	FY 2026-27 Approp.	FY 2027-28 Request
CCDF Federal Grant (carry forward)	$76,112,377	$77,368,926	$65,715,234
New Annual CCDF Award*	141,287,690	141,713,500	141,726,531
Total Funds Available**	$217,400,067	$219,082,426	$207,441,765
Expenditures	140,031,141	169,662,250	160,927,150
Child Care Assistance Program Allocation Restriction FY 2026-27	0	-16,295,058	0
Balance Available to carry forward	**$77,368,926**	**$65,715,234**	**$46,514,615**

Department Annual Performance Report

Departments must publish an **Annual Performance Report**[27] 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**[28] 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[29], 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.

[27] Section 2-7-205, C.R.S.
[28] Section 2-7-204 (3)(a), C.R.S.
[29] 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 B organizes this information by line item and fund source.

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Department of Early Childhood **Executive Director, Executive Director**					
(1) Executive Director's Office					
(A) General Administration					
Personal Services	7,154,461	6,791,299	8,599,431	8,508,270	*
FTE	75.8	77.8	78.9	78.2	
General Fund	1,922,927	2,550,167	2,273,138	2,442,300	
Cash Funds	135,549	180,811	180,895	183,070	
Reappropriated Funds	5,095,985	4,060,321	6,145,398	5,882,900	
Federal Funds	0	0	0	0	
Health, Life, and Dental	2,212,952	3,001,110	4,877,122	6,703,859	*
FTE	0.0	0.0	0.0	0.0	
General Fund	1,551,248	1,558,741	1,967,418	2,581,299	
Cash Funds	186,975	678,467	847,980	1,234,051	
Reappropriated Funds	0	0	340,235	106,049	
Federal Funds	474,729	763,902	1,721,489	2,782,460	
Short-term Disability	16,939	10,584	16,649	18,983	*
FTE	0.0	0.0	0.0	0.0	
General Fund	11,610	6,615	6,870	7,786	
Cash Funds	1,506	2,794	2,843	3,598	
Reappropriated Funds	0	0	1,461	341	
Federal Funds	3,823	1,175	5,475	7,258	

NOTE: An asterisk (*) indicates that the FY 2027-28 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Paid Family and Medical Leave Insurance Program	50,731	85,354	107,027	122,003	*
FTE	0.0	0.0	0.0	0.0	
General Fund	34,745	47,799	44,166	50,038	
Cash Funds	4,517	18,349	18,274	23,114	
Reappropriated Funds	0	0	9,394	2,190	
Federal Funds	11,469	19,206	35,193	46,661	
Unfunded Liability Amortization Equalization Disbursement Payments	1,129,236	1,892,134	2,378,384	2,702,345	*
FTE	0.0	0.0	0.0	0.0	
General Fund	773,984	1,062,199	981,462	1,108,728	
Cash Funds	100,382	403,134	406,094	511,837	
Reappropriated Funds	0	0	208,751	48,619	
Federal Funds	254,870	426,801	782,077	1,033,161	
Salary Survey	718,013	673,166	0	461,568	
FTE	0.0	0.0	0.0	0.0	
General Fund	272,798	291,654	0	185,290	
Cash Funds	124,098	131,663	0	89,405	
Reappropriated Funds	4,400	70,534	0	7,628	
Federal Funds	316,717	179,315	0	179,245	
Step Pay	454,514	103,887	165,911	652,790	
FTE	0.0	0.0	0.0	0.0	
General Fund	155,821	51,307	53,852	267,461	
Cash Funds	98,724	10,378	37,563	132,608	
Reappropriated Funds	2,474	6,661	12,719	7,527	
Federal Funds	197,495	35,541	61,777	245,194	

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
PERA Direct Distribution	450,190	431,633	457,181	491,550	*
FTE	0.0	0.0	0.0	0.0	
General Fund	170,561	188,394	188,821	202,626	
Cash Funds	78,202	84,847	77,942	100,914	
Reappropriated Funds	52,689	92,439	40,138	11,473	
Federal Funds	148,738	65,953	150,280	176,537	
Workers' Compensation	66,234	66,300	576,220	389,746	
FTE	0.0	0.0	0.0	0.0	
General Fund	66,234	66,300	576,220	389,746	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Operating Expenses	656,897	315,247	790,490	798,970	*
FTE	0.0	0.0	0.0	0.0	
General Fund	612,866	280,265	610,117	622,495	
Cash Funds	0	0	521	521	
Reappropriated Funds	44,031	34,982	179,514	175,616	
Federal Funds	0	0	338	338	
Legal Services	42,857	1,431,001	1,441,362	1,242,967	
FTE	0.0	0.0	0.0	0.0	
General Fund	42,857	1,431,001	1,441,362	1,242,967	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Administrative Law Judge Services	20,366	2,822	10,332	67,472	*
FTE	0.0	0.0	0.0	0.0	
General Fund	20,366	2,822	10,332	67,472	
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	3,653	4,303	74,305	142,768	
FTE	0.0	0.0	0.0	0.0	
General Fund	3,653	4,303	74,305	142,768	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Vehicle Lease Payments	8,905	6,910	7,078	6,184	
FTE	0.0	0.0	0.0	0.0	
General Fund	8,905	6,910	7,078	6,184	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Capital Outlay	17,419	109,931	126,730	126,730	
FTE	0.0	0.0	0.0	0.0	
General Fund	17,419	109,931	126,730	126,730	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Leased Space	314,649	308,904	342,020	352,280	
FTE	0.0	0.0	0.0	0.0	
General Fund	117,173	123,032	126,547	130,343	
Cash Funds	277	255	299	308	
Reappropriated Funds	197,199	185,617	215,174	221,629	
Federal Funds	0	0	0	0	
Statewide Indirect Cost Recoveries	0	0	176,389	251,780	*
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	176,389	251,780	
Federal Funds	0	0	0	0	
S.B. 04-257 Amortization Equalization Disbursement	0	0	0	0	
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	0	0	0	0	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	0	0	0	0	
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	0	0	0	0	

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Shift Differential	0	69	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	69	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Operational Support Contract with Department of Human Services	0	0	0	0	
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	0	0	0	0	
SUBTOTAL - (A) General Administration	13,318,016	15,234,654	20,146,631	23,040,265	14.4%
FTE	75.8	77.8	78.9	78.2	(0.9%)
General Fund	5,783,167	7,781,509	8,488,418	9,574,233	12.8%
Cash Funds	730,230	1,510,698	1,572,411	2,279,426	45.0%
Reappropriated Funds	5,396,778	4,450,554	7,329,173	6,715,752	(8.4%)
Federal Funds	1,407,841	1,491,893	2,756,629	4,470,854	62.2%

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
(B) Information Technology					
CORE Operations	15,600	21,441	90,532	81,936	
FTE	0.0	0.0	0.0	0.0	
General Fund	15,600	21,441	90,532	81,936	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Information Technology Contracts and Equipment	10,872,559	10,640,326	11,815,852	9,915,555	*
FTE	0.0	0.0	0.0	0.0	
General Fund	7,710,595	7,556,059	7,876,366	5,671,069	
Cash Funds	2,880,423	3,002,839	3,260,000	3,690,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	281,541	81,428	679,486	554,486	
Information Technology Systems Managed by Other Departments	159,348	200,038	631,079	471,796	*
FTE	0.0	0.0	0.0	0.0	
General Fund	48,370	65,692	96,263	66,622	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	110,978	134,346	534,816	405,174	

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Payments to OIT	10,167,399	13,612,969	12,260,508	12,533,084 *	
FTE	0.0	0.0	0.0	0.0	
General Fund	8,013,640	12,157,078	9,885,573	10,105,349	
Cash Funds	0	0	0	0	
Reappropriated Funds	2,153,759	1,455,891	2,374,935	2,427,735	
Federal Funds	0	0	0	0	
IT Accessibility	294,829	460,869	157,887	159,371	
FTE	0.0	0.0	0.9	1.0	
General Fund	158,092	241,133	157,887	159,371	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	136,737	219,736	0	0	
Child Care Automated Tracking System	3,687,718	3,632,345	3,945,244	3,020,058 *	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	504,449	35,311	35,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,687,718	3,127,896	3,909,933	2,985,058	
SUBTOTAL - (B) Information Technology	25,197,453	28,567,988	28,901,102	26,181,800	(9.4%)
FTE	0.0	0.0	0.9	1.0	11.1%
General Fund	15,946,297	20,545,852	18,141,932	16,119,347	(11.1%)
Cash Funds	2,880,423	3,002,839	3,260,000	3,690,000	13.2%
Reappropriated Funds	2,153,759	1,455,891	2,374,935	2,427,735	2.2%
Federal Funds	4,216,974	3,563,406	5,124,235	3,944,718	(23.0%)

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
TOTAL - (1) Executive Director's Office	38,515,469	43,802,642	49,047,733	49,222,065	0.4%
FTE	75.8	77.8	79.8	79.2	(0.8%)
General Fund	21,729,464	28,327,361	26,630,350	25,693,580	(3.5%)
Cash Funds	3,610,653	4,513,537	4,832,411	5,969,426	23.5%
Reappropriated Funds	7,550,537	5,906,445	9,704,108	9,143,487	(5.8%)
Federal Funds	5,624,815	5,055,299	7,880,864	8,415,572	6.8%

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
(2) Partnerships and Collaborations					
Personal Services	789,801	850,691	864,651	846,681	*
FTE	6.5	6.5	6.5	6.2	
General Fund	283,139	286,380	291,524	291,598	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	506,662	564,311	573,127	555,083	
Operating Expenses	65,722	113,951	182,766	182,766	
FTE	0.0	0.0	0.0	0.0	
General Fund	45,798	45,846	45,846	45,846	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	19,924	68,105	136,920	136,920	
Local Coordinating Organizations	4,340,668	4,492,899	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	3,640,190	4,492,899	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	700,478	0	0	0	
Early Childhood Councils	4,290,566	4,382,685	14,842,227	16,268,553	*
FTE	0.0	0.0	0.0	0.0	
General Fund	999,771	999,966	3,776,986	3,776,986	
Cash Funds	0	0	2,800,000	5,508,111	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,290,795	3,382,719	8,265,241	6,983,456	

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Child Care Resource and Referrals	1,171,572	633,002	201,831	76,853 *	
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	1,171,572	633,002	201,831	76,853	
Indirect Cost Assessment	206,586	134,131	377,643	353,976 *	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	24,000	24,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	206,586	134,131	353,643	329,976	
Family Resource Centers	1,745,654	1,545,654	4,116,107	4,116,107	
FTE	0.0	0.0	0.0	0.0	
General Fund	1,745,654	1,545,654	4,116,107	4,116,107	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
TOTAL - (2) Partnerships and Collaborations	12,610,569	12,153,013	20,585,225	21,844,936	6.1%
FTE	6.5	6.5	6.5	6.2	(4.6%)
General Fund	3,074,362	2,877,846	8,230,463	8,230,537	0.0%
Cash Funds	3,640,190	4,492,899	2,824,000	5,532,111	95.9%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	5,896,017	4,782,268	9,530,762	8,082,288	(15.2%)

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
(3) Early Learning Access and Quality					
Personal Services	11,030,532	8,855,201	8,661,784	8,568,010	*
FTE	56.4	61.0	53.6	53.9	
General Fund	4,986,129	3,044,800	2,863,339	2,816,761	
Cash Funds	969,231	993,476	889,576	1,038,347	
Reappropriated Funds	0	0	0	0	
Federal Funds	5,075,172	4,816,925	4,908,869	4,712,902	
Operating Expenses	190,745	189,994	238,784	261,871	*
FTE	0.0	0.0	0.0	0.0	
General Fund	81,959	19,022	12,480	12,480	
Cash Funds	35,862	18,397	18,430	33,782	
Reappropriated Funds	0	0	0	0	
Federal Funds	72,924	152,575	207,874	215,609	
Universal Preschool Program	335,903,744	358,807,056	364,105,075	370,413,641	*
FTE	0.0	0.0	0.0	0.0	
General Fund	146,301,440	146,333,200	137,942,865	153,860,580	
Cash Funds	189,602,304	212,473,856	226,162,210	216,553,061	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Universal Preschool Program Quality Infrastructure	0	0	0	6,303,947	*
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	0	0	6,303,947	

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Intrastate Child Care Assistance Program Distribution	198,676	161,518	277,402	0	
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	198,676	161,518	277,402	0	
Child Care Assistance Program Stimulus - Eligibility Expansion and Infant and Toddler Care Reimbursement	6,492,554	0	0	0	
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	6,492,554	0	0	0	
Workforce Recruitment and Retention Grants	1,408,786	845,561	1,153,167	1,153,167	*
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	238,021	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,408,786	845,561	1,153,167	915,146	
Early Care and Education Recruitment and Retention Grant and Scholarship Program	2,676,329	5,375,393	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	2,557,717	5,375,393	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	118,612	0	0	0	

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Family, Friend, and Neighbor Training and Support Program	2,429,975	3,963,879	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	2,122,652	3,963,879	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	307,323	0	0	0	
Child Care Sustainability Grant Program	0	0	0	0	
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	0	0	0	0	
Indirect Cost Assessment	3,478,245	2,693,655	4,740,835	4,549,922	*
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	216,000	253,758	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,478,245	2,693,655	4,524,835	4,296,164	
Child Care Assistance Program	166,667,147	138,690,585	186,257,773	181,422,611	*
FTE	0.0	0.0	0.0	0.0	
General Fund	33,058,921	37,058,921	37,616,250	37,717,814	
Cash Funds	0	0	20,296,012	22,155,075	
Reappropriated Funds	0	0	100,000	100,000	
Federal Funds	133,608,226	101,631,664	128,245,511	121,449,722	

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Professional Development and Training Assistance	2,891,079	2,345,317	574,317	477,536	*
FTE	0.0	0.0	0.0	0.0	
General Fund	75,000	75,000	75,000	75,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,816,079	2,270,317	499,317	402,536	
Early Childhood Quality and Availability	11,965,758	9,992,310	486,116	529,924	*
FTE	0.0	0.0	0.0	0.0	
General Fund	3,009,461	3,043,059	266,257	266,257	
Cash Funds	0	0	0	50,000	
Reappropriated Funds	0	0	0	0	
Federal Funds	8,956,297	6,949,251	219,859	213,667	
Emerging and Expanding Child Care Grant Program	3,395,129	2,500,675	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	1,322,536	2,486,005	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,072,593	14,670	0	0	
Employer-Based Child Care Facility Grant Program	3,462,255	2,575,197	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	2,259,164	2,575,197	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,203,091	0	0	0	

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Imagination Library of Colorado	0	1,624,365	1,624,365	1,624,365	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	1,624,365	1,624,365	1,624,365	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
County Shared Services	0	0	385,913	1,215,999	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	192,957	608,000	
Federal Funds	0	0	192,956	607,999	
TOTAL - (3) Early Learning Access and Quality	552,190,954	538,620,706	568,505,531	576,520,993	1.4%
FTE	56.4	61.0	53.6	53.9	0.6%
General Fund	187,512,910	191,198,367	180,593,513	196,981,257	9.1%
Cash Funds	198,869,466	227,886,203	247,582,228	246,625,991	(0.4%)
Reappropriated Funds	0	0	100,000	100,000	0.0%
Federal Funds	165,808,578	119,536,136	140,229,790	132,813,745	(5.3%)

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
(4) Community and Family Support					
Personal Services	3,598,028	2,695,513	4,483,972	4,588,701	*
FTE	24.7	23.8	23.8	24.8	
General Fund	3,210,437	2,041,221	2,091,847	2,178,967	
Cash Funds	302,091	476,316	508,698	518,644	
Reappropriated Funds	0	0	0	0	
Federal Funds	85,500	177,976	1,883,427	1,891,090	
Operating Expenses	1,735,684	151,634	329,641	337,376	*
FTE	0.0	0.0	0.0	0.0	
General Fund	1,732,894	148,898	185,233	192,968	
Cash Funds	2,338	2,178	52,188	52,188	
Reappropriated Funds	0	0	0	0	
Federal Funds	452	558	92,220	92,220	
Early Intervention	90,742,980	93,210,645	92,604,480	92,604,480	
FTE	0.0	0.0	0.0	0.0	
General Fund	62,492,837	68,644,607	69,644,607	69,644,607	
Cash Funds	16,590,510	16,502,461	10,987,177	10,987,177	
Reappropriated Funds	0	0	5,940,111	5,940,111	
Federal Funds	11,659,633	8,063,577	6,032,585	6,032,585	
Home Visiting	24,008,168	25,271,330	29,163,707	29,163,707	
FTE	0.0	0.0	0.0	0.0	
General Fund	550,504	627,506	5,100,000	5,100,000	
Cash Funds	21,561,609	23,783,466	22,300,370	22,300,370	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,896,055	860,358	1,763,337	1,763,337	

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	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Home Visiting Grant Program	212,030	364,469	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	42,625	246,745	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	169,405	117,724	0	0	
HealthySteps	0	0	314,113	314,113	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	314,113	314,113	
Universal Home Visiting Pilot Program	0	2,519,324	2,528,842	2,395,042	*
FTE	0.0	1.0	1.0	1.0	
General Fund	0	2,519,324	2,528,842	2,395,042	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Social-Emotional Learning Programs Grants	722,333	796,525	817,289	817,289	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	722,333	796,525	817,289	817,289	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Children's Mental Health Program	610,895	146,930	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	611,408	146,930	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	(513)	0	0	0	
Child Maltreatment Prevention	12,648,422	10,749,437	11,446,614	11,446,614	
FTE	0.0	0.0	0.0	0.0	
General Fund	8,578,344	8,200,453	0	0	
Cash Funds	136,552	574,910	7,308,216	7,308,216	
Reappropriated Funds	0	0	0	0	
Federal Funds	3,933,526	1,974,074	4,138,398	4,138,398	
Early Childhood Mental Health Services	3,362,296	3,325,199	3,274,481	3,187,966	*
FTE	0.0	0.0	0.0	0.0	
General Fund	1,627,657	1,627,813	1,213,032	1,126,517	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	1,734,639	1,697,386	2,061,449	2,061,449	
Child Care Services and Substance Use Disorder Treatment Pilot Program	483,053	500,000	0	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	483,053	500,000	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
Indirect Cost Assessment	951,668	729,158	859,344	867,176 *	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	232,763	304,137	308,597	316,285	
Reappropriated Funds	0	0	0	0	
Federal Funds	718,905	425,021	550,747	550,891	
TOTAL - (4) Community and Family Support	139,075,557	140,460,164	145,822,483	145,722,464	(0.1%)
FTE	24.7	24.8	24.8	25.8	4.0%
General Fund	78,675,726	84,309,822	81,077,674	80,952,214	(0.2%)
Cash Funds	40,202,229	42,833,668	42,282,535	42,300,169	0.0%
Reappropriated Funds	0	0	5,940,111	5,940,111	0.0%
Federal Funds	20,197,602	13,316,674	16,522,163	16,529,970	0.0%

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
(5) Licensing and Administration					
Personal Services	10,408,681	10,798,390	9,656,145	9,446,515	*
FTE	63.1	64.3	82.7	82.5	
General Fund	2,775,885	2,850,057	2,319,056	2,321,643	
Cash Funds	1,168,200	1,283,751	1,320,800	1,305,160	
Reappropriated Funds	0	0	0	0	
Federal Funds	6,464,596	6,664,582	6,016,289	5,819,712	
Operating Expenses	399,163	352,616	669,374	525,850	
FTE	0.0	0.0	0.0	0.0	
General Fund	102,752	49,333	49,366	49,366	
Cash Funds	263,066	268,526	271,615	265,915	
Reappropriated Funds	0	0	0	0	
Federal Funds	33,345	34,757	348,393	210,569	
Background Investigation Unit	884,237	1,225,402	1,261,344	1,266,948	
FTE	8.6	8.7	8.7	8.7	
Cash Funds	884,237	1,225,402	1,261,344	1,266,948	
Indirect Cost Assessment	2,775,901	2,357,442	3,726,287	3,672,291	*
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	156,288	310,835	317,877	342,576	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,619,613	2,046,607	3,408,410	3,329,715	

Appendix A: Numbers Pages

	FY 2024-25 Actual	FY 2025-26 Actual	FY 2026-27 Appropriation	FY 2027-28 Request	Request vs. Appropriation
TOTAL - (5) Licensing and Administration	14,467,982	14,733,850	15,313,150	14,911,604	(2.6%)
FTE	71.7	73.0	91.4	91.2	(0.2%)
General Fund	2,878,637	2,899,390	2,368,422	2,371,009	0.1%
Cash Funds	2,471,791	3,088,514	3,171,636	3,180,599	0.3%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	9,117,554	8,745,946	9,773,092	9,359,996	(4.2%)
TOTAL - Department of Early Childhood	756,860,531	749,770,375	799,274,122	808,222,062	1.1%
FTE	235.1	243.1	256.1	256.3	0.1%
General Fund	293,871,099	309,612,786	298,900,422	314,228,597	5.1%
Cash Funds	248,794,329	282,814,821	300,692,810	303,608,296	1.0%
Reappropriated Funds	7,550,537	5,906,445	15,744,219	15,183,598	(3.6%)
Federal Funds	206,644,566	151,436,323	183,936,671	175,201,571	(4.7%)

Appendix B: Proposition NN and Amendment 87 Estimates

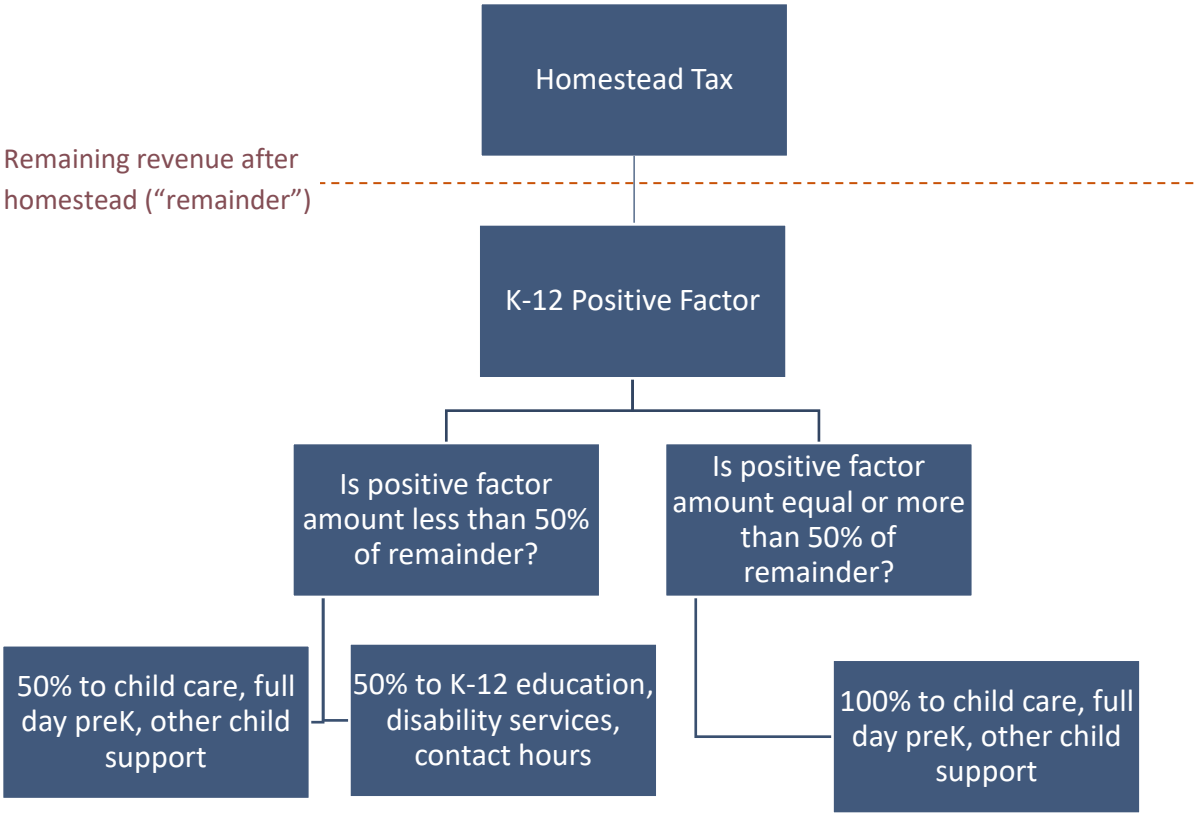
Summary

Proposition NN and Amendment 87 infuse the State with new revenue for child care and early child education (ECE). **However, revenue gains for child care and ECE are not projected to last long-term. The General Assembly should consider fiscal strategies and policies geared for long-term sustainability.**

What is Proposition NN?

Senate Bill 26-135 (State Public K-12 Education Funding) referred Proposition NN to voters. Proposition NN allows the state to retain and expend revenue above the Referendum C cap and use surplus funds for K-12 education expenses, including teacher pay and educational programs. After expenditures to cover the positive factor for K-12 schools, a portion of remaining surplus funds can be used for child care, preschool, and other early childhood education investments.

Retained revenue would be spent in a waterfall method. Revenue is first spent to cover reimbursements to local governments for revenue lost due to the homestead tax exemption. After that payment, any additional revenue is deposited into the Children's Account. Funding in that Account is first spent on the positive factor. If there is remaining funding, the amount that goes to child support depends on if the positive factor is more or less than 50% of the funding remaining after the homestead tax exemption.



Implications with Proposition 137

Proposition 137 (Direct Sporting Goods Sales Tax Revenue for Conservation) decreases the amount of revenue available for Proposition NN spending, making much less revenue available for child support. Proposition 137 directs some sales tax revenue from sporting good purchases to conservation, wildfire risk mitigation, and outdoor recreation programs. Most importantly for child support revenue, Proposition 137 exempts that money from TABOR revenue limits.

Essentially, Proposition NN allows the State to use revenue that would otherwise be refunded to taxpayers. However, Proposition 137 *reduces* that revenue and directs it to conservation and wildfire mitigation. Because child support is the last funding priority from Proposition NN revenue, the interaction with Proposition 137 means much less funding is available for child support than if Proposition 137 had failed.

What is Amendment 87?

Amendment 87 establishes a graduated income tax structure and directs new revenue the Colorado Future's Account to fund K-12 education, health care, and early child care beginning in 2027. The Blue Book forecasted this would raise $2.0 billion in additional revenue in its first full year and more revenue ongoing. Revenue is exempt from the TABOR limit. However, spending of Amendment 87 revenue cannot replace existing education, health care, and early child care state funding. In other words, Amendment 87 revenue can only expand existing programs or create new ones.

Child care funding projections

Numbers presented below are preliminary. Legislative Council Services and the Office of State Planning and Budgeting (OSPB) will present detailed forecasts on ballot measure impacts in December.

Proposition NN

Current projections from both Legislative Council Staff and the OSPB indicate that Proposition NN revenue available for child care, after adjustments from Proposition 137, will mostly be one-time. Under LCS' preliminary forecasts, $413.4 million will be available for child care in FY 2026-27, but subsequent fiscal years have little to no revenue. If the General Assembly were to appropriate all Proposition NN money for child care in FY 2026-27, those programs would face a funding cliff in FY 2027-28.

Legislative Council Staff September forecast: Proposition NN revenue

Type of Impact	FY 2026-27	FY 2027-28	FY 2028-29
Increase in TABOR Limit	$4,552.5	$4,801.1	$5,124.4
Amount Retained	$826.8	$403.7	$561.6
Property Tax Reimbursements	$0.0	$203.9	$209.6
Children's Account	$826.8	$199.8	$352.0
Positive Factor	$107.4	$199.8	$333.5
Other School Funding	$306.0	$0.0	$0.0
Remaining for child care	**$413.4**	**$0.0**	**$18.5**

OSPB estimates that $303.7 million will be available for child care in FY 2026-27, after which $0 or very little funding would be available.

Amendment 87

Amendment 87 does not establish a formula for directing revenue to education, health care, and child care. Those decisions will be made by the General Assembly. However, Medicaid spending could quickly consume most of this revenue.