COLORADO

Department of Early Childhood

Long Range Financial Plan FY 2022-23

November 1, 2022

Contents

Summary of Long Range Financial Plan

Pursuant to Section 2-3-209, C.R.S., each state agency is required to submit to the General Assembly an annual long-range financial plan. The purpose of the long-range financial plan is to:

A. Have each state agency anticipate and strategically plan for future contingencies that may impact the state agency's ability to meet its performance goals;
B. Assist the state agency as it prepares its annual budget request;
C. Provide additional information to the General Assembly so that it can appropriate money in light of possible future changes; and
D. Provide notice to the public about the potential growth or decline of state government in the future.

To the extent possible, the state agency shall utilize information that is included in the state agency's annual performance report prepared in accordance with Section 2-7-205, C.R.S. Therefore ,the November 1, 2022 Long Range Financial Plans include:

A. Description of anticipated trends, conditions, or events affecting the agency; and
B. Description of any programs funded by federal funds or gifts, grants, and donations that may decrease in the future.

The Long Range Financial Plan is supplemented by the annual performance report[1] which includes:

A. Statement of the agency's mission;
B. Description of the agency's major functions;
C. Description of the agency's performance goals; and
D. Performance evaluation of the agency's major programs with recommendations to improve performance.

The long-range financial plan covers a five-year period and is not a policy document but rather a management tool to support effective planning and resource allocation. As such, it does not reflect the impact of policy proposals. In addition, given the November 1 statutory deadline for the plans, they were developed prior to the finalization of the Governor's FY 2023-24 budget request, and thus may not reflect all technical changes prepared for the budget.

[1] https://drive.google.com/file/d/1yMkuZL3gayarsgrgxce2aGOeZE4h7D3q/view

Section 1: Financial Structure

This section complies with the requirements of Section 2-3-209 (2)(e), C.R.S., which states the Long Range Financial Plan may include components which discuss the anticipated trends, conditions, or events that could impact the department's ability to meet its goals and objectives.

Table 1: Office/Department of Early Childhood Funding						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Department of Human Services - Office of Early Childhood						
FY 2018-19	$ 257,466,868	$ 91,693,061	$ 47,655,426	$ 7,968,022	$ 110,150,359	89.9
FY 2019-20	$ 272,215,735	$ 93,449,523	$ 48,954,962	$ 7,968,022	$ 121,843,228	90.8
FY 2020-21	$ 352,811,278	$ 143,902,765	$ 51,372,000	$ 7,968,022	$ 149,568,491	112.7
FY 2021-22	$ 658,097,121	$ 95,757,398	$ 53,352,394	$ 7,968,022	$ 501,024,307	126.2
Department of Early Childhood						
FY 2021-22	$ 326,413	$ 326,413	$ 0	$ 0	$ 0	1.8
Current Appropriation	$ 538,682,159	$ 112,404,354	$5,626,170	$11,899,077	$ 408,752,558	208.0
Programs Aligned with the Department of Early Childhood	The amounts listed for FY 2018-19 through FY 2021-22 reflect the budget of the Office of Early Childhood, Colorado Department of Human Services (CDHS). The CDHS appropriation included funding for Child Care Licensing; the Child Care Assistance Program, including administrative costs and subsidy funding; child care quality and consumer education; funding for community based programs that facilitate state and community partnerships to address the needs of young children and their families; and provides professional development, technical assistance and resources for personnel in early childhood care and education settings. In addition to the programs transferred from CDHS, the amounts listed for the Department of Early Childhood represent the funding to support the administration of the new Department, and in FY 2022-23 includes the transfer of programs previously administered by CDHS and the development of the Universal Preschool (UPK) program.					

Department Major Budget Drivers

Division of Universal Preschool

Colorado Universal Preschool Program

Beginning in the 2023-24 school year, the Department of Early Childhood is slated to fund at least ten hours per week of high-quality, voluntary preschool for every

Colorado child in their year before entering kindergarten, in addition to eligible younger children. This Universal Preschool Program (UPK) allows families to choose the right setting for their child, whether it is in a licensed community-based, school-based, or home-based preschool setting.

We know that many families will require more than 10 hours of care per week, and there will be a number of ways to access additional hours. Some children will qualify for additional state-funded hours based on the qualifying factors as follows.

For a child to who is three, or younger than three in a district with a waiver to serve children younger than three, and for children in the year before kindergarten to receive additional hours of care in the Colorado Universal Preschool Program, the child must meet one or more of the following criteria:

- A child who lives in a low-income household (270% of the 2023 Federal Poverty Guidelines)
- A child who is a dual language learner and the native language spoken in the child's home is a language other than English, or the child's native language is not English
- A child with an Individualized Education Program (IEP)
- A child who is currently in a foster care home or in non-certified kinship care
- A child who is identified as homeless

The specific number of hours will be determined in November. Many of these children will also qualify for Colorado's Child Care Assistance Program[2] (CCCAP), Head Start[3], and/or other funding sources that can be stacked on top of UPK hours to meet the needs of families. The Department will work towards creating a single, unified application for all of these services.

The Colorado Universal Preschool Program is expected to save families thousands per year on child care. High quality preschool programs are proven to aid in a child's development and to have social, academic, and economic benefits that are carried with that child throughout their life. The launch of this program, funded by the voter-approved Proposition EE, builds on Colorado's long-standing commitment to children and families and helps ensure that they are valued, healthy and thriving.

The primary variables driving cost within the UPK program include 1) the number of eligible children who are enrolled in the program, and 2) the per child rates paid to providers. Additionally, the appropriation for UPK will drive the number of children with defined qualifying factors for extended care that can be served by the program, as there are several populations outlined in statute who will only be served as appropriations allow.

[2] https://cdec.colorado.gov/colorado-child-care-assistance-program-for-families

[3] https://cdec.colorado.gov/head-start/early-head-start

Division of Early Learning Access and Quality

Colorado Child Care Assistance Program

The Colorado Child Care Assistance Program (CCCAP) provides child care assistance to children and families who meet eligibility criteria.

For FY 2021-22, the Department (then the Department of Human Services, DHS) used the cost methodology employed in the Request for Information submitted to the Joint Budget Committee. The methodology estimated the projected incremental costs of price inflation, increased utilization of care by eligible families, and increases in the quality rating levels of CCCAP providers. In general, these categories encompass the following categories of change in cost:

- Price inflation reflects anticipated increases in costs for the same amount/type of care,
- Increased quality reflects the expected increase in costs due to providers increasing their quality level and receiving higher payment rates,
- Average utilization reflects the costs associated with paying for more care, and
- Caseload growth reflects the anticipated costs of increasing the number of children receiving child care assistance.

The COVID-19 pandemic caused significant disruption to the child care sector, and federal stimulus funding was appropriated to CCCAP to help support families and to stabilize the providers participating in the program. This additional funding was incorporated into the budget information provided in Table 2. Using federal stimulus funding, the Department of Human Services reduced family copayments, temporarily increased provider reimbursement rates, and increased the number of absences that providers are reimbursed for. The price inflation reflected in Table 2 includes both the increase in the rates for child care and the reduction in the family copayment structure, since both strategies increased the cost of the same amount/type of care. The average utilization included in Table 2 includes the estimates for increased absence reimbursement, since the change required CCCAP to pay for more days of care. Due to pandemic impacts on attendance, the stimulus spending plan supported a higher number of absences in FY 2021-22 than what is funded FY 2022-23, which results in a reduction in utilization.

DHS received a waiver to delay the federally required market rate survey for one year, but was directed to complete the survey by June 30, 2022, which was accomplished. The State was required to change reimbursement rates based on this survey by October 1, 2022, in order to comply with federal requirements. Stimulus funding is currently allocated to support rate increases through FY 2022-23, and the budgeted stimulus funding plus the statewide provider rate increase is expected to be sufficient to support the current caseload at the updated rates from this survey. If the caseload increases beyond what was projected, counties may need to prioritize resources and/or reduce the number of families receiving a subsidy through the program in order to manage the program within existing appropriations.

All estimates and projections are based on data that has been affected by the COVID-19 pandemic. DEC is still determining the long-term impact to utilization and inflation based on the current state of the economy. The projections assume that new CCCAP rates must be implemented by October 2024, using either a market rate survey or an approved alternate methodology in accordance with federal regulations.

The Department's projections also assume that both the expansion of CCCAP to serve more families and the payment of infant and toddler care based on enrollment rather than attendance, which are funded by stimulus funding, will end by 9/30/2024 and therefore result in decreased caseload and utilization beginning in FY 2024-25.

Table 2 shows projected costs for the CCCAP from FY 2022-23 through FY 2026-27. The Department will update projections as more data becomes available about the recovery of the child care sector.

Table 2: Projected Growth in CCCAP Costs FY 2022-23 through FY 2026-27

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Total Increase	15.75%	1.70%	-6.04%	1.90%	2.00%
Price Inflation	1.15%	0.00%	4.80%	0.00%	0.00%
Increased Quality	0.75%	0.85%	0.85%	0.90%	1.00%
Average Utilization	4.10%	0.85%	-5.60%	1.00%	1.00%
Caseload Growth	9.75%	0.00%	-6.09%	0.00%	0.00%
Prior Year	$158,868,720	$183,886,791	$187,012,866	$175,717,289	$179,055,918
Projected Need	$183,886,791	$187,012,866	$175,717,289	$179,055,918	$182,637,036
Increase/Decrease from Prior Year	$25,018,071	$3,126,075	($11,295,577)	$3,338,628	$3,581,118

<1> 2024-25 Inflation rate informed by Congressional Budget Office; Bureau of Economic Analysis; Bureau of Labor Statistics; Federal Reserve (https://www.cbo.gov/publication/57950)

Table 3 provides CCCAP appropriations according to the Long Bill, Supplemental Bill, and special bills, and the number of children served by the program from FY 2005-06 to FY 2021-22. The policy changes associated with the federal 2016 Child Care Development Fund (CCDF) Reauthorization have allowed families and children to remain in the program longer, promoting continuity of care for children, as well as raised overall reimbursement for child care providers to increase access to care. This may have contributed to the change in the number of children served over time, as the program serves fewer children for longer, even with added funding.

Table 3: CCCAP Appropriation and Children Served by Fiscal Year		
Fiscal Year	Appropriation (Source: Long Bill + Supplemental + Special Bills)	Number of children served
2021-22	$158,868,720*	26,136
2020-21	$148,012,609**	26,537
2019-20	$135,990,078*	28,441
2018-19	$112,569,426	30,038
2017-18	$92,147,947	31,858
2016-17	$89,593,241	32,865
2015-16	$87,293,241	32,518
2014-15	$77,333,278	32,750
2013-14	$75,456,123	32,475
2012-13	$73,976,592	32,387
2011-12	$73,976,592	33,485
2010-11	$74,802,572	40,075
2009-10	$75,618,195	40,506
2008-09	$75,868,579	38,063
2007-08	$78,142,956	36,114
2006-07	$79,871,761	37,634
2005-06	$74,768,237	39,123
*For FY 2019-20 & FY 2021-22, the appropriation includes federal stimulus funding appropriated to the Department for the Child Care Assistance Program to respond to the		

COVID-19 pandemic.
**For FY 2020-21, the appropriation includes federal stimulus funding appropriated to the Department for the Child Care Assistance Program and funds from the CARES fund transferred to the Department to support the program.

The following variables drive the cost of the Colorado Child Care Assistance Program (CCCAP):

Reimbursement Rates: CCCAP reimbursement rates are set by the State at levels intended to provide equal access to private child care markets. These rates are informed by a Market Rate Study and vary by county, type of care (home vs. center), age of child served, and quality rating. Rates increase due to both inflation and advancement in provider quality levels.

Amount of Authorized Care: CCCAP service level varies by family need, schedule and eligibility. Some children are authorized to receive full time care five days a week every week while others are only authorized to receive part time care (care on certain days or care for only part of the year). As continuity of care increases, so does the amount of authorized care.

Utilization of Authorized Care: CCCAP reimbursement is based on the care that a child attends. Additionally, utilization includes the cost of paid absences. Paying for infant and toddler care based on enrollment will increase the utilization of care.

Number of Children Served: CCCAP provides subsidies for child care and child care related costs such as registration, activity and transportation fees (RAT Fees). Children benefiting from these subsidies are counted as served by CCCAP. Expanding the income eligibility thresholds will increase the cost of care.

In addition, the cost of the program is affected by year-to-year price inflation for child care, the cost of providing higher quality care, and child care utilization rates.

Division of Community and Family Support

Early Intervention

Growth in the Early Intervention (EI) program is projected based both on historic enrollments in the EI program and on the program eligibility criteria. The EI program costs are driven by the labor costs associated with the provision of services to children and families, specifically direct service delivery and service coordination (case management), as well as the costs of local administration. Frequency of service provision, or service intensity, has also been identified as a significant cost driver.

Due to economic projections resulting from COVID-19, the Early Intervention program was not funded for caseload growth in FY 2020-21. This required EI to implement specific changes to the program including altering the eligibility criteria to a 33 percent threshold (restricted from a broader 25 percent threshold), realigning other state services to better serve some children, funding more services through Medicaid, and limiting administrative costs. EI began restricting eligibility to 33 percent on July 10, 2020. This change was intended to reduce caseload over the course of the next two fiscal years by up to 2,200 children per year. Program projections estimated that caseload growth may begin to exceed the eligibility reduction in FY 2022-23, and each year the previous projections of annual 3.3 percent growth statewide beginning in FY 2023-24. The Department planned to continue to monitor and analyze data to determine how the pandemic had impacted these growth projections.

The Joint Budget Committee restored funding, however, during the 2022 legislative session and indicated that it expected the Department to return eligibility criteria to the broader 25 percent threshold and to begin serving children who fall within that threshold. This has required DEC to alter its projections. The reduction in children served for FY 2021-22 is a result of budget cuts in the immediate wake of the pandemic.

Table 4 provides a breakdown of funding for the Early Intervention program through FY 2025-27.

Table 4: Early Intervention Funding Breakdown

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Appropriated Funds*	$72,394,068	$72,394,068	$72,394,068	$72,394,068	$72,394,068
Carry-forward/Additional federal grant funds*	$4,899,623	$4,899,500	$4,899,500	$1,000,000	$1,000,000
Total Available Early Intervention Funds	$77,293,691	$77,293,568	$77,293,568	$73,394,068	$73,394,068
Pass through EI Trust Funding	($10,517,125)	($10,517,125)	($10,517,125)	($10,517,125)	($10,517,125)
Reappropriated Medicaid Funds (Billed Directly)	($8,127,382)	($8,127,382)	($8,127,382)	($8,127,382)	($8,127,382)
EI State Team, Data & Administrative Costs	($2,377,001)	($2,377,001)	($2,377,001)	($2,377,001)	($2,377,001)
Remaining Amount for Contracted EI	$56,272,183	$56,272,060	$56,272,060	$52,372,560	$52,372,560

Services					

*The appropriated funds in the above table excludes the funding for Early Intervention Evaluations and includes the funding for Early Intervention personal services.
**The Department projects that due to FY 2021-22 federal rollforward and Part C stimulus funding, excess federal funds will be available to roll forward through FY 2024-25 to support increased costs. Once rollforward funds are exhausted, the Department will evaluate the impact of the eligibility restoration on the per child cost.

Table 5 demonstrates the estimated cost of contracted EI services compared to available funding.

Table 5: Estimated Early Intervention Contract Costs to Serve Enrolled Families

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Estimated Contractual Cost with 33% Eligibility	$49,837,896	$49,837,896	$49,837,896	$49,837,896	$49,837,896
Estimated Contractual Cost to serve 25% eligibility	$2,001,207	$6,830,047	$12,582,756	$12,582,756	$12,582,756
Available Funds	$56,272,183	$56,272,060	$56,272,060	$52,372,560	$52,372,560

Table 6 provides the Early Intervention appropriation according to the Long Bill and the number of children served by the program from FY 2007-08 to FY 2021-22.

Table 6: Early Intervention Appropriations by Long Bill

Fiscal Year	Appropriation	Number of Children Served*
2021-22	$65,203,343	6,961
2020-21	$67,038,480	7,265
2019-20 [1]	$67,311,990	8,439
2018-19 [1]	$65,441,827	8,191
2017-18 [1]	$60,837,519	7,635
2016-17	$54,966,042	6,762
2015-16	$51,146,675	6,297
2014-15 [1]	$46,201,867	6,775
2013-14	$43,430,541	6,077

2012-13 [2]	$25,412,587	5,989
2011-12 [2]	$26,232,565	6,372
2010-11 [2]	$29,230,552	6,013
2009-10 [2]	$24,321,911	5,667
2008-09 [2]	$21,309,281	5,322
2007-08 [2]	$18,078,461	4,291
Data Source: 2007-08 through 2013-14 Community Contract Management and Data System; 2014-15 through 2021-2022 Early Intervention Statewide Data System Salesforce platform. [1]Includes supplemental appropriation. [2] Does not include case management funding (General Fund and reappropriated Medicaid funds) because these funds were rolled into total case management funding appropriated to the Division for Developmental Disabilities. *One day point-in-time count of eligible children on October 1 reported in the Colorado Part C Annual Performance Report submitted to the federal Office of Special Education Programs.		

Scenario Evaluation: Department-specific Contingency

The Universal Preschool Program is currently in its start up year with an initial program delivery date of August 2023. As a result, the current division budget is unique to operationalizing the program and planning for implementation. This includes infrastructure work toward a universal application system, local coordinating organization structures, aligning human resources, as well as, promulgating rules in accordance with H.B. 22-1295. The Department won't have specific information on the effect of reducing funding until this infrastructure and development planning is complete; however, it is generally expected that a reduction in funding would reduce the additional services provided to qualifying children, and make it difficult to serve all eligible children at rates that encourage providers to participate in the program.

A reduction in funding for CCCAP would likely result in a reduction in families receiving subsidy through the program and would require county departments to prioritize resources to minimize waitlists for services. This could result in restricting county options such as issuing hardship waivers for family copayments, reimbursing additional absence payments, or paying for registration and activity fees. All of these changes would negatively impact families participating in the program. Additionally, the authorizing legislation for the Child Care and Development Fund stimulus awards that are appropriated to the Department prohibits supplanting federal, state, and local public funds expended for child care services for eligible individuals. As a result, the Department could not reduce the base funding for CCCAP below the appropriated amounts for FY 2020-21 without violating the federal non-supplantation requirement and risking a federal penalty.

The Early Intervention program's federal grant does not allow the State to have a waitlist for EI services. Additionally, the program has a maintenance of effort requirement that impacts the ability to reduce General Fund appropriations. When General Fund reductions were required in FY 2019-20 due to the economic downturn in the early months of the COVID-19 pandemic, the Department of Human Services was forced to implement changes to eligibility and other cost containment strategies in order to avoid a waitlist and serve all eligible children. DHS reduced program eligibility for children from a 25 percent delay to a 33 percent delay, which resulted in approximately 2,200 children who were not eligible for services under the new criteria. Beyond that, the program did not have additional strategies to reduce program costs without risking a federal penalty. With the intent to restore the broader 25 percent eligibility criteria, federal officials have indicated that the state would not be able to tighten eligibility criteria another time without risking federal funding, due to the issues these eligibility changes cause with equitable access to the program.

Emerging Trends

Lawmakers at both the federal and state level continue to express interest in reducing tobacco use, which may impact revenue for both UPK (which relies on Proposition EE cigarette, nicotine, and tobacco tax revenue) as well as the Nurse Home Visitor Program (which relies upon the Tobacco Master Settlement cash fund). Legislation may impose additional taxes or fees on tobacco products or ban certain types altogether.

Scenario Evaluation: Economic Downturn

In the initial program year of the Universal Preschool Program, the Colorado Children's Campaign has forecasted that there are just over 63,000 children who may be eligible to participate in the universal preschool program in the year before kindergarten (for simplicity, referred to here as four-year-olds). The rate allocated per student is currently being developed, as is the number of additional hours that will be available to those families and children with defined qualifying factors. Program eligibility is not dependent on family income or employment or other factors that may be impacted by an economic downturn, which indicates that UPK participation is not likely to vary significantly with changes in the economy.

Demand for CCCAP is less variable with the economy than it once was due to the changes in the CCDF Reauthorization. And although the COVID-19 pandemic reduced the utilization for child care overall, it seems unlikely that utilization will not rebound in the long term along with the economy. For instance, families are able to stay on the program for a longer period due to higher exit income thresholds and longer job search periods. In the event of a significant economic downturn with high rates of unemployment, however, families may be more negatively affected because families are only allowed 90 days of child care assistance for each instance of unemployment.

The Department does not believe the demand for Early Intervention services is affected by economic fluctuations. The number of referrals to Early Intervention services was significantly affected during the beginning of the pandemic, but this was likely due to health and safety considerations and reduced family contact with pediatricians and other providers, rather than the economy. Referral numbers began to recover; however, the number of children receiving services continued to decline throughout FY 2020-21, in large part due to the eligibility criteria change.

Capital Construction Funds & Projects

Table 7. Department Capital and IT Capital Construction History

	Total Funds	Controlled Maintenance	Capital Renewal	Capital Construction	IT Projects
FY 2017-18	$0	$0	$0	$0	$0
FY 2018-19	$0	$0	$0	$0	$0
FY 2019-20	$0	$0	$0	$0	$0
FY 2020-21	$0	$0	$0	$0	$0
FY 2021-22	$3,500,000	$0	$0	$0	$3,500,000

Universal Preschool

The Department received funds through a FY 2021-22 supplemental (H.B. 22-1197) for capital IT funding to build an online application and technology system to support the Universal Preschool Program. The total budget for the project is $3.5M. The Universal Preschool Capital IT Project is on track to deliver a minimum viable product by January 3, 2023 and continue ongoing capital development through June 30, 2024.

In January of 2022 the Governor's Office Transition Team engaged with OIT and the Colorado Digital Service for user research and product strategy. This effort recommended the procurement of a commercial off-the-shelf product to serve as an online discovery/search, eligibility and application system for families. An invitation to negotiate (ITN) RFP was released on May 11, 2022 and an intent to award was issued to BridgeCare on July 29, 2022. A contract with BridgeCare was executed on September 22, 2022.

Additional procurement activities for this capital project include:

- A contract amendment between CDEC and Deloitte was executed to support access to licensing and provider information within CDEC's DECL Salesforce Org for families, Local Coordinating Organizations, state staff, and providers.
- OIT is procuring a contract through SIPA for MuleSoft Professional Services to support data integration work to support providers, Local Coordinating Organizations, and state staff. This work includes payments to providers.

A Universal Preschool Product Team was created with the following roles to support the capital IT project:

- 1 project manager;
- 4 digital service experts:
    - product owner;
    - technical engineer/owner;
    - strategic procurement, contracting, and budgeting;
    - human-centered design specialist;
- 1 business analyst;
- 2 integration developers; and
- 1 data architect.

Unified Experience and Early Childhood Integrated Data System (ECIDS)

The Department was authorized for additional capital IT projects totaling $16.9 million beginning in FY 2022-23: the Unified Experience and Early Childhood Integrated Data System (ECIDS) project. The Department is executing an interagency agreement of $5.15 million with OIT to support a comprehensive analysis of and system implementation for:

1. CDEC's citizen-facing enterprise applications to understand their current state and how to unify experiences within the early childhood system of supports and interfaces for families and providers to meet our legislative requirements in H.B. 22-1295.
2. CDEC's data and architecture to create an Early Childhood Integrated Data System (ECIDS) to support open data, analytics, research, and longitudinal reporting for data both within and external to CDEC. An ECIDS supports policy-makers, decision-makers, and researchers to meet the legislative requirements of H.B. 22-1295.

The resulting roadmap from this analysis process will drive solutioning and implementation for both a unified experience and ECIDS.

Ongoing Debt Obligations
The Department does not currently have ongoing debt obligations beyond current IT capital construction projects.

Section 2: Federal Funds

This section complies with the requirements of Section 2-3-209 (2)(f), C.R.S., which states the Long Range Financial Plan may include components which describe any programs currently funded in whole or in part with federal funds or gifts, grants, or donations that the department anticipates will decrease in the future and, therefore, may require state money as a backfill.

Table 8. Department State and Federal Stimulus Funding						
	Total Stimulus Funds	*ARPA*	*HR 133*	*IIJA*	*Other Federal Stimulus*	*State Stimulus*
FY 2020-21 & FY 2021-22	*$448,021,106*	$275,630,412	$87,795,252	$0	$29,931,233	$53,816,340
FY 2022-23	*$179,073,150*	$123,464,278	$32,036,638	$0	$7,650,873	$0
FY 2023-24						
FY 2024-25						
FY 2025-26						
Federal Stimulus funds have not yet been appropriated for FY 2023-24 and beyond						

- FY 2020-21 and FY 2021-22 other federal stimulus funding represents $20,931,233 in appropriation of Direct to Agency Award (DAA) funding from the CARES Act and $9,000,000 in Other Federal Stimulus funding from the CARE fund.
- FY 2022-23 and FY 2023-24 other federal stimulus funding represents $7,650,873 in appropriation of DAA CARES Act funds.
- $21,442,372 of additional DAA CARES Act funding was spent in FY 2019-20

Federal Funds Rolloff Planning

Since the start of the pandemic, Early Childhood programs have been awarded a total of $758,408,603 in stimulus funding, which is broken down as follows:

i. Direct to Agency Awards: $643,592,262
ii. State Stimulus Funds: $53,816,340
iii. SLFRF Funds: $52,000,000
iv. Other Federal Funds (from CARE Fund): $9,000,000

Of the awarded funding 96.6 percent was designated to support the Child Care sector, and the remaining 3.4 percent of funding was designated to support other early childhood and family support programs. In general, implementation plans for this funding have been carefully designed to provide one-time investments that carry minimal impacts to Coloradans after the one-time federal dollars roll off. In a few cases, current stimulus programs will require further analysis to determine where any sustained funding may be recommended and possible sources of funding for those recommendations.

For programs with significant impacts (as defined by the Department), provide quantitative analysis of the following roll-off impacts (in both units and dollars):

The 24.0 FTE, both permanent or term-limited. In addition to FTE to support the implementation of stimulus activities, the Department's appropriations for stimulus funding include positions that are integral to the operations of the new Department. Funding is available through 9/30/2024 to support the critical positions outlined in Table 9, which would leave a gap in funding to support these essential functions. The gap will be 75 percent of the total amount listed in FY 2024-25 and 100 percent of the amount listed in ongoing fiscal years.

Table 9: Stimulus Positions Providing Essential Agency Functions	
Position	**Annual Cost**
Human Resources Specialist	$85,881
Human Resources Recruiter	$85,881
Contract Specialist	$86,280
Subrecipient Monitoring Specialist	$101,834
Fiscal Specialist	$86,280
Fiscal Supervisor	$134,765
Partnerships and Collaboration Director	$154,021
Policy and Legislative Director	$154,021
Policy Implementation Manager	$101,834
Budget and Policy Analyst	$101,834
Early Childhood Communications Specialist	$77,636
Bilingual Licensing Specialist	$93,223
Bilingual Licensing Specialist	$93,223
CCCAP Specialist	$76,167

Program Access Manager	$112,723
Program Access Coordinator	$56,362
Family Engagement Manager	$58,592
Instructional Design Coordinator	$42,863
Instructional Design Specialist	$85,727
Coaching Manager	$131,361
Regional Coach	$65,681
Regional Coach	$65,681
Regional Coach	$65,681
Regional Coach	$65,681
Annual Cost	**$2,183,229**
Number of FTE	24.0

The following stimulus strategies are providing increased payment and/or supports to child care providers and will require analysis of impact once federal dollars roll off:

CCCAP Rates and Paid Absences Increase - $16,386,638 annual cost. In addition to creating a cliff for child care providers, this funding enables the program to maintain compliance with federal CCDF required payment practices, without limiting the number of families served.

CCCAP Payment Based on Enrollment for Infants and Toddlers - $10,480,346 annual cost. Ending this payment practice, which more closely mirrors the private pay market, could make it difficult to find CCCAP providers willing to provide infant and toddler care.

Reduced CCCAP Family Copays - $3,153,957 annual cost. This funding supports the change to a 14 percent marginal rate structure for CCCAP copay, which reduced costs for all families participating in the program. In addition to a cliff for families participating in CCCAP, this funding is necessary to maintain compliance with federal CCDF requirements around equal access and affordability.

The following stimulus strategies have expanded the caseload and/or created a demand for the program that could create impacts when the funds expire:

Early Head Start - Child Care Partnership - $3,101,434 annual cost. If this funding is not continued, the expanded 200 Early Head Start slots would no longer be funded.

Early Childhood Mental Health Consultants - $2,648,107 annual cost. This funding expands the number of consultants from 34 to 57 FTE. These additional 23 FTE account for 30 percent of the services provided to approximately 1,745 new client cases per year. ECMH consultation builds adult capacity to foster early social emotional development and mental health, supports adult caregivers wellbeing and reduces early childhood suspensions and expulsions. Reducing the number of ECMH Consultants could contribute to greater ECE provider burnout and turnover, disruptions to high quality, consistent care for children, and a lost opportunity to intervene at a time when interventions have been shown to be most effective.

Free ECE 101 and 103 - $1,399,731 annual cost. This program funds the minimum coursework to become Early Childhood Teacher Qualified. Without this funding, the Department will no longer be able to subsidize the upfront costs to bring new professionals into the field.

TEACH Scholarship Program - $1,000,000 annual cost. TEACH scholarships promote higher wages and retention for early childhood educators who participate in the program. Loss of ongoing funding will exacerbate the difficulties recruiting and retaining professional educators in the field.

The following stimulus strategies are meeting a critical infrastructure need for the early childhood system and will require fiscal analysis once funds roll off to determine possibilities for sustained funding:

Helpdesk Contract and Technology Trainers for PDIS - $986,280 annual cost. The number of professionals using the PDIS system has increased significantly, and the Department's programmatic and IT staff have been inundated with support requests for professionals using the system. Without ongoing funding, users will receive less timely support when experiencing system issues.

PDIS Licensing, Operations and Maintenance Costs - $1,000,000 annual cost. The number of professionals using the PDIS system has increased significantly, and the costs of system licenses and contractual costs to effectively support the PDIS system have grown. The Department is relying on stimulus funding to support the increase in costs, and would face challenges with access and maintenance of the system without ongoing funding.

The Department does not have any applicable matching requirements for Federal Infrastructure Investment and Jobs Act.