

**Schedule 13**

**Department of Human Services**

**Funding Request for The FY 2020-21 Budget Cycle**

**Request Title**

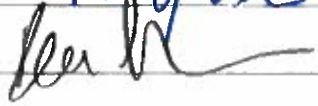
**R-27 Redirect Intrastate Redistribution Funding**

Dept. Approval By: \_\_\_\_\_



Supplemental FY 2019-20

OSPB Approval By: \_\_\_\_\_



Budget Amendment FY 2020-21

X

Change Request FY 2020-21

Summary Information	Fund	FY 2019-20		FY 2020-21		FY 2021-22
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$2,000,000</b>	<b>\$0</b>	<b>\$2,000,000</b>	<b>(\$1,500,000)</b>	<b>\$0</b>
FTE		0.0	0.0	0.0	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$2,000,000	\$0	\$2,000,000	(\$1,500,000)	\$0

Line Item Information	Fund	FY 2019-20		FY 2020-21		FY 2021-22
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$2,000,000</b>	<b>\$0</b>	<b>\$2,000,000</b>	<b>(\$1,500,000)</b>	<b>\$0</b>
FTE		0.0	0.0	0.0	0.0	0.0
06. Division of Early Childhood, (A) Division of Early Care and Learning, (1) Division of Early Care and Learning - Intrastate Child Care Assistance Program Redistribution	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$2,000,000	\$0	\$2,000,000	(\$1,500,000)	\$0

**Auxiliary Data**

**Requires Legislation?** NO

**Type of Request?**

Department of Human Services  
Prioritized Request

**Interagency Approval or Related Schedule 13s:**

No Other Agency Impact

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**Department Priority: R-27**  
**Request Detail: Redirect Intrastate Redistribution Funding**

<b>Summary of Incremental Funding Change for FY 2020-21</b>			
	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>
Total Funds	\$0	(\$1,500,000)	(\$1,500,000)
FTE	0.0	0.0	0.0
General Funds	\$0	\$0	\$0
Cash Funds	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0
Federal Funds	\$0	(\$1,500,000)	(\$1,500,000)

***Summary of Request:***

The Department of Human Services requests the authorization to reallocate \$1,500,000 in total funds/ federal Child Care and Development Fund (CCDF) in FY 2020-21 from the Intrastate Redistribution line to other child care activities allowable under the CCDF grant. This request represents a 75% reduction in spending authority as compared to the FY 2019-20 appropriation and is accompanied by separate decision items requesting complementary increases in federal spending authority under the CCDF grant. Specifically, the Department requests that this reduction in CCDF spending authority for Child Care Resource and Referral (CCR&R) activities is accompanied by a complementary increase in CCDF spending authority through the Department’s R-01 Comprehensive Approach to Improving Child Care Quality and R-03 Child Care Assistance Program Direct Services requests. This request is an ongoing reduction.

The Intrastate Redistribution line item was established in FY 2018-19 to ensure the Department had the CCDF spending authority to implement federal requirements related to regulations under the 2014 CCDF Reauthorization as well as to smooth the implementation of the Colorado General Assembly’s HB18-1335. Due to rule changes under CCCAP, the demand for these funds has been lower than expected, resulting in \$1,500,000 of undesignated funds in FY 2019-20. The Department now has better information about the cost of both the CCDF intrastate requirements and the new CCCAP payment model and is better able to predict the cost of the system changes necessary to assist counties with the transition.

The Department anticipates that the reallocation of \$1,500,000 of federal spending authority for other child care activities allowable under the CCDF grant would allow the State to address the specific challenges related to equal access to high-quality early child care and education, including child care deserts, workforce development, and provider retention.

***Current Program:***

Federal regulations revised in 2014 under the Child Care and Development Fund (CCDF) required states to ensure families remain eligible for child care assistance for a minimum of 12 consecutive months, regardless of where they live within the state. This represented a major shift for the Colorado Child Care Assistance Program (CCCAP) as a county-administered program, where families were only deemed eligible if they remained in the county of residence under which they applied for CCCAP. This policy change was expected to increase the length of time families remain eligible under CCCAP.

At approximately the same time, the Colorado General Assembly passed HB 18-1335, which established statewide income eligibility criteria, state-set child care provider reimbursement rates, and a new formula for the CCCAP county allocation. In combination, the state and federal policy changes were expected to require funding to implement.

The Intrastate Redistribution line was implemented in FY 2018-19 to establish a CCCAP fund reserve to be used to address intrastate portability under the CCDF federal regulations and ease the transition to the new funding model for CCCAP required by HB 18-1335.

***Problem or Opportunity:***

The Intrastate Redistribution line item was established in FY 2018-19 to ensure the Department had the CCDF spending authority to implement federal requirements related to regulations under the 2014 CCDF Reauthorization as well as to smooth the implementation of HB18-1335. Due to rule changes under CCCAP, the demand for these funds has been lower than expected. The Department now has better information about the cost of both the CCDF intrastate requirements and the new CCCAP payment model and is better able to predict the cost of the system changes necessary to assist counties with the transition. As part of the FY 2020-21 budgeting process, the Department undertook a robust review of funding, legislation, reports, programs, and C-Stat data to ensure funding aligns with its strategic plan and priorities. During this process, the Department determined that \$1,500,000 for the Intrastate Redistribution could be reduced and reallocated for other more impactful child care activities.

***Proposed Solution:***

The Department proposes reallocating \$1,500,000 of federal spending authority from the Intrastate Redistribution line item to other more impactful child care activities allowable under the CCDF grant. The remaining funds in the line item will be used to continue to ensure adherence to regulations and improve effective delivery of the program, including enhancements to the CCCAP IT system, the Child Care Automated Tracking System (CHATS). The Department also requests to roll forward any unspent funds remaining from the FY 2019-20 appropriation in this line to continue enhancements to CHATS.

***Anticipated Outcomes:***

The Department anticipates that the reallocation of \$1,500,000 of federal spending authority for other child care activities allowable under the CCDF grant would allow the State to address the specific challenges related to equal access to high-quality early child care and education, including child care deserts, workforce development, and provider retention. Specifically, these CCDF funds could be used to support the outcomes of the Department's R-01 Comprehensive Approach to Improving Child Care Quality and R-03 Child Care Assistance Program Direct Services budget requests.

***Assumptions and Calculations:***

In order to determine the amount that could be reduced, the Department identified the portion of funds in this line that have not been designated for specific activities beginning in FY 2019-20 related to the implementation of federal regulations and transitions under HB 18-1335.

In FY 2020-21 and beyond, the Department can reduce this line item by \$1,500,000, which is the amount of undesignated funds, without disruption to the planned enhancements funded by this line.