

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee

FROM Louellen Lowe, JBC Staff (303-866-2981)

DATE March 18, 2024

SUBJECT Department of Early Childhood – Preschool Programs Cash Fund Reserve and Appropriations Adjustment

During figure setting for the Department of Early Childhood, staff recommended the reserve balance for the Preschool Program Cash Fund be set during figure setting, but after the March 2024 forecast by OSPB and LCS. Based on the forecasts, staff recommends the Preschool Program Cash Fund reserve be based on the current year revenue forecast for the fund, and be set at 15.0 percent of the total forecasted fund revenues. Staff believes this methodology allows the General Assembly to maintain a healthy reserve of the Preschool Program Cash Fund while allowing for growth in the program, avoids complicated formula adjustments to appropriations and reserve amounts, and allows a modicum of greater certainty of actual reserves by using current year projections rather than future year projections for the cash fund revenue.

Based on data provided by OSPB and LCS, staff recommendation would be as follows:

PROP EE FUND FOR PRESCHOOL PROGRAMS CASH FUND		
	FY 2023-24	FY 2024-25
Starting Balance	\$75,482	
OSPB		37,640,769
LCS		42,074,327
Forecasted Revenue		
OSPB	196,051,708	196,869,376
LCS	200,485,266	196,918,820
Cash Fund Program Funding		
Current Appropriations	158,410,939*	
Recommendation based on OSPB		205,102,389
Recommendation based on LCS		208,920,357
Total	\$158,410,939	
Est. Reserve (OSPB)	37,640,769	29,407,756
Est. Reserve (LCS)	42,074,327	30,072,790
<i>*Includes supplemental funding</i>		

Current appropriations from the Preschool Program Cash Fund total \$206,008,250 cash funds. Utilizing the OSPB revenue forecast, this would require a decrease of \$905,861 cash funds for FY 2024-25 appropriations. However, this would still constitute an increase of approximately \$53.0 million over the current fiscal funding from the Preschool Programs Cash Fund. Utilizing the LCS forecast, this would allow for an increase of approximately \$2.9 million cash funds for FY 2024-25 appropriations.

MARCH 7, 2024

INFORMATIONAL ONLY:

A portion of the Preschool Program Cash Fund is requested to be for the Local Coordinating Organizations. That portion of the Preschool Program Cash Fund will be reflected in the Local Coordinating Line item and not in the Universal Preschool Program line item to accurately reflect the utilization of that funding.