



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1373: SUBSIDY LIMITS IN ASSISTANCE PROGS FOR CHILDREN

Prime Sponsors:

Rep. Brown; Sirota
Sen. Amabile; Kirkmeyer

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Fiscal note status: This revised fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of the FY 2026-27 Long Bill budget package. It has been updated to reflect updated information on expenditure reductions.

Summary Information

Overview. The bill limits monthly subsidy payment reimbursements for the Adoption Assistance Program and the Relative Guardianship Assistance Program and removes case services as eligible program expenditures.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis beginning in FY 2026-27:

- State Expenditures

Appropriations. For FY 2026-27, the bill includes a reduction in appropriations from the Department of Human Services of \$3.9 million.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$0	\$0	\$0
State Expenditures	-\$3,946,381	-\$9,616,086	-\$11,753,207
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the tables below.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	-\$2,199,750	-\$5,274,563	-\$6,561,792
Cash Funds	-\$407,295	-\$987,387	-\$1,213,635
Federal Funds	-\$1,339,336	-\$3,354,136	-\$3,977,780
Centrally Appropriated	\$0	\$0	\$0
Total Expenditures	-\$3,946,381	-\$9,616,086	-\$11,753,207
Total FTE	0.0 FTE	0.0 FTE	0.0 FTE

Cash funds consist of county matching funds.

Summary of Legislation

This bill limits monthly subsidy payment reimbursements for the Adoption Assistance Program and the Relative Guardianship Assistance Program for contracts that take effect July 1, 2026, or later.

For the Adoption Assistance Program, monthly subsidy payments must not exceed:

- 50 percent of foster care rates for youth under 9 years old;
- 55 percent of foster care rates for youth 9 years old or older but under 14 years old; and
- 60 percent of foster care rates for youth 14 years old or older.

For the Relative Guardianship Assistance Program, monthly subsidy payments must not exceed:

- 60 percent of foster care rates for youth under 9 years old;
- 65 percent of foster care rates for youth 9 years old or older but under 14 years old; and
- 70 percent of foster care rates for youth 14 years old or older.

The bill also removes case services—such as child care, tutoring, and therapies that are not Medicaid eligible—as eligible program expenditures.

Background

The [Adoption Assistance Program](#) and the [Relative Guardianship Assistance Program](#) provide financial assistance and services to families that meet federal eligibility criteria. Monthly subsidy payments and services are determined by county departments of human services through a standardized assessment. According to Joint Budget Committee staff, projected expenditures for FY 2026-27 are \$96.3 million total funds, including \$49.1 million General Fund, which reflects a General Fund spending increase of 112.3 percent since FY 2022-23.

State Expenditures

The bill decreases state expenditures in the Department of Human Services (CDHS) by \$3.9 million in FY 2026-27, \$9.6 million in FY 2027-28, and \$11.6 million in FY 2028-29 and ongoing. Actual reductions may vary as the department is authorized to over-expend the appropriation as necessary to provide benefits to all families who qualify. Expenditures are reduced from the General Fund, cash funds consisting of county matching funds, and federal funds, as shown in Table 1A above. A detailed breakdown of how the costs impact adoption assistance, guardianship subsidies, and case services costs is shown in Table 2.

Table 2
State Expenditures
Department of Human Services

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Adoption subsidies	-\$1,614,404	-\$4,647,073	-\$4,647,073
Guardianship subsidies	-\$237,176	-\$758,251	-\$758,251
Removal of case services expenditures	-\$2,094,801	-\$4,210,762	-\$6,347,883
Total	<u>-\$3,946,381</u>	<u>-\$9,616,086</u>	<u>-\$11,753,207</u>
<i>General Fund</i>	<i>-\$2,199,750</i>	<i>-\$5,274,563</i>	<i>-\$6,561,792</i>
<i>Cash Funds</i>	<i>-\$407,295</i>	<i>-\$987,387</i>	<i>-\$1,213,635</i>
<i>Federal Funds</i>	<i>-\$1,339,336</i>	<i>-\$3,354,136</i>	<i>-\$3,977,780</i>

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. However, Section 2 only takes effect if the Long Bill becomes law, with this section taking effect on the effective date of this bill or of the FY 2026-27 Long Bill, whichever is later.

State Appropriations

For FY 2026-27, the bill includes a reduction in appropriations from the Department of Human Services of \$3,946,381, which includes:

- a reduction of \$2,199,750 from the General Fund,
- a reduction of \$407,295 from cash funds consisting of county matching funds, and
- a reduction of \$1,339,336 from federal funds.

In addition, the bill includes technical language making the reduction in appropriations conditional on sufficient appropriations being available in the applicable line item in the FY 2026-27 Long Bill.

State and Local Government Contacts

Human Services

Joint Budget Committee Staff