



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1259: DEPARTMENT OF EARLY CHILDHOOD CLEAN-UP

Prime Sponsors:

Rep. Sirota
Sen. Marchman; Bridges

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting Number: LLS 26-0564

Version: Final Fiscal Note

Date: June 15, 2026

Fiscal note status: This fiscal note reflects the enacted bill.

Summary Information

Overview. The bill makes a variety of changes and clarifications to the statutes governing the Colorado Department of Early Childhood.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Revenue
- Minimal State Workload
- Local Government
- School Districts

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill makes the following changes to state law related to the Colorado Department of Early Childhood (CDEC):

- narrows the age range served by the Early Childhood Mental Health Consultant Program to prenatal to 6 years old, rather than the current range up to 8 years old; ends the annual program report after 2027; and delays the program's inclusion in the CDEC SMART Act by a year to 2028;
- requires that preschool providers, licensed facilities, and CDEC keep confidential identifying records regarding individual children and their relatives, unless released to the person of interest;
- indefinitely continues a licensing exemption for informal child care provided in-home by family, friends, or neighbors, which currently repeals September 1, 2026;
- allows the use of the General Fund or State Education Fund for the Universal Preschool Program (UPK), beginning in FY 2027-28;
- clarifies that child care facilities approved by tribal government are exempt from licensing requirements;
- modifies the membership and duties for the Early Childhood Leadership Commission and CDEC Rules Advisory Committee;
- clarifies how counties determine family eligibility for benefits, and handle situations where a family is found ineligible for services; and
- makes a variety of technical changes to align statute with current practice.

Background and Assumptions

[House Bill 22-1295](#) required that the General Assembly transfer the FY 2022-23 funding amount associated with the Colorado Preschool Program (the predecessor to UPK) from either the General Fund or State Education Fund to the UPK Cash Fund. That amount then increases each year by inflation. [Senate Bill 23-216](#) changed this transfer to a direct appropriation and removed the requirement that it come from either the General Fund or State Education Fund.

To meet this requirement, the General Assembly appropriated:

- \$139.1 million General Fund in FY 2023-24;
- \$146.3 million General Fund in FY 2024-25, which included the inflationary increase of \$7.2 million, and
- \$146.3 million General Fund and \$3.7 million (the inflationary increase) from the UPK Cash Fund in FY 2025-26.

Beginning in FY 2027-28, the bill restores initial language from HB 22-1295 requiring that this funding be paid from either the General Fund or State Education Fund. The fiscal note assumes this bill does not change overall state expenditures required under current law, and the funding source determination will be made each year by the General Assembly in the Long Bill.

State Revenue and Expenditures

The bill minimally increases workload for CDEC and the Behavioral Health Administration (BHA), as discussed below.

Department of Early Childhood

The bill minimally impacts workload for CDEC, as the bill primarily aligns statute with current practices and makes other clarifications. Workload may minimally increase to ensure rules and guidance materials are up to date.

By continuing the licensing exemption for in-home child care, the bill prevents an increase in state revenue and expenditures to license informal in-home child care. The increase in resources that would otherwise be required has not been estimated, but costs would include licensing and enforcement staff, and legal costs to handle licensing violations and noncompliance.

Other State Agencies

The bill minimally increases workload in the BHA to participate in the Early Childhood Leadership Commission, and for the Department of Law to provide legal support for any rule updates required. No change in appropriations is required.

Local Governments and School Districts

The bill minimally impacts workload for counties and school districts to ensure practices align with the bill's requirements. As noted above, the bill primarily aligns statute with current practice.

Effective Date

This bill was signed into law by the Governor and took effect on May 5, 2026, except that the provision related to the use of the General Fund or State Education Fund for UPK takes effect July 1, 2027.

State and Local Government Contacts

Behavioral Health Administration

Human Services

Counties

Information Technology

Early Childhood

Law

Education