



Fiscal Note

Legislative Council Staff

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HB 26-1176: MODIFY FOURTH-YEAR INNOVATION PILOT PROGRAM

Prime Sponsors:

Rep. Sirota; Taggart
Sen. Bridges; Amabile

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting Number: LLS 26-0754

Version: Final Fiscal Note

Date: July 20, 2026

Fiscal note status: The final fiscal note reflects the enacted bill, which was recommended by the Joint Budget Committee as part of its FY 2025-26 supplemental budget package.

Summary Information

Overview. The bill modifies implementation of the Fourth Year Innovation Pilot Program in the Colorado Department of Higher Education.

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

- State Expenditures
- School Districts

Appropriations. For the current FY 2025-26, the bill reduces appropriations to the Colorado Department of Higher Education by \$30,958. See State Appropriations Section.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures (General Fund)	-\$262,679	-\$662,164	-\$100,000
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	-0.3 FTE	-0.3 FTE	-0.3 FTE

Summary of Legislation

The Fourth-Year Innovation Pilot Program in the Colorado Department of Higher Education (DHE) incentivizes early graduation from high school for qualified low-income students. Local education providers (LEPs) may receive \$1,371 for every qualified student who graduates early, and qualifying students may claim a scholarship of up to \$2,468 if they graduate one semester early, or up to \$4,113 if they graduate a full year early and begin postsecondary education within 18 months. Under current law, the program is in effect for students who graduate early at participating schools between FY 2021-22 and FY 2025-26. This bill:

- discontinues payments to LEPs for eligible early graduates during the 2025-26 school year;
- requires the Department of Education (CDE) to prorate the amount distributed to LEPs for students who graduated early prior to FY 2025-26, based on available appropriations;
- requires students that graduate in FY 2025-26 to commence postsecondary education by December 31, 2026, or forfeit state funding;
- requires the DHE to complete all scholarship distributions to postsecondary institutions by the close of FY 2026-27; and
- repeals a requirement that the DHE prepare a final program evaluation.

In the current FY 2025-26, the bill reduces appropriations to the Department of Higher Education by \$30,958 and 0.3 FTE.

State Expenditures

The bill reduces state General Fund expenditures by a total of \$262,679 in the current FY 2025-26, by \$662,164 in FY 2026-27 and by about \$100,000 in FY 2027-28. These reductions occur in the DHE and CDE, and include reductions for program evaluation, scholarships, and payments to LEPs, as outline in Table 2 and described below.

Table 2
State Expenditures - DHE and CDE

Cost Component	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
Program Evaluation (DHE)	-\$30,958	\$0	\$0
Scholarships (DHE)	\$0	-\$100,000	-\$100,000
LEP Payments (CDE)	-\$231,721	-\$562,164	\$0
Total Costs	-\$262,679	-\$662,164	-\$100,000
Total FTE	0.3 FTE	0.3 FTE	0.3 FTE

Department of Higher Education

In the current FY 2025-26, the bill includes a reduction in appropriations of \$30,958 and 0.3 FTE in DHE due to the elimination of the program evaluation requirement. The bill also modifies the program such that appropriations to the DHE that would otherwise be required for scholarships by approximately \$100,000 in FY 2026-27 are no longer required, and avoids the need for any appropriation for scholarships in FY 2027-28. The total cost of scholarships and administrative expenses in FY 2027-28 are estimated at \$100,000 and 0.3 FTE

Colorado Department of Education

By eliminating the incentive payments to LEPs for early graduates during the 2025-26 school year, the bill also avoids appropriations to the CDE for incentive payments that would otherwise have been required by \$231,721 in the current FY 2025-26, and by \$562,164 in FY 2026-27.

School Districts

LEPs that participated and have received payments to incentivize early graduation will receive reduced funding in FY 2025-26 and not receive this funding in FY 2026-27.

Effective Date

The bill was signed into law by the Governor and took effect March 26, 2026.

State Appropriations

For the current FY 2025-26, the bill includes a reduction in General Fund appropriations to the Department of Higher education by \$30,958 and 0.3 FTE. The fiscal note assumes that appropriation changes for FY 2026-27 will be accounted for in the Long Bill.

State and Local Government Contacts

Education

Joint Budget Committee

Higher Education

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).