



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note Memorandum

TO: Members of the Senate Education Committee
FROM: Anna Gerstle, Principal Fiscal Analyst, anna.gerstle@coleg.gov, 303-866-4375
DATE: February 25, 2026

Fiscal Assessment of Amendments to SB26-020

This memorandum is an assessment of the fiscal impact of the attached proposed amendments L.001, L.003, L.004, L.005, L.006, and L.007 to Senate Bill 26-020. This fiscal assessment is for the impact of the bill with inclusion of these amendments only. Any other amendments could influence the fiscal impact.

Summary of Proposed Amendment

The amendments modify the bill as follows:

- Amendment L.001 strikes the required IT system changes and instead requires rulemaking by the Colorado Department of Early Childhood (CDEC);
- Amendment L.003 modifies membership of the Child Care Licensing and Quality Task Force;
- Amendment L.004 limits the scope of the task force to the child care licensing system;
- Amendment L.005 makes clarifying changes to task force reporting requirement;
- Amendment L.006 strikes the requirement that local governments exempt certain child care providers from inspection and licensing fees, strikes the creation of a nine-month provisional license, and modifies the timing and fee limits for certain local inspection and licensing processes.
- Amendment L.007 clarifies the duties of the contract licensing staff that will be brought in house under the bill.



Fiscal Impact of Amendment

The amendments eliminate information technology and staff costs of \$10.2 million in FY 2026-27 and \$174,000 in subsequent years, and reduce the costs for the task force in FY 2026-27 from \$570,000 to about \$200,000.

Bill's Revised Fiscal Impact with Amendment

With the amendments discussed above, the bill reduces net state expenditures by about \$600,000 in FY 2026-27 and \$783,000 in FY 2027-28 and subsequent years. In addition, the bill increases revenue from gifts, grants, and donations by about \$200,000 in FY 2026-27 only. The revised fiscal impact is shown in the tables below.

Table 1
State Fiscal Impacts

With Amendments L.001, L.003, L.004, L.005, L.006, and L.007

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue (Gifts, Grants, and Donations)	\$201,076	\$0
State Expenditures (see Table 1A)	-\$599,808	-\$782,890
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	19.7 FTE	21.3 FTE

Table 1A
State Expenditures by Fund Source

With Amendments L.001, L.003, L.004, L.005, L.006, and L.007

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds (Gifts, Grants and Donations)	\$170,657	\$0
Reappropriated Funds	\$114,802	\$115,327
Federal Funds	-\$1,167,567	-\$1,185,440
Centrally Appropriated	\$282,300	\$287,223
Total Expenditures	-\$599,808	-\$782,890
Total FTE	19.7 FTE	21.3 FTE



Department of Early Childhood

The bill reduces costs by about \$800,000 per year to bring licensing staff in house, as shown in Table 2A, from reappropriated and federal funds. It also increases staff and vendor costs by about \$200,000 in FY 2026-27 only to support the task force, as shown in Table 2B, paid from gifts, grants, and donations.

Table 2A
State Expenditures
CDEC In-House Licensing Staff

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Licensing Contracts	-\$2,590,580	-\$2,590,580
Personal Services	\$1,365,855	\$1,493,202
Operating Expenses	\$24,960	\$27,264
Capital Outlay Costs	\$147,000	\$0
Employee Insurance and Indirect Costs	\$251,880	\$287,223
Total In-House Licensing Costs	-\$800,885	-\$782,890
Total In-House Licensing FTE	19.5 FTE	21.3 FTE

Table 2B
State Expenditures
CDEC Licensing Task Force

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Task Force Vendor	\$150,000	\$0
Personal Services	\$20,657	\$0
Employee Insurance and Indirect Costs	\$30,420	\$0
Total Task Force Costs	\$201,076	\$0
Total Task Force FTE	0.2 FTE	0.0 FTE