



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1260: UPDATES TO CHILD CARE ASSISTANCE PROGRAMS

Prime Sponsors:

Rep. Garcia; Willford

Sen. Cutter; Bright

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting Number: LLS 26-0822

Version: Final Fiscal Note

Date: June 26, 2026

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

Summary Information

Overview. The bill delays implementation of three provisions of the Colorado Child Care Assistance Program by two years, until August 1, 2028, and requires that Department of Early Childhood report on administrative costs.

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

- State Expenditures

Appropriations. No appropriation is required. See State Appropriations section.

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 (General Fund) | -\$5,466,924 | -\$5,466,924 | \$0 |
| 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 |

State expenditure impacts are from the Colorado Child Care Assistance Program Line Item, which includes General Fund, federal funds, and the local contribution to the program. It is assumed that avoided costs under the bill would have been paid from the General Fund; however, actual appropriations, which have not been made through legislation or requested through the budget process, could potentially have included a mix of funds.

Summary of Legislation

The bill delays implementation date of the following federally mandated Colorado Child Care Assistance Program (CCCAP) provisions by two years, from August 1, 2026 to August 1, 2028:

- the requirement that family copayments be limited to no more than 7 percent of the family's gross monthly income;
- the requirement that counties pay providers a weekly rate based on child enrollment, in advance of the provision of child care services; and
- the requirement that the Colorado Department of Early Childhood (CDEC) and counties utilize grants and contracts for underserved populations to improve equitable access.

Under current law, CDEC prepares an annual report on CCCAP. Beginning November 1, 2026, the bill requires that CDEC include in the report information on the amount of CCCAP allocations spent by CDEC and counties on administration, including direct and indirect expenses.

Background and Assumptions

Federally Mandated Provisions

[House Bill 24-1223](#) established the provisions limiting copayments, reimbursing providers based on enrollment, and allowing grants and contracts to be used to provide care to underserved populations. These provisions were required by federal mandates or required the use of federal funds to be implemented. The current expectations for these provisions are as follows:

- The **limit on family copayments** is expected to begin August 1, 2026, and is not contingent upon receipt of federal funds. It is expected to cost \$5.5 million in FY 2026-27. It is assumed this cost will be paid from the General Fund. The fiscal note assumes that the state will instead save this amount in FY 2026-27 and FY 2027-28.
- The state received a federal waiver to delay implementation of **enrollment-based provider payments** and **grants and contracts for underserved populations** until August 1, 2028, which aligns with the new implementation date under the bill. State law specifies that implementation of these provisions is subject to available federal appropriations. See Table 3 for current cost estimates. Because these implementation requirements are delayed under current law until August 1, 2028, the fiscal note assumes the bill codifies current law and does not have a fiscal impact from delaying these provisions.

Additionally, the federal Department of Health and Human Services has proposed a rule to rescind these requirements. If the rule is adopted, the two provisions contingent upon federal funds are assumed to not go into effect.

State Expenditures

The bill decreases state General Fund expenditures in CDEC by \$5.5 million in FY 2026-27 and FY 2027-28 only. This cost savings will end in FY 2028-29 once the cap on family copayments is implemented after the two-year delay. This impact is shown in Table 2 and discussed below.

**Table 2
State Expenditures**

| Cost Component | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 |
|---|-----------------------------------|--------------------------------|--------------------------------|
| Cap on Family Copayments (General Fund) | -\$5,466,924 | -\$5,466,924 | \$0 |
| Total | -\$5,466,924 | -\$5,466,924 | \$0 |

Department of Early Childhood

Cap on Family Copayments

Delaying the implementation of the cap on family copayments reduces state expenditures by \$5.5 million in FY 2026-27 and FY 2027-28. It is assumed this cost will then begin starting in FY 2028-29, eliminating the savings incurred from the delay and resulting in no net change in cost from current law. This amount reflects current estimates; however, the actual cost in FY 2028-29 will depend on the number of families enrolled and their incomes. This cost is assumed to be paid from the General Fund.

Informational Purposes – Other Federally Mandated Provisions

The enrollment-based provider payments and grants for underserved populations are not expected to go into effect until August 1, 2028, if federal funding is provided. For informational purposes, Table 3 shows the current cost estimates for these provisions. If the federal government eliminates these requirements, these costs will not occur.

**Table 3
Costs for Other Federally Mandated Provisions**
Contingent upon available federal funding

| Cost Component | Budget Year FY 2026-27 | Out Year FY 2027-28 | Out Year FY 2028-29 |
|---|-----------------------------------|--------------------------------|--------------------------------|
| Enrollment-based Reimbursement | \$0 | \$0 | \$18,712,773 |
| IT Costs – Enrollment-based Reimbursement | \$0 | \$1,700,000 | \$0 |
| Underserved Populations | \$0 | \$0 | \$165,000 |
| IT Costs – Underserved Populations | \$0 | \$573,459 | \$0 |
| Total Costs | \$0 | \$2,273,459 | \$18,877,773 |

Reporting Requirements

The bill increases workload for CDEC to include information on state and county administrative costs in the annual CCCAP report, and to ensure the necessary data is collected. No change in appropriations is required for this work.

Effective Date

The bill was signed into law by the Governor on May 29, 2026 and takes effect August 1, 2026.

State Appropriations

For FY 2026-27, the bill eliminates the need for a General Fund appropriation to the Colorado Department of Early Childhood of \$5,466,924. However, it is assumed that no change in appropriations is required, as appropriations to implement the delayed provisions have not been made to CDEC and funding for this purpose was not requested by the department in its FY 2026-27 budget request.

State and Local Government Contacts

| | |
|-----------------|-----|
| Counties | Law |
| Early Childhood | |