



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1282: ELIMINATE DUPLICATIVE REG OF SCH CHILD CARE CTRS

Prime Sponsors:

Rep. Phillips; Goldstein
Sen. Mullica

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Fiscal note status: This revised fiscal note reflects the introduced bill, as amended by the House Education Committee.

Summary Information

Overview. The bill specifies that certain rules adopted by the Colorado Department of Early Childhood do not apply to school district preschools and before- and after-school programs.

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

- Minimal State Revenue
- State Expenditures
- School Districts

Appropriations. For FY 2025-26, the bill requires an appropriation of \$68,078 to the Department of Early Childhood.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$86,702	\$88,557
State Expenditures	\$86,702	\$88,557
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$86,702	\$88,557
Change in State FTE	0.9 FTE	1.0 FTE

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

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$86,702	\$88,558
Total Revenue	\$86,702	\$88,557

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$68,078	\$67,864
Federal Funds	\$0	\$0
Centrally Appropriated	\$18,624	\$20,693
Total Expenditures	\$86,702	\$88,557
Total FTE	0.9 FTE	1.0 FTE

Summary of Legislation

School Preschool and Before/After-school Programs

Under the bill, a child care center that provides care exclusively to school-age children and is located on the property of a school district or charter school may satisfy any staff training or square footage requirements by providing the Colorado Department of Early Childhood (CDEC) with evidence of compliance with similar Colorado Department of Education (CDE) rules. If CDE rules do not meet federal child care requirements, CDEC must require the center to meet minimum federal requirements.

Waiver and Appeal Requests

Under current law, child care centers may appeal to CDEC if they believe that a licensing rule has been too strictly or unfairly applied. The bill prohibits CDEC from charging a fee for these stringency appeals.

Under current law, child care centers may request a waiver to use certain materials in its program and curriculum, and CDEC must make a decision on a waiver request within 60 days of receipt. The bill requires that CDEC respond to a request within 30 days and close the request within 90 days of receiving the request. The bill also requires that CDEC annually review the waiver process and the appeal process.

Playground Equipment

Current law requires playground facilities to be inspected annually. The bill allows local public health agencies to conduct the inspections.

Background and Assumptions

The fiscal note assumes that school districts that receive federal funds to participate in the Colorado Child Care Assistance Program (CCCAP) and Head Start program will continue to be eligible for federal funds under the bill. The bill allows CDEC to require compliance in a way that ensures minimum federal requirements are met.

The fiscal note assumes that CDE is not required to change any rules or complete any analysis of whether department rules are substantially similar to CDEC rules.

State Revenue

The bill increases state revenue by at least \$87,000 in FY 2026-27 and \$89,000 in FY 2027-28 to the Child Care Licensing Cash Fund, as discussed below.

Fee Impact on Child Care Licensees

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. CDEC is expected to modify child care licensing fees in order to cover the approximately \$88,000 per year in implementation costs discussed below; actual fees will be set administratively by CDEC based on cash fund balance, program costs, and the number of licenses and waiver request subject to the fee.

Fees for Stringency Appeals

By waiving fees for stringency appeals, the bill minimally decreases revenue to CDEC beginning in FY 2026-27. Under current law, an initial stringency appeal request does not incur a fee, a second appeal request is subject to a \$10 fee, and third or subsequent appeal requests are subject to a fee of \$25. CDEC currently receives 130 stringency appeals per year, of which 20 were second appeals subject to the fee. Thus, the bill is expected to reduce revenue by at least \$200 per year for second appeals, and by no more than \$1,000 total.

State Expenditures

The bill increases state expenditures in CDEC by \$87,000 in FY 2026-27 and \$89,000 beginning in FY 2027-28. These costs, paid from the Child Care Licensing Cash Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Early Childhood

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$59,926	\$66,584
Operating Expenses	\$1,152	\$1,280
Capital Outlay Costs	\$7,000	\$0
Centrally Appropriated Costs	\$18,624	\$20,693
Total Costs	\$86,702	\$88,557
Total FTE	0.9 FTE	1.0 FTE

Department of Early Childhood

CDEC requires 1.0 FTE Compliance Specialist beginning in FY 2026-27 to handle the expedited process for waiver appeals and requests, including outreach, data entry, panel review, and decision making. Currently, CDEC receives about 60 waiver requests and appeals per month, which are processed by 1.0 FTE. Requiring that waivers and appeals be resolved in half the time is expected to double the staff required. First year costs are prorated for an August 2026 start date. Standard operating and capital outlay costs are included.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in Table 1. This estimate assumes the March 2026 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Local Government and School Districts

The bill reduces workload for school districts with preschool and before- and after-school programs related to duplicative staff training or square footage regulations. The bill also minimally increases workload for any local public health agencies that choose to do playground inspections.

Effective Date

The bill takes effect July 1, 2026.

Departmental Difference

CDEC requests that the required \$68,078 appropriation be paid from the General Fund, based on the assumption that it would be inappropriate to raise fees on licensees who do not use the waiver process.

The fiscal note assumes that the Child Care Licensing Cash Fund is the appropriate fund source, as the cash fund is used to cover the CDEC licensing-related administrative costs and the additional staff required to implement the bill will handle waivers and appeals related to licensing compliance. The fiscal note further assumes that CDEC will determine how best to set fees across the licensed population, based on cash fund balance, program costs, and the number of licenses.

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$68,078 from the Child Care Licensing Cash Fund to the Department of Early Childhood, with 0.9 FTE.

State and Local Government Contacts

Early Childhood	Law
Education	Public Health and Environment
Human Services	Public Safety

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](#).