



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-181: WORKS PROGRAM RESERVES & COST OF LIVING ADJUSTMENT

Prime Sponsors:

Sen. Amabile; Kirkmeyer
Rep. Brown; Taggart

Fiscal Analyst:

Kristine McLaughlin, 303-866-4776
kristine.mclaughlin@coleg.gov

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Fiscal note status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee.

Summary Information

Overview. The bill modifies certain requirements for the Colorado Works Program concerning benefits, eligibility, and program reserves.

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

- State Expenditures
- Local Government

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

The bill is not expected to immediately affect state expenditures, but creates additional flexibility for the use of TANF funds at the state and county levels. In addition, it will eliminate the need for appropriations from the General Fund or Unclaimed Property Trust Fund to backfill the Long-Term Works Reserve in FY 2029-30; however, this appropriation adjustment has not been estimated at this time.

Summary of Legislation

The bill modifies certain requirements for the Colorado Works Program concerning benefits, eligibility, and program reserves. Specifically, the bill:

- pauses the cost-of-living adjustment for basic cash assistance for two years;
- gives counties permissive authority to offer extensions of benefits beyond the 60-month federal maximum for good cause, rather than requiring that such extensions be granted by counties in specific situations;
- eliminates the minimum reserve requirements in statute for the Colorado Long-Term Works Reserve and statewide county TANF reserves, while still allowing the state to maintain a reserve minimum administratively; and
- removes the requirement that money from the General Fund or the Unclaimed Property Trust Fund be appropriated to support Colorado Works expenditures when statutory reserve requirements are not met.

Background

The Colorado Works program, operated by counties and overseen by the Department of Human Services (CDHS), is the state's implementation of the federal Temporary Assistance for Needy Families (TANF) program. Colorado Works provides monthly cash assistance to eligible households and support services to help recipients meet their employment goals. Available funds are allocated to counties based on a state formula, and counties provide benefits to eligible recipients within program guidelines. Federal rules allow unused TANF funds to be held in reserve by both the counties and the state, and state law requires reserves levels to be maintained, if necessary, by backfilling the state reserve with appropriations from the General Fund or the Unclaimed Property Trust Fund.

State Expenditures

At the state level, the bill eliminates the need to backfill the Long-Term Works Reserve with money from the General Fund or Unclaimed Property Trust Fund when the reserve falls below its minimum reserve amount. Based on current spending, it is estimated that a backfill will be required by FY 2029-30 under current law; however, the exact amount will vary depending on available transfers from county TANF reserves and exact program spending.

In addition, by eliminating the reserve requirement, the bill will increase allowable expenditures from the Long-Term Works Reserve without impacting the General Fund or Unclaimed Property Trust Fund.

It is assumed that any adjustments to Colorado Works appropriations that account for this additional flexibility regarding fund sources will be made through the annual budget process based on actual caseloads, program spending, and any administrative reserve requirements set by the CDHS. Thus, no change in appropriations is required in this bill.

Lastly, workload will minimally increase for CDHS to promulgate rules, which can be accomplished within existing resources.

Local Government

The bill results in cost savings for counties and allows counties more discretion in spending TANF funds. These savings and spending flexibility will assist counties in staying within their TANF allocations or by increasing their ability to maintain county reserves, depending on local program needs and decisions. As described in the State Expenditures section, the fiscal note assumes that appropriations for Colorado Works will be adjusted through the annual budget process; thus, no change to overall county TANF allocations is assumed under this bill.

Pausing the cost-of-living adjustment will reduce county costs statewide for basic cash assistance by \$3.1 million in FY 2026-27 and \$6.5 million in FY 2027-28, with these funds becoming available for other county Colorado Works expenses. In addition, counties will have increased flexibility to spend county TANF reserves from removing the statutory minimums for county TANF reserves. Lastly, the bill gives counties more permissive authority regarding good-cause extensions of TANF benefits, which could also contribute to savings for counties.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Joint Budget Committee Staff

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](#).