



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

SB 26-019: EARLY CHILDHOOD LOCAL SYSTEM CONSOLIDATION

Prime Sponsors:

Sen. Ball; Bright
Rep. Sirota

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

Summary Information

Overview. The bill repeals early childhood local coordinating organizations and transfers their duties to early childhood councils.

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

- State Expenditures
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$80,977 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	\$0	\$0
State Expenditures	\$112,947	\$116,552
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.9 FTE	1.0 FTE

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

Table 1A
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$80,977	\$82,196
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$31,970	\$34,356
Total Expenditures	\$112,947	\$116,552
Total FTE	0.9 FTE	1.0 FTE

Summary of Legislation

Under current law, early childhood councils (ECCs) are local organizations that are part of a coordinated statewide system to support the availability, accessibility, capacity, and quality of early childhood services for children and families. Local coordinating organizations (LCOs) are local organizations selected by the Colorado Department of Early Childhood (CDEC) to support access to and delivery of early childhood and family support programs in their communities.

Beginning July 1, 2026, the bill repeals provisions related to LCOs and transfers their rights, duties, and functions to ECCs.

Early Childhood Council Plans

Beginning July 1, 2026, each ECC must adopt the following, to be reviewed and approved by the CDEC:

- a **strategic plan** that must include components specified in the bill, including the way the ECC will assist families with referrals and resources for enrolling in early childhood education and family support services; coordinate with, support, and recruit providers for the Universal Preschool Program and Child Care Assistance Program (CCCAP); and collaborate with other local entities and service providers.
- a **scope of work**, developed in partnership with CDEC, that includes supporting early childhood care and education in all settings, including provider availability, workforce development and retention, local collaboration, and accountability reporting. The scope of work—and accountability metrics within it—must be reviewed annually.

Department of Early Childhood Duties

The bill requires that CDEC enter into an agreement with each ECC that specifies the duties of both the ECC and department in implementing the ECC's strategic plan, and the amount of payment to the ECC for indirect costs. CDEC must review the plan and scope of work, distribute funding for early childhood and family support programs, provide training, technical support, and assistance to ECCs, and provide clear and timely communication, among other duties.

CDEC must establish a performance review process for ECCs, and clear metrics that if met, would require the implementation of a performance improvement plan for an ECC. The bill specifies procedures if an ECC is not meeting its accountability metrics, or is not able to implement its duties. CDEC must also adopt rules for ECC application and termination, designation of new ECCs, and the process for an ECC to obtain waiver from state rules.

Background

ECCs, which were established in state law in 2007, are convened through county commissioners and tasked with supporting early childhood infrastructure in their local areas, with oversight from CDEC and other supporting state agencies. There are currently 35 ECCs statewide.

LCOs were established in 2022 to support families and providers in implementing the Universal Preschool Program. There are currently 32 LCOs statewide, of which 29 are also ECCs. The three LCO-only organizations represent Adams County, Denver County, and the combination of Jefferson, Clear Creek, and Gilpin counties.

Assumptions

In the FY 2025-26 Long Bill, the CDEC was appropriated \$16.5 million for LCOs and ECCs from various fund sources. With the expiration of some federal funds, this amount is assumed to drop to \$14.8 million in FY 2026-27. Of that amount, \$2.8 million from the Preschool Programs Cash Fund is allocated to LCOs, and \$12.0 million from the General Fund and federal Child Care Development Fund is allocated to ECCs. The fiscal note assumes no change in this funding and that the LCO funding will instead be allocated to the ECCs.

In the Governor's Budget Request for FY 2026-27, [CDEC Request BA-01](#) requests that the current line items for ECCs and LCOs be combined into one line item for Local Leads. The fiscal note assumes that these line items will be consolidated in the FY 2026-27 Long Bill; however, this adjustment could also occur through this bill. This fiscal note will be updated to reflect whether or not this consolidation will occur through the Long Bill.

State Expenditures

The bill increases state expenditures in CDEC by about \$113,000 in FY 2026-27 and \$117,000 in FY 2027-28 and ongoing. These costs, paid from the General 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	\$72,825	\$80,916
Operating Expenses	\$1,152	\$1,280
Capital Outlay Costs	\$7,000	\$0
Centrally Appropriated Costs	\$31,970	\$34,356
Total Costs	\$112,947	\$116,552
Total FTE	0.9 FTE	1.0 FTE

Staffing

The department requires 1.0 FTE beginning in FY 2026-27 to implement the bill. Staff is required to negotiate scopes of work and agreements with each of the 35 ECCs; support the areas where an ECC does not currently act as an LCO; and step in if an area does not have an ECC in future years. Any remaining workload is assumed to be accomplished utilizing increased efficiency gained from consolidating LCOs and ECCs.

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.

Local Governments

The bill may increase workload for local entities in Adams, Clear Creek, Denver, Gilpin, and Jefferson counties to shift any duties in alignment with the bill, as these areas are currently served by LCOs that are not also ECCs. Otherwise, consolidation of these local organizations may streamline local child care planning efforts, which may reduce workload or free up resources.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that portions of Section 17 and 21 of the bill related to the universal preschool program take effect July 1, 2026.

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$80,977 to the Department of Early Childhood, and 0.9 FTE.

State and Local Government Contacts

Counties	Information Technology
Early Childhood	Law