



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1175: STATE ED FUND READ ACT & CO TEACHER OF YR PROG

Prime Sponsors:

Rep. Sirota; Brown

Sen. Bridges; Kirkmeyer

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Published for: House Appropriations**Drafting number:** LLS 26-0817**Version:** Initial Fiscal Note**Date:** February 9, 2026

Fiscal note status: The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of its FY 2025-26 supplemental budget package.

Summary Information

Overview. The bill replaces the annual transfers from the State Education Fund to the Colorado Teacher of the Year Fund and Early Literacy Fund with an annual appropriation from the State Education Fund. The bill repeals the Colorado Teacher of the Year Fund and Early Literacy Fund on August 30, 2027.

Types of impacts. The bill is projected to affect the following areas on beginning in FY 2026-27:

- State Expenditures
- State Transfers

Appropriations. No appropriation is required. The fiscal note assumes that state expenditures in FY 2026-27 for early literacy and teacher of the year funding will be made in the Long Bill, rather than this bill.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures (State Education Fund)	\$34,024,800	\$34,024,800
Transferred Funds	-\$34,024,800	-\$34,024,800
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

The bill eliminates transfers from the State Education Fund starting in FY 2026-27 and replaces these transfers with direct spending from the fund, as described in the State Transfers and Expenditures section below.

Table 1A
State Transfers

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
Early Literacy Fund	-\$34,000,000	-\$34,000,000
Colorado Teacher of the Year Fund	-\$24,800	-\$24,800
State Education Fund	\$34,024,800	\$34,024,800
Net Transfer	\$0	\$0

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
State Education Fund	\$34,024,800	\$34,024,800
Federal Funds	\$0	\$0
Centrally Appropriated	\$0	\$0
Total Expenditures	\$34,024,800	\$34,024,800
Total FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Under current law, the State Treasurer must transfer \$24,800 annually from the State Education Fund (SEF) to the Colorado Teacher of the Year Fund, and \$34 million from the SEF to the Early Literacy Fund. The bill eliminates these transfers starting in FY 2026-27 and instead permits the General Assembly to annually appropriate money from the SEF for Colorado Teacher of the Year Program and early literacy programs. It requires that the appropriation for early literacy be at least \$34 million per year beginning in FY 2026-27.

The bill transfers all unexpended and unencumbered money from the Colorado Teacher of the Year Fund and Early Literacy Fund into the SEF by August 31, 2027, and repeals the Colorado Teacher of the Year Fund and Early Literacy Fund on September 1, 2027.

State Transfers and Expenditures

Beginning in FY 2026-27, the statutory transfers from the SEF to the Early Literacy and Teacher of the Year funds will decrease by a total of \$34,024,800 per year. The fiscal note assumes that state expenditures from the SEF will increase by an equivalent amount to support early literacy programs and the Teacher of the Year Program. However, the exact amount of these appropriations will be set annually by the General Assembly.

On July 1, 2026, the bill transfers certain unspent money from the two funds to the SEF. This amount has not been estimated. Then, on August 30, 2027, any remaining balance of the Colorado Teacher of the Year Fund and the Early Literacy Fund will be transferred to the SEF prior to the repeal of the funds. For informational purposes, the amount of this final transfer is estimated to range from \$0 to \$1.5 million dollars. The exact amount has not been estimated and will depend on expenditures from the Colorado Department of Education through August 30, 2027.

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