



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; Gonzalez R.

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Fiscal note status: This revised fiscal note reflects the reengrossed 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:

- Minimal State Workload
- 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

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. If the consolidation requires material changes in the duties of and LCO or ECC, the bill allows CDEC to authorize a transition period and maintain separate contracts with ECCs and LCOs through no later than July 1, 2029.

Early Childhood Council Plans

Beginning July 1, 2026, each ECC must adopt the following:

- A **community 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 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 not met, would require the implementation of a performance improvement plan for an ECC. CDEC must also adopt rules for ECC application and termination, designation of new ECCs, the process for an ECC to obtain waiver from state rules, and a process to ensure the continuity of services if an ECC is unable to implement its strategic plan.

CDEC must report on the transition costs and any legislative recommendations for facilitating early childhood services following a transition period by January 1, 2029.

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 amount. For the 29 LCOs that are also ECCs, the fiscal note assumes that the LCO funding will instead be allocated to the ECCs, in a manner determined by CDEC. For the three LCOs that are not also ECCs, the fiscal note assumes that CDEC may continue to direct funding to the LCOs for the administration of the universal preschool program during a transition period. This amount is about \$541,000 per year under current law; actual funding amounts during a transition period will be determined by CDEC.

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 workload for CDEC to support the consolidation of local early childhood entities in Adams, Clear Creek, Denver, Gilpin, and Jefferson counties where an ECC does not currently act as a local coordinating organization; ensure updates to ECC strategic plans, scopes of work, and agreements with CDEC; update rules to align with the bill's requirements; and report to the Joint Budget Committee on the transition. The fiscal note assume that this workload can be accomplished with the increased efficiency gained from the consolidation. No change in appropriations is required.

As discussed in the Assumptions section above, the fiscal note assumes that the three LCOs who are not also ECCs may continue to receive funding for administration of the universal preschool program during a transition period of up to three years. In FY 2025-26, these LCOs received about \$541,000 in funding; actual funding amounts during a transition period will be determined in an agreement between CDEC and the LCOs. This funding does not represent an increase in total state expenditures, as it would be paid using existing funds for LCOs; however, it may impact how CDEC chooses to allocate the remainder of the available funding for local leads.

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. The transition of services from LCOs to ECCs may take up to three years, and state funding is expected to continue for the three impacted LCOs, as determined in a contract with CDEC. 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 on July 1, 2026.

State and Local Government Contacts

Counties	Information Technology
Early Childhood	Law