



## Joint Budget Committee Staff

Nonpartisan Budget Analysis for Colorado's Legislature

# Budget Briefing Highlights

## Fiscal Year 2026-27

### Joint Budget Committee

Representative Emily Sirota, Chair  
Representative Kyle Brown  
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Senator Jeff Bridges, Vice Chair  
Senator Judy Amabile  
Senator Barbara Kirkmeyer



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# Introduction

For the past two months, Joint Budget Committee (JBC) staff briefed the JBC on each executive and judicial department's budget request for FY 2026-27. The staff briefing is a written and oral presentation which stimulates discussion about each department's operations and budget, and related policy issues. During the briefing, JBC members identify issues to discuss during a formal hearing with each department's executive director. The hearings allow the department to discuss its budget and policy priorities with the Committee.

We thank all of you who joined us for these staff briefings and department hearings.

This report summarizes departments' operating budget requests for FY 2026-27, as well as the Governor's requests for capital projects. Individual sections for each department provide:

- an overview of the department's responsibilities;
- the department's FY 2026-27 operating budget request compared to FY 2025-26 appropriations, including a brief description of each requested funding change; and
- a summary of issue briefs presented by JBC staff.

For more detailed information, you can access individual staff briefing documents online:

<https://content.leg.colorado.gov/content/budget#budget-documents-section>.

A JBC staff assignment list is at the end of this report. JBC staff are available to help you with questions you have about department budgets and operations. We hope this budget briefing summary will help you become familiar with the FY 2026-27 budget requests and major budgetary issues.

We look forward to working with you to craft the State budget for FY 2026-27.

# Overview of FY 2026-27 Budget Requests

## Submission of Budget Requests

The Governor submitted his FY 2026-27 budget request on October 31, 2025. The Governor’s annual request is a comprehensive plan that consists of several elements:

- Amounts requested by Executive Branch agencies for ongoing operations appropriated through the annual general appropriations act (the “Long Bill”);
- Placeholders (assumptions) for amounts that will be appropriated for ongoing operations of the Legislative Branch, the Judicial Branch, and those Executive Branch agencies that operate under another elected official (i.e., the Departments of Law, State, and Treasury);
- Amounts the Governor is requesting to fund state facilities and infrastructure;
- Amounts that will be distributed or transferred pursuant to existing constitutional or statutory requirements; and
- Placeholders for amounts that the Governor is proposing be appropriated or transferred through separate legislation.

The Governor typically bases the budget request on the most recent revenue forecast prepared by the Office of State Planning and Budgeting (OSPB). Thus, the Governor based the FY 2026-27 request on the September 2025 OSPB forecast and balances to the General Fund assumed to be available under that forecast.

The Judicial Branch agencies, the Attorney General, the Secretary of State, and the State Treasurer all submit their own budget requests for the ongoing operations of their respective agencies. These agencies’ requests are not reviewed by OSPB and the requests generally differ from the placeholder assumptions included in the Governor’s budget request.

## Summary

Based on the budget requests submitted on October 31, 2025, the General Assembly will consider \$900.3 million in proposed changes in appropriations and transfers from the General Fund during the 2026 legislative session, including \$151.9 million in FY 2025-26 and \$748.4 million for FY 2026-27. Table 1 summarizes these changes based on the nature of the request.

**Table 1: Summary of General Fund Changes Reflected in October 31, 2025 Budget Requests<sup>1</sup> (\$ in millions)**

Item	Proposed Change
FY 2025-26: Proposed Mid-year Changes	
Governor's placeholder for additional mid-year requests (net change, Table 6)	\$110.8
Interim supplementals approved by the Joint Budget Committee (Table 2)	32.9
Placeholder for adoption and relative guardianship entitlement (Table 6)	8.2
Subtotal	\$151.9

Item	Proposed Change
<b>FY 2026-27: Incremental Changes Requested</b>	
Requested changes in appropriations in departmental requests (Table 3)	\$710.1
Governor's requests for FY 2026-27 for capital projects (Table 8)	160.4
Governor's placeholder for General Assembly priorities (Table 6)	2.2
Governor's placeholder for other Executive Branch proposed legislation (net change, Table 6)	2.0
Governor's placeholders for proposals for other transfers <i>out</i> of the General Fund (net change)	0.3
Governor's placeholder for FY 2026-27 budget items (net change, Table 6)	-108.0
Governor's placeholder for elimination of business personal property tax reimbursement	-18.6
<b>Subtotal</b>	<b>\$748.4</b>
<b>Total</b>	<b>\$900.3</b>

<sup>1</sup> This table excludes General Fund changes that are required under current law, including forecast changes for rebates and expenditures and statutorily authorized transfers.

To balance the budget in the face of these increasing costs, the request proposes a variety of mechanisms to make additional General Fund available, including:

- \$626.4 million from transfers and diversions to the General Fund, including \$199.4 million in FY 2025-26 (Table 4A) and \$427.0 million in FY 2026-27 (Table 4B). This includes the proposed conversion of Pinnacle Assurance.
- Spending \$342.6 million from the statutory reserve between FY 2025-26 and FY 2026-27.
- Reducing the TABOR refund obligation by an estimated \$181.5 FY 2026-27, with much of that change ongoing as long as the State remains above the Referendum C cap (Table 6).

This overview section provides a brief summary of the overall, statewide request. The remainder of the document provides more detail concerning the \$710.1 million in appropriation changes requested for the FY 2026-27 Long Bill, including brief summaries of the requests submitted by each department.

## Department Requests for Ongoing Operations

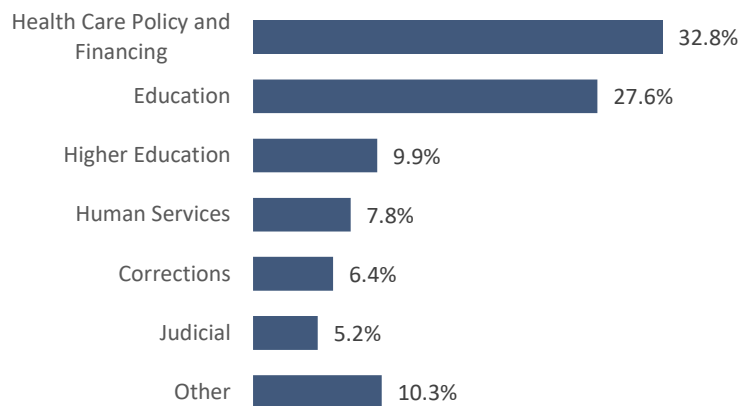
### Baseline: Existing FY 2025-26 Operating Appropriations

The existing FY 2025-26 operating budget includes \$16.9 billion in General Fund appropriations.<sup>1</sup> That is an increase of \$1.1 billion (6.4 percent) above the final \$15.9 billion appropriation for FY 2024-25. Total appropriations from all fund sources increased by \$1.8 billion (3.8 percent) from FY 2024-25 to FY 2025-26.

Nearly 90 percent of current General Fund appropriations are concentrated in six of the 23 departments, often referred to as the “Big Six.” Two of those departments, HCPF and Education, account for 60.4 percent, with HCPF receiving 32.8 percent.

<sup>1</sup> Excludes capital construction but includes changes from the August 2025 special session.

Health Care Policy and Financing represents nearly one-third of total FY 2025-26 General Fund appropriations.

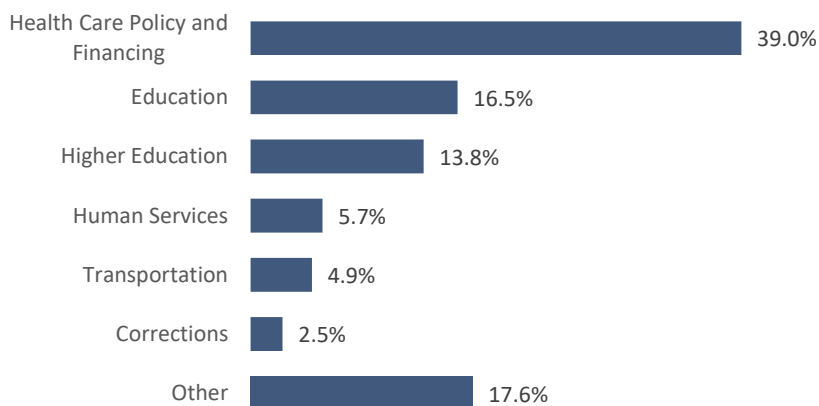


Based on the FY 2025-26 appropriation.

When looking at all fund sources, not just General Fund, the total increases to \$46.7 billion and changes the distribution as follows:

- HCPF increases to 39.0 percent of total statewide operating appropriations.
- Education falls to 16.5 percent. However, local tax revenues provide significant support for education funding statewide and are not reflected in the state budget.
- The Department of Transportation moves up to fifth in total appropriations because of the large amount of cash and federal funds in that department, representing 4.9 percent of the total budget.
- Corrections and Judicial, which have relatively little funding other than General Fund, both slip lower. The Judicial Branch falls to seventh and is captured in the “Other” category in the following figure.

Health Care Policy and Financing represents 39 percent of *total* state operating appropriations in FY 2025-26.



Based on the FY 2025-26 appropriation.

## Mid-year Changes to FY 2025-26 Operating Appropriations

The Governor and the independent agencies will submit official supplemental requests in January and February 2026. However, to date, the Committee has approved five interim supplemental requests impacting General Fund appropriations. In total, those requests authorize an additional \$32.9 million General Fund (see Table 2).

**Table 2: FY 2025-26 Interim Supplemental General Fund Increases**

Item	FY 2025-26 Increase
Human Services - Food Bank and Pantry Assistance (SNAP related)	\$10,000,000
Personnel - Employee Benefit Fund solvency	9,801,682
Public Health and Environment - WIC Program	7,500,000
Public Health and Environment - lab renewal	2,846,076
Corrections - private prison caseload	2,778,484
Total	\$32,926,242

In addition to the interim supplementals, the FY 2026-27 request includes a number of specific proposals and placeholders for changes to the current year budget, including:

- A placeholder for a net increase of \$110.8 million in General Fund appropriations *in addition to* the interim supplementals. The request includes multiple reductions, including \$116.0 million identified in the Governor's [October 31 Executive Order](#). However, anticipated supplemental increases (largely in Medicaid) more than offset those reductions.
- A \$8.2 million increase for a legislative placeholder related to the Relative Guardianship Assistance Program in the Department of Human Services.

## Requests for FY 2026-27 Ongoing Operations

Table 3 summarizes the current total operating budget for FY 2025-26, the change requested by each department for FY 2026-27, and the resulting request for total operating appropriations for the coming year. The table is sorted based on General Fund change, from the largest General Fund increase (\$434.5 million in Health Care Policy and Financing) to the largest decrease (\$3.5 million in Public Health and Environment).

**Table 3: Requested Changes in Appropriations for FY 2026-27, by Department and Fund Source**

	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Requested Appropriation						
FY 2025-26 Appropriation	\$46,709,922,360	\$16,941,614,180	\$12,898,989,852	\$2,899,091,508	\$13,970,226,820	67,277.8
Health Care Policy and Financing	2,357,463,218	434,529,053	454,959,208	790,014	1,467,184,943	18.5
Judicial	98,948,805	79,089,022	23,290,397	-3,430,614	0	124.7
Corrections	58,180,556	60,931,957	421,611	167,991	-3,341,003	29.2
Education	181,665,811	42,493,881	136,759,297	861,569	1,551,064	-0.9
Human Services	-14,426,617	37,921,532	-11,846,863	-10,551,712	-29,949,574	13.4
Public Safety	42,229,049	13,360,053	26,259,311	2,264,704	344,981	15.2
Treasury	111,340,239	13,171,568	97,381,433	787,237	1	7.0

	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Revenue	17,424,142	7,815,130	9,004,888	604,124	0	30.5
Personnel	9,918,080	6,041,530	11,009,665	-7,133,115	0	25.9
Legislature	4,714,540	4,714,540	0	0	0	0.0
Law	12,181,080	4,326,311	1,085,432	6,532,050	237,287	4.8
Early Childhood	9,361,263	3,652,836	8,817,322	-211,692	-2,897,203	18.4
Nat. Resources	-34,530,933	3,145,282	-38,858,890	992,884	189,791	33.3
Governor	10,881,662	2,757,160	-3,432,443	12,313,938	-756,993	-11.2
Higher Education	92,791,921	1,827,286	92,115,955	-1,158,523	7,203	1.3
Agriculture	1,550,803	243,547	1,128,134	5,363	173,759	0.6
Regulatory Agencies	6,067,390	155,818	5,692,404	284,713	-65,545	-2.0
State	-1,389,777	0	-1,389,777	0	0	1.9
Transportation	-2,245,368	0	39,213,547	-2,450,000	-39,008,915	1.2
Military and Veterans Affairs	463,683	-317,843	-134,755	0	916,281	0.9
Local Affairs	14,475,461	-527,771	8,156,320	6,447,811	399,101	-2.1
Labor and Employ.	20,582,479	-1,706,432	9,906,311	-99,375	12,481,975	13.8
Public Health and Environ.	17,739,467	-3,538,109	19,808,640	1,016,123	452,813	27.5
Total	\$49,725,309,314	\$17,651,700,531	\$13,788,336,999	\$2,907,124,998	\$15,378,146,786	67,629.7
Increase/Dec.	\$3,015,386,954	\$710,086,351	\$889,347,147	\$8,033,490	\$1,407,919,966	351.9
Percent Change	6.5%	4.2%	6.9%	0.3%	10.1%	0.5%

The request for FY 2026-27, including the independent agencies, represents an increase of \$3.0 billion total funds (6.5 percent) compared to the current FY 2025-26 appropriation. That change includes increases of \$710.1 million General Fund (4.2 percent), \$889.3 million cash funds (6.9 percent), and \$1.4 billion federal funds (10.1 percent).

- The Department of Health Care Policy and Financing (HCPF) has proposed the largest increase for FY 2026-27 (\$2.4 billion total funds and \$434.5 million General Fund). That increase represents 61.2 percent of the *total* General Fund increase statewide and is driven by the Department's forecast for caseload and utilization. The caseload forecast estimates that continuing current law and policy would require an increase of \$631.4 million General Fund. The request includes a number of items to mitigate that increase, offsetting \$217.6 million of the forecast amount. The Governor's October 31 request includes a placeholder for an additional \$124.3 in reductions in Medicaid caseload spending (to be submitted in January 2026), which would bring the annual increase down to \$310.2 million.<sup>2</sup>
- Employee compensation is the major driver for the next two departments in the table (\$79.1 million General Fund in Judicial and \$60.9 million in Corrections). Both departments have large numbers of FTE, making employee compensation a major factor for their budgets. The Judicial Branch is also reflecting an increase of 124.7 FTE in FY 2026-27, driven in large part by prior year budget items and legislation.

The FY 2026-27 request reflects two significant statewide common policies spanning all departments:

<sup>2</sup> The General Assembly's actual appropriations to HCPF for FY 2026-27 will incorporate a subsequent forecast in February 2026 – and will undoubtedly differ from these amounts.



- The Governor is requesting an increase of \$292.7 million total funds and \$112.5 million General Fund for salary increases and employee benefit changes. The request includes \$66.9 million General Fund for salary increases for state employees, including a 3.1 percent across-the-board salary increase and additional funding for step increases. The request includes an additional \$39.9 million General Fund for health, life, and dental insurance.
- The Governor is requesting *no increase* in common policy provider rates and is proposing targeted reductions to certain provider rates in HCPF.

## Placeholders and Proposals Requiring Statutory Change

The State Constitution requires that the annual general appropriation bill include only appropriations for agency expenses that are authorized under current law. Most of the Governor’s proposal for FY 2026-27 is for purposes authorized under current law, and, if approved, will be included in the 2026 Long Bill.

When a proposal within the budget request is contingent on a statutory change, the Governor typically includes a “placeholder” to set aside funding for that purpose. Some of these items are also included in departmental decision item requests, and some are not. The General Assembly may then make the requisite appropriations or transfers through separate legislation. The JBC is often asked to consider sponsoring some of these bills.

The following sections provide additional detail on the Governor’s placeholders and balancing proposals, grouped into five categories:

1. Proposals that increase revenues to the General Fund (transfers and diversions into the General Fund).
2. Proposals that reduce General Fund appropriations that are subject to the reserve requirement.
3. Proposals to modify General Fund appropriations that are *not* subject to the reserve requirement.
4. Proposals that impact the TABOR refund.
5. Proposals impacting transfers *out of* the General Fund.

## Proposals to Increase Revenues to the General Fund

Proposals to add revenues to the General Fund include: (1) transfers from other funds to the General Fund; (2) diversions of revenues from other funds to the General Fund instead; and (3) the Pinnacol conversion proposal.

In total, the request assumes that these proposals would make an additional \$626.4 million available over the two-year period, including \$199.4 million in FY 2025-26 and \$427.0 million in FY 2026-27. The proposed conversion of Pinnacol in FY 2026-27 accounts for \$400.0 million (63.9 percent) of the total. Table 5A shows the proposed transfers and diversions to the General Fund for FY 2025-26. Table 5B shows the proposals for FY 2026-27, including the \$400.0 million associated with Pinnacol.

**Table 5A: FY 2025-26 Proposals to Add General Fund Revenue (\$ in millions)**

Item	FY 2025-26 Amount
OEDIT - Diversion of Proposition 123 Funds	\$110.0
OEDIT - CLIMBER Fund	15.0
Local Affairs - Local Government Severance Tax Fund	13.3
Higher Education - CollegeInvest Administration Fund	9.2

Item	FY 2025-26 Amount
Discretionary Account of ARPA Refinance State Money Cash Fund	5.4
Public Health and Environment - Community Impact Cash Fund	5.2
Labor and Employment - Disability Support Fund	5.0
Natural Resources - Severance Tax Perpetual Base	4.2
Natural Resources - Severance Tax Operational Account	4.2
Public Health and Environment - School and Child Care Clean Drinking Water	4.0
Public Health and Environment - Mobile Home Park Water Quality	3.0
Placeholders for Future Items	21.0
Total [1]	\$199.4

[1] Total may not sum due to rounding.

**Table 5B: FY 2026-27 Proposals to Add General Fund Revenue (\$ in millions)**

Item	FY 2026-27 Amount
Pinnacol Conversion	\$400.0
Local Affairs – Local Government Severance Tax Fund	10.0
Personnel - Supplier Database Cash Fund	6.4
OEDIT - Opportunity Next Transfer (Forecast Update)	3.0
Natural Resources - Severance Tax Perpetual Base	2.5
Natural Resources - Severance Tax Operational Account	2.5
Higher Education - Discontinue Gaming Funding for CHECRA	2.1
Local Affairs - Peace Officers Mental Health Grant	0.4
Local Affairs - Childcare Facility Grant Program Repeal	0.1
Total	\$427.0

## Change to General Fund Reserve Requirement

In addition to the proposals to add money to the General Fund, the request includes a proposal to reduce the statutory General Fund reserve requirement from 15.0 percent of appropriations to 13.0 percent for FY 2025-26 and FY 2026-27. The reserve would gradually rebuild to 15.0 percent beginning in FY 2027-28. This change would make \$333.8 million available to spend in the current year. Based on the current request, holding the reserve at 13.0 percent would reduce the requirement by \$342.6 million in FY 2026-27.

## General Fund Appropriations Subject to Reserve

Table 6 shows the requested changes to General Fund appropriations that are subject to the reserve requirement and that are not embedded in departmental requests. These items are placeholders for either future requests or for other legislation outside of the Long Bill.

In total, the request assumes that the proposals would reduce appropriations subject to the reserve requirement by \$103.8 million in FY 2026-27. The majority of the changes from FY 2026-27 are ongoing. JBC Staff estimates that the proposals would reduce appropriations by \$85.9 million in FY 2027-28 relative to current law. A placeholder for \$124.3 million in unspecified reductions in Medicaid (to hit a 5.6 percent growth target) drives the decrease in both years. If the Medicaid reductions are not submitted in January, the remaining placeholders would result in a net increase in appropriations.

**Table 6: Proposed Changes to General Fund Appropriations Subject to Reserve (\$ in millions)<sup>1</sup>**

Item	FY 2025-26	FY 2026-27	FY 2027-28
Approved interim supplementals (Table 1)	\$32.9		
Placeholder for additional supplementals	110.8		
<b>Placeholders for FY 2026-27 budget items</b>	<b>8.2</b>	<b>-\$108.0</b>	<b>-\$89.7</b>
Hold for future obligations		18.7	18.7
Human Services - Adoption and relative guardianship	8.2	8.2	8.2
Corrections - Medical caseload		5.0	5.0
Public Safety - Community corrections caseload		3.0	3.0
HCPF - Additional resources for federal compliance		2.3	2.3
HCPF – Federal H.R. 1 mitigation		2.0	2.0
Human Services - Joint county administration		0.6	0.6
HCPF - Joint county administration		0.2	0.2
HCPF - Placeholder to hit 5.6% growth target		-124.3	-124.3
All departments - Unfunded liability amortization reduction		-16.2	0.0
Judicial - PERA contribution reduction		-4.0	-1.0
HCPF - DOJ settlement CAT vouchers		-3.5	-4.5
<b>Placeholders for other FY 2026-27 legislation</b>		<b>4.2</b>	<b>3.8</b>
General Assembly priorities		2.2	2.2
Higher Education - ZTC OER continuation		1.1	1.1
Revenue - Transportation and housing zones		0.5	0.5
Public Safety - Division of Forensic Services		0.4	0.4
Tax policy legislative placeholder		0.4	0.2
Public Safety - CCJJ successor		0.3	0.3
Governor - Shared services assessment		0.3	0.0
Governor - Direct sales raw milk		0.2	0.2
Public Health and Environment - Update mobile home water quality		-1.0	-1.0
Labor and Employment - Workforce Development Council		0.0	0.0
<b>Total - Changes to Appropriations Subject to Reserve</b>	<b>\$151.9</b>	<b>-\$103.8</b>	<b>-\$85.9</b>

<sup>1</sup> Subtotals and totals may not sum due to rounding.

## General Fund Appropriations Not Subject to Reserve

In addition to the changes that are subject to the reserve requirement, the request includes a legislative placeholder to eliminate reimbursements to local governments for business personal property tax exemptions, an informational appropriation reflected in the Department of Treasury. Based on the September OSPB forecast, that proposal would decrease General Fund obligations by \$18.6 million in FY 2026-27 and beyond.

## Changes to the TABOR Refund

Table 7 shows the eight proposals that modify the TABOR refund amount from FY 2026-27 revenues, which would be paid in FY 2027-28. The proposals reduce projected TABOR refunds from FY 2026-27 revenues by \$181.5 million. JBC Staff assumes that the proposals would reduce the TABOR refund from FY 2027-28 revenues paid in FY 2028-29 by \$166.7 million. The request includes three increases in cash fund revenues that increase the refund obligation. However, the other five proposals more than offset those changes, resulting in the net reduction of \$181.5 million.

Major changes include the following:

- The largest change is a proposal for legislation to reduce the TABOR refund obligation by \$148.0 million each year for FY 2026-27 and FY 2027-28. The request argues that the timing of the enactment of the federal H.R. 1 in July 2025 resulted in an overrefund of FY 2024-25 revenues because the fiscal year had closed and the TABOR certification did not account for the federal legislation's impact on FY 2024-25 revenues.
- The request also includes a legislative placeholder to reclassify \$29.0 million per year in aviation fuel tax revenue as "collections for another government" because those revenues support local districts rather than State operations.
- The request proposes to eliminate the Colorado Disability Opportunity Office (CDOO) fee revenue for FY 2026-27 as part of a number of changes to the CDOO, including converting the office to a special purpose authority.

**Table 7: Requests Impacting the TABOR Refund Obligation (\$ in millions)**

Item	FY 2026-27	FY 2027-28
TABOR refund (September OSPB Forecast)	\$363.9	\$721.1
Requests impacting TABOR refund	-181.5	-166.7
Public Health - stationary sources fee increases	7.0	7.0
Transportation fuel deduction - 2 percent to 1 percent	3.3	3.3
Higher Education - DPS fee request	0.0	0.0
TABOR overrefund correction	-148.0	-148.0
Aviation revenue reclassification	-29.0	-29.0
Labor and Employment - eliminate Colorado Disability Opportunity Office Fee	-14.7	
Higher Education - PSEP Program	-0.1	
Projected refund with requests (paid in following year)	\$182.4	\$554.4

The changes shown in Table 7 would make \$181.5 million available as long as the State is far enough above the Referendum C cap. These changes would leave a TABOR refund of \$182.4 million in FY 2026-27, which would cover most of the \$193.0 million in projected cost of the Homestead Property Tax Exemption in FY 2026-27 based on the September 2025 OSPB forecast.

## Transfers *from* the General Fund

The request includes proposals either adding or changing transfers from the General Fund to other funds. The largest component is the proposed transfers for infrastructure investments, including capital construction and information technology capital projects (Table 8). The proposal intends to fully fund 59 controlled maintenance Level I projects at a cost of \$109.4 million. It also includes three capital construction projects and eight IT capital projects that would be funded with General Fund. The request also assumes an ongoing obligation of \$20.0 million for the National Western Stock Show Complex, which is not reflected in Table 8, creating a total obligation of \$180.4 million in FY 2025-26.

**Table 8: Governor's Proposed Transfers for Capital and IT Capital (\$ in millions)**

Item	FY 2026-27 General Fund Transfer
Controlled maintenance level 1	\$109.4
Capital construction projects (one in Higher Education and two in Corrections)	40.5
Capital information technology projects (eight in various departments)	10.5
Total	\$160.4

Finally, the request includes two smaller transfers from the General Fund to other funds.

- An *increase* of \$0.7 million to support additional broadband deployment in the Department of Corrections. The request proposes one-time funding to install broadband infrastructure at the Trinidad Correctional Facility.
- A *reduction* of \$0.4 million to the annual transfer to the Mobile Home Resident Empowerment Loan and Grant Program Fund in the Department of Local Affairs. This reduction is ongoing in subsequent years.

# Agriculture

The Department of Agriculture is responsible for the inspection, regulation, and marketing of agricultural products, including animals, plants, and equipment. The Department also runs the Colorado State Fair. The Department's FY 2025-26 appropriation represents approximately 0.2 percent of the statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Agriculture

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$77,793,462	\$20,564,403	\$49,443,501	\$3,066,248	\$4,719,310	332.1
Other Legislation	500,000	0	500,000	0	0	0.0
<b>Total</b>	<b>\$78,293,462</b>	<b>\$20,564,403</b>	<b>\$49,943,501</b>	<b>\$3,066,248</b>	<b>\$4,719,310</b>	<b>332.1</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$78,293,462	\$20,564,403	\$49,943,501	\$3,066,248	\$4,719,310	332.1
R1 Personnel cost realignment	-356,556	-356,556	0	0	0	0.0
R2 Agrivoltaic rollforward	0	0	0	0	0	0.0
Employee compensation common policies	1,954,238	584,875	1,197,106	-160	172,417	0.0
Operating common policies	382,750	38,877	338,116	5,523	234	0.0
Impacts driven by other agencies	41,785	-44,099	84,776	0	1,108	0.0
Prior year actions	-471,414	20,450	-491,864	0	0	0.6
<b>Total</b>	<b>\$79,844,265</b>	<b>\$20,807,950</b>	<b>\$51,071,635</b>	<b>\$3,071,611</b>	<b>\$4,893,069</b>	<b>332.7</b>
Increase/-Decrease	\$1,550,803	\$243,547	\$1,128,134	\$5,363	\$173,759	0.6
Percentage Change	2.0%	1.2%	2.3%	0.2%	3.7%	0.2%

Changes are assumed to be ongoing unless otherwise noted.

**R1 Personnel cost realignment:** The request is to reduce General Fund appropriations for staff in the Commissioner's Office and in the Plant Industry Division.

Year 1: The total savings are \$356,556 General Fund.

Within the Commissioner's Office, the request assumes that the Department will see increased efficiency and not impact external services. For the Plant Industry Division, the request would shift personnel costs from the General Fund to cash funds.

**R2 Agrivoltaic rollforward [legislation]:** This request is for rollforward spending authority for agrivoltaics grants.

Year 1: The total cost is \$0.

Grantees have complained that the current one-year timeframe is insufficient. Some are unable to complete their projects within the award period. The Department has indicated that this is an evidence-informed request.

**Employee compensation common policies:** The request includes a net increase of \$2.0 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$1,027,371	\$336,608	\$608,425	\$0	\$82,338	0.0
Health, life, and dental	708,989	210,507	433,383	0	65,099	0.0
Step plan	185,892	33,108	147,282	0	5,502	0.0
PERA direct distribution	29,377	8,554	20,823	0	0	0.0
Shift differential	5,349	-605	6,083	-146	17	0.0
Paid family and medical leave insurance	404	-139	-288	-1	832	0.0
Unfunded liability amortization payments	-3,027	-3,136	-18,377	-13	18,499	0.0
Short-term disability	-117	-22	-225	0	130	0.0
Total	\$1,954,238	\$584,875	\$1,197,106	-\$160	\$172,417	0.0

**Operating common policies:** The request includes a net increase of \$382,750 for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Legal services	\$262,628	\$76,425	\$186,203	\$0	\$0	0.0
Office of Information Technology services	185,249	117,707	67,542	0	0	0.0
State accounting system (CORE)	129,363	6,948	116,892	5,523	0	0.0
Workers' compensation	110,850	21,924	88,926	0	0	0.0
Vehicle lease payments	21,300	10,629	10,437	0	234	0.0
Digital trunked radios	3,355	2,181	1,174	0	0	0.0
Risk management & property	-324,871	-196,937	-127,934	0	0	0.0
Administrative law judge services	-5,124	0	-5,124	0	0	0.0
Total	\$382,750	\$38,877	\$338,116	\$5,523	\$234	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$41,785 for requests from other state agencies. These are also called "non-prioritized requests." The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$110,043	\$0	\$110,043	\$0	\$0	0.0
NP State accounting system (CORE) staff	14,027	4,137	8,782	0	1,108	0.0
NP SB24-205 AI compliance	11,108	11,108	0	0	0	0.0
NP SB24-205 AI compliance	7,495	4,761	2,734	0	0	0.0
NP Statewide enable AI	3,761	2,389	1,372	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT operating offset	-80,326	-51,039	-29,287	0	0	0.0
NP IT efficiencies	-24,323	-15,455	-8,868	0	0	0.0
Total	\$41,785	-\$44,099	\$84,776	\$0	\$1,108	0.0

**Prior year actions:** The request includes a net decrease of \$471,414 for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 24-1249 Ag stewardship TC	\$20,450	\$20,450	\$0	\$0	\$0	0.4
FY 25-26 R1 Animal disease traceability	11,585	0	11,585	0	0	0.0
FY 25-26 Step plan	0	0	0	0	0	0.0
FY 25-26 Salary survey	0	0	0	0	0	0.0
SB 25-283 Water Conservation Board Projects	-500,000	0	-500,000	0	0	0.0
FY 25-26 R2 Soil health	-3,449	0	-3,449	0	0	0.2
Total	-\$471,414	\$20,450	-\$491,864	\$0	\$0	0.6

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget Reduction Options:** The Executive Budget Request includes reductions of \$356,556 General Fund for the Department. This reduction is offset by proposed increases of \$600 thousand, so that the Department's total General Fund is request to increase by 1.2 percent. This issue brief reviews this proposal and additional options identified by staff.

**Agricultural Management Fund:** The Agriculture Management Fund (AMF) could be used for General Fund relief, either through a one-time transfer or a structural change. The fund has a growing balance, and the Commissioner of Agriculture has significant discretion in how this fund is used. This issue brief describes the fund and tradeoffs of using the fund for General Fund relief.

## For More Information

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To read the entire briefing: Go to [content.leg.colorado.gov/content/budget#budget-documents-section](https://content.leg.colorado.gov/content/budget#budget-documents-section) to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.



# Corrections

The Department of Corrections (DOC) manages the State's prison and parole systems. The Department's FY 2025-26 appropriation represents approximately 2.5 percent of statewide operating appropriations and 6.4 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Corrections

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$1,185,594,856	\$1,086,514,775	\$50,574,557	\$45,164,521	\$3,341,003	6,389.0
Other legislation	4,661,591	-485,829	842,346	4,305,074	0	2.0
<b>Total</b>	<b>\$1,190,256,447</b>	<b>\$1,086,028,946</b>	<b>\$51,416,903</b>	<b>\$49,469,595</b>	<b>\$3,341,003</b>	<b>6,391.0</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$1,190,256,447	\$1,086,028,946	\$51,416,903	\$49,469,595	\$3,341,003	6,391.0
R1A Prison caseload	8,280,157	8,280,157	0	0	0	27.5
R1B Private prison per diem	14,534,271	14,534,271	0	0	0	0.0
R2 Medical caseload	5,517,207	5,517,207	0	0	0	0.0
R3 Food service inflation	648,870	648,870	0	0	0	0.0
R4 Offender management system ongoing support (eOMIS)	3,388,210	3,388,210	0	0	0	0.0
R5 Broadband	684,297	0	684,297	0	0	1.0
R6 Transfer drug and alcohol contract funding	0	0	0	0	0	3.7
R7 Laundry inflation	74,235	74,235	0	0	0	0.0
R8 State fleet garage spending	529,937	0	0	529,937	0	1.9
R9 Inmate phone calls cost cap	-2,308,237	-2,308,237	0	0	0	0.0
R10 Offset - transgender healthcare	-3,681,100	-3,681,100	0	0	0	0.0
R11 Offset - polygraph testing	-113,180	-113,180	0	0	0	0.0
R12 Offset - volunteer program	-77,880	-77,880	0	0	0	-1.0
R13 Offset - drug testing	-118,124	-118,124	0	0	0	0.0
R14 Offset - recidivism program	-403,250	-403,250	0	0	0	0.0
R15 Technical adjustments	-3,267,531	0	-10,000	-209,440	-3,048,091	-2.0
Employee comp common policies	28,500,441	28,181,486	318,955	0	0	0.0
Operating common policies	7,778,147	7,869,331	291,794	-90,066	-292,912	0.0
Impacts driven by other agencies	-842,659	-821,553	-21,106	0	0	0.1
Technical adjustments	264,853	264,868	-15	0	0	0.0
Prior year actions	-1,208,108	-303,354	-842,314	-62,440	0	-2.0
<b>Total</b>	<b>\$1,248,437,003</b>	<b>\$1,146,960,903</b>	<b>\$51,838,514</b>	<b>\$49,637,586</b>	<b>\$0</b>	<b>6,420.2</b>
<b>Increase/-Decrease</b>	<b>\$58,180,556</b>	<b>\$60,931,957</b>	<b>\$421,611</b>	<b>\$167,991</b>	<b>-\$3,341,003</b>	<b>29.2</b>
<b>Percentage Change</b>	<b>4.9%</b>	<b>5.6%</b>	<b>0.8%</b>	<b>0.3%</b>	<b>-100.0%</b>	<b>0.5%</b>

Changes are assumed to be ongoing unless otherwise noted.

**R1A Prison caseload:** The request funds 553 male prison beds to account for a projected increase in the prison population based on a June 2025 prison population forecast. The Department will submit a revised prison caseload request in January 2026 to reflect the December 2025 prison population forecasts.

Year 1: \$8.3 million General Fund and 27.5 FTE

The request includes 153 Level 3 beds at private prisons and 400 Level 2 beds at state-operated facilities. Of the Level 2 beds, 200 would be at Sterling and 200 at Buena Vista. The 153 private prison beds are the same beds approved by the JBC for FY 2025-26 through an interim supplemental request in September 2025.

There are two prioritized capital requests that would affect prison caseload in future years. First, a \$14.0 million request to add a perimeter fence at the Delta prison. This would move Delta from a Level 1 to a Level 2 facility. The change aims to free up Level 3 medium custody beds by allowing more medium custody inmates to progress to a lower security level.

Second, a \$7.6 million request to replace the electronic security system at the Colorado State Penitentiary (CSP). The Department would have to move 128 inmates beginning in October 2027. Most of the inmates in CSP are there because they were too dangerous for the general population in other prisons. The Department says it would need to use the C-tower at Centennial South to accommodate the impact of the project.

Staff provides more information about male prison caseload and capital projects separate issue briefs.

**R1B Private prison per diem:** The request increases the per-diem rate for private prisons from \$66.52 to \$80.00. Staff provides more details in a related issue brief.

Year 1: \$14.5 million General Fund.

**R2 Medical caseload:** The request addresses expected changes in the prison population and the per-offender-per-month (POPM) rate for external medical care.

Year 1: \$5.5 million General Fund. Includes \$5.0 million for external medical services and \$0.5 million for pharmaceuticals.

The Governor's request also includes a \$5.0 million General Fund placeholder for a related budget amendment that will be submitted in January. This is *in addition to* the \$5.5 million shown in the current request, which is based on information from June 2025. The placeholder likely accounts for increases in the POPM rate for external medical care, based on new data gathered through the first half of FY 2025-26.

**R3 Food service inflation:** The request addresses both food and equipment costs. The Department aims to use these funds to purchase needed food while also maintaining and replacing the equipment used to prepare meals.

Year 1: \$648,870 General Fund, which is a 2.9% increase.

**R4 Offender management system ongoing support (eOMIS):** The request seeks ongoing operating funds for the Electronic Offender Management Information System, which is the Department’s primary data system. This relates to a \$40.0 million capital project that began in 2015 and will be completed by June 2026.

Year 1: \$3.4 million General Fund.

Year 2: The request expects costs to increase by 3.0% annually, but states that these increases will be “submitted as needed through the normal budgetary request channels, and after corresponding OIT funding needs are assessed.”

The requested money would sustain vendor maintenance and support after project completion. This includes “critical updates, security patches, bug fixes, technical support, as well as modest annual updates and changes to system programming...” The Department would contract with Marquis Software Development, the same vendor leading the current capital project.

**R5 Broadband [legislation]:** The request supports broadband installation at the Trinidad Correctional Facility and seeks JBC-sponsored legislation to transfer money to the Broadband Infrastructure Cash Fund.

Year 1: One-time transfer of \$684,297 General Fund and related cash fund spending authority.

**R6 Transfer drug and alcohol contract funding:** The request aims to support the Medication-Assisted Treatment (MAT) program. It does this by moving \$615,000 General Fund from the underused *Drug and Alcohol (D&A) Treatment Contract Services* line item.

Year 1: \$0 and 3.7 FTE

Year 2: \$0 and 4.0 FTE

The D&A Treatment Contract Services line item is used to contract with outside individuals and entities to provide facility-based treatment and counseling services to releasing inmates. The Department has used other grant funds in recent years to provide those services, leading to underspending of the line item. The Department expects these grants to continue.

The reallocated funds would support “1.0 FTE Mid-level Provider and 2.0 FTE Health Care Technician I to perform services required with the expanding MAT program.” Currently, “the DOC has only four MAT-specific providers managing approximately 26 to 38 patient encounters daily, but with approximately 4,341 (24.4%) of all DOC inmates diagnosed with Opioid Use Disorder, without additional providers, the Department has a long way to go to be able to meet its goal of ensuring that all diagnosed inmates receive treatment daily.”

The Department’s evidence designation for the MAT Program is “Proven.”

**R7 Laundry inflation:** The request addresses the impact of inflation and maintenance costs in the *Operating Expenses* line item in the Laundry Subprogram.

Year 1: \$74,235 General Fund

**R8 State fleet garage spending:** The one-time request aims to address an encumbrance issue that occurs in the state accounting system at the end/beginning of the fiscal year.

Year 1: One-time \$529,937 reappropriated funds and 1.9 FTE, with roll-forward authority through FY 2027-28.

Per the request, “The Department’s current fiscal year-end close/open process involves shutting down all internal vehicle maintenance processes for 30-60 days until encumbrances are actualized in CORE (the financial system for the State). Due to these limitations, the Department is unable to efficiently satisfy current vehicle maintenance obligations.” The one-time request using Department of Personnel (DPA) fleet maintenance funding is a stop-gap until DPA coordinates a state fleet funding mechanism across multiple agencies.

**R9 Inmate phone calls cost cap [legislation]:** The request caps the State’s share of inmate phone calls at 75.0% on an ongoing basis. Statute currently requires that the State cover 100% of the cost beginning on July 1, 2026.

Year 1: -\$2.3 million General Fund.

The current appropriation is \$2.9 million General Fund. That would increase to \$5.2 million in FY 2026-27 under the current statute. The State was originally slated to cover 100.0% of the cost of phone calls in the current fiscal year, but the JBC sponsored S.B. 25-208 to do 75.0% in the current year and 100.0% in FY 2026-27.

The request notes that inmate phone costs are being considered by the Department as a potential marginal cost as part of the Prison Caseload adjustments moving forward. It stands to reason that as the prison population changes, the cost of inmate phone calls will also fluctuate. The Department is evaluating this possibility as part of the implementation of the Performance Audit.

The Department’s evidence designation this program is “Insufficient.”

**S3/R10 Offset - transgender healthcare:** The request aligns the current appropriation for transgender healthcare with recent and projected usage.

Current year: -\$3.7 million General Fund.

Year 1: -\$3.7 million General Fund.

This line item and amount was restricted by the Governor in Executive Order D 2025 014 and will also be a supplemental request. The Department says that it is fulfilling its responsibilities as outlined in the consent decree for *Raven v. Polis*. Still, this line item has been underspent since it was established based on an initial estimate of the ongoing cost of this care.

The Department’s evidence designation for this program is “Evidence Informed.”

**R11 Offset - polygraph testing:** The request aligns funding with gradual changes to the Sex Offender Management Board’s post-conviction polygraph testing requirements.

Year 1: -\$113,180 General Fund.

Per the request, “As the amount of reverted funds in this line has been growing over the last several years due to changes in requirements for post-conviction polygraph testing, the Department anticipates no negative impact on the operations of the Sex Offender Treatment and Management Program as a result of this reduction.”

The Department’s evidence designation for this program is “Evidence Informed.”

**R12 Offset - volunteer program:** The request removes funding for a currently unfilled position in the Volunteer Subprogram.

Year 1: -\$77,880 General Fund and -1.0 FTE

Per the request, “The Faith and Citizens and Volunteer Services team at DOC Headquarters are responsible for program design, policy development, budgeting, training, audits and the coordination of the approximately 1,400 individuals who volunteer at correctional facilities (including private prisons).” There are a total of 8.0 FTE on the team. The other 7.0 FTE will handle the duties of the eliminated position.

The Department’s evidence designation for this program is “Promising.”

**R13 Offset - drug testing:** The request accounts for reduced drug testing in DOC prisons because randomized drug testing ended in 2022 and because some newer drugs are not detected by available testing methods.

Year 1: -\$118,124 General Fund.

Per the request, “testing is primarily driven by incident and takes place via mass urinalysis (UA) or reasonable suspicion-based collection. These tests allow the Department to enforce the relevant parts of the Code of Penal Discipline, provide information about substances being introduced, and may lead to the source of the introduction. Still, as the current drug testing capabilities have been unable to detect many of the newer drugs, it is unlikely that more frequent drug testing will lead to increased safety and successful deterrence.”

The Department is looking for other ways to prevent drug introductions into prisons. “The Department continues to explore options to prevent further introduction. Currently, DOC is considering offsite digital scanning, sourcing updated testing and detection equipment, and looking at practices in other agencies. As the Department is still exploring the legalities of mail scanning, there is currently no timeline or plan in place for implementation.”

The Department’s evidence designation this program is “Insufficient.”

**R14 Offset - recidivism program:** The request partially reduces funding for a three-year pilot program that teaches job skills that will end in FY 2027-28.

Year 1: -\$403,250 General Fund.

Total program funding is currently around \$1.0 million General Fund. It supports a program to implement in-demand job skills for inmates in correctional facilities. These include Life Skills Training, a Commercial Driver’s

License-Apprenticeship (CDL) Program, and other job skills training. The Department originally requested one-time funding and the JBC approved three years of funding.

The Department noted several positive outcomes thus far, such as CDL participants continuing their apprenticeship after release. As of June 2025, 25 students completed classes. Demand for the program is very high. However, the Department says that, “The proposed reduction was carefully evaluated and will not impact programming.”

The Department’s evidence designation for this program is “Evidence Informed.”

**R15 Technical adjustments:** The request removes unused federal and reappropriated funds from the budget.

Year 1: -\$3.3 million, including \$3.0 million federal funds, and -2.0 FTE.

**Employee compensation common policies:** The request includes a net increase of \$28.5 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$14,864,915	\$14,675,555	\$189,360	\$0	\$0	0.0
Health, life, and dental	7,884,906	7,774,978	109,928	0	0	0.0
Step plan	2,599,809	2,561,897	37,912	0	0	0.0
Shift differential	1,874,475	1,884,077	-9,602	0	0	0.0
Unfunded liability amortization payments	1,441,345	1,444,256	-2,911	0	0	0.0
Paid family and medical leave insurance	39,519	39,917	-398	0	0	0.0
Short-term disability	14,957	14,978	-21	0	0	0.0
PERA direct distribution	-219,485	-214,172	-5,313	0	0	0.0
Total	\$28,500,441	\$28,181,486	\$318,955	\$0	\$0	0.0

**Operating common policies:** The request includes a net increase of \$8.0 million for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Workers’ compensation	\$3,157,721	\$3,088,567	\$69,154	\$0	\$0	0.0
Risk management & property	2,136,463	2,089,674	46,789	0	0	0.0
Office of Information Technology services	1,468,855	1,462,980	5,875	0	0	0.0
Vehicle lease payments	895,062	763,553	131,509	0	0	0.0
State accounting system (CORE)	285,495	264,083	11,420	9,992	0	0.0
Legal services	29,294	28,652	642	0	0	0.0
Departmental indirect cost adjustment	-173,940	192,625	26,405	-100,058	-292,912	0.0
Digital trunked radios	-20,803	-20,803	0	0	0	0.0
Total	\$7,778,147	\$7,869,331	\$291,794	-\$90,066	-\$292,912	0.0

**Impacts driven by other agencies:** The request includes a net decrease of \$0.8 million for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP State accounting system (CORE) staff	\$178,032	\$174,133	\$3,899	\$0	\$0	0.0
NP IT accessibility	110,043	110,043	0	0	0	0.0
NP SB24-205 AI compliance	63,298	62,155	1,143	0	0	0.1
NP Statewide enable AI	26,190	25,616	574	0	0	0.0
NP IT operating offset	-996,869	-975,038	-21,831	0	0	0.0
NP IT efficiencies	-223,353	-218,462	-4,891	0	0	0.0
Total	-\$842,659	-\$821,553	-\$21,106	\$0	\$0	0.1

**Technical adjustments:** The request includes an increase of \$264,868 General Fund for leased space.

**Prior year actions:** The request includes a net decrease of \$1.2 million for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-208 Inmate telephone calls	\$2,308,237	\$2,308,237	\$0	\$0	\$0	0.0
FY 25-26 Inmate pay	615,639	615,639	0	0	0	0.0
FY 25-26 Step plan	0	0	0	0	0	0.0
SB 25-212 Temporary inmate transfer	-1,829,000	-1,829,000	0	0	0	0.0
SB 25-213 Broadband infrastructure	-842,346	0	-842,346	0	0	0.0
FY 25-26 Salary survey	-754,471	-754,503	32	0	0	0.0
SB 21-138 Traumatic brain injury	-327,620	-327,620	0	0	0	-1.0
FY 25-26 Inmate legal access	-219,323	-219,323	0	0	0	0.0
HB 24-1386 DOC broadband	-76,319	-76,319	0	0	0	-1.0
SB 25-308 Medicaid services	-62,440	0	0	-62,440	0	0.0
SB 21-064 Retaliation against elected official	-18,415	-18,415	0	0	0	0.0
SB 23-039 Reduce child and parent separation	-2,050	-2,050	0	0	0	0.0
Total	-\$1,208,108	-\$303,354	-\$842,314	-\$62,440	\$0	-2.0

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Big budget picture:** This issue brief provides a high-level summary of changes to the budget since FY 2018-19 and a brief outlook for compensation and medical costs.

**Male prison caseload and capacity limits:** This issue brief discusses the factors driving an increase in the male prison population, capacity limits, and complicating factors. An exceptionally large projected increase in the

male prison population exceeds male prison capacity limits in FY 2026-27. This development coincides with aging infrastructure and related capital projects, aging inmates, rapidly increasing medical costs, and staffing challenges.

**Custody classifications and capital projects:** This issue brief discusses proposed capital projects at Delta, Rifle, and Colorado State Penitentiary (CSP). The first part discusses the relationship between the DOC's custody classification policy and the Delta and Rifle projects. Specifically, the policy limits the number of inmates assigned to minimum-security prisons like Delta and Rifle. It therefore increases the number of inmates assigned to medium or minimum-restricted prisons. It does this by requiring a custody classification override to a higher security level based on time to parole eligibility date, mandatory parole date, or sentence discharge. The second part discusses how the CSP project would require the use of Centennial South's C-Tower.

**Parole budget and policy issues:** This issue brief aims to help the JBC and General Assembly make informed decisions about a prison population projected to exceed capacity limits in FY 2026-27. It does that by describing the state of affairs in the Division of Adult Parole, including trends in the parole population, policies and practices, and budget.

**Private prison per-diem rate:** This issue brief provides information about the private prison per-diem rate and the number of beds that private prisons provide. The Department requests a per-diem rate increase of \$13.48 at a cost of \$14.5 million General Fund. This is the second time in 20 years that the Department has requested a targeted rate increase for private prisons. All other increases have been tied to the common policy, which has not kept pace with inflation.

## For More Information

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# Early Childhood

The Department of Early Childhood exists to support the care, education, and well-being of young children. The Department's FY 2025-26 appropriation represents approximately 1.7 percent of statewide operating appropriations and 1.9 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Early Childhood

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$802,891,580	\$318,575,707	\$279,083,896	\$16,607,388	\$188,624,589	243.1
Other legislation	-150,000	-150,000	0	0	0	0.0
<b>Total</b>	<b>\$802,741,580</b>	<b>\$318,425,707</b>	<b>\$279,083,896</b>	<b>\$16,607,388</b>	<b>\$188,624,589</b>	<b>243.1</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$802,741,580	\$318,425,707	\$279,083,896	\$16,607,388	\$188,624,589	243.1
R1 Prioritize CCDF investments	-4,489,762	0	0	0	-4,489,762	0.0
R2 Early Intervention increase	-1,845,339	2,154,661	0	-4,000,000	0	0.0
R3 UPK increase	14,304,521	3,804,663	10,499,858	0	0	0.0
R4 Child care licensing svcs decrease	-428,707	-590,224	0	148,367	13,150	19.6
R5 Maximize federal reimbursement	0	0	0	0	0	0.0
Statewide R6 End child care SUD pilot	-500,000	-500,000	0	0	0	0.0
Statewide R6 Red Child Maltreat Prev	-480,000	-480,000	0	0	0	0.0
Employee compensation common policies	1,572,154	557,814	39,817	-724,645	1,699,168	0.0
Operating common policies	1,022,666	709,535	0	313,131	0	0.0
Impacts driven by other agencies	119,341	154,104	0	-34,763	0	1.8
Technical adjustments	2,009,500	-1,996,485	8	4,105,977	-100,000	-3.5
Prior year actions	-1,923,111	-161,232	-1,722,361	-19,759	-19,759	0.5
<b>Total</b>	<b>\$812,102,843</b>	<b>\$322,078,543</b>	<b>\$287,901,218</b>	<b>\$16,395,696</b>	<b>\$185,727,386</b>	<b>261.5</b>
Increase/-Decrease	\$9,361,263	\$3,652,836	\$8,817,322	-\$211,692	-\$2,897,203	18.4
Percentage Change	1.2%	1.2%	3.2%	-1.3%	-1.5%	7.6%

Changes are assumed to be ongoing unless otherwise noted.

**R1 Prioritizing Child Care and Development Fund (CCDF) investments:** The Department asks to reduce Child Care and Development Fund (CCDF) appropriations for certain quality initiatives.

Current year: Reduction of \$910,000 federal funds from the CCDF.

Year 1: Reduction of \$4,489,762 federal funds from the CCDF.

The Department anticipates that the CCDF will face a funding cliff of \$29.4 million starting in FY 2027-28. The request reduces appropriations for six initiatives to address the funding cliff, while also increasing funding for two programs. Those programs and related funding impact are detailed in the following table.

**Programs Impacted and Requested Appropriation Changes**

Item	FY 2025-26	FY 2026-27
Teacher Salary Grant Program	-\$250,000	-\$2,928,167
Colorado Shines School Readiness Quality Improvement Program	-400,000	-1,621,595
Workforce Recruitment and Retention Grants	-150,000	-75,000
Consumer Education and Outreach	-50,000	-40,000
Child Care Resource and Referrals	-30,000	0
Expanding Quality for Infants and Toddlers	-30,000	0
Teacher Education Compensation Helps Early Childhood (TEACH) Scholarships	0	75,000
Apprenticeships	0	100,000
<b>Total</b>	<b>-\$910,000</b>	<b>-\$4,489,762</b>

The Department indicates that CCCAP and two impacted programs (the Quality Rating and Improving System and TEACH scholarships) are Evidence-Informed; another impacted program (apprenticeships) is Promising; and a final impacted program (Teacher Salary Grant Program) is Proven.

**R2 Early Intervention increase:** The Department asks to increase General Fund to the Early Intervention program to support increases in caseload and service needs.

Year 1: Increase of \$2,154,661 General Fund and a decrease of \$4,000,000 reappropriated funds.

The request moves \$2.0 million previously appropriated to the Department of Health Care Policy and Financing to Early Childhood. The Department indicates the Early Intervention program is Evidence-Informed.

**R3 Colorado Universal Preschool Program (UPK) increase:** The Department asks to increase appropriations to the Universal Preschool Program based on forecasted enrollment and inflationary increases. The Department also asks to drop the reserve target for the Preschool Program Cash Fund from 15.0 percent to 10.0 percent of prior year revenues to allow for additional expenditures from that cash fund.

Year 1: Increase of \$14,304,521 total funds, including \$3,804,663 General Fund and \$10,449,858 from the Preschool Program Cash Fund.

Year 2: Increase of \$19,709,484, including \$9,209,626 General Fund and \$10,499,858 from the Preschool Program Cash Fund.

The Department's General Fund request is based on a 2.6 percent inflationary increase from the Office of State Planning and Budgeting's September 2025 forecast. The Department also plans to submit a supplemental request for \$10.0 million additional spending authority from the Preschool Program Cash Fund for FY 2025-26, as enrollment has been higher than forecasted. The Department indicates that the Universal Preschool Program is Evidence-Informed.

**R4 Child care licensing services decrease:** The Department asks to eliminate three of its child care licensing contracts and move their licensing workload within the Department.

Year 1: Reduction of \$428,707 total funds, including a reduction of \$590,224 General Fund, and an increase of 19.6 FTE.

The Division of Early Learning Licensing and Administration establishes minimum health and safety standards for all child care facilities in Colorado that operate less than 24-hours a day. Facilities include child care homes and centers, preschool programs, summer camps, neighborhood youth organizations, and children's resident camps.

The program historically contracted most licensing functionality. However, contracted staff turnover has shifted work back to the Department. This request moves 47.0 percent of currently contracted work back to the Department.

**R5 Maximize federal reimbursement [legislation]:** The Department asks for a net-neutral reallocation of General Fund and Tobacco Master Settlement Agreement (MSA) funds between SafeCare and the Nurse Home Visitor Program to draw down an estimated \$1.1 million federal funds.

Year 1: No change to total funds, this request is budget neutral.

Recent federal changes allow the Department to use SafeCare to draw down more federal Family First Prevention Services Act (FFPSA) funds. SafeCare is the only Department program that qualifies for this additional draw down. However, SafeCare is already used to meet maintenance of effort (MOE) requirements for Maternal, Infant, and Early Childhood Home Visiting (MIECHV) federal grants. The same program cannot be used twice for matching.

MIECHV's MOE requires that state General Fund is invested in an evidence-based home visiting program. The Nurse Home Visitor Program (NHVP) would meet this requirement, if it received General Fund. Therefore, to maintain MIECHV MOE requirements while drawing down additional FFPSA funds, the Department proposes to swap SafeCare's \$5.1 million General Fund appropriation and NHVP's \$5.1 million of Tobacco MSA funding.

This request requires legislation to enable the transfer of Tobacco MSA funds and the NHVP's use of General Fund. Additional FFPSA funds will be deposited into the Colorado Child Abuse Prevention Trust Fund and distributed to local agencies to support child sexual abuse and prenatal substance exposure prevention, poverty reduction, and housing stability. The Department indicates that SafeCare is Proven.

**Statewide R6 – End child care and substance use disorder (SUD) pilot [legislation]:** The Department resubmits a budget reduction option from JBC staff last year to end the Child Care Services and Substance Use Disorder Treatment Pilot program, which the Committee chose not to take.

Year 1: Reduction of \$500,000 General Fund.

House Bill 19-1193 (Behavioral Health Supports for High-Risk Families) created the Child Care Services and Substance Use Disorder (SUD) Treatment Pilot Program, which was extended through H.B. 22-1295 (Department Early Childhood and Universal Preschool Program). Grant funding currently goes to the Illuminate Child Care program, which provides mobile child care using an RV for parents in an SUD treatment program. It supports 15

sites in the Denver Metro Area, Southeast Colorado, and the San Luis Valley and served 148 children in FY 2024-25, letting 104 caregivers attend SUD treatment. The program will repeat on July 1, 2028.

**Statewide R6 – Reduce Child Maltreatment Prevention funding:** The Department resubmits a budget reduction option that JBC staff presented last year but did not recommend. The request reduces General Fund provided to Family Resource Centers.

Year 1: Reduction of \$480,000 General Fund.

Family Resource Centers connect families with support services, including food and nutrition services, housing assistance, and workforce training. Current funding for Family Resource Centers is \$4.5 million total funds across the Department. The Committee reduced this appropriation by \$200,000 General Fund last year.

**Employee compensation common policies:** The request includes a net increase of \$1.6 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$828,584	\$342,379	\$141,189	\$72,781	\$272,235	0.0
Health, life, and dental	654,580	245,743	-44,348	-463,161	916,346	0.0
Step plan	73,722	25,093	14,915	5,244	28,470	0.0
PERA direct distribution	22,577	427	-6,905	-55,272	84,327	0.0
Unfunded liability amortization payments	-6,870	-53,003	-61,808	-268,464	376,405	0.0
Paid family and medical leave insurance	-309	-2,385	-2,781	-12,081	16,938	0.0
Shift differential	-81	-69	-12	0	0	0.0
Short-term disability	-49	-371	-433	-3,692	4,447	0.0
Total	\$1,572,154	\$557,814	\$39,817	-\$724,645	\$1,699,168	0.0

**Operating common policies:** The request includes a net increase of \$1.0 million for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Workers' compensation	\$503,276	\$503,276	\$0	\$0	\$0	0.0
Office of Information Technology services	313,131	0	0	313,131	0	0.0
State accounting system (CORE)	73,657	73,657	0	0	0	0.0
Risk management & property	70,052	70,052	0	0	0	0.0
Legal services	55,575	55,575	0	0	0	0.0
Administrative law judge services	7,923	7,923	0	0	0	0.0
Statewide indirect cost adjustment	0	0	0	0	0	0.0
Vehicle lease payments	-948	-948	0	0	0	0.0
Total	\$1,022,666	\$709,535	\$0	\$313,131	\$0	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$119,341 for requests from other state agencies. These are also called "non-prioritized requests." The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Fund	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$174,762	\$174,762	\$0	\$0	\$0	0.9
NP SB24-205 AI compliance	133,760	133,760	0	0	0	0.9
NP State accounting system (CORE) staff	8,467	8,467	0	0	0	0.0
NP SB24-205 AI compliance	4,920	4,055	0	865	0	0.0
NP Statewide enable AI	2,469	2,035	0	434	0	0.0
NP IT efficiencies	-167,061	-137,678	0	-29,383	0	0.0
NP IT operating offset	-37,976	-31,297	0	-6,679	0	0.0
Total	\$119,341	\$154,104	\$0	-\$34,763	\$0	1.8

**Technical adjustments:** The request includes a net increase of \$2.0 million. The most significant change is the out-year impact of a one-time increase for the Early Intervention program.

### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Early Intervention GF reduction	\$2,000,000	-\$2,000,000	\$0	\$4,000,000	\$0	0.0
Leased space	9,500	3,515	8	5,977	0	0.0
CCCAP reappropriated fund shift	0	0	0	100,000	-100,000	0.0
Correct SB 22-213 FTE	0	0	0	0	0	-3.5
Total	\$2,009,500	-\$1,996,485	\$8	\$4,105,977	-\$100,000	-3.5

**Prior year actions:** The request includes a net decrease of \$1.9 for the impact of prior year budget decisions and legislation.

### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 24-1223 Improved access child care	\$66,880	\$66,880	\$0	\$0	\$0	0.1
SB 21-217 Market rate study child care	55,000	55,000	0	0	0	0.0
FY 24-25 R2 Dept core operations	23,702	23,702	0	0	0	0.0
HB 24-1364 Edu-based workforce ready	23,186	23,186	0	0	0	0.4
FY 25-26 Salary survey	0	0	0	0	0	0.0
FY 25-26 Step plan	0	0	0	0	0	0.0
FY 25-26 BA2 UPK program	-1,721,570	0	-1,721,570	0	0	0.0
SB 21-137 Behavioral health recovery	-280,000	-280,000	0	0	0	0.0
HB 24-1045 Treat substance use disorders	-50,000	-50,000	0	0	0	0.0
FY 25-26 R6 Cost allocation plan	-40,309	0	-791	-19,759	-19,759	0.0
Total	-\$1,923,111	-\$161,232	-\$1,722,361	-\$19,759	-\$19,759	0.5

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Need for Financial Strategy to Inform Requests:** Certain Department programs face financial challenges that either limit services or create General Fund pressure. The Department's R1 and R2 requests start to address funding challenges in the Colorado Child Care Assistance Program and Early Intervention, but the long-term sustainability strategy for these programs and others is unclear. Staff recommends the Department outline its five-year financial strategy in its hearing.

**R1 and Colorado Child Care Assistance Program:** The Department anticipates the Child Care and Development Fund (CCDF) will deplete its reserve and face a funding cliff of \$29.4 million in FY 2027-28. The Department requests to reduce CCDF appropriations to quality initiatives. However, the request does not fully address the cliff, requiring further appropriation cuts. The request also does not address funding pressures from provider rate increases and state policy that may start in FY 2026-27. Additionally, it lacks long-term cost containment strategies amidst growing Colorado Child Care Assistance Program enrollment waitlists and freezes.

**R2 and Early Intervention:** The Department anticipates caseload increases in FY 2026-27 necessitate \$2.2 million in additional General Fund ongoing. However, the Department underspent FY 2024-25 appropriations and anticipates underspending in FY 2025-26, making them likely to submit a FY 2025-26 supplemental request reverting about \$7.3 million General Fund. It is unclear to what extent these requests include ongoing cost containment strategies explored by the Department.

**Budget Reduction Options:** The Department's request includes reductions of \$1.6 million General Fund, representing 0.5 percent of its FY 2025-26 General Fund appropriation. These reductions are offset by proposed increases, so that the Department's total General Fund is requested to increase by 1.1 percent. Staff options for budget reductions total \$4.0 million, representing 1.2% of the Department's General Fund appropriations.

## For More Information

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To read the entire briefing: Go to [content.leg.colorado.gov/content/budget#budget-documents-section](https://content.leg.colorado.gov/content/budget#budget-documents-section) to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.

# Education

The Department of Education supports the State Board of Education to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and administers a variety of education-related programs. The Department also includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board; and (3) the Public School Capital Construction Assistance Board.

The Department's FY 2025-26 appropriation represents approximately 16.5 percent of statewide operating appropriations and 27.6 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Education

Item	Total Funds	General Fund [1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$7,756,003,663	\$4,711,597,574	\$2,139,481,573	\$55,664,660	\$849,259,856	742.3
Other legislation	-66,599,874	-41,603,376	-25,246,498	250,000	0	9.1
<b>Total</b>	<b>\$7,689,403,789</b>	<b>\$4,669,994,198</b>	<b>\$2,114,235,075</b>	<b>\$55,914,660</b>	<b>\$849,259,856</b>	<b>751.4</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$7,689,403,789	\$4,669,994,198	\$2,114,235,075	\$55,914,660	\$849,259,856	751.4
R1 State share of total program	166,990,163	50,000,000	116,990,163	0	0	0.0
R2 Categorical programs increase	14,539,542	0	14,539,542	0	0	0.0
R3 CSI Mill Levy Equalization	-3,916,033	-3,916,033	0	0	0	0.0
R4 BEST assessment IT system	450,000	0	450,000	0	0	0.0
R5 READ Act awareness campaign and evaluation	-950,000	0	-950,000	0	0	0.0
R6 Restructuring social studies assessment	-233,273	0	-233,273	0	0	0.0
R7 Local Accountability Grant Program reduction	-100,000	-100,000	0	0	0	0.0
R8 Administrative efficiencies and reductions	-345,013	-202,079	-92,292	-8,646	-41,996	0.0
R9 CSDB teacher salary increase	47,603	47,603	0	0	0	0.0
Employee compensation common policies	5,805,078	2,462,638	900,472	869,828	1,572,140	0.0
Operating common policies	-265,345	-295,487	18,600	-1,344	12,886	0.0
Impacts driven by other agencies	367,952	356,101	2,086	1,731	8,034	1.8
Prior year actions	-724,863	-5,858,862	5,133,999	0	0	-2.7
<b>Total</b>	<b>\$7,871,069,600</b>	<b>\$4,712,488,079</b>	<b>\$2,250,994,372</b>	<b>\$56,776,229</b>	<b>\$850,810,920</b>	<b>750.5</b>
<b>Increase/-Decrease</b>	<b>\$181,665,811</b>	<b>\$42,493,881</b>	<b>\$136,759,297</b>	<b>\$861,569</b>	<b>\$1,551,064</b>	<b>-0.9</b>
<b>Percentage Change</b>	<b>2.4%</b>	<b>0.9%</b>	<b>6.5%</b>	<b>1.5%</b>	<b>0.2%</b>	<b>-0.1%</b>

[1] Includes General Fund Exempt.

Changes are assumed to be ongoing unless otherwise noted.

**R1 State share of total program [legislation]:** The Department's school finance request proposes implementing the new formula as planned for FY 2026-27 but anticipates pausing implementation for FY 2027-28.

Year 1: A net increase of \$167.0 million. This includes increases of \$50.0 million General Fund, \$45.3 million from the State Education Fund, and \$71.7 million from the State Public School Fund.

Year 2: Anticipates a General Fund increase of \$275.0 million above the FY 2026-27 request *and* a pause in the implementation of the new school finance formula.

**R2 Categorical programs increase:** The request includes increasing funding for categorical programs by 2.6 percent, which matches the Office of State Planning and Budget's (OSPB) estimated inflation rate.

Year 1: An increase of \$14.5 million from the State Education Fund

The Colorado State Constitution requires that funding for categorical programs increase by at least the rate of inflation annually.<sup>3</sup> The requested increase for each categorical program line is shown below. See the second issue brief in the full briefing document for a detailed discussion of categorical program funding.

#### R2 Requested Increases in State Funding for Categorical Programs

Long Bill Line Item	FY 2025-26 Appropriation	FY 2026-27 Request	Change in State Funding	Percent Change
Special Education - Children with Disabilities	\$388,694,798	\$398,800,863	\$10,106,065	2.6%
English Language Proficiency Program	35,866,264	36,555,792	689,528	1.9%
Public School Transportation	72,973,821	75,256,184	2,282,363	3.1%
Career and Technical Education Programs	32,689,057	33,769,287	1,080,230	3.3%
Special Education - Gifted and Talented Children	16,793,762	17,167,234	373,472	2.2%
Expelled and At-risk Student Services Grant Program	9,473,039	9,478,248	5,209	0.1%
Small Attendance Center Aid	1,606,548	1,607,186	638	0.0%
Comprehensive Health Education	1,115,829	1,117,866	2,037	0.2%
Total	\$559,213,118	\$573,752,660	\$14,539,542	2.6%

**R3 CSI Mill Levy Equalization:** The request includes a decrease for Charter School Institute (CSI) Mill Levy Equalization based on projected utilization in FY 2026-27. This program provides funding for schools authorized by CSI so that these schools have the same per pupil funding as the district schools where CSI schools are located.

Year 1: A decrease of \$3.9 million General Fund.

The request represents an early estimate of funding required for this program, which is driven by local mill levy override elections and the number of students enrolled in CSI and district schools in each district with a mill levy override. Funding for full mill levy equalization for all institute charter schools is required by statute. FY 2025-26 base funding is \$53.6 million, including \$27.2 million from the General Fund and \$26.4 million from the State Education Fund.

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<sup>3</sup> Colorado Constitution, Article IX, Section 17, created by Amendment 23.



**R4 BEST assessment IT system:** The Department requests a cash funds increase for software costs for the Facility Insight system, which is used to track the condition of public school facilities statewide as part of the Building Excellent Schools Today (BEST) program.

Year 1: An increase of \$450,000 cash funds from the Public School Capital Construction Assistance Fund.

The request represented an early estimate. The Department now anticipates that the cost in FY 2026-27 and future years will be approximately \$325,000 (an increase of \$175,000, rather than \$450,000).

**R5 READ Act awareness campaign and evaluation [legislation]:** The Department requests that READ Act program evaluations occur every other year, rather than annually, and also requests a reduction to the READ Act awareness campaign appropriation.

Year 1: The requested decrease is \$950,000 cash funds from the Early Literacy Cash Fund to eliminate the \$750,000 appropriation for the evaluation and reduce the awareness campaign appropriation by \$200,000, from \$507,000 to \$307,000.

Year 2: The requested decrease is \$200,000 for the awareness campaign. The request anticipates that the evaluation originally scheduled for FY 2026-27 would occur in FY 2027-28.

The READ Act supports school districts in providing high quality early literacy instruction through grants, targeted per pupil funding, teacher and administrator training, shared materials, and technical assistance. Statute<sup>4</sup> requires an annual program evaluation and would need to be modified to instead conduct the evaluations on a biennial basis. The Early Literacy Fund is derived from an annual transfer of \$34.0 million from the State Education Fund.

**R6 Restructuring social studies assessment [legislation]:** The Governor's Office requests a statutory change to restructure the social studies assessment. Instead of testing on a sampling basis and assessing fourth- and seventh-grade students at different schools each year, it proposes to test all students annually in seventh grade only. This would require a statutory change.

Year 1: The requested decrease is \$233,273 from the State Education Fund.

**R7 Local Accountability Grant Program reduction:** The Department requests a reduction to funding for the Local Accountability System Grant Program. This program provides grants to local education agencies to pilot adoption and enhancement of local accountability systems that supplement the state accountability system.

Year 1: A decrease of \$100,000 General Fund from a base of \$580,300 General Fund.

**R8 Administrative efficiencies and reductions:** The Department requests ongoing administrative reductions in four categories.

Year 1: A decrease of \$345,013, including \$202,079 General Fund.

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<sup>4</sup> Section 22-7-1209(8), C.R.S.

### Administrative efficiencies and reductions

	Gen Dept. Admin	Educator Effectiveness	READ Act Administration	Capitol Complex	Total
General Fund	-\$100,000	-\$75,000	\$0	-\$27,079	-\$202,079
Cash Funds	0	0	-75,000	-17,292	-92,292
Reappropriated Funds	0	0	0	-8,646	-8,646
Federal Funds	0	0	0	-41,996	-41,996
Total	-\$100,000	-\$75,000	-\$75,000	-\$95,013	-\$345,013

The READ Act reduction is from Early Literacy Funds that originate from the State Education Fund.

**R9 CSDB teacher salary increase:** The Department requests an increase to align Colorado School for the Deaf and the Blind (CSDB) teacher and educational specialist salaries with the Colorado Springs District 11 salary schedule, consistent with statute.

Year 1: The requested increase is \$47,603 General Fund.

**Employee compensation common policies:** The request includes a net increase of \$5.8 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$2,249,446	\$850,268	\$353,093	\$270,332	\$775,753	0.0
Health, life, and dental	1,917,780	553,909	417,767	422,929	523,175	0.0
Unfunded liability amortization payments	898,321	507,408	80,254	140,333	170,326	0.0
Step plan	672,640	507,163	42,981	28,466	94,030	0.0
Paid family and medical leave insurance	40,424	22,199	4,246	6,315	7,664	0.0
Shift differential	11,412	11,412	0	0	0	0.0
PERA direct distribution	8,764	7,024	1,270	470	0	0.0
Short-term disability	6,291	3,255	861	983	1,192	0.0
Total	\$5,805,078	\$2,462,638	\$900,472	\$869,828	\$1,572,140	0.0

**Operating common policies:** The request includes a net decrease of \$0.3 million for operating common policies.

### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Legal services	\$249,676	\$154,300	\$83,641	\$11,735	\$0	0.0
State accounting system (CORE)	160,727	80,355	62,267	18,105	0	0.0
Workers' compensation	36,276	17,429	4,735	1,226	12,886	0.0
Vehicle lease payments	4,220	4,220	0	0	0	0.0
Risk management & property	-406,103	-406,103	0	0	0	0.0
Capitol Complex leased space	-166,805	-85,196	-54,406	-27,203	0	0.0
Office of Information Technology services	-81,952	-60,492	-16,253	-5,207	0	0.0
Administrative law judge services	-61,384	0	-61,384	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total	-\$265,345	-\$295,487	\$18,600	-\$1,344	\$12,886	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$0.4 million for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP SB24-205 AI compliance	\$178,791	\$178,759	\$24	\$8	\$0	0.9
NP IT accessibility	173,952	173,952	\$0	\$0	\$0	0.9
NP State accounting system (CORE) staff	24,387	10,164	3,883	2,306	8,034	0.0
NP Statewide enable AI	60	45	11	4	0	0.0
NP IT efficiencies	-9,025	-6,662	-1,790	-573	0	0.0
NP IT operating offset	-213	-157	-42	-14	0	0.0
Total	\$367,952	\$356,101	\$2,086	\$1,731	\$8,034	1.8

**Prior year actions:** The request includes a net decrease of \$0.7 million for the impact of prior year budget decisions and legislation. JBC Staff has noted multiple errors in the second year impacts included in the request. The Department indicates that it will be submitting adjustments as part of budget amendments.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 25-1320 School Finance Act	\$3,675,884	\$0	\$3,675,884	\$0	\$0	0.0
SB 23-287 School Finance Act (gifted and talented)	1,058,115	0	1,058,115	0	0	0.0
SB 23-221 HSMA Program Fund	400,000	0	400,000	0	0	0.0
Reverse FY 25-26 MTCF Refinance (change to CF detail)	0	0	0	0	0	0.0
HB 24-1331 Out-of-School Time Grant Program	0	0	0	0	0	0.2
SB 25-315 Postsecondary & Workforce Readiness	-5,174,063	-5,174,063	0	0	0	-1.1
HB 25-1192 Financial Literacy Graduation Requirement	-210,389	-210,389	0	0	0	0.0
FY 25-26 R9 Statewide Student Information System	-160,000	-160,000	0	0	0	0.0
HB 20-1032 Timing K12 Standards Review	-118,246	-118,246	0	0	0	0.0
HB 25-1278 Education Accountability System	-79,073	-79,073	0	0	0	-1.0
HB 21-1087 Teaching and Learning Conditions Survey	-50,000	-50,000	0	0	0	0.0
SB 24-048 Substance Use Disorder Recovery	-28,516	-28,516	0	0	0	-0.3
HB 24-1216 Supports for Youth in Juvenile Justice System	-11,084	-11,084	0	0	0	-0.3
HB 25-1149 Black History and Culture Education	-9,612	-9,612	0	0	0	-0.1
SB 25-278 Epinephrine Administration in Schools	-9,379	-9,379	0	0	0	-0.1
HB 08-1384 Quality Educator Retention	-8,500	-8,500	0	0	0	0.0
Total	-\$724,863	-\$5,858,862	\$5,133,999	\$0	\$0	-2.7

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**R1 State Share of Total Program:** Current law requires the General Assembly to implement the new school finance formula at 30 percent in FY 2026-27 while allowing up to 3-year averaging for student counts. The Executive Budget request does not propose any changes for FY 2026-27, but anticipates that implementation of the new formula will be paused in FY 2027-28. This issue brief compares the request to projections using Legislative Council Staff modeling and assumptions.

**R2 Categorical Programs Increase:** The Colorado Constitution requires the total amount of state funding appropriated for categorical programs to annually increase by at least the rate of inflation. The Office of State Planning and Budgeting estimates that the increase will be \$14.5 million in FY 2026-27. This issue brief demonstrates options for allocating the inflationary increase among categorical programs and discusses challenges related to special education funding.

**Budget Reduction Options – School Finance:** The Executive Budget Request does not include reductions to this part of the budget in FY 2026-27. This issue brief discusses two options for savings related to the school finance formula identified by staff.

**Healthy School Meals for All:** The Healthy School Meals for All Program offers free meals for all public school students. Revenue and expenditure projections for the program have fluctuated dramatically in recent years. With voter passage of 2025 Propositions MM and LL, program funding is likely to be sufficient and more stable in the near term. It should be feasible to fully fund the program, repay the State Education Fund for prior-year meal expenses, and direct funding to the Supplemental Nutrition Assistance Program (SNAP). Nonetheless changes at the federal level will continue to pose risks.

**Budget Reduction Options – Department Administration and Special Programs:** The Executive Budget Request includes proposals for General Fund savings totaling \$302,079 for the Department of Education budget sections other than school finance and categorical programs. This represents 0.3 percent of the General Fund appropriations in these sections of the budget. The request also includes \$1.3 million in cash funds reductions from money that originates from the State Education Fund. This issue brief reviews these proposals and additional options identified by staff.

**Building Excellent Schools Today:** Beginning in FY 2024-25, the General Assembly capped revenue for the Building Excellent Schools Today (BEST) program. Cash grants for the program in FY 2026-27 and future years will be lower than in recent years. The General Assembly will need to continue to balance the need for public school operating appropriations and public school capital investments.

## For More Information

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# Office of the Governor

The Office of the Governor includes the functions associated with oversight of executive branch agencies, policy development, communications, citizen support services, and budgeting. It also includes the Office of Economic Development and International Trade (OEDIT), the Colorado Energy Office (CEO), and the Office of Information Technology (OIT). The Department's FY 2025-26 appropriation represents approximately 1.2 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

## Summary of Request

### Offices of the Governor, Lieutenant Governor, and State Planning and Budgeting

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$544,599,466	\$52,966,564	\$97,880,358	\$384,897,330	\$8,855,214	1,272.2
Other legislation	8,331,658	146,720	7,723,488	461,450	0	0.1
<b>Total</b>	<b>\$552,931,124</b>	<b>\$53,113,284</b>	<b>\$105,603,846</b>	<b>\$385,358,780</b>	<b>\$8,855,214</b>	<b>1,272.3</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$552,931,124	\$53,113,284	\$105,603,846	\$385,358,780	\$8,855,214	1,272.3
OIT R1 Statewide AI compliance	922,512	0	0	922,512	0	3.5
OIT R2 Statewide innovation enablement	462,930	0	0	462,930	0	2.8
OIT R4 TAP operating reduction	-135,887	-135,887	0	0	0	0.0
OIT R5 Operating realignment	-5,567,000	0	0	-5,567,000	0	0.0
OIT R6 Operating efficiencies	-2,604,305	0	0	-2,604,305	0	-17.0
OIT R7 Payments to OIT	10,825,419	0	0	10,825,419	0	0.0
CEO R1 2.5 percent GF reduction	-102,600	-102,600	0	0	0	0.0
GOV R1 2.5 percent GF reduction	-263,942	-263,942	0	0	0	0.0
OEDIT R2 2.5 percent GF reduction	-528,964	-528,964	0	0	0	0.0
Employee compensation common policies	13,439,055	1,248,880	1,712,432	10,781,175	-303,432	0.0
Operating common policies	-59,610	2,193,449	44,709	-2,297,768	0	0.0
Impacts driven by other agencies	-581,067	385,076	-1,000,000	33,857	0	1.8
Technical adjustments	549,401	0	0	549,401	0	-3.5
Prior year actions	-5,474,280	-38,852	-4,189,584	-792,283	-453,561	-0.2
<b>Total</b>	<b>\$563,812,786</b>	<b>\$55,870,444</b>	<b>\$102,171,403</b>	<b>\$397,672,718</b>	<b>\$8,098,221</b>	<b>1,259.7</b>
<b>Increase/-Decrease</b>	<b>\$10,881,662</b>	<b>\$2,757,160</b>	<b>-\$3,432,443</b>	<b>\$12,313,938</b>	<b>-\$756,993</b>	<b>-12.6</b>
<b>Percentage Change</b>	<b>2.0%</b>	<b>5.2%</b>	<b>-3.3%</b>	<b>3.2%</b>	<b>-8.5%</b>	<b>-1.0%</b>

Changes are assumed to be ongoing unless otherwise noted.

**OIT R1 Statewide AI compliance:** The Office requests funding for all state agencies to implement S.B. 24-205 (AI Compliance).

Year 1: \$5.2 million total funds statewide, including an estimated \$3.4 million General Fund and 33.8 FTE. Of this amount, \$922,512 reappropriated funds and 3.5 FTE are for OIT.

The following table shows the requested changes by Department.

#### OIT R1 Statewide AI Compliance

Department	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Agriculture	\$11,108	\$11,108	\$0	\$0	\$0	0.1
Behavioral Health Administration	194,480	194,480	0	0	0	1.4
Corrections	11,108	11,108	0	0	0	0.1
Early Childhood	133,760	133,760	0	0	0	0.9
Education	178,672	178,672	0	0	0	0.9
Governor's Office - Not OIT	133,760	133,760	0	0	0	0.9
Health Care Policy & Financing	233,962	76,342	40,639	0	116,981	1.8
Higher Education	22,216	22,216	0	0	0	0.2
Human Services	210,932	210,932	0	0	0	1.8
Judicial	1,273,660	1,273,660	0	0	0	9.3
Labor & Employment	334,766	24,892	136,238	17,231	156,405	2.8
Law	201,260	201,260	0	0	0	0.9
Local Affairs	133,760	133,760	0	0	0	0.9
Military & Veterans Affairs	128,379	128,379	0	0	0	0.9
Natural Resources	11,108	0	11,108	0	0	0.1
OIT	922,512	0	0	922,512	0	3.5
Personnel & Administration	365,319	365,319	0	0	0	1.8
Public Defender	48,308	48,308	0	0	0	0.5
Public Health & Environment	133,760	133,760	0	0	0	0.9
Public Safety	128,438	128,438	0	0	0	0.9
Regulatory Agencies	133,760	0	0	133,760	0	0.9
Revenue	11,108	11,108	0	0	0	0.1
State	133,760	0	133,760	0	0	0.9
Transportation	11,108	0	11,108	0	0	0.1
Treasury	133,760	0	133,760	0	0	0.9
FY 2026-27 Total [1]	\$5,234,764	\$3,421,262	\$466,613	\$1,073,503	\$273,386	33.8

[1] Totals may not sum due to rounding.

**OIT R2 Statewide innovation enablement:** The Office requests funding for a team to accelerate the adoption of generative artificial intelligence (GenAI) by state agencies.

Year 1: \$462,930 reappropriated funds from other state agencies and 2.8 FTE.

The team is expected to assist state agencies with GenAI implementation for specific processes to enhance efficiency.

**OIT R4 Technology Accessibility Program (TAP) operating reduction:** The Office requests a funding decrease for technology accessibility efforts.

Year 1: Reduction of \$135,887 General Fund.

The Office indicates that the funding for TAP has enhanced accessibility of state agencies' digital materials. This small reduction should not inhibit state agencies from meeting state and federal accessibility requirements.

**OIT R5 Operating realignment:** The Office requests a reduction to align information security appropriations with anticipated expenditures.

Year 1: Reduction of \$5.6 million reappropriated funds statewide, including an estimated reduction of \$2.2 million General Fund.

The Office expects no impact to OIT services from the reduction.

**OIT R6 Operating efficiencies:** The Office requests a reduction to align with streamlined service delivery and processes across the Customer Office, Operations Office, and Technology Office.

Year 1: Reduction of \$2.6 million reappropriated funds and 17.0 FTE, including an estimated reduction of \$1.0 million General Fund statewide.

The Office expects no operational impact from this reduction.

**OIT R7 Payments to OIT adjustments:** The Office requests a funding increase for the payments to OIT common policy.

Year 1: \$10.8 million in reappropriated funds, including an estimated \$1.2 million General Fund.

The common policy is determined by rate adjustments made by OIT and utilization projections made by Departments. The following table shows total funds changes by Department.

#### R7 Payments to OIT Adjustments

Department	FY 2025-26 Appropriation	FY 2026-27 Request	Requested Change in Payments to OIT
Agriculture	\$3,499,689	\$3,684,938	\$185,249
Corrections	35,065,379	36,534,234	1,468,855
Early Childhood	14,906,899	15,220,030	313,131
Education	1,030,649	948,697	-81,952
General Assembly	162,555	127,366	-35,189
Governor	2,057,477	2,362,239	304,762
Health Care Policy and Finance	17,787,189	22,251,901	4,464,712
Higher Education (appropriated)	1,008,425	1,285,849	277,424
Higher Education (unappropriated)	163,108	88,859	-74,249
Human Services	61,610,746	53,936,489	-7,674,257
Judicial	3,910,702	4,227,316	316,614
Judicial - Public Defender	1,124,861	1,112,100	-12,761
Judicial - OASIA	245,370	112,427	-132,943
Labor and Employment	37,896,600	44,381,395	6,484,795
Law	871,534	928,579	57,045
Local Affairs	4,062,128	4,559,027	496,899
Military and Veterans Affairs	764,306	804,078	39,772
Natural Resources	19,643,096	21,307,228	1,664,132



Department	FY 2025-26 Appropriation	FY 2026-27 Request	Requested Change in Payments to OIT
Personnel and Administration	12,744,727	12,378,558	-366,169
Public Health and Environment	19,033,020	19,370,057	337,037
Public Safety	21,273,469	22,359,703	1,086,234
Regulatory Agencies	7,485,114	7,651,339	166,225
Revenue	23,373,032	24,879,639	1,506,607
State	328,536	366,763	38,227
Transportation	30,816,258	30,750,008	-66,250
Treasury	313,900	375,366	61,466
Total, Payments to OIT [1]	\$321,178,769	\$332,004,185	\$10,825,416

[1] Totals may not sum due to rounding.

**CEO R1 2.5 percent GF reduction:** The Department requests to reduce the General Fund appropriation to the Colorado Energy Office (CEO) by 2.5 percent.

Year 1: Reduction of \$102,600 General Fund.

The request reduces the Program Administration line item, which is the only General Fund appropriation in the Energy Office.

**GOV R1 2.5 percent GF reduction:** The Department requests to reduce the General Fund appropriation to the Governor's Office by 2.5 percent.

Year 1: Reduction of \$263,942 General Fund.

The reduction impacts the Office of the Governor, the Office of the Lt. Governor, and the Office of State Planning and Budgeting (OSPB). The impact by division is provided in the table below.

#### 2.5% General Fund Reduction

Division	Line Item	FY 25-26 Appropriation	Requested Reduction	Requested Appropriation
Office of the Governor				
	Administration of Governor's Office and Residence	\$5,828,510	\$154,637	\$5,673,873
	Office of Climate Preparedness	\$470,962	12,453	458,509
Office of the Lt. Governor				
	Administration	555,899	14,775	541,124
	Commission of Indian Affairs	517,213	13,676	503,537
	Commission on Community Service	478,901	12,663	466,238
Office of State Planning and Budgeting				
	Personal Services	2,077,700	54,940	2,022,760
	Operating Expenses	30,177	798	29,379
Totals		\$9,959,362	\$263,942	\$9,695,420

**OEDIT R2 2.5 percent GF reduction:** The Department requests to reduce the General Fund appropriation to OEDIT by 2.5 percent.

Year 1: Reduction of \$528,964 General Fund.

The reduction by line item is provided in the table below.

### 2.5% General Fund Reduction

Line Item	FY 25-26 Appropriation	Requested Reduction	Requested Appropriation
Administration	\$1,835,287	\$44,433	\$1,790,854
Global Business Development	4,258,089	102,619	4,155,470
Office of Outdoor Recreation	379,978	8,992	370,986
Leading Edge Program Grants	76,000	1,587	74,413
Small Business Development Centers	486,502	11,637	474,865
Employee Ownership Office	146,383	3,703	142,680
Office of Film, Television, and Media	742,750	17,985	724,765
Colorado Promotion - CO Welcome Centers	250,000	5,819	244,181
Colorado Promotion - Other Program Costs	3,833,161	92,569	3,740,592
Destination Development Program	500,000	12,166	487,834
CO First Customized Job Training	1,456,499	179,318	1,277,181
Council on Creative Industries	1,382,279	33,325	1,348,954
Rural Jump Start	40,491	1,058	39,433
Rural Opportunity Office	579,609	13,753	565,856
Totals	\$15,967,028	\$528,964	\$15,438,064

**Employee compensation common policies:** The request includes a net increase of \$13.4 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$6,436,591	\$440,533	\$658,813	\$5,540,861	-\$203,616	0.0
Salary survey	5,813,095	650,591	516,649	4,461,350	184,505	0.0
Step plan	714,476	86,144	70,096	533,076	25,160	0.0
Unfunded liability amortization payments	245,867	110,570	382,639	46,842	-294,184	0.0
PERA direct distribution	137,014	-44,707	64,337	117,384	0	0.0
Shift differential	79,227	0	0	79,227	0	0.0
Paid family and medical leave insurance	11,065	4,976	17,219	2,108	-13,238	0.0
Short-term disability	1,720	773	2,679	327	-2,059	0.0
Total	\$13,439,055	\$1,248,880	\$1,712,432	\$10,781,175	-\$303,432	0.0

**Operating common policies:** The request includes a net decrease of \$59,610 total funds including an increase of \$2.2 million General Fund for operating common policies.

### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Legal services	\$1,142,828	\$1,316,609	-\$4,773	-\$169,008	\$0	0.0
Office of Information Technology services	304,762	304,762	0	0	0	0.0
State accounting system (CORE)	247,828	128,821	-5,002	124,009	0	0.0
Capitol Complex leased space	89,128	310,956	0	-221,828	0	0.0
Leased space	88,137	88,137	0	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Workers' compensation	47,571	42,886	0	4,685	0	0.0
Vehicle lease payments	1,278	1,278	0	0	0	0.0
Risk management & property	-1,051,355	0	0	-1,051,355	0	0.0
Statewide indirect cost adjustment	-929,787	0	54,484	-984,271	0	0.0
Total	-\$59,610	\$2,193,449	\$44,709	-\$2,297,768	\$0	0.0

**Impacts driven by other agencies:** The request includes a net decrease of \$581,067 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP SB24-205 AI compliance	\$230,004	\$230,004	\$0	\$0	\$0	0.9
NP IT accessibility	170,762	170,762	0	0	0	0.9
NP Statewide enable AI	48,296	48,296	0	0	0	0.0
NP State accounting system (CORE) staff	45,105	11,248	0	33,857	0	0.0
NP1 OEDIT CTO gaming funds to HC	-1,000,000	0	-1,000,000	0	0	0.0
NP IT operating offset	-55,791	-55,791	0	0	0	0.0
NP IT efficiencies	-19,443	-19,443	0	0	0	0.0
Total	-\$581,067	\$385,076	-\$1,000,000	\$33,857	\$0	1.8

**Technical adjustments:** The request includes a net increase of \$549,401 for the following adjustments.

#### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
AIPP technical adjustment	\$549,401	\$0	\$0	\$549,401	\$0	0.0
HPTC FTE adjustment	0	0	0	0	0	-3.5
Total	\$549,401	\$0	\$0	\$549,401	\$0	-3.5

**Prior year actions:** The request includes a net decrease of \$5.5 million for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 25-1021 Emp-owned tax incentive	\$93,766	\$93,766	\$0	\$0	\$0	0.5
HB 25-1005 Film fest tax credit	93,765	0	93,765	0	0	0.5
HB 23-1272 Decarbonization tax policy	37,655	0	37,655	0	0	0.0
HB 25-1215 Redist lottery fund	26,512	0	26,512	0	0	0.0
HB 25-1269 Building decarbonization	0	0	0	0	0	0.0
HB 25-1321 Support against fed actions	-4,000,000	0	-4,000,000	0	0	0.0
FY 25-26 Salary survey	-403,722	-1	-165,461	-8,287	-229,973	0.0
HB 24-1364 Edu based workforce readiness	-343,354	25,607	-141,428	-227,533	0	-1.0
HB 23-1247 Advanced energy solutions	-166,374	0	0	0	-166,374	0.0
SB 25-297 Implement CO natural med	-158,240	0	0	-158,240	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-161 Transit reform	-146,720	-146,720	0	0	0	-0.1
HB 25-1159 Child supp comm rec	-137,250	0	0	-137,250	0	0.0
SB 24-111 Sen primary res prop tax reduc	-103,524	0	0	-103,524	0	0.0
FY 25-26 Step plan	-97,841	0	-40,627	0	-57,214	0.0
SB 24-121 Lic of crit access hosp	-69,615	0	0	-69,615	0	0.0
SB 25-003 Semiauto firearms and RFD	-50,000	0	0	-50,000	0	0.0
HB 24-1223 Impr access to child car assistance	-21,103	0	0	-21,103	0	0.0
SB 24-182 Immigrant ID doc iss	-14,355	0	0	-14,355	0	0.0
HB 24-1325 Quantum tax credits	-11,504	-11,504	0	0	0	-0.1
HB 24-1269 Mod recording fees	-1,188	0	0	-1,188	0	0.0
SB 24-210 Modify election law	-1,188	0	0	-1,188	0	0.0
Total	-\$5,474,280	-\$38,852	-\$4,189,584	-\$792,283	-\$453,561	-0.2

## Other Fiscal Impacts

This section describes budget requests that are not reflected in the Department Summary table because there is no appropriation impact to the Office of the Governor.

**OIT R3 Statewide IT accessibility:** The Office requests funds on behalf of all agencies for continued support of IT accessibility efforts required by state and federal law.

Year 1: \$3.1 million total funds statewide, including an estimated \$1.4 million General Fund and 15.4 FTE.

The request has no fiscal impact for OIT, but does increase funding for multiple other state agencies. The following table details the request for each state agency.

### R3 Statewide IT Accessibility

Department	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Agriculture	\$110,043	\$0	\$110,043	\$0	\$0	0.5
Behavioral Health Administration	20,000	20,000	0	0	0	0.0
Corrections	110,043	110,043	0	0	0	0.5
Early Childhood	174,762	174,762	0	0	0	0.9
Education	173,952	173,952	0	0	0	0.9
Governor's Office	170,762	170,762	0	0	0	0.9
Health Care Policy & Financing	20,000	10,000	0	0	10,000	0.0
Higher Education	20,000	20,000	0	0	0	0.0
History Colorado	180,623	0	180,623	0	0	0.9
Human Services	198,438	198,438	0	0	0	0.9
Office of the State Public Defender	101,525	101,525	0	0	0	0.9
Labor	290,157	21,574	118,084	14,935	135,564	1.4
Local Affairs	170,762	170,762	0	0	0	0.9
Military Affairs	20,000	20,000	0	0	0	0.0
Natural Resources	170,762	8,451	12,487	149,824	0	0.9
OIT	0	0	0	0	0	0.0
Personnel and Administration	170,762	46,294	0	124,468	0	0.9
Public Health & Environment	257,630	0	0	257,630	0	0.9

Department	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Public Safety	170,762	170,762	0	0	0	0.9
Regulatory Agencies	170,762	0	0	170,762	0	0.9
Revenue	182,762	0	182,762	0	0	0.9
Transportation	203,122	0	203,122	0	0	1.2
FY 2026-27 Total [1]	\$3,087,629	\$1,417,325	\$807,121	\$717,619	\$145,564	15.4

[1] Totals may not sum due to rounding.

**OSP R1 Extend IJA cash fund [legislation]:** The Department requests to extend the spending authority for the Infrastructure Investment and Jobs Act (IIJA) Cash Fund from June 30, 2027 to June 30, 2029.

Year 1: This request does not require an appropriation.

This request allows the Department to continue using existing funds in the IJA Cash Fund for two additional years.

**OEDIT R1/S2 Proposition 123 adjustments [legislation]:** The Department requests a one-time reduction of the General Fund diversion to the State Affordable Housing Fund from Proposition 123 in the current fiscal year.

Current year: \$110.0 million reduction of the General Fund diversion to the State Affordable Housing Fund.

OEDIT receives 60.0 percent of Proposition 123 revenues. Only OEDIT's share of the revenue is available for budget balancing when the General Fund revenue forecast is below the TABOR cap. An estimated \$77.8 million will still be diverted to the State Affordable Housing Fund after the reduced diversion to OEDIT.

The request includes the reduced diversion as a supplemental change for FY 2025-26, and additional legislative changes as part of the FY 2026-27 budget process. Legislative changes include the following:

- A temporary change to the allocation of funds to reflect the proposed spending cuts,
- Authorization to spend interest earned in the fund on programs; and
- A change to the permissible level of administration funding, given the reduction in program spending.

## Issues Presented

**Budget Reduction Options:** The Office of the Governor represents 0.3 percent of total state General Fund appropriations in FY 2025-26. The Executive budget request includes proposed reductions of \$1,031,393, representing 1.9 percent of the General Fund appropriations in this section of the budget. These reductions are offset by proposed increases, so that the Office's total General Fund is requested to increase by 5.2 percent.

## For More Information

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To read the entire briefing: Go to [content.leg.colorado.gov/content/budget#budget-documents-section](https://content.leg.colorado.gov/content/budget#budget-documents-section) to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.

# Health Care Policy and Financing

The Department helps cover health and long-term care costs for low-income and vulnerable people. Federal matching funds assist with most of these costs. In return for the federal funds, the Department must follow federal rules governing eligibility, benefits, and other features. Major programs administered by the Department include:

- Medicaid, which serves people with low income and people needing long-term care
- Child Health Plan Plus (CHP+), which provides low-cost insurance for children and pregnant women with income slightly higher than Medicaid allows
- Health services for children lacking access due to immigration status, which is a new state-funded program that mirrors Medicaid and CHP+

In addition, the Department works to improve the health care delivery system by advising the General Assembly and the Governor, administering grants, and overseeing the Commission on Family Medicine Residency Training Programs.

The Department's FY 2025-26 appropriation represents approximately 39.0 percent of statewide operating appropriations and 32.8 percent of statewide General Fund appropriations.

## Summary of Request – by priority number

### Department of Health Care Policy and Financing

Item	Total Funds	General Fund [1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$18,165,190,661	\$5,540,556,633	\$2,002,883,994	\$144,020,883	\$10,477,729,151	833.7
Other legislation	52,100,285	13,759,389	27,395,583	0	10,945,313	9.5
<b>Total</b>	<b>\$18,217,290,946</b>	<b>\$5,554,316,022</b>	<b>\$2,030,279,577</b>	<b>\$144,020,883</b>	<b>\$10,488,674,464</b>	<b>843.2</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$18,217,290,946	\$5,554,316,022	\$2,030,279,577	\$144,020,883	\$10,488,674,464	843.2
R1 Medical Services Premiums	2,282,305,964	431,286,496	443,437,319	0	1,407,582,149	0.0
R2 Behavioral Health	343,831,232	68,242,986	30,852,643	0	244,735,603	0.0
R3 Child Health Plan Plus	22,659,762	2,757,097	5,173,820	0	14,728,845	0.0
R4 Other programs & services	56,180,311	56,180,311	0	0	0	0.0
R5 Office of Community Living	136,855,181	72,893,346	-1,713,868	0	65,675,703	0.0
R6 Spending reductions	-530,764,043	-196,124,715	-26,777,929	0	-307,861,399	7.0
R7 Eligibility administration	16,626,704	1,503,264	1,560,567	2,455,447	11,107,426	3.0
R8 Single assessment	-11,668,682	-6,192,265	60,986	0	-5,537,403	2.7
R9 Provider directory	5,955,875	451,455	248,360	0	5,256,060	0.0
R10.1 Disability determinations	1,381,020	837,000	-146,491	0	690,511	0.0
R10.2 3rd party insurance	0	-781,598	-418,965	0	1,200,563	1.8
R11 Salesforce support	700,172	223,727	120,059	0	356,386	1.8

Item	Total Funds	General Fund [1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
R12 Home health admin	95,738	31,237	16,631	0	47,870	1.0
R13 Denver Health fed funds	11,331,455	0	3,527,482	0	7,803,973	0.0
R14.2 IV nutrition	615,320	203,628	24,453	0	387,239	0.0
R14.1 Chronic pain management	290,738	94,867	50,502	0	145,369	1.0
R15 Home health/nurse rates	-26,582,980	-13,670,319	160,503	0	-13,073,164	1.0
R16 Unspent grant admin	0	-800,000	800,000	0	0	0.0
R17 Community connector age	-5,229,310	-2,632,702	17,147	0	-2,613,755	0.0
R18 3D mammograms	635,758	128,456	37,885	0	469,417	0.0
R19 Line item consolidation	0	0	0	0	0	0.0
R20 CHP+ Trust consolidation	0	0	0	0	0	0.0
Employee compensation common policies	8,693,320	2,544,524	1,436,917	0	4,711,879	0.0
Operating common policies	4,277,298	1,280,829	473,422	-13,427	2,536,474	0.0
Impacts driven by other agencies	1,890,335	852,076	93,091	0	945,168	1.8
Prior year actions	37,382,050	15,219,353	-4,075,326	-1,652,006	27,890,029	-2.6
<b>Total</b>	<b>\$20,574,754,164</b>	<b>\$5,988,845,075</b>	<b>\$2,485,238,785</b>	<b>\$144,810,897</b>	<b>\$11,955,859,407</b>	<b>861.7</b>
Increase/-Decrease	\$2,357,463,218	\$434,529,053	\$454,959,208	\$790,014	\$1,467,184,943	18.5
Percentage Change	12.9%	7.8%	22.4%	0.5%	14.0%	2.2%

[1] Includes General Fund Exempt.

## Summary of Request – by type

### Department of Health Care Policy and Financing

Item	Total Funds	General Fund [1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$18,165,190,661	\$5,540,556,633	\$2,002,883,994	\$144,020,883	\$10,477,729,151	833.7
Other legislation	52,100,285	13,759,389	27,395,583	0	10,945,313	9.5
<b>Total</b>	<b>\$18,217,290,946</b>	<b>\$5,554,316,022</b>	<b>\$2,030,279,577</b>	<b>\$144,020,883</b>	<b>\$10,488,674,464</b>	<b>843.2</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$18,217,290,946	\$5,554,316,022	\$2,030,279,577	\$144,020,883	\$10,488,674,464	843.2
Medical forecast	2,841,332,450	630,860,236	477,749,914	0	1,732,722,300	0.0
Eligibility & benefit changes	-203,585,062	-82,866,991	-5,345,281	0	-115,372,790	7.0
Provider rates	-341,182,268	-126,227,926	-17,665,178	0	-197,289,164	1.0
Administration	8,655,095	-7,133,048	2,291,649	2,455,447	11,041,047	11.3
Employee compensation common policies	8,693,320	2,544,524	1,436,917	0	4,711,879	0.0
Operating common policies	4,277,298	1,280,829	473,422	-13,427	2,536,474	0.0
Impacts driven by other agencies	1,890,335	852,076	93,091	0	945,168	1.8
Prior year actions	37,382,050	15,219,353	-4,075,326	-1,652,006	27,890,029	-2.6
<b>Total</b>	<b>\$20,574,754,164</b>	<b>\$5,988,845,075</b>	<b>\$2,485,238,785</b>	<b>\$144,810,897</b>	<b>\$11,955,859,407</b>	<b>861.7</b>
Increase/-Decrease	\$2,357,463,218	\$434,529,053	\$454,959,208	\$790,014	\$1,467,184,943	18.5
Percentage Change	12.9%	7.8%	22.4%	0.5%	14.0%	2.2%

[1] Includes General Fund Exempt.



Changes are assumed to be ongoing unless otherwise noted.

## Medical forecast

The Department requests an increase for projected medical expenditures under current law and policy.

### Medical forecast

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE	JBC Lead
R1 Medical Services Premiums	\$2,282,305,964	\$431,286,496	\$443,437,319	\$0	\$1,407,582,149	0.0	EK
R2 Behavioral health	343,831,232	68,242,986	30,852,643	0	244,735,603	0.0	EP
R5 Office of Community Living	136,855,181	72,893,346	-1,713,868	0	65,675,703	0.0	TD
R4 Other programs & services	56,180,311	56,180,311	0	0	0	0.0	EK
R3 Child Health Plan Plus	22,659,762	2,757,097	5,173,820	0	14,728,845	0.0	EK
R6.05 Immigrant family planning	-500,000	-500,000	0	0	0	0.0	EK
Total	\$2,841,332,450	\$630,860,236	\$477,749,914	\$0	\$1,732,722,300	0.0	

The forecasts do not account for the impacts from the Governor's August 28, 2025 Executive Order, or it's October 31<sup>st</sup> update. Nor do the forecasts account for the impacts of federal H.R. 1. The forecast is based on enrollment and expenditure data through June 2025. The Committee will receive an updated forecast based on enrollment and expenditure data through December 2025 in February to consider for figure setting.

## Eligibility & benefit changes

### Eligibility and benefit changes

Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE	JBC Lead
R18 3D mammograms	\$635,758	\$128,456	\$37,885	\$469,417	0.0	EK
R6.09 Outpatient psychotherapy prior authorization	-31,330,942	-12,241,619	-959,135	-18,130,188	0.0	EP
R6.04 Continuous coverage	-27,209,010	-11,226,343	-716,877	-15,265,790	0.0	EK
R6.10 Pediatric behavioral therapy reviews	-20,000,000	-10,000,000	0	-10,000,000	0.0	EP
R6.17 IDD youth transitions	-15,261,376	-7,630,688	0	-7,630,688	1.0	TD
R6.34 Community connector units	-15,092,224	-7,546,112	0	-7,546,112	1.0	TD
R6.08 Tests for specific drugs	-14,106,232	-1,876,129	-1,035,397	-11,194,706	0.0	EK
R6.30 HCBS hours soft cap	-13,891,297	-6,945,648	0	-6,945,649	3.0	TD
R6.20 Community health workers	-13,385,549	-3,196,962	-803,013	-9,385,574	0.0	EK
R6.36 IDD cost share	-12,641,818	-6,320,909	0	-6,320,909	0.0	TD
R6.25 Biosimilars	-12,316,324	-2,357,591	-1,240,468	-8,718,265	0.0	EK
R6.26 3rd party pay for drugs	-9,770,846	-2,944,176	-645,423	-6,181,247	0.0	EK
R6.18 IDD waitlist	-6,497,170	-3,248,585	0	-3,248,585	1.0	TD
R17 Community connector age limit	-5,229,310	-2,632,702	17,147	-2,613,755	0.0	TD
R6.29 LTSS presumptive eligibility	-2,775,871	-1,471,558	0	-1,304,313	0.0	TD
R6.31 Caregiving hours soft cap	-2,266,749	-1,133,374	0	-1,133,375	1.0	TD
R6.19 Senior dental grants	-2,000,000	-2,000,000	0	0	0.0	EK
R6.32 Homemaker hours soft cap	-446,102	-223,051	0	-223,051	0.0	TD
Total	-\$203,585,062	-\$82,866,991	-\$5,345,281	-\$115,372,790	7.0	

**R18 3D mammograms:** The Department seeks to expand Medicaid benefits to cover threedimensional (3D) mammography for earlier and more accurate detection of breast cancer.

Year 1: The Department projects the new benefit will cost \$635,758 total funds, including \$128,456 General Fund.

The Department describes the request as evidence-informed. Studies show 3D mammograms improve cancer detection and reduce false-positive rates compared to 2D mammograms, especially in women with dense breast tissue. According to the Department, dense breast tissue is more prevalent in some ethnic groups, making 3D mammography an important tool for equitable care. However, randomized control trials comparing long-term outcomes and cost-effectiveness remain limited. The Centers for Disease Control and Prevention, US Preventive Services Task Force, and American College of Radiology identify 3D mammography as an effective screening tool. According to the Department, 3D mammography is the standard of care adopted by commercial insurers.

**R6.09 Outpatient psychotherapy prior authorization [legislation]:** The Department is undoing the statutory prohibition on prior authorization for outpatient psychotherapy from [S.B. 22-156 \(Medicaid Prior Authorization and Recovery of Payment\)](#).

The Department began implementing the change October 10, 2025. The change reduces the Department’s forecast by:

- Current year: \$15.7 million total funds, including \$6.1 million General Fund
- Year 1: \$31.3 million total funds, including \$12.2 million General Fund

Senate Bill 22-156 prohibited prior authorization requirements (PARs) for outpatient psychotherapy. PARs are a third-party assessment mandated to access services. The request is for legislation to reinstate the PAR for outpatient psychotherapy services that exceed clinical standard best practices.

The fiscal note for the bill assumed no fiscal impact because almost all PARs requested were approved at the time. Providers and the Department assumed that the change would simply decrease administrative burden for providers without significantly impacting utilization.

An actuarial analysis determined that the bill resulted in a 16.9 percent increase in outpatient psychotherapy utilization. The Department estimates that the change has increased expenditures by \$31.3 million total funds annually. The analysis also demonstrated a significant increase in visits above 26 per year.

**Change in Utilization Above 26 Sessions**

Annual Sessions	FY 21-22	FY 23-24	% Change
26-35	4,237	6,836	61%
36-45	2,121	3,569	68%
46-55	764	1,221	60%
56+	447	886	98%

**R6.04 Continuous coverage:** The federal government rescinded the Department's authorization to provide continuous coverage for children to age three and for adults for one year after release from prison.

The federal action reduces the Department's forecast by:

- Current year: \$13.6 million total funds, including \$5.6 million General Fund
- Year 1: \$27.2 million total funds, including \$11.2 million General Fund

House Bill 23-1300 (Continuous eligibility) required the Department to seek federal authorization to provide this continuous coverage. The Centers for Medicare and Medicaid Services (CMS) initially approved the waiver but has since withdrawn the approval. In a [July 17 letter to states](#) CMS argued that continuous eligibility can lead to overpayment and unsustainable expenditures for people who would not normally be eligible.

**R6.10 Pediatric behavioral therapy reviews:** The Department estimates savings from a pending review of pediatric behavioral therapy utilization.

The Department estimates savings of:

- Current year: \$14.0 million total funds, including \$7.0 million General Fund.
- Year 1: \$20.0 million total funds, including \$10.0 million General Fund.

The Department has contracted with an auditing firm to review claims for pediatric behavioral therapy (PBT). PBT covers behavioral therapy for youth under the age of 21, including but not limited to treatments for autism spectrum disorder like applied behavior analysis (ABA).

The Department expects the audit by the end of 2025. The Department estimates that the implementation of preliminary audit findings, including pre- and post-payment reviews, could result in General Fund savings based on similar audits in other states.

**R6.17 IDD youth transitions:** The Department proposes adding people with intellectual and developmental disabilities who age out of children's programs to a waitlist for adult residential services, rather than enrolling them by default.

The Department anticipates implementing this change July 1, 2026. The change increases the Department's administrative expenses but reduces projected service expenditures, resulting in the following net changes

- Current Year: An increase of \$72,922 total funds, including \$36,461 General Fund, and 0.5 FTE.
- Year 1: A net reduction of \$15.3 million total funds, including \$7.6 million General Fund, and an increase of 1.0 FTE.
- Year 2: A net reduction is \$43.7 million total funds, including \$21.8 million General Fund, and an increase of 1.0 FTE.

The change applies to youth aging out of the Children's Extensive Support (CES) and Children's Rehabilitation Program (CHRP) waivers. The Department will no longer automatically enroll them in the Developmental Disabilities (DD) waiver for adults. Instead, they will be eligible for non-residential Supported Living Services (SLS) and can get placed on the waitlist for the DD waiver.

When eligible foster youth turn 18 years old, the Department will still enroll them on the DD waiver without placing them on the waitlist, as required by law. Also, the Department will hold positions on the DD waiver for emergency enrollments.

The Department requests an additional staff position to train and support case management agencies, to assist with emergency enrollment authorizations review, and to review appeals decisions. The proposal also requires changes to the Care and Case Management system to track emergency requests and denials.

**R6.34 Community connector units:** The Department asks to reduce funding for the community connector rate for implementing a lower annual cap on the number of units covered.

The Department anticipates implementing this change in the Spring of 2026. The change increases the Department's administrative expenses but reduces its forecast by:

- Current Year: A net reduction of \$2.5 million total funds, including \$1.2 million General Fund, and an increase of 0.5 FTE.
- Year 1: A net reduction of \$15.1 million total funds, including \$7.5 million General Fund, and an increase of 1.0 FTE.

Community connector services help children with intellectual and developmental disabilities become integrated in their community. They support children in making friends, spending time with people outside their family, and joining everyday activities. Examples include volunteering, taking classes, or going to the library with peers without disabilities.

The Department is planning a 50.0 percent reduction to the annual cap for community connector services to 1,040 units. Community connector services are billed in 15-minute increments, so the new cap equates to 260 hours per year per member. The Department anticipates hundreds of requests for exceptions and seeks an addition staff position to support the review process.

**R6.08 Tests for specific drugs:** The Department implemented prior authorization requirements before paying for more than 16 urine tests in a year that determine the specific drugs in a patient.

The Department implemented the limit October 1, 2025. The limit reduces the Department's forecast by:

- Current year: \$12.9 million total funds, including \$1.7 million General Fund.
- Year 1: \$14.1 million total funds, including \$1.9 million General Fund.

From 2021 to 2024 the members receiving these services nearly doubled from 22,813 to 43,194. Spending increased 4.5 times from \$12 million to \$54 million. Based on medical guidelines, the Department believes much of the testing is unnecessary and lacks clinical justification.

**R6.30 HCBS hours soft cap:** The Department asks to reduce funding for select Home- and Community-Based Services (HCBS) for the implementation of caps on annual use.

The Department anticipates implementing this change in the Spring of 2026. The change reduces the Department's forecast by:

- Current Year: A net reduction of \$2.3 million total funds, including \$1.2 million General Fund, and an increase of 1.5 FTE.
- Year 1: A net reduction of \$13.9 million total funds, including \$6.9 million General Fund, and an increase of 3.0 FTE.

Personal care, homemaker, and health maintenance activities are core HCBS benefits and are available under Community First Choice. These services are not currently limited and are authorized base on assessed need. Personal care services assist with activities such as bathing, dressing, eating, mobility, and hygiene. Homemaker services provide assistance with household tasks including meal preparation, cleaning, laundry, and shopping. Health maintenance activities include supports such as medication administration, catheter care, or respiratory assistance that can be safely performed in the home or a community setting.

The Department proposes implementing soft caps for these services. The cap will limit annual utilization, but a process for requesting an exception will be established. The Department requests three staff positions to manage the exceptions process.

#### Annual HCBS Service Limits

Service	Limit (units)	Daily Hours
Personal care	10,000	6.5
Homemaker	4,500	3.0
Health maintenance activities	19,000	13.0

**R6.20 Community health workers:** The Department proposes further delaying the start of coverage for community health workers from January 1, 2026 to January 1, 2028.

The request temporarily reduces the Department's forecast by:

- Current year: \$5.7 million total funds, including \$1.4 million General Fund
- Year 1: \$13.4 million total funds, including \$3.2 million General Fund
- Year 2: 7.7 million total funds, including \$1.8 million General Fund

Community health workers provide education, care coordination, and navigation to connect Medicaid members and underserved populations to health and social services. Senate Bill 23-002 (Medicaid Reimbursement for Community Health Services) directed Medicaid to cover community health worker services and then S.B. 25-229 (Reimbursement for Community Health Services) delayed the implementation from July 1, 2025 to January 1, 2026.

The Department didn't identify this as requiring a bill, but the delay last year was done through a bill. The language added by S.B. 25-229 says the Department will reimburse community health workers beginning January 1, 2026, "subject to available appropriations, upon receiving any necessary federal authorization". The Department argues that if there are no appropriations they don't need to implement the reimbursements by January 1, 2026, and therefore the proposed delay can be accomplished through the budget process.

**R6.36 IDD cost share:** The Department proposes a policy to require adults enrolled in the Developmental Disabilities (DD) waiver to contribute financially for their residential services.

The Department anticipates implementing this change on July 1, 2026. The change reduces the Department's forecast by:

- Year 1: \$12.6 million total funds, including \$6.3 million General Fund.
- Year 2: \$26.3 million total funds, including \$13.1 million General Fund.

The Department plans to institute post eligibility-treatment of income (PETI) for individuals enrolled in the DD waiver. PETI is the process used to determine how much of a member's income must be contributed toward the cost of their long-term care in programs that provide residential services. The current policy is to allow individuals enrolled in the DD waiver to retain all income beyond what they pay for room and board, while Medicaid covers the full cost of residential services. Members enrolled in other HCBS residential services are subject to PETI requirements. The PETI process accounts for a personal needs allowance and other allowable deductions and expenses permitted by regulations.

**R6.25 Biosimilars:** The Department is developing policies that will require people to try certain lower cost biosimilar drugs before approving higher cost branded biologic drugs.

The Department implemented the first limitations July 15, 2025, and plans to issue further restrictions by January 1, 2026. The limits reduce the Department's forecast by:

- Current year: \$5.1 million total funds, including \$982,330 General Fund
- Year 1: \$12.3 million total funds, including \$2.4 million General Fund

Similar to generic drugs, biosimilars have no clinically meaningful differences in safety, purity, or effectiveness. Unlike generics, biosimilars are not chemically identical to the original. The biosimilars are made from living cells and there are non-clinically meaningful variations.

**R6.26 3rd party pay for drugs:** The Department will no longer pay as the primary insurer for drugs when a member has 3<sup>rd</sup> party insurance but uses a pharmacy that is out-of-network for that 3<sup>rd</sup> party insurer.

The Department plans to implement the limit January 1, 2026. The new limit reduces the Department's forecast by:

- Current year: \$4.1 million total funds, including \$1.2 million General Fund
- Year 1: \$9.8 million total funds, including \$2.9 million General Fund

If a Medicaid member has 3<sup>rd</sup> party insurance and that 3<sup>rd</sup> party insurer has a closed pharmacy network, such as Kaiser, then the member will no longer be able to get full coverage for prescriptions at any pharmacy that might be convenient to them, such as Walgreens or King Soopers. Instead, they will need to go to an in-network pharmacy that might be less convenient to them. The 3<sup>rd</sup> party insurer will pay as the primary insurer and then Medicaid, as the secondary insurer, will cover any additional costs that are part of the Medicaid benefit but not part of the 3<sup>rd</sup> party insurer's benefit.

**R6.18 IDD waitlist:** The Department asks to reduce funding for Developmental Disabilities (DD) waiver enrollments.

The Department anticipates implementing this change July 1, 2026. The change increases the Department's administrative expenses but reduces its forecast by:

- Current Year: An increase of \$72,922 total funds, including \$36,461 General Fund, and 0.5 FTE.
- Year 1: A net reduction of \$6.5 million total funds, including \$3.2 million General Fund, and increase of 1.0 FTE.

- Year 2: A net reduction of \$18.7 million total funds, including \$9.4 million General Fund, and increase of 1.0 FTE.

The DD waiver currently has a waitlist. When an individual leaves the DD waiver, the next person on the waitlist is authorized to replace them. The process of filling vacant enrollment with new enrollments from the waitlist is referred to as “churn.” The Department monthly approves churn enrollments from the waitlist for individuals based on the date they were determined eligible and placed on the waitlist. The process maintains a rolling enrollment list, based on the previous month’s reported vacancies.

The Department proposes reducing churn enrollments by 50.0 percent. For every two members that disenroll from the DD waiver, the Department would enroll one individual. As of September 2025, 2,749 individuals were identified as needing DD services as soon as available. While the majority of these individuals receive services through other programs, including the SLS waiver, some may not be receiving the level of services required to meet their needs. This proposal will increase the length of time and number of individuals on the waitlist. The Department requests an additional staff position to support the review of emergency enrollment authorizations and the appeals process.

**R17 Community connector age limit:** The Department wants to remove access to the community connector benefit for children younger than 6 years old.

The Department anticipates implementing this change in the Spring or Summer of 2026. The change reduces the Department’s forecast by:

- Year 1: \$5.2 million total funds, including \$2.6 million General Fund.

The Department reports that utilization and expenditures for community connector service, particularly for children under the age of 6 years, have significantly increased since FY 2018-19. In that last six fiscal years:

- Total average monthly utilization has increased from 508 to 2,102, while total expenditures have increase from \$5.0 million to \$67.0 million.
- Total average monthly utilization for member under 6 years old has increase from 45 to 523, while total expenditures for this group has increase from \$0.5 million to \$11.2 million.

The Department has expressed concern that community connector services are being utilized, in some cases, for activities that should already be provided by the child’s caregiver as typical parental responsibilities. The Department reports that few states offer this service to children, and fewer compensate parents for providing the service. The Department is seeking to update its policy guiding community connector services to ensure the service is appropriately authorized.

**R6.29 LTSS presumptive eligibility:** The Department asks to reduce funding to delay the implementation of presumptive eligibility for long-term services and supports (LTSS) until July 1, 2027.

The change reduces the Department’s forecast by:

- Current Year: \$1.3 million total funds, including \$0.7 million General Fund.
- Year 1: \$2.8 million total funds, including \$1.5 million General Fund.
- Year 2: \$1.4 million total funds, including \$0.7 million General Fund.

The Department is currently developing a new presumptive eligibility program for long-term services and supports that would allow adults with disabilities access to some community-based services while their Medicaid application is processed. The program is intended to help individuals in crisis situations to stabilize in the community, preventing unnecessary and unwanted institutionalization. To gain presumptive eligibility, the applicant must self-declare that they meet the eligibility criteria and receive a referral from a case worker.

The Department plans to implement the delay based on feedback and guidance from the Centers for Medicare and Medicaid Services (CMS). CMS gave verbal notice that the State's 1115 waiver will be renewed with a no-cost extension, which means the federal government will not consider any new additions to the waiver and has a year to review the presumptive eligibility program. The proposed delay aligns with the timing of the federal review.

**R6.31 Caregiving hours soft cap:** The Department asks to reduce funding for caregiving services with the implementation of a cap on the paid weekly hours per caregiver providing these services.

The Department anticipates implementing this change in the Spring of 2026. The change increases the Department's administrative expenses but reduces its forecast by:

- Current Year: A net reduction of \$0.3 million total funds, including \$0.2 million General Fund, an increase of 0.5 FTE.
- Year 1: A net reduction of \$2.3 million total funds, including \$1.1 million General Fund, an increase of 1.0 FTE.

The Department plans to implement a weekly limit of 56 hours per caregiver per member. The limit applies to total hours across personal care, homemaker, health maintenance activities, home health aide, and nursing services. The Department anticipates authorizing exceptions to the cap only in extraordinary and short-term circumstances and requests a staffing resource to manage policy compliance and the exception review process.

**R6.19 Senior dental grants:** The Department proposes reducing senior dental grants.

- Current year: The Department proposes a reduction of \$500,000 General Fund in the current year.
- Year 1: The proposed reduction increases to \$2,000,000 General Fund in FY 2026-27 and thereafter.

The senior dental grants currently provide approximately \$4.0 million annually to community health centers, nonprofit dental clinics, and public health agencies. The grant recipients use the money for dental care to low-income elderly people. To receive services, a client must be 60 or over, must have income under 250 percent of the federal poverty guidelines, and must not have other insurance. The [Dental Health Care Program for Low Income Seniors Annual Report](#) indicates 25 grantees served 4,657 seniors in FY 2024-25.

**R6.32 Homemaker hours soft cap:** The Department asks to reduce funding for homemaker services for the implementation of a cap on paid weekly hours for legally responsible persons providing these services.

The Department anticipates implementing this change in the Spring of 2026. The change reduces the Department's forecast by:

- Current Year: \$74,350 total funds, including \$37,175 General Fund.



- Year 1: \$0.4 million total funds, including \$0.2 million General Fund.

Homemaker services provide assistance with household tasks including meal preparation, cleaning, laundry, and shopping. The Department proposes reducing the cap for legally responsible persons from 10 hours per week to 5 hours per week. Legally responsible persons are typically family members who have a legal responsibility to care for the individual enrolled in Medicaid. Homemaker services are core HCBS services and are available under Community First Choice.

## Provider rates

### Provider rates

Item	Total Funds	General Fund	Cash Funds	Federal Funds	FTE	JBC Lead
R13 Denver Health federal funds	\$11,331,455	\$0	\$3,527,482	\$7,803,973	0.0	EK
R14.2 IV nutrition rates	615,320	203,628	24,453	387,239	0.0	EP
R6.11 Provider rates -1.6%	-160,972,816	-56,992,200	-8,810,550	-95,170,066	0.0	EK
R6.23 Rates above 85% Medicare	-53,241,533	-15,046,057	-3,780,149	-34,415,327	0.0	EK
R15 Home health and nurse rates	-26,582,980	-13,670,319	160,503	-13,073,164	1.0	TD
R6.16 Dental rates	-20,668,949	-3,774,150	-3,121,011	-13,773,788	0.0	EK
R6.33 Community connector -23%	-18,331,864	-9,165,932	0	-9,165,932	0.0	TD
R6.24 Drug rates	-15,805,934	-3,772,279	-1,178,513	-10,855,142	0.0	EK
R6.15 Pediatric behavioral therapy rates	-13,057,068	-6,528,534	0	-6,528,534	0.0	EP
R6.02 Behavioral health incentives	-12,644,332	-3,000,000	-3,322,166	-6,322,166	0.0	EP
R6.12 Community connector -15%	-12,052,939	-6,026,469	0	-6,026,470	0.0	TD
R6.13 Nursing minimum wage	-8,719,922	-4,359,961	0	-4,359,961	0.0	EK
R6.14 Individual residential srvc & supports	-5,801,116	-2,284,479	-616,079	-2,900,558	0.0	TD
R6.01 Accountable care incentives	-2,325,290	-750,000	-412,645	-1,162,645	0.0	EK
R6.28 Drug dispensing fees	-1,690,905	-509,509	-111,694	-1,069,702	0.0	EK
R6.35 Movement therapy rates	-716,467	-358,234	0	-358,233	0.0	EP
R6.27 Specialty drug rates	-516,928	-193,431	-24,809	-298,688	0.0	EK
R6.03 Primary care stabilization	0	0	0	0	0.0	EK
Total	-\$341,182,268	-\$126,227,926	-\$17,665,178	-\$197,289,164	1.0	

**R13 Denver Health federal funds [legislation]:** The Department requests spending authority to use public funds that Denver Health transfers to the state to draw additional federal funds for Denver Health. The supplemental payments would support physician services provided by Denver Health.

Year 1: The Department seeks an increase of \$3.5 million cash funds and \$7.8 million federal funds. The cash funds would come from Denver Health.

House Bill 25-1213 (Updates to Medicaid) authorized similar financing for hospitals, but an additional statutory change is needed to authorize payments specifically for physician services. The proposed legislation would use the same legal arguments as H.B. 25-1213 to classify Denver Health's transfers as exempt from TABOR. As a result, Denver Health would receive \$7.8 million in new federal funds at no cost to the General Fund.

To receive the federal funds, Denver Health must:

- expand the number of physicians and eligible practitioners

- support graduate medical education
- increase screenings for breast cancer, for colorectal cancer, and for depression and follow up plans

**R14.2 IV nutrition rates [legislation]:** The Department asks to increase the pharmacy rate for intravenous (IV) nutrition.

Year 1: \$615,320 total funds, including \$203,628 General Fund.

Total Parenteral Nutrition (TPN) is provided for Medicaid members who can only receive nutrition by IV. The current pharmacy reimbursement is \$11.91 per claim. However, a contracted analysis found that the true cost of service is \$235.86 per claim. The request would increase the rate to \$235.86 per claim.

Senate Bill 25-084 (Medicaid Access to Parenteral Nutrition) required the Department to establish rates to encourage pharmacy participation in IV nutrition by January 2026. The bill included an ongoing appropriation of \$219,326 total funds to cap reimbursement at 30.0 percent of cost, or \$70.76 per claim.

The Department has submitted a State Plan Amendment to the Centers for Medicare and Medicaid Services (CMS) to implement S.B. 25-084. CMS requires the rate to be data informed. The Department is concerned that the amendment will be rejected because the current rate is known to be insufficient.

**R6.11 Provider rates -1.6%:** The Department is undoing the 1.6 percent provider rate increase for Medicaid providers that was appropriated in FY 2025-26.

The Department reverted to the FY 2024-25 rates effective October 1, 2025. The rate decrease reduces the Department's forecast by:

- Current year: \$108.2 million total funds, including \$38.3 million General Fund
- Year 1: \$161.0 million total funds, including \$57.0 million General Fund

The adjustment does not apply to behavioral health and managed care providers or providers with rates set by state or federal law.

**R6.23 Rates above 85% Medicare:** The Department proposes reducing rates to 85 percent of the Medicare benchmark.

The reductions would take effect April 1, 2026, and reduce the forecast by:

- Current year: \$12.3 million total funds, including \$3.5 million General Fund
- Year 1: \$53.2 million total funds, including \$15.0 million General Fund

This only applies to rates with a Medicare benchmark and it excludes primary care and evaluation and management services. The reduction is applied only if the rate is above 85 percent after the 1.6 percent across-the-board reduction. It does not reduce the rates to 85 percent of the benchmark and then apply another 1.6 percent reduction.

**R15 Home health and nurse rates:** The Department asks for a net reduction in funding resulting from the modification of the private duty nursing (PDN) rate structure and the home health rate structure, as well as to

develop and implement a new rate negotiation strategy for the Developmental Disabilities (DD) and Children's Habilitation Residential Program (CHRP) waiver.

The change temporarily increases the Department's administrative expenses and reduces, on an ongoing basis, the Department's forecast by:

- Year 1: Reduction of \$26.6 million total funds, including \$13.7 million General Fund, and increase of 0.9 FTE.
- Year 2: Reduction of \$58.4 million total funds, including \$27.8 million General Fund, and increase of 1.0 FTE.
- Year 3: Reduction of \$58.7 million total funds, including \$28.8 million General Fund.

Private duty nursing provides skilled nursing services in a residential setting to individuals with complex medical needs. These services are billed on an hourly basis based on the level of staff providing the care (i.e., registered nurse, licensed practical nurse, or a blended rate) and the setting. A prior authorization request (PAR) is required for reimbursement of these services, which can be a barrier to service for members discharged from a hospital. The Department is proposing the creation of a blended per-diem rate and of an acute care period for PDN services. The blended per-diem rate is intended for use by members with a range of care needs that are provided by a range of staffing levels. Establishing an acute care period for PDN services would allow members a short window of time in which they can receive services prior to an PAR.

The home health benefit provides services from a licensed and certified home health agency for members needing intermittent home health services. Services are billed and reimbursed based on the provider type, typically on a per-visit basis. The providers for these services include certified nursing assistants, physical therapists, occupational therapists, and speech-language pathology therapists. The Department is proposing creating a single 15-minute rate for certified nursing assistant services and 30-minute rate increments for the therapy services.

Community First Choices services provide select home health benefits. These services are billed at a 15-minute rate interval regardless of whether the service is provided in an individual or group setting. Direct care workers are required to track their hourly work on a per-member bases, which can lead to duplication of services. The Department proposes creating a group rate for these services to be used when a direct care worker provides services in a group setting.

The DD and CHRP waivers provide access to 24/7 supervision and care. Living arrangements can range from host home settings with 1-2 persons, staffed settings of 1-3 persons, and group settings of 4-8 persons. These waivers also provide residential supports for participants who live in their own home or who live with and are provided services by members of their family. Reimbursement is based on an individual's support level need, ranging from 1 (lowest need) to 7 (highest need). For several service categories, the level 7 rate is not set, rather it is negotiated on a per-member basis. The tool used by the Department to evaluate and set the level 7 rates was developed in 2007 and has not been updated since. The Department proposes updating its tool and processes, which could lead to more accurate reimbursement for individuals with a level 7 need.

**R6.16 Dental rates:** The Department is implementing a 15.5 percent reduction for dental rates.

The Department implemented the reductions October 1, 2025. The rate reductions decrease the Department's forecast by:

- Current year: \$13.8 million total funds, including \$2.5 million General Fund
- Year 1: \$20.7 million total funds, including \$3.8 million General Fund

The reduction applies to codes that received a large targeted rate increase in FY 2024-25.

**R6.33 Community connector – 23%:** The Department asks to reduce funding for the community connector rate to align this rate with the tier 3 supported community connections rate in the adult SLS waiver.

The Department anticipates implementing this change in the Spring of 2026. The change reduces the Department's forecast by:

- Current Year: \$3.1 million total funds, including \$1.5 million General Fund.
- Year 1: \$18.3 million total funds, including \$9.2 million General Fund.

The Department argues that the current rates are disproportionately high compared to the training and qualification required for the services and has led to unusually high profit margins for provider agencies. The proposal is the second of two cuts to the community connector rate. The first, summarized in R6.12, reduces the rates by 15.0 percent. This second rate cut makes the following changes.

- from \$10.23 to \$7.71 per 15-minute unit outside of Denver County, and
- from \$10.51 to \$7.83 per 15-minute unit within Denver County.

**R6.24 Drug rates:** The Department proposes changing the methodology used to determine drug rates in order to reduce expenditures.

Pending federal approval, the changes would take effect April 1, 2026, and reduce the forecast by:

- Current year: \$2.6 million total funds, including \$628,713 General Fund
- Year 1: \$15.8 million total funds, including \$3.8 million General Fund

Based on federal guidance, the Department must pay for most drugs at cost, but there are different ways to determine the "cost". The Department currently uses the actual acquisition cost in Colorado, or an alternative based on the National Average Drug Acquisition Cost. Pharmacies voluntarily contribute data for the actual acquisition cost. When there is insufficient data to determine the actual acquisition cost or the alternative, maybe because the drug is new or low volume, the Department uses the wholesale acquisition cost but applies a discount. The wholesale acquisition cost is known to overstate the actual acquisition cost, but the amount varies by drug. The federal Centers for Medicare and Medicaid Services must approve any change to this drug payment methodology.

The proposed new methodology would first increase the discount applied to the wholesale acquisition cost from 3.5 percent to 4.0 percent for branded drugs and from 20.0 percent to 22.0 percent for generic drugs. Then, the methodology would reimburse for all drugs using the lesser of the actual acquisition cost, the National Average Drug Acquisition Cost, or the wholesale acquisition cost less the discount. If approved, the Department projects that the number of drugs paying at the wholesale acquisition cost less the discount will increase from 1.0 percent to about 10.0 percent.

**R6.15 Pediatric behavioral therapy rates:** The Department is reducing the rate for pediatric behavioral therapy (PBT) to 95.0 percent of a new benchmark.

The Department implemented the new rate October 1, 2025. The rate decrease reduces the Department’s forecast by:

- Current year: \$5.4 million total funds, including \$2.7 million General Fund.
- Year 1: \$13.1 million total funds, including \$6.5 million General Fund.

The General Assembly approved a PBT rate increase to 100.0 percent of the benchmark with other states in FY 2024-25. The increase cost \$34.3 million total funds, including \$17.1 million General Fund. The rate included Nebraska, which was considered a significant outlier at the time.

The new benchmark still includes Nebraska. However, Nebraska reduced PBT rates beginning October 1, 2025. PBT rates are not included in the 1.6 percent across the board provider rate decrease. Rates vary by service and provider type. Proposed rate reductions are provided in the table below.

**PBT Rate Reductions**

Rate	Current rate	Reduced rate	% Change	Total Impact
Assessment	\$27.59	27.12	-1.7%	-\$70,800
Adaptive behavior (tech)	18.17	17.22	-5.2%	-11,363,149
Group adaptive behavior (tech)	11.51	8.81	-23.5%	-56,061
Adaptive behavior (phys)	26.62	25.84	-2.9%	-1,537,437
Group adaptive behavior (phys)	17.83	9.34	-47.6%	-29,622
Total				-\$13,057,069

**R6.02 Behavioral health incentives:** The Department is reducing incentive payments to Regional Accountable Entities (RAEs) for behavioral health capitation.

The Department expects to implement the decrease in Spring 2026. The decrease reduces the Department’s forecast by:

- Current year: \$12.0 million total funds, including \$3.0 million General Fund.
- Year 1: \$12.6 million total funds, including \$3.0 million General Fund.

RAEs are eligible to earn up to an additional 5.0 percent of their behavioral health capitation rate by meeting performance metrics. Payments are distributed annually with 66-90.0 percent of awards passed through to providers. The request reflects a 31.0 percent reduction to estimated incentive payments.

**R6.12 Community connector rate – 15%:** The Department asks to reduce funding for a community connector rate cut of 15.0 percent.

The Department anticipates implementing this change January 1, 2026. The change reduces the Department’s forecast by:

- Current Year: \$6.0 million total funds, including \$3.0 million General Fund.
- Year 1: \$12.1 million total funds, including includes \$6.0 million General Fund.

The Department is implementing a rate for community connector services as a cost containment measure directed by the Governor's August 28<sup>th</sup> Executive Order. The rate cut reduces the community connector rate as follows:

- from \$12.22 to \$10.39 per 15-minute unit outside of Denver County, and
- from \$12.56 to \$10.67 per 15-minute unit within Denver County.

**R6.13 Nursing minimum wage [legislation]:** The Department is ending a supplemental payment to nursing facilities that commit to pay all employees at least \$15 per hour.

The Department implemented the reduction retroactively for FY 2025-26. Ending the supplemental payment reduces the forecast by:

- Current year: \$8.7 million total funds, including \$4.4 million General Fund
- Year 1: \$8.7 million total funds, including \$4.4 million General Fund

The statewide minimum wage will exceed \$15 per hour in 2026. Statute says the supplemental payment is in effect, "as long as the statewide minimum wage is less than fifteen dollars per hour". The statute also says the supplemental payment is, "subject to available appropriations".

Originally, the supplemental payment went to nursing facilities impacted by local minimum wage requirements. House Bill 19-1210 (Local Government Minimum Wage) required supplemental payments when a nursing facility had to comply with a local minimum wage or was located nearby and chose to match the minimum wage. House Bill 22-1333 (Increase Minimum Wage for Nursing Home Workers) changed the supplemental payment so that any nursing facility statewide that paid employees at least \$15 per hour could qualify. Only 3 nursing facilities did not claim the supplemental payment in calendar year 2024.

The proposed reduction is approximately 0.85% of total Medicaid reimbursement to nursing homes. The impacted nursing homes will see reductions ranging from 0.3 percent to 1.7 percent.

To put the reduction in context, it is helpful to know that the process for setting nursing facility rates is changing from a statutory formula to the annual budget process. Prior to H.B. 23-1228 (Nursing Facility Reimbursement Rate Setting), the statutory formula effectively resulted in 3.0 percent increases in per diem rates every year. House Bill 23-1228 removed the statutory formula and set the increases at 10 percent in FY 2023-24, 3 percent in FY 2024-25, 1.5 percent in FY 2025-26, and by amounts determined through the annual budget process in FY 2026-27 and thereafter. The Department did not include nursing rates in the 1.6 percent reduction or the 85 percent of Medicare reduction. The Department did not request an increase in the per diem rates for FY 2026-27. Thus, for FY 2025-26 the nursing homes received a 1.5 percent increase that this proposal would partially offset with a decrease that varies by provider but is 0.85 percent in aggregate.

**R6.14 Individual residential services and supports:** The Department asks to reduce funding for adjustments to the rate structure for individual residential services and supports (IRSS).

The Department anticipates implementing this change April 1, 2026. The change reduces the Department's forecast by:

- Current Year: \$2.9 million total funds, including \$1.5 million General Fund.
- Year 1: \$5.8 million, including \$2.3 million General Fund.

Individual residential services and supports (IRSS) use a variety of living arrangements to meet the unique needs for support, guidance and habilitation of individuals enrolled in the DD waiver. Individuals may access IRSS services in several settings, including host homes, family homes, member homes, and staffed homes. The way IRSS settings are defined in regulation is unclear and does not account for the variety of settings available to members receiving these services.

There are currently two series of rates for IRSS and billing guidance has not been clear or consistent. Rate series are set by care level and setting. One rate series is intended for host homes, family homes, and member homes. This series is named Individual Residential Services and Supports/Host Home and ranges from:

- \$84.91 per day to \$312.56 per day outside of Denver County, and
- \$91.40 per day to \$343.40 per day within Denver County.

The second rate series is intended for staffed homes. This series is named Individual Residential Services and Supports and ranges from:

- \$92.11 per day to \$339.35 per day outside of Denver County, and
- \$99.32 per day to \$373.65 per day within Denver County.

The Department acknowledges that confusing and unclear communication about IRSS policies and rates has led to inconsistent billing practices and higher than expected expenditures. Circumstances have led to many providers billing at the higher Individual Residential Services and Supports rate series for family caregivers for many years. The Department is in the process of clarifying billing rules through revisions to regulations and guidance updates.

**R6.01 Accountable care incentives:** The Department is reducing incentive payments through the Accountable Care Collaborative.

The Department implemented the reduction retroactively for FY 2025-26. Reducing the incentive payments decreases the forecast by:

- Current year: \$2.3 million total funds, including \$750,000 General Fund
- Year 1: \$2.3 million total funds, including \$750,000 General Fund

The Primary Care Medical Providers (PCMPs) and Regional Accountable Entities (RAEs) can earn the incentive payments by improving health outcomes to meet performance goals.

The Department's forecast has savings built into it from the historic performance of the Accountable Care Collaborative in improving health outcomes and reducing expenditures. Ostensibly, the incentive payments motivate and finance the PCMPs and RAEs to innovate, perform interventions, provide the preventive care that leads to better outcomes. The Department does not expect a decrease in the savings from better health outcomes as a result of the proposed decrease in incentive payments.

**R6.28 Drug dispensing fees:** The Department seeks to reduce drug dispensing fees for the highest volume pharmacies.

The Department proposes reducing the dispensing fees April 1, 2026. Reducing the dispensing fees decreases the forecast by:

- Current year: \$281,817 total funds, including \$84,918 General Fund
- Year 1: \$1.7 million total funds, including \$509,509 General Fund

The Department pays pharmacies for the ingredients (the drugs) plus a dispensing fee for each prescription filled. The dispensing fees are tiered based on volume. The highest volume providers with the most economies of scale get paid the lowest dispensing fees. For the highest volume tier, the Department proposes reducing the dispensing fee from \$9.31 to \$8.72, or a 6.3 percent reduction. For the second highest volume tier, the Department proposes reducing the dispensing fee from \$10.25 to \$9.93, or a 3.1 percent reduction. This primarily impacts large chain pharmacies, but some independent pharmacies with large volumes will see reductions.

**R6.35 Movement therapy rates:** The Department is reducing rates for movement therapy to align with statewide rate review methodologies.

The Department expects to implement the decrease April 1, 2026. The decrease reduces the Department’s forecast by:

- Current year: \$119,412 total funds, including \$59,706 General Fund.
- Year 1: \$716,467 total funds, including \$358,234 General Fund.

Movement therapy includes services such as music and dance therapy to support behavioral, developmental, and physical skills. Movement therapy is available under the Children’s Extensive Support (CES), Children’s Habilitative Residential Program (CHRP), and Supported Living Services (SLS) waivers.

The Department identified irregularities with the rate methodologies compared to Department standards. The reduction aligns movement therapy rates across waivers and establishes parity with comparable therapies. Rates vary by waiver and provider type, described in the table below.

**Movement Therapy Rate Reductions**

Type	Current Rate	Reduced Rate	% Change	Total Impact
CES, SLS (Bachelors)	\$17.50	\$16.11	-7.9%	-\$94,222
CHRP (Bachelors)	17.68	16.11	-8.9%	-7,630
CES, SLS (Masters)	25.63	18.61	-27.4%	-590,407
CHRP (Masters)	25.91	18.61	-28.2%	-24,208
Total				-\$716,467

**R6.27 Specialty drug rates:** The Department proposes reducing rates paid to hospitals for a handful of specialty drugs delivered during outpatient care.

The reductions would take effect April 1, 2026, and they reduce the forecast by:



- Current year: \$86,155 total funds, including \$32,238 General Fund
- Year 1: \$516,928 total funds, including \$193,431 General Fund

Most hospital drug costs get captured in the bundled payment model, but the Department pays directly for these newer drugs. Otherwise, the hospital payment model would not accurately capture the extremely high costs for these drugs because the model relies on historic information.

These drugs have special requirements around handling, monitoring, patient education, and compliance such that they are delivered in a hospital, rather than a pharmacy or clinic. The drugs impacted by this change cost more than \$75,000 for one dose therapy, or \$32,000 per dose for multi-dose therapies, or \$22,000 per dose for therapies costing more than \$125,000 per year.

The Department would decrease rates from 100 percent to 92 percent of cost. This partially unwinds an increase from 90 percent to 100 percent of costs that occurred in January 2024. The decrease primarily impacts Children's Hospital.

**R6.03 Primary care stabilization:** The Department is delaying the start of annual primary care stabilization payments to small, pediatric, or rural providers that do not receive cost-based reimbursements.

The Department is delaying the start of the payments from the budgeted July 1, 2025 to January 1, 2026.

Current year: One-time savings of \$4.6 million total funds, including \$1.5 million General Fund.

The stabilization payments are a new component of Phase III of the Accountable Care Collaborative. They are not the same as the payments from the Provider Stabilization Fund authorized by S.B. 25-290 (Stabilization Payments for Safety Net Providers) that use a loan from the Unclaimed Property Trust Fund. These payments will go to primary care providers that are not Federally Qualified Health Centers (FQHCs) or Rural Health Centers (RHCs). The FQHCs and RHCs receive cost-based reimbursements. The Department estimates 271 primary care providers will qualify for the primary care stabilization payments.

## Administration

### Administration

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE	JBC Lead
R7 Eligibility administration	\$16,626,704	\$1,503,264	\$1,560,567	\$2,455,447	\$11,107,426	3.0	TD
R9 Provider directory	5,955,875	451,455	248,360	0	5,256,060	0.0	EK
R10.1 Disability determinations	1,381,020	837,000	-146,491	0	690,511	0.0	TD
R11 Salesforce support	700,172	223,727	120,059	0	356,386	1.8	EK
R14.1 Chronic pain management	290,738	94,867	50,502	0	145,369	1.0	EP
R12 Home health administration	95,738	31,237	16,631	0	47,870	1.0	EK
R8 Single assessment	-11,668,682	-6,192,265	60,986	0	-5,537,403	2.7	TD
R6.21 Children in Rocky PRIME	-3,476,470	-1,738,235	0	0	-1,738,235	0.0	EK
R6.07 Immigrant services outreach	-750,000	-262,500	0	0	-487,500	0.0	EK
R6.06 SBIRT training grants	-500,000	-500,000	0	0	0	0.0	EP
R16 Unspent grant admin	0	-800,000	800,000	0	0	0.0	EP
R10.2 3rd party insurance	0	-781,598	-418,965	0	1,200,563	1.8	EK

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE	JBC Lead
R6.22 Provider credentialing ACC	0	0	0	0	0	0.0	EK
R19 Line item consolidation	0	0	0	0	0	0.0	TD
R20 CHP+ Trust consolidation	0	0	0	0	0	0.0	EK
Total	\$8,655,095	-\$7,133,048	\$2,291,649	\$2,455,447	\$11,041,047	11.3	

**R7 Eligibility administration [legislation]:** The Department asks for funding to centralize some administrative functions for the provision of medical and public assistance programs.

The change increases the Department administrative expenses by:

- Current Year: \$0.6 million total funds, including includes \$0.2 million General Fund, and 1.0 FTE.
- Year 1: \$16.6 million total funds, including \$1.5 million General Fund, and 3.0 FTE.
- Year 2: \$40.8 million total funds, including \$2.7 million General Fund, and 3.0 FTE.
- Year 3: \$38.0 million total funds, including \$2.1 million General Fund, and includes 3.0 FTE.

The Departments of Health Care Policy and Financing and Human Services propose to centralize four medical and public assistance administrative functions through contracts with high-performing counties: call center support, document management, quality assurance for Medicaid programs, and fraud investigations for Medicaid programs. The Department anticipates that the centralization of these services will be fully implemented beginning July 1, 2028. The proposal seeks to address increasing cost pressures on administrative, eligibility, and enrollment activities associated with medical and public assistance programs, as well as recent federal policy changes that increase administrative burdens on counties and the risk of severe financial penalties to the State.

**R9 Provider directory:** The Department wants money to improve the provider directory to meet federal standards. In addition, the Department requests a net neutral transfer of funds from OIT to where contract services will actually be purchased for usability testing, interface updates, feedback loops, and directory performance evaluation.

Year 1: The Department requests \$6.0 million total funds, including \$451,455 General Fund.

Year 2: The estimated costs are \$1.9 million total funds, including \$311,355 General Fund.

The provider directory helps members, providers, care coordinators, and call center staff locate participating providers for referrals. Recent federal guidance increased minimum requirements around mobile useability, quarterly updates, cultural and linguistic detail, interoperability with other software, user-friendly search features, and accessibility. The directory must now include fee-for-service providers and not just managed care providers.

Historically, the provider directory has been problematic. Providers don't consistently update their information, so the directory includes providers who have moved or closed. The directory doesn't say how many Medicaid patients a provider sees or if they have openings. The Department says the changes will make limited improvements to these fundamental challenges. The improved system will incorporate data from the Regional Accountable Entities for primary care and behavioral health providers and flag duplicate, conflicting, or incomplete records to improve the accuracy of the directory. It will allow members to flag inaccurate

information and that will trigger a follow up. The improved system will prioritize search results to show providers who recently Medicaid claims at the top, making it more likely that an inquiry will identify a provider who actually sees Medicaid patients. The system will comply with federal regulations, reduce the administrative burden on providers for updates, and include some limited performance enhancements.

**R10.1 Disability determinations:** The Department asks for funding for projected caseload increases and to rebalance funding sources to accurately reflect the caseload split of traditional Medicaid members versus expansion population members.

The change increases the Department contract expenses by:

- Current Year: \$1.3 million total funds, including \$0.4 million General Fund.
- Year 1: \$1.4 million total funds, including \$0.8 million General Fund.
- Year 2: \$1.5 million total funds, including \$0.9 million General Fund.
- Year 3 : \$1.6 million total funds, including \$0.9 million General Fund.

Disability determinations assess whether an individual's medical condition qualifies for Medicaid benefits under disability-based eligibility. Administrative costs for disability determinations should be allocated according to the proportion of cases from traditional Medicaid (General Fund) versus the expansion population (hospital provider fees). Based on current caseload projections the correct funding splits should reflect two-thirds of determinations for the traditional Medicaid population and one-third for the expansion population. To accurately reflect this split, the appropriation needs to be reweighted toward the General Fund.

Disability determinations are provided through a contract. Monthly application volume has increased substantially over the last several years, while the appropriation has not kept pace. The Department reports that 14,776 applications were processed in FY 2024-25, as compared to 8,917 in FY 2023-24 and 7,696 in FY 2022-23. Application processing costs are contracted at \$285 per application. The Department's request increases appropriations to provide sufficient funding to process 15,000 applications.

**R11 Salesforce support:** The Department requests funds for licenses, data storage, and staff to maintain and support Salesforce systems.

Year 1: The request costs \$700,172 total funds, including \$223,727 General Fund, and 1.8 FTE.

More of the Department's programs are using Salesforce. According to the Department, each individual expansion was properly funded, but the cumulative effect of many programs adopting the same platform led the Department to conclude that more support is needed. The Department points to:

- Growing expectations for digital services and automation
- More complex integrations with other systems
- A larger and more diverse user base across programs
- More sophisticated business needs

**R14.1 Chronic pain management:** The Department asks to continue chronic pain training for providers.

Year 1: The request costs \$290,738 total funds, including \$94,867 General Fund and 1.0 FTE.

The Chronic Pain Centers of Excellence was initially created from the federal American Rescue Plan Act of 2021 (ARPA). Funding was continued through a budget request to continue the program through FY 2025-26 using General Fund. The request would continue the program on an ongoing basis.

The program offers live an on-demand training for Medicaid providers, pain consultations, and connects individuals with chronic pain to appropriate care resources. The intent of the program is to connect people with chronic pain to care, and reduce over-prescription of narcotics. The program is operated through a contract with the University of Colorado's School of Pharmacy.

**R12 Home health administration:** The Department requests one new position for policy oversight of long-term home health and one term-limited position for a projected surge in appeals.

Current year: The request costs \$38,022 total funds, including 12,405 General Fund and 0.3 FTE

Year 1: The request costs \$95,738 total funds, including \$31,237 general Fund, and 1.0 FTE

Year 2: The request costs \$128,278 total funds, including \$41,856 General Fund, and 1.2 FTE

Year 3: The request costs \$113,357 total funds, including \$36,986 General Fund, and 1. FTE

In August 2025, the Department started new reviews of medical necessity for long-term home health. A big part of the medical necessity reviews is a new assessment where trained nurses use a standardized tool to evaluate the needs of members wanting in-home nursing. The Department believes the new nursing assessment is more consistent, reliable, supported by evidence, and equitable in identifying the needs of clients than the various program-specific assessments it replaces. The Department expects an increase in full and partial denials of service.

As people get reassessed and gain or lose benefits compared to what they previously received, the Department expects a temporary surge in appeals. To help manage the expected surge in appeals, the Department requests one term-limited position from March 2026 through February 2028.

The Department's November forecast assumes savings from the nursing assessments. In FY 2025-26 the Department projects savings of \$14.3 million total funds, including \$7.1 million General Fund. In FY 2026-27, the Department projects savings of \$48.1 million total funds, including \$24.1 million General Fund. If the Department is unable to resolve appeals in a timely manner, some of the projected savings could be in jeopardy. For example, private duty nursing for one member for 16 hours per day for six months while an appeal is pending would cost \$154,000. Through long-term home health a certified nurse assistant for 8 hours per day for six months while an appeal is pending would cost \$59,000.

In addition, the Department requests one on-going position to help manage and continually improve the in-home nursing benefits. The Department wants to make sure it has the resources to listen to stakeholders, work through problems, and actively manage the high-cost benefit.

**R8 Single assessment:** The Department asks for funding to deploy a single assessment tool in compliance with S.B. 16-192 (Assessment Tool Intellectual and Developmental Disabilities) that will replace multiple assessment tools currently used. Deployment of the single assessment tool is planned for August 2026.

The change impacts the Department administrative expenses and forecast by:

- Year 1: A net reduction of \$11.7 million total funds, including \$6.2 million General Fund, and an increase of 2.7 FTE.
- Year 2: An increase of \$3.5 million total funds, including \$1.4 million General Fund, and 3.0 FTE.

The single assessment tool is designed to support a person-centered approach in developing an individual's Person-centered Support Plan. The Plan uses the results of the single assessment tool to outline the services and supports that meet the individual's care goals and preferences. The deployment of the single assessment tool will be conducted in a phased approach, with the state's 15 case management agencies grouped in three cohorts. The first cohort will begin using the tool August 2026, the second in February 2027, and the third in May 2027. The staggering of deployment is intended to ensure the transition to the single assessment tool is without major problems, while providing the opportunity to address any issues that come up during the rollout.

The Department requests term-limited state staffing and contract resources. The state staff term is proposed from August 2026 through August 2029 and will provide system support, training and technical assistance, and provide quality assurance reviews. The contract resources will assist the Department with launching the new tool and provide system support.

**R6.21 Children in Rocky PRIME:** The Department no longer plans to expand the managed care contract with Rocky Mountain Health PRIME to include children. Instead, the children will continue to receive Medicaid coverage on a fee-for-service basis.

Year 1: This reduces the Department's forecast by \$3.5 million total funds, including \$1.7 million General Fund.

The Department previously planned to include children in Rocky Mountain Health PRIME beginning in FY 2026-27 as part of Phase III of the Accountable Care Collaborative. The current administrative structure sometimes causes confusion for families and providers when the payment procedures are different for children and parents in the same family. The Department estimated that the managed care rates would be higher due to expectations for greater care coordination.

In addition, the Department identified one-time costs from paying prospectively through managed care rather than after service delivery. However, the Department expected the one-time costs could get absorbed through the structure of the contract with Rocky PRIME. Absorbing the one-time costs proved infeasible under federal regulations and the Department projects lower annual costs from keeping the children in fee-for-service.

**R6.07 Immigrant services outreach:** The Department wants to stop three grants to nonprofits that pay for outreach related to health services for undocumented children and pregnant people.

The Department proposes ending the outreach contracts effective January 1, 2026, saving:

- Current year: \$375,000 total funds, including 131,250 General Fund
- Year 1: \$750,000 total funds, including \$262,500 General Fund

The Department argues the outreach is not necessary. The providers and community are aware of the program and there is significant demand for the services, as evidenced by enrollment continuing to exceed expectations.

**R6.06 SBIRT training grants:** The Department asks for a reduction for Screening, Brief Intervention and Referral to Treatment (SBIRT) provider training grants.

The Department implemented a reduction on October 1, 2025. The change impacts current appropriations by:

- Current year: \$500,000 cash funds reduction from the Marijuana Tax Cash Fund (MTCF).
- Year 1: Decrease of \$500,000 General Fund and net-zero change from the MTCF.

The SBIRT appropriation is \$1.5 million cash funds from the MTCF for FY 2025-26. The appropriation supports provider training to screen, intervene, and refer individuals for substance use treatment. The reduction is expected to decrease trainings from 150 to 100 per year. The appropriation does not support direct services.

The request is a reduction of the MTCF appropriation for SBIRT training grants in the current fiscal year. However, the MTCF reduction is used to offset General Fund for Medical Services Premiums (MSP) in FY 2026-27 and ongoing. The budget year impact of the request by line item is provided in the table below.

**R6.06 Ongoing SBIRT training grants impact by line item**

Item	Total Funds	General Fund	MTCF
SBIRT training	-\$500,000	\$0	-\$500,000
Medical Services Premiums	0	-500,000	500,000
Total	-\$500,000	-\$500,000	\$0

**R16 Unspent grant admin [legislation]:** The Department asks for the Committee to sponsor legislation to allow the Behavioral and Mental Health Cash Fund to support Medical Services Premiums.

Year 1: The total cost is net-zero, including a one-time reduction of \$800,000 General Fund offset by an equal increase of cash funds.

The Behavioral and Mental Health Cash Fund consists of funding that originated as federal ARPA funds. [House Bill 22-1302 \(Health-care Practice Transformation\)](#) appropriated \$33.8 million from the cash fund to the Department for integrated care grants. The Department expects \$800,000 of \$3.0 million appropriated for grant administration to revert in December 2026. The request would allow the Department to use the unspent funds to support the Medical Services Premiums forecast.

**R10.2 3<sup>rd</sup> party insurance:** The Department wants to shift money from a vendor that checks claims after they are paid to information technology systems that stop improper payments in cases where a third-party insurer should pay, not Medicaid.

Year 1: No change in total funds, but a decrease of \$781,598 General Fund (offset by an increase in federal funds) and an increase of 1.8 FTE.

The Department argues pre-payment claims reviews are more efficient and might lead to lower costs, but that is not the source of the savings in the request. Rather, the state gets a better federal match for information technology systems than for post-payment claims reviews.

**R6.22 Provider credentialing ACC:** The Department no longer plans to implement a centralized, statewide program for credentialing behavioral health providers for participation with all Regional Accountable Entities (RAEs).

Current year: The one-time savings from avoided system costs is \$650,000 total funds, including \$40,950 General Fund.

The change was intended to reduce the administrative burden on providers by allowing them to complete credentialing once for participation with all RAEs, rather than separate credentialing with different forms and potentially different rules for each RAE. The Department says this is a lower priority with the same businesses winning the bids for multiple RAEs.

**R19 Line item consolidation [legislation]:** The Department asks for a budget neutral restructure of its section of the Long Bill to consolidate the appropriations for the IDD waiver services into the Medical Services Premium line item.

The Department contends that the current Long Bill structure creates an administrative burden in managing appropriations and reconciling accounting. The current Long Bill structure, which includes a separate budgetary section for the Office of Community Living's waiver programs for individuals with intellectual and developmental disabilities, was created with the FY 2014-15 Long Bill in response to H.B. 13-1314 (Transfer Developmental Disabilities to HCPF). The Office of Community Living also oversees long-term services and support programs through their physical disability waivers, which are appropriated funding in the Medical Services Premium line item. Additionally, recent policy changes including implementation of Community First Choice and conflict-free case management have shifted the appropriations for some services and case management between budgetary sections in the Long Bill. The Department argues that consolidating appropriations for IDD waiver services into the Medical Services Premium line item will reduce their administrative burdens.

**R20 CHP+ Trust consolidation:** The Department proposes a net zero change to consolidate appropriations from the Children's Basic Health Plan (CHP+) Trust in the line item that pays for services.

The CHP+ Trust receives 18 percent of the revenue from the tobacco master settlement. In some prior years, the revenue was more than enough for services and it paid for administration directly related to CHP+. For the foreseeable future, the Department projects service costs will exceed tobacco revenue. The General Fund will need to pay the difference. Putting all the appropriations from the CHP+ Trust in one line item simplifies the accounting. Under the proposal, administrative costs for CHP+ will appear as a General Fund expense, which more accurately reflects the source of funds for any incremental increase in administrative costs for CHP+. The General Assembly already approved a similar consolidation of appropriations from the Health Care Expansion Fund. Once the annual service costs exceeded the revenue, the cash funds became merely an offset to the General Fund, rather than the sole source of funds.

## Employee compensation common policies

The request includes a net increase of \$8.7 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$4,028,172	\$1,064,199	\$736,760	\$0	\$2,227,213	0.0
Salary survey	3,153,644	1,229,899	260,274	0	1,663,471	0.0
Unfunded liability amortization payments	1,362,879	227,601	400,858	0	734,420	0.0
Step plan	71,157	26,074	8,287	0	36,796	0.0
Paid family and medical leave insurance	40,013	10,241	7,382	0	22,390	0.0
PERA direct distribution	23,966	-15,026	18,419	0	20,573	0.0
Short-term disability	13,489	1,536	4,937	0	7,016	0.0
<b>Total</b>	<b>\$8,693,320</b>	<b>\$2,544,524</b>	<b>\$1,436,917</b>	<b>\$0</b>	<b>\$4,711,879</b>	<b>0.0</b>

## Operating common policies

The request includes a net increase of \$4.3 million for operating common policies.

### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	\$2,912,252	\$827,101	\$210,456	\$0	\$1,874,695	0.0
Legal services	1,949,354	643,287	331,390	0	974,677	0.0
Workers' compensation	136,364	47,238	24,334	-6,781	71,573	0.0
State accounting system (CORE)	133,091	43,921	22,625	0	66,545	0.0
Administrative law judge services	-720,345	-237,715	-122,458	0	-360,172	0.0
Risk management & property	-133,418	-43,003	7,075	-6,646	-90,844	0.0
<b>Total</b>	<b>\$4,277,298</b>	<b>\$1,280,829</b>	<b>\$473,422</b>	<b>-\$13,427</b>	<b>\$2,536,474</b>	<b>0.0</b>

## Impacts driven by other agencies

**Impacts driven by other agencies:** The request includes a net increase of \$1.9 million for requests from other state agencies. These are also called “non-prioritized requests.”

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Human Services programs	\$5,160,862	\$2,612,431	-\$32,000	\$0	\$2,580,431	0.0
NP Eligibility appeals	722,970	234,966	126,519	0	361,485	0.0
NPB SB24-205 AI compliance	233,962	76,342	40,639	0	116,981	1.8
NPA SB24-205 AI compliance	97,883	32,301	16,640	0	48,942	0.0
NP Statewide enable AI	49,119	16,209	8,350	0	24,560	0.0
NP State accounting system (CORE) staff	27,459	9,061	4,669	0	13,729	0.0
NP IT accessibility	20,000	10,000	0	0	10,000	0.0
NP Underspent early intervention funds	-4,000,000	-2,000,000	0	0	-2,000,000	0.0
NP IT efficiencies	-298,178	-98,399	-50,690	0	-149,089	0.0
NP IT operating offset	-123,742	-40,835	-21,036	0	-61,871	0.0
<b>Total</b>	<b>\$1,890,335</b>	<b>\$852,076</b>	<b>\$93,091</b>	<b>\$0</b>	<b>\$945,168</b>	<b>1.8</b>



## Prior year actions

The request includes a net increase of \$37.4 million for the impact of prior year budget decisions and legislation. Items with no priority number or bill number were initiated by the General Assembly through the budget process.

### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 23-1300 Continuous eligibility	\$13,604,506	\$5,613,172	\$358,438	\$0	\$7,632,896	0.0
FY 25-26 Provider rates 1.6% adjustment	12,242,841	4,361,085	645,728	0	7,236,028	0.0
FY 23-24 BA7 Community access	10,775,256	-300,890	714,063	0	10,362,083	0.1
SB 24-116 Discounts for indigent patients	7,906,592	846,995	621,261	0	6,438,336	0.0
SB 25-229 Community health workers	5,713,346	1,364,558	342,750	0	4,006,038	0.0
HB 24-1038 High acuity youth	4,354,000	2,177,000	0	0	2,177,000	0.0
FY 25-26 Early intervention	4,000,000	2,000,000	0	0	2,000,000	0.0
HB 24-1045 Substance use disorder	3,986,324	807,379	236,968	0	2,941,977	0.0
FY 25-26 R6 Accountable Care Collaborative	2,617,821	1,500,829	-314,251	0	1,431,243	0.0
SB 23-002 Community health services	1,958,861	467,847	117,514	0	1,373,500	0.0
SB 24-168 Remote monitoring	1,711,462	98,758	102,872	0	1,509,832	-0.3
HB 23-1136 Prosthetic devices	1,526,304	0	152,630	0	1,373,674	0.0
SB 24-110 Limit prior authorization	358,420	94,020	21,541	0	242,859	0.0
FY 25-26 BA14 All Payer Claims Database	234,118	195,701	20,073	0	18,344	0.0
SB 25-084 Parenteral nutrition	109,662	54,831	0	0	54,831	0.0
FY 25-26 BA10 System of care	95,000	47,500	0	0	47,500	0.0
FY 25-26 R14 Change contracts to FTE	82,974	7,869	4,021	35,937	35,147	0.7
FY 24-25 BA9 Adj community access	64,886	28,707	0	0	36,179	0.2
FY 25-26 Step plan	0	0	0	0	0	0.0
FY 25-26 Salary survey	0	0	0	0	0	0.0
FY 25-26 R7 Eligibility determinations	-8,316,037	-237,034	-165,266	-1,687,943	-6,225,794	0.5
SB 25-290 Safety net stabilization	-5,000,000	0	-5,000,000	0	0	0.0
FY 25-26 BA7 HRSN & reentry services	-3,989,194	-810,485	-236,789	0	-2,941,920	0.0
FY 24-25 R10 3rd party pay for nursing	-3,791,834	-947,958	0	0	-2,843,876	0.0
FY 25-26 R9 Provider rates	-3,789,154	-1,133,482	-762,495	0	-1,893,177	0.0
FY 25-26 R11 OCL benefits	-2,442,608	-1,081,304	0	0	-1,361,304	0.0
FY 24-25 Stabilize case management	-2,156,548	-258,705	0	0	-1,897,843	-2.0
FY 25-26 BA12 Transport true up	-1,659,650	-497,895	-331,930	0	-829,825	0.0
FY 25-26 R10 HAS fee admin & refinance	-990,438	0	-495,219	0	-495,219	0.3
HB 22-1302 Practice transformation	-610,441	-305,221	0	0	-305,220	-2.5
FY 25-26 R13 Contract true up	-340,000	-170,000	0	0	-170,000	0.0
FY 24-25 R9 Access to benefits	-307,039	-153,520	0	0	-153,519	-1.0
SB 25-183 Pregnancy-related services	-286,250	1,476,896	-41,650	0	-1,721,496	0.0
SB 25-308 HRSN & reentry services	-102,460	0	-51,230	0	-51,230	0.0
FY 25-26 Update payment rules	-94,298	-28,289	-6,601	0	-59,408	0.0
FY 24-25 BA7 Transport credentials	-32,317	-9,695	-6,463	0	-16,159	-0.5
HB 25-1328 Direct care workers	-30,036	16,415	0	0	-46,451	0.5
FY 25-26 R8 IT administration	-11,446	-1,145	-590	0	-9,711	1.4
FY 25-26 BA17 Personal service reduction	-10,573	-4,586	-701	0	-5,286	0.0
Total	\$37,382,050	\$15,219,353	-\$4,075,326	-\$1,652,006	\$27,890,029	-2.6

## Future budget reductions

The Governor's budget transmittal letter and executive orders reference some additional budget reductions that were not captured in the Department's November 1 request. The Department explains that these items will be included in January budget amendments.

**Cap dental services [legislation]:** The Department proposes capping dental services at \$3,000 per year for Medicaid adults and \$750 per year for Cover All Coloradoans. The later would require legislation to provide different benefits from standard Medicaid.

Current year: The [Spending Reduction Letter](#) estimated the adult dental cap would save \$250,000 General Fund and the Cover All Coloradoans cap would contain future growth.

Year 1: The budget amendment will include the projected savings for FY 2026-27.

**Behavioral health for immigrants [legislation]:** For people eligible through Cover All Coloradoans, the Department proposes paying for behavioral health on a fee-for-service basis rather than through managed care.

Current year: The Spending Reduction Letter estimated this will save \$75,000 General Fund.

Year 1: The budget amendment will include the projected savings for FY 2026-27.

The change will require legislation to provide different benefits from standard Medicaid. People eligible through Cover All Coloradoans use fewer behavioral health services than the standard Medicaid population. Paying for behavioral health on a fee-for-service basis will avoid managed care administrative costs. At the same time, the Department will not pay a third party to manage the care of the members. Part of the theory behind managed care is that it improves health outcomes.

**Additional reductions:** The Department plans to submit additional budget reductions in January totaling \$124.3 million General Fund. The Governor's budget transmittal letter assumes these savings.

The request mentions that the Department plans to review provider fees for ways to address budget sustainability but provides no further details.

**Controlling growth [legislation]:** The Department plans to request legislation in January to establish a year-over-year growth rate target for Medicaid General Fund. The Department says the target growth rate should align with growth in the TABOR cap.

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

## Medical Services Premiums 12/10/25

(Also, Executive Director's Office, Indigent Care, Other Medical Services, and Transfers to Other State Agencies)

**Forecast Overview:** Requests R1 through R5 are based on the Department's most recent forecasts of enrollment and expenditures under current law and policy. Combined they drive a \$2.8 billion increase in total funds, including a \$630.2 million increase in General Fund, in FY 2026-27. This issue brief discusses the major contributors to the increase in the forecast.

**Key Medicaid Provisions in H.R. 1:** This issue brief summarizes the major changes to Medicaid policy in H.R. 1 and the fiscal years when those new policies take effect. It highlights the work requirements for their impact on eligibility and the provider fee phase down for the fiscal impact.

**Budget Reduction Options:** The Executive Budget Request includes reductions of \$220.2 million General Fund for the Department of Health Care Policy and Financing, representing 4.0 percent of the current General Fund appropriations in this section of the budget. This issue brief reviews these proposals.

## Rural Impacts of H.R. 1 12/11/25

**Impacts of H.R. 1 on Rural Healthcare:** This issue brief examines how the One Big Beautiful Bill Act, or H.R. 1, affects Colorado's rural health ecosystem. This new piece of federal legislation implements substantial changes to Medicaid and has a sizable impact on rural healthcare in Colorado.

## Behavioral Health 12/12/25

**Budget Reduction Options:** The Executive Budget Request includes reductions of \$4.1 million General Fund for Behavioral Health Community Programs representing 1.2 percent of the current General Fund appropriations in this section of the budget.<sup>5</sup> This issue brief reviews these proposals and additional options identified by staff.

**High Acuity Youth:** The JBC sponsored S.B. 25-292 (Workforce Capacity Center) and S.B. 25-294 (Behavioral Health Services for Medicaid Members) to address concerns with the continuum of care for high acuity youth. This issue brief provides an update on the Department's implementation of a system of care for Medicaid youth and movement of child welfare residential treatment placements to behavioral health capitation.

## Office of Community Living 12/15/25

**Budget Reduction Options:** The Department of Health Care Policy and Financing, Office of Community Living, represents 4.1 percent of total state General Fund appropriations in FY 2025-26. The Executive budget request includes proposed reductions of \$74.5 million, representing 10.6 percent of the General Fund appropriations in this section of the budget. These reductions are offset by proposed increases, so that the Office's total General Fund is requested to increase by 1.6 percent.

**R5 Office of Community Living:** The issue brief discusses the annual budget request for adjustments in appropriations that fund services to individuals with intellectual and developmental disabilities. Budget requests are based on projected caseload and the associated costs for the Home- and Community-Based Services: Adult

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<sup>5</sup> Current FY 2025-26 appropriations do not include mid-year reductions in executive orders.

Comprehensive (DD), Supported Living Services (SLS), Children's Extensive Services (CES), and Children's Habilitation Residential Program (CHRP) waivers.

**R7 Eligibility administration:** This issue brief discusses the Department's proposal to centralize some administrative services for eligibility determinations for medical and public assistance programs that are currently provided by counties.

## For More Information

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To read the entire briefing: Go to [content.leg.colorado.gov/content/budget#budget-documents-section](https://content.leg.colorado.gov/content/budget#budget-documents-section) to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.

# Higher Education

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's FY 2025-26 appropriation represents 13.8 percent of statewide operating appropriations and 9.9 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Higher Education

Item	Total Funds	General Fund [1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$6,492,016,560	\$1,685,201,835	\$3,430,837,406	\$1,349,232,021	\$26,745,298	28,036.3
Other legislation	-67,135,627	-852,966	-3,000,000	-63,282,661	0	-1.4
<b>Total</b>	<b>\$6,424,880,933</b>	<b>\$1,684,348,869</b>	<b>\$3,427,837,406</b>	<b>\$1,285,949,360</b>	<b>\$26,745,298</b>	<b>28,034.9</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$6,424,880,933	\$1,684,348,869	\$3,427,837,406	\$1,285,949,360	\$26,745,298	28,034.9
R1 IHE op. and tuition	90,470,112	4,682,965	81,986,812	3,800,335	0	0.0
R2 FLC Native American tuition waiver	333,205	333,205	0	0	0	0.0
R3 Financial aid caseload	2,752,886	2,752,886	0	0	0	0.0
R4 FY23-24 formula adj	441,656	220,828	0	220,828	0	0.0
R5 Additional staff support	508,897	508,897	0	0	0	4.0
R6 LPFFS reductions	-9,788,334	-4,894,167	0	-4,894,167	0	0.0
R7 Elim. rural teacher recruitment and student benefits platform	-1,258,097	-1,258,097	0	0	0	-0.8
R8 HED prev reductions	-384,850	-300,000	0	-84,850	0	0.0
R9 MTCF balancing	-1,275,000	0	-1,275,000	0	0	0.0
HC R1 Limited gaming	1,000,000	0	1,000,000	0	0	0.0
HC R2 LB central approps	0	0	0	0	0	0.0
HC R3 HSMO, comm museums reduction	-36,796	-36,796	0	0	0	0.0
HC R4 Cumbres and Toltec reduction	-48,213	-48,213	0	0	0	0.0
Compensation common policies	1,955,345	605,359	1,342,783	0	7,203	0.0
Operating common policies	-395,783	-16,721	-445,697	66,635	0	0.0
Impacts driven by other agencies	182,436	44,366	174,766	-36,696	0	1.1
Prior year actions	8,334,457	-767,226	9,332,291	-230,608	0	-3.0
<b>Total</b>	<b>\$6,517,672,854</b>	<b>\$1,686,176,155</b>	<b>\$3,519,953,361</b>	<b>\$1,284,790,837</b>	<b>\$26,752,501</b>	<b>28,036.2</b>
<b>Increase/-Decrease</b>	<b>\$92,791,921</b>	<b>\$1,827,286</b>	<b>\$92,115,955</b>	<b>-\$1,158,523</b>	<b>\$7,203</b>	<b>1.3</b>
<b>Percentage Change</b>	<b>1.4%</b>	<b>0.1%</b>	<b>2.7%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>0.0%</b>

[1] Includes General Fund Exempt.

Changes are assumed to be ongoing unless otherwise noted.

**R1 IHE operating and tuition:** The Department requests adjustments of General Fund and tuition for institutions of higher education (IHEs) for the current year and budget year.

Current Year: Reductions of \$9.5 million General Fund to fee for service contracts with IHEs included in the Governor's August 28, 2025 Executive Order.

Year 1: A net increase of \$90.5 million, including \$4.7 million General Fund for state support and \$82.0 million cash funds from student tuition.

The General Fund adjustment includes the FY 2025-26 reduction of \$9.5 million and increases that include:

- \$10.6 million for the IHEs to cover classified employees under the collective bargaining agreement;
- \$2.2 million for specialty education programs;
- \$0.5 million for local district colleges and area technical colleges; and
- \$0.7 million for financial aid.

The tuition adjustment is a 2.6 percent increase for in-state undergraduate and 3.0 percent increase for other students.

**R2 Fort Lewis College (FLC) Native American tuition waiver:** The Department requests an adjustment for the state responsibility for Native American student tuition costs at Fort Lewis College.

Year 1: A General Fund increase of \$333,205

The increase will allow for the total cost for 78 resident and 1,122 nonresident Native American students enrolled during the FY 2024-25 school year.

The Department identifies this item as an evidence-informed request.

**R3 Financial aid caseload:** The Department requests adjustments for financial aid programs as required by statute based on the operating increase identified in R1.

Year 1: A General Fund increase of \$2.8 million

The total increase for financial aid is \$3.4 million. Of that amount, \$0.7 million is included in R1 and the remaining \$2.8 million is included in R3. The total increase includes:

- \$2.5 million for State Aid for Foster Students
- \$0.14 million for Postsecondary Assistance for Students who were Homeless in High School; and
- \$0.02 million for the Private College Opportunity Fund.

The Department identifies this item as an evidence-based proven request.

**R4 FY23-24 formula adjustments:** The Department requests adjustments related to a data error included in the funding formula in FY 2023-24 to restore funding for affected institutions.

Year 1: A General Fund increase of \$0.22 million

The request includes \$0.19 million for Colorado Mesa University and \$0.03 million for the University of Northern Colorado.

**R5 Additional staff support:** The Department requests funding for five new positions for finance and compliance staff and one-time funding to contract for the creation and implementation of a fiscal training program.

Year 1: A General Fund increase of \$0.5 million, including \$448,897 for 4.0 FTE and \$60,000 of one-time funding for the contract training program.

Year 2: A General Fund total cost of \$525,446 and 5.0 FTE for future years.

**R6 Limited Purpose Fee for Service (LPFFS) reductions [legislation]:** The Department requests reductions to various Limited Purpose Fee for Service programs.

Current year: A decrease of \$3.0 million General Fund included in the Governor's August 28, 2025 Executive Order.

Year 1: A General Fund decrease of \$1.9 million.

The request includes:

- A 50.0 percent reduction in limited purpose fee for service (LPFFS) contracts with IHEs for the current year consistent with the Governor's Executive Order;
- Discontinuing the Colorado Rural Healthcare Workforce Initiative, Cyber Coding Cryptology for State Record, and Food System Advisory Council for FY 2026-27; and creating a separate line item and sunset provision for two continuing programs that include Career Pathways Funding and Improve Healthcare Access for Older Coloradans.

**R7 Eliminate rural teacher recruitment program and student benefits platform [legislation]:** The Department requests the elimination of the Rural Teacher Recruitment, Retention, and Professional Development program and the Online Platform for Public Benefits for Higher Education Students program.

Year 1: A General Fund decrease of \$1.3 million.

The request includes a reduction of \$1.2 million and 0.8 FTE for the Rural Teacher program and \$45,000 for the Online Platform program.

**R8 HED previously proposed reductions (submitted as NP 1, 2, and 3 related to statewide R6) [legislation]:** The Department requests reconsideration of three reductions denied for FY 2025-26.

Year 1: A decrease of \$0.4 million, including a decrease of \$0.3 million General Fund and \$84,850 reappropriated funds from indirect cost recoveries.

The request includes:

- Reducing Teacher Mentor Grant Funding (\$300,000 GF);
- Professional Student Exchange Program (PSEP) Western Interstate Commission on Higher Education (WICHE) – Optometry roll-off (\$84,850 RF); and
- Legislation to eliminate the \$2.1 million limited gaming funds transfer to the Colorado Higher Education Competitive Research Authority (CHECRA).

**R9 MTCF balancing (submitted as NP9 related to statewide R7):** The Department requests adjustments to Marijuana Tax Cash Fund (MTCF) appropriations.

Year 1: A reduction of \$1.3 million cash funds from the MTCF

The request includes:

- \$2.0 million reduction for elimination of the current appropriation to the University of Colorado School of Public Health for research on marijuana concentrates; and
- \$725,000 increase and restoration of funding for the Institute of Cannabis Research at CSU-Pueblo.

**HC R1 Limited gaming [legislation]:** History Colorado (HC) requests legislation to redirect \$1.0 million of limited gaming funds that are currently dedicated to the Travel and Tourism Promotion Cash Fund in the Governor’s Office of Economic Development and International Trade (OEDIT) to the History Colorado operating cash fund.

Year 1: An increase of \$1.0 million cash funds from the State Historical Fund Operations Account originating from limited gaming funds.

History Colorado requests an equivalent increase in cash funds spending authority across several operating line items. Line item adjustments include:

- \$650,000 for Statewide Programming, Community Museums, and the Office of Archeology and Historic Preservation;
- \$150,000 for History Colorado Center and Facilities Management; and
- \$100,000 increases for Central Administration and Collections and Curatorial Services.

**HC R2 Long Bill central appropriations restructure:** History Colorado requests a budget neutral transfer of compensation and operating common policies from the Department of Higher Education to the History Colorado budget.

**HC R3 Historical Site Maintenance and Operations (HSMO) and community museums reductions:** History Colorado requests a 2.5 percent General Fund reduction for Historical Site Maintenance and Operations (HSMO) and Community Museums.

Year 1: A decrease of \$36,796 General Fund

The request includes a reduction of:

- \$33,944 for Community Museums (\$1.4 million GF base appropriation); and
- \$2,852 for Historical Site Maintenance (\$0.1 million GF base appropriation).



**HC R4 Cumbres and Toltec reduction:** History Colorado and the Cumbres and Toltec Railroad request a 3.5 percent General Fund reduction for the appropriation to the Cumbres and Toltec Railroad Commission.

Year 1: A decrease of \$48,213 General Fund.

**Compensation common policies:** The request includes a net increase of \$2.0 million total funds for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$777,668	\$254,062	\$437,770	\$0	\$85,836	0.0
Health, life, and dental	798,446	232,380	602,815	0	-36,749	0.0
Unfunded liability amortization payments	257,008	77,205	212,830	0	-33,027	0.0
Step plan	104,799	34,526	58,568	0	11,705	0.0
Paid family and medical leave insurance	11,565	3,474	9,577	0	-1,486	0.0
PERA direct distribution	4,059	3,172	19,732	0	-18,845	0.0
Short-term disability	1,799	540	1,490	0	-231	0.0
Shift differential	1	0	1	0	0	0.0
<b>Total</b>	<b>\$1,955,345</b>	<b>\$605,359</b>	<b>\$1,342,783</b>	<b>\$0</b>	<b>\$7,203</b>	<b>0.0</b>

**Operating common policies:** The request includes a net decrease of \$0.4 million for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	\$277,424	\$11,582	\$229,146	\$36,696	\$0	0.0
Legal services	90,935	-5,789	96,724	0	0	0.0
State accounting system (CORE)	77,197	0	49,965	27,232	0	0.0
Workers' compensation	19,701	0	13,923	5,778	0	0.0
Risk management & property	-838,526	0	-835,455	-3,071	0	0.0
Capitol Complex leased space	-22,514	-22,514	0	0	0	0.0
<b>Total</b>	<b>-\$395,783</b>	<b>-\$16,721</b>	<b>-\$445,697</b>	<b>\$66,635</b>	<b>\$0</b>	<b>0.0</b>

**Impacts driven by other agencies:** The request includes a net increase of \$0.18 million for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$200,623	\$20,000	\$180,623	\$0	\$0	0.9
NP SB24-205 AI compliance	23,952	22,660	\$1,292	\$0	0	0.2
NP State accounting system (CORE) staff	9,453	3,025	6,428	0	0	0.0
NP Statewide enable AI	871	0	871	0	0	0.0
NP IT operating offset	-45,870	0	-9,174	-36,696	0	0.0
NP IT efficiencies	-6,593	-1,319	-5,274	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total	\$182,436	\$44,366	\$174,766	-\$36,696	\$0	1.1

**Prior year actions:** The request includes a net increase of \$8.3 million total funds, including an increase of \$9.3 million cash funds, for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Fitzsimmons COP	\$10,304,490	\$1,021,872	\$9,282,618	\$0	\$0	0.0
HC COP	302,156	302,156	0	0	0	0.0
CO Geological Survey	93,907	25,961	67,946	0	0	0.0
HC COP sequestration	6,512	0	6,512	0	0	0.0
FY 25-26 Financial aid staff	1,058	1,058	0	0	0	0.0
HC FY 25-26 comm museum adjust	0	20,410	-20,410	0	0	0.0
SB 21-215 Open ed resources	-1,112,677	-1,112,677	0	0	0	-1.0
Path4Ward	-559,975	-559,975	0	0	0	-1.0
SB 21-185 Supp educ wrkforc in CO	-239,778	-119,889	0	-119,889	0	0.0
SB 24-104 Career, tech ed, apprent	-221,438	-110,719	0	-110,719	0	0.0
SB 22-181 BH-care workforce	-93,409	-93,409	0	0	0	-1.0
HB 23-1220 Stud RepubRiv Econ Imp	-66,983	-66,983	0	0	0	0.0
HC Hist tax credit adjust	-61,531	-61,531	0	0	0	0.0
HB 24-1364 Ed-based wrkfrc ready	-10,000	-10,000	0	0	0	0.0
NWC COP	-4,375	0	-4,375	0	0	0.0
SB 23-219 Supp stud and fac schools	-3,500	-3,500	0	0	0	0.0
Total	\$8,334,457	-\$767,226	\$9,332,291	-\$230,608	\$0	-3.0

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by JBC staff.

**Budget Reduction Options:** The Executive Budget Request includes budget year reductions of \$16.0 million General Fund for the Department of Higher Education representing 1.0 percent of current General Fund appropriations in this section of the budget.<sup>6</sup> The request also includes current year reductions of \$12.5 million General Fund in the Governor's Executive Order. The current year request includes a transfer that makes an additional \$9.2 million General Fund available. This issue brief reviews these proposals and additional options identified by staff.

**Department Request for Formula Funding for Institutions and Financial Aid:** This issue brief provides additional information on the Department's R1, R3, and R4 requests related to institution operating support and financial aid.

**R6/S2 LPFFS Reductions:** This issue brief provides additional information on the Department's R6/S2 Limited Purpose Fee for Service Reductions.

<sup>6</sup> Current FY 2025-26 appropriations do not include mid-year reductions in executive orders.

**MTCF Adjustments:** This issue brief provides additional information on the Department's Marijuana Tax Cash Fund (MTCF) adjustments included in the Statewide R7 MTCF Balancing request.

**Informational Overview for Notable Items:** This issue brief provides notice and updates for particular higher education policy and program items that may be of interest in the budget process.

## For More Information

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To read the entire briefing: Go to [content.leg.colorado.gov/content/budget#budget-documents-section](https://content.leg.colorado.gov/content/budget#budget-documents-section) to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.

# Human Services

The Department of Human Services is charged with the administration and supervision of most non-medical public assistance and welfare programs in the state. The Department's FY 2025-26 appropriation represents approximately 5.7 percent of statewide operating appropriations and 7.8 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Human Services

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$2,668,676,927	\$1,323,288,949	\$454,233,575	\$235,269,773	\$655,884,630	5,511.1
Other legislation	4,214,533	-647,338	8,739,414	-4,104,819	227,276	56.4
<b>Total</b>	<b>\$2,672,891,460</b>	<b>\$1,322,641,611</b>	<b>\$462,972,989</b>	<b>\$231,164,954</b>	<b>\$656,111,906</b>	<b>5,567.5</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$2,672,891,460	\$1,322,641,611	\$462,972,989	\$231,164,954	\$656,111,906	5,567.5
R1 Youth services radios	327,600	327,600	0	0	0	0.0
R2 Autism facility licensing	561,540	477,309	0	0	84,231	4.6
R3 SNAP federal policy changes	12,453,035	36,846,852	0	0	-24,393,817	0.0
R4 Hospital revenues and contracts	2,080,500	-1,800,672	7,765,022	-3,883,850	0	0.0
R5 TANF state policy changes	-19,180,663	0	-19,180,663	0	0	0.0
R6 County Block Grant Support Fund	0	0	0	0	0	0.0
R7 Reduce HCA case management	-531,629	-531,629	0	0	0	0.0
R8 Modify county funding study	-400,000	-100,000	0	-160,000	-140,000	0.0
R9 Reduce department admin	-3,455,758	-2,961,750	-43,916	-22,700	-427,392	0.0
R10 Reduce Reg Center record system	-290,000	0	0	-290,000	0	0.0
R11 Reduce peer support	-649,260	-649,260	0	0	0	0.0
R12 Reduce Tony Grampsas	-200,000	-400,000	200,000	0	0	0.0
R13 Reduce collab management	0	-700,000	700,000	0	0	0.0
R14 Reduce foster training	-150,000	-150,000	0	0	0	0.0
R15 Reduce NGRI transition serv	-300,000	-300,000	0	0	0	0.0
R16 Reduce child abuse hotline	-629,000	-629,000	0	0	0	0.0
R17 Reduce Summer EBT	-360,066	-180,033	0	0	-180,033	0.0
R18 Reduce SNAP outreach	-1,250,000	-500,000	0	0	-750,000	0.0
BHA R1 Reduce admin	-551,200	-551,200	0	0	0	-4.0
BHA R2 Repeal safety net assist	-500,000	-500,000	0	0	0	0.0
BHA R3 Reduce substance treatment	-3,000,000	-3,000,000	0	0	0	0.0
BHA R4 Reduce care coordination	-250,000	-250,000	0	0	0	0.0
Statewide R6 Prior reduction options	-1,695,771	-1,679,490	0	0	-16,281	0.0
Employee compensation common policies	21,224,398	13,004,403	996,120	5,618,758	1,605,117	0.0
Operating common policies	-20,222,425	-2,408,502	-1,174,673	-10,588,100	-6,051,150	0.0
Impacts driven by other agencies	1,544,765	1,511,638	105,337	-1,272,691	1,200,481	0.9

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Technical adjustments	865,378	865,378	0	0	0	0.0
Prior year actions	131,939	2,179,888	-1,214,090	46,871	-880,730	11.9
Total	\$2,658,464,843	\$1,360,563,143	\$451,126,126	\$220,613,242	\$626,162,332	5,580.9
Increase/-Decrease	-\$14,426,617	\$37,921,532	-\$11,846,863	-\$10,551,712	-\$29,949,574	13.4
Percentage Change	-0.5%	2.9%	-2.6%	-4.6%	-4.6%	0.2%

Changes are assumed to be ongoing unless otherwise noted.

**R1 Youth services radios:** The Department asks to increase funding for radios in the Division of Youth Services (DYS). The current radios used in secure DYS facilities are no longer supported by the manufacturer.

Year 1: The total cost is \$327,600 General Fund.

Costs support the annual replacement of radios and supporting equipment for two facilities each year. The radios for each facility would be replaced every five years on an ongoing basis.

**R2 Autism facility licensing [legislation]:** The Department asks to increase funding to license autism treatment facilities.

Year 1: The total cost is \$561,540. This includes \$477,309 General Fund, \$84,231 federal funds, and 4.6 FTE.

The Department asks for the Committee to sponsor legislation to include facilities that perform applied behavior analysis (ABA) within the statutory licensing responsibilities of the Department. ABA is a treatment option for youth with autism spectrum disorder. The Department has indicated that this is a Proven request.

**R3 SNAP federal policy changes:** The Department asks for an increase in General Fund to offset lost federal funds for the administration of the Supplemental Nutrition Assistance Program (SNAP).

Year 1: The total cost is \$12.5 million. This includes an increase of \$36.8 million General Fund and a decrease of \$24.4 million federal funds. The request was submitted before the November 2025 election occurred, the results of which will alleviate the General Fund impact for at least FY 2026-27.

Year 2: The total cost is \$14.8 million. This includes an increase of \$48.9 million General Fund and a decrease of \$34.1 million federal funds.

The request addresses the fiscal impact of changes to federal policies made through federal H.R. 1. The Department has indicated that this is an Evidence-informed request.

**R4 Hospital revenues and contracts [legislation]:** The Department asks for legislation to create cash funds for patient revenues received by the state hospitals.

Current year: The total cost is \$2.1 million total funds. Amounts include a decrease of \$2.3 million General Fund, an increase of \$8.2 million cash funds, and a decrease of \$3.9 million Medicaid reappropriated funds.

Year 1: The total cost is \$2.1 million total funds. Amounts include a decrease of \$1.8 million General Fund, an increase of \$7.8 million cash funds, and a decrease of \$3.9 million Medicaid reappropriated funds.

The state hospitals currently receive revenues from private insurance, Medicaid, and Medicare for eligible patients and services. However, there is no statutory cash fund to receive revenues. Revenues have increased in recent years due to increasing patient census and reimbursement rates. Revenues that exceed spending authority in the Long Bill revert to the General Fund. Creating cash funds would allow the hospitals to retain revenues.

**R5 TANF state policy changes [legislation]:** The Department asks the Committee to sponsor legislation to make substantive changes to state policies for implementing federal Temporary Assistance of Needy Families (TANF) programs.

Year 1: The total reduction is \$19.2 million cash funds. The cash funds are from counties and are shown for informational purposes only.

The Department is proposing significant policy and structural changes to appropriations for Colorado Works, which is the State's implementation of the federal Temporary Assistance for Needy Families (TANF) program. The Department has indicated that this is a Promising request.

**R6 County Block Grant Support Fund:** The Department asks to shift federal TANF funds from state administration to the County Block Grant Support Fund.

Year 1: The cost is a net-neutral shift of funding between line items.

The Department seeks to increase financial support for counties that have low TANF reserves and face a natural disaster or emergency.

**R7 Reduce HCA case management:** The Departments asks to reduce funding for Home Care Allowance (HCA) case management to align appropriations with reduced program caseload.

Year 1: The total reduction is \$0.5 million General Fund.

The Department proposes reducing HCA case management funding by 55.6 percent. Effective April 2022, the State Board of Human Services approved a rule change that makes HCA the program of last resort for people with disabilities seeking home care services in order to divert them to more robust benefits available through other home care programs.

The new rule requires SEPs to evaluate clients for Home and Community Based Services (HCBS) functional eligibility before considering HCA eligibility. The client is not eligible for HCA if they are determined functionally eligible for HCBS as determined through a Long-term Care assessment.

**R8 Modify county funding study [legislation]:** The Department asks the Committee to sponsor legislation to adjust the timing of a statutorily required study of county administration funding.

Year 1: The total reduction is \$0.4 million. This includes a reduction of \$100,000 General Fund, \$160,000 reappropriated funds, and \$140,000 federal funds. The reappropriated funds are transferred from the Department of Health Care Policy and Financing and are an equal amount of General Fund and federal Medicaid funds.

The request proposes changing the timing for the completion of the three primary elements of the funding study authorized by S.B. 22-235 (County Administration of Public Assistance Programs): a time study, a county salary survey, and a complete funding model. The completion of each element is currently conducted and delivered on an annual cycle. The request asks to change the study to a triennial cycle, with one element completed each year and the full study delivered in the third year.

**R9 Reduce department administration:** The Department asks to decrease funding for administrative costs.

Year 1: The total decrease is \$3.5 million. This includes a decrease of \$3.0 million General Fund, \$43,916 cash funds, \$22,700 reappropriated funds, and \$427,392 federal funds.

Year 2: The decrease is \$1.8 million in future years. This includes \$1.3 million General Fund.

The request includes a one-time decrease for employee health insurance and ongoing decreases for several administrative line items throughout the department. Administrative decreases include reduced spending on travel and other operating costs as well as not filling vacant staff positions.

#### **R9 Reduce department administration**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, dental	-\$2,177,791	-\$1,683,783	-\$43,916	-\$22,700	-\$427,392	0.0
Division of Child Welfare	-855,000	-855,000	0	0	0	0.0
Office of Adults, Aging & Disability	-190,326	-190,326	0	0	0	0.0
Adult Protective Services	-168,641	-168,641	0	0	0	0.0
Office of Children, Youth & Families	-32,000	-32,000	0	0	0	0.0
Community Services for the Elderly	-32,000	-32,000	0	0	0	0.0
<b>Total</b>	<b>-\$3,455,758</b>	<b>-\$2,961,750</b>	<b>-\$43,916</b>	<b>-\$22,700</b>	<b>-\$427,392</b>	<b>0.0</b>

**R10 Reduction Regional Centers record system:** The Department asks to reduce funding for the Regional Centers electronic health records system. This aligns the appropriation with lower-than-expected costs.

Year 1: The total reduction is \$0.3 million reappropriated funds. The reappropriated funds are transferred from the Department of Health Care Policy and Financing and are an equal amount of General Fund and federal Medicaid funds.

The request anticipates that the operational costs for the electronic health records system will be lower than the current appropriation. The system is beyond the development phase and is currently in operations and maintenance.

**R11 Reduce peer support:** The Department asks to eliminate a contract for peer support services at the state hospitals. The request is a budget balancing measure and will eliminate access to services.

Year 1: The total decrease is \$649,260 General Fund.

Peer support specialists assist patients transitioning from the state hospitals to the community. Utilization of the existing contract is limited due to workforce shortages and patient acuity. Peer support specialists had 260 unique patient contacts at Pueblo and 42 at Fort Logan from 2020 to 2025.

**R12 Reduce Tony Grampsas:** The Department asks to decrease funding for the Tony Grampsas Youth Services Program. The request is a budget balancing measure to eliminate the one-year grants, but does not affect three-year grants.

Year 1: The total decrease is \$200,000. This includes a decrease of \$400,000 General Fund, partially offset by an increase of \$200,000 from the Marijuana Tax Cash Fund.

The Tony Grampsas Youth Services Program currently awards one- and three-year grants. Grants support community programs intended to reduce youth crime and substance use. Three-year grants served 51,423 youth in FY 2023-24, compared to 350 served by the one-year grants. Eliminating one-year grants is anticipated to have less of a service impact than reducing three-year grants. The Department has indicated that this is an Evidence-informed request.

**R13 Reduce collaborative management:** The Department asks to decrease funding for the Collaborative Management Program (CMP). The request is a budget balancing measure that would reduce awards to counties by the third year.

Year 1: The total decrease is net-zero. Amounts include a decrease of \$700,000 General Fund, offset by an equal increase of cash funds from the Collaborative Management Cash Fund.

Year 2: The total decrease is \$300,000. Amounts include a decrease of \$700,000 General Fund, partially offset by Collaborative Management cash funds.

Year 3: The ongoing decrease is \$700,000 General Fund, not offset by cash funds.

The Collaborative Management Program (CMP) provides funding to counties for programs that encourage resource sharing across county departments of human services, school districts, judicial districts, law enforcement, and other entities. Programs are intended to reduce child welfare and juvenile justice involvement while also reducing local costs.

The General Fund reduction is partially offset by cash funds in the first two years. Cash funds are from an under-utilized General Fund transfer from H.B. 23-1249 (Reduce Justice-involvement for Young Children). However, cash fund revenues are not sufficient to offset the General Fund reduction on an ongoing basis. The Department has indicated that this is a Proven request.

**R14 Reduce foster training:** The Department asks to decrease funding for foster parent training and recruitment. The request is a budget balancing measure that would reduce marketing contracts and discretionary event expenditures without impacting access to services.

Year 1: The total decrease is \$150,000 General Fund.



**R15 Reduce Not Guilty by Reason of Insanity (NGRI) transition services:** The Department asks to reduce funding that supports NGRI individuals due to recent under-expenditures. The request indicates that the current appropriation exceeds caseload demands for the program.

Year 1: The total decrease is \$300,000 General Fund.

The Forensic Community Based Services program provides treatment, supervision, and case management support for NGRI individuals in the community. This can include individuals transitioning from hospitalization to the community, and people in the community on temporary removal status or conditional release.

Under-expenditures can and have been transferred to offset over-expenditures at the state hospitals. A reduction is not expected to impact services for NGRI individuals, but does reduce overall funding available to the hospitals. The Department has indicated that this is a Promising request.

**R16 Reduce child abuse hotline:** The Department asks to decrease funding for the child abuse and neglect hotline (844-CO-4-KIDS). Operating costs for the hotline have decreased after moving to a lower-maintenance cloud-based system in 2024.

Year 1: The total decrease is \$629,000 General Fund.

Counties receive reports of child abuse and neglect through the hotline. The reduction will not impact access to the hotline. However, under-expenditures for the hotline can be used to backfill the Child Welfare Block allocation. A reduction to the hotline therefore reduces the total funding available for basic child welfare services.

**R17 Reduce Summer EBT:** The Department asks to reduce funding for the Summer Electronic Benefits Transfer (EBT) program.

Year 1: The total reduction is \$0.4 million. This includes a reduction of \$180,033 General Fund and an equal amount of federal funds.

The request proposes a 10.0 percent reduction in administration appropriations for the Summer EBT program. The majority of the savings will come from adjustments to the call center contract and are not anticipated to impact program benefits.

**R18 Reduce SNAP outreach:** The Department asks to reduce funding for outreach activities related to SNAP.

Year 1: The total reduction is \$1.3 million. This includes a reduction of \$0.5 million General Fund and \$0.8 million federal funds.

Year 2: The total reduction is \$2.3 million. This includes a reduction of \$0.9 million General Fund and \$1.4 million federal funds.

The request acknowledges that outreach activities are optional and that non-profits and philanthropic organizations conduct a significant amount of these efforts. These partners can receive federal matching funds

from investing their own resources. The step-down approach proposed by the Department will enable outreach partners to identify alternative funding sources in order to create a self-sustaining SNAP outreach program.

**BHA R1 Reduce administration:** The Behavioral Health Administration (BHA) asks to decrease funding for administrative costs that are duplicative of administrative requirements for Behavioral Health Administration Service Organizations (BHASOs).

Year 1: The reduction is \$551,200 General Fund and 4.0 FTE.

The request eliminates four positions in the BHA to address duplication with BHASO requirements. The positions include one contract administrator, two care coordinators, and one engagement specialist. The reduction also includes an operating decrease of \$124,886 related to IT start-up costs for setting up the BHASO system that are no longer needed.

**BHA R2 Repeal safety net assistance [legislation]:** The BHA asks for legislation to eliminate a statutorily required contract to provide technical assistance for safety net applications.

Year 1: The reduction is \$500,000 General Fund.

House Bill 24-1045 (SUD Treatment) required the BHA to contract with a third-party to provide technical assistance for safety net provider applications. The BHA contracted to support withdrawal management providers as an area of specialized need.

The request requires legislation to eliminate the contract requirement. The BHA is still required to provide technical assistance, and materials produced under the contract will remain available to applicants.

**BHA R3 Reduce substance treatment [legislation]:** The BHA asks to eliminate the Building Substance Use Disorder Treatment Capacity Grant Program. The intent of the request is to maintain the most effective and flexible funding streams for direct treatment by reducing less-effective programs.

Year 1: The reduction is \$3.0 million General Fund.

The request notes a few concerns with the grant program, including:

- Funds are distributed at the time of the award rather than on a reimbursement basis, creating risk to the state.
- BHASOs are required to return unspent funds to the state at the end of two years, creating risk and difficult accounting for the BHASOs.
- Awards are one-time capacity building grants that must be spent in two years. Awardees struggle to spend the full amount in the time provided due to workforce shortages or construction delays, particularly in rural areas.
- Awards are made by a board that the BHA struggles to fill because eligible members prefer to work on similar grants with larger awards.

The request uses \$3.0 million from the Marijuana Tax Cash Fund that supported the grant to refinance \$3.0 million General Fund for general substance use disorder (SUD) treatment. The BHA has indicated that this is a Promising request. The request components are detailed in the table below.

**BHA R3 Detail**

Item	Total Funds	General Fund	Marijuana Tax Cash Fund
Repeal HB 19-1287 SUD grant	-\$3,000,000	\$0	-\$3,000,000
Refinance general SUD treatment	0	-3,000,000	3,000,000
Total	-\$3,000,000	-\$3,000,000	\$0

**BHA R4 Reduce care coordination:** The BHA asks to reduce funding for the Care Coordination for Certified Individuals program to align appropriations with actual caseload.

Year 1: The reduction is \$250,000 General Fund.

House Bill 22-1256 (Modifications to Civil Involuntary Commitment) required the BHA to provide or contract for care coordination services to certified individuals. Certification is a civil court order for involuntary mental health treatment. The program was expected to serve 220 individuals annually, but only served 188 in FY 2024-25. The change is not expected to impact access to services.

**Statewide R6 Prior reduction options:** The Executive Branch asks for a decrease of \$1.7 million for other reduction options as a statewide request.

**Statewide R6 Prior reduction options**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
BHA Repeal Recovery Support Grant	-\$1,600,000	-\$1,600,000	\$0	\$0	\$0	0.0
Child welfare admin	-95,771	-79,490	0	0	-16,281	0.0
Total	-\$1,695,771	-\$1,679,490	\$0	\$0	-\$16,281	0.0

For child welfare, the statewide request includes a reduction of \$79,490 General Fund for administrative costs in addition to the \$855,000 General Fund reduction from R9.

For the BHA, the statewide request includes legislation to repeal the Recovery Support Grant created by S.B. 21-137 (Behavioral Health Recovery Act). The grant supports programs that provide community for people in substance use recovery. This may include grants to non-profits that host sober events or sober community spaces.

**Employee compensation common policies:** The request includes a net increase of \$21.2 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

**Employee compensation common policies**

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$12,758,306	\$7,759,870	\$655,842	\$1,873,031	\$2,469,563	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	8,283,439	3,614,641	702,618	2,767,072	1,199,108	0.0
Step plan	1,624,940	1,157,853	113,954	201,220	151,913	0.0
PERA direct distribution	124,986	84,366	0	40,620	0	0.0
Unfunded liability amortization	64,442	-1,218,878	49,189	741,556	492,575	0.0
Paid family and medical leave	2,898	-54,851	2,214	33,370	22,165	0.0
Short-term disability	451	-8,532	344	5,191	3,448	0.0
Shift differential	-1,635,064	1,669,934	-528,041	-43,302	-2,733,655	0.0
Total	\$21,224,398	\$13,004,403	\$996,120	\$5,618,758	\$1,605,117	0.0

**Operating common policies:** The request includes a net decrease of \$20.2 million for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Workers' compensation	\$1,982,365	\$1,231,049	\$0	\$751,316	\$0	0.0
State accounting system (CORE)	770,144	415,878	0	354,266	0	0.0
Digital trunked radios	32,884	32,884	0	0	0	0.0
Indirect costs	-10,192,669	0	-1,174,673	-2,966,846	-6,051,150	0.0
Office of Information Technology services	-7,674,257	0	0	-7,674,257	0	0.0
Risk management & property	-3,069,099	-2,670,116	0	-398,983	0	0.0
Administrative law judge services	-898,401	-664,817	0	-233,584	0	0.0
Legal services	-764,308	-557,181	0	-207,127	0	0.0
Vehicle lease payments	-325,120	-160,934	0	-164,186	0	0.0
Capitol Complex leased space	-83,964	-35,265	0	-48,699	0	0.0
Total	-\$20,222,425	-\$2,408,502	-\$1,174,673	-\$10,588,100	-\$6,051,150	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$1.5 million for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HCPF R7 Benefits service delivery	\$2,455,447	\$1,149,629	\$105,337	\$0	\$1,200,481	0.0
OIT SB24-205 AI compliance	401,616	210,932	0	190,684	0	0.0
OIT accessibility	198,438	72,628	0	125,810	0	0.9
DPA State accounting system (CORE) staff	145,276	78,449	0	66,827	0	0.0
OIT Statewide enable AI	95,688	0	0	95,688	0	0.0
OIT operating offset	-1,247,873	0	0	-1,247,873	0	0.0
OIT efficiencies	-503,827	0	0	-503,827	0	0.0
Total	\$1,544,765	\$1,511,638	\$105,337	-\$1,272,691	\$1,200,481	0.9

**Technical adjustments:** The request includes a net increase of \$865,378 General Fund for annual lease adjustments.

**Prior year actions:** The request includes a net increase of \$131,939 for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 22-1238 Youth mental health	\$4,449,395	\$4,449,395	\$0	\$0	\$0	9.0
SB 25-169 Restaurant meals	242,613	121,307	0	0	121,306	0.5
FY 25-26 Fort Logan Gwing staffing	232,243	232,243	0	0	0	1.2
SB 25-235 Repeal temp youth shelter	199,877	182,568	0	0	17,309	0.0
HB 25-1271 Federal foster benefits	109,179	109,179	0	0	0	1.0
FY 25-26 HCPF convert to FTE	92,016	43,695	0	0	48,321	0.0
FY 25-26 Fed fee increase	64,963	10,394	0	40,927	13,642	0.0
SB 25-238 Repeal school BH screens	22,011	22,011	0	0	0	0.0
HB 24-1408 Adoption assistance	21,596	9,718	2,160	0	9,718	0.0
FY 25-26 Step plan	11,249	11,249	0	0	0	0.0
FY 19-20 Salesforce	6,724	780	0	5,944	0	0.0
SB 25-308 Medicaid housing & reentry serv	0	0	0	0	0	0.0
FY 25-26 BHA admin reduction	0	1,000,000	-1,000,000	0	0	0.0
FY 25-26 Salary survey	-2,290,824	-2,290,824	0	0	0	0.0
FY 25-26 HCPF county admin/CBMS	-1,687,943	-790,287	-72,412	0	-825,244	0.0
HB 25-1146 Juvenile detention cap	-325,870	-325,870	0	0	0	0.0
SB 24-117 Eating disorder treat	-314,130	-314,130	0	0	0	0.0
FY 25-26 Temporary emergency care	-199,877	-182,568	0	0	-17,309	0.0
HB 25-1279 TANF state data	-154,000	0	0	0	-154,000	0.0
HB 25-1159 Child support recs	-137,250	-46,665	0	0	-90,585	0.0
FY 25-26 Nat School Lunch CF true-up	-100,000	0	-100,000	0	0	0.0
HB 25-1154 Disability comm services	-40,105	0	-40,105	0	0	0.0
FY 25-26 Transitional living homes	-39,220	-39,220	0	0	0	0.2
SB 23-039 Incarcerated parent time	-21,600	-17,712	0	0	-3,888	0.0
HB 25-1188 Mandatory reporter	-5,375	-5,375	0	0	0	0.0
FY 25-26 Behavioral health licensing	-3,733	0	-3,733	0	0	0.0
<b>Total</b>	<b>\$131,939</b>	<b>\$2,179,888</b>	<b>-\$1,214,090</b>	<b>\$46,871</b>	<b>-\$880,730</b>	<b>11.9</b>

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget Reduction Options:** The Executive Budget Request includes reductions of \$13.8 million General Fund for the Department of Human Services. The reduction represents 1.0% percent of the current General Fund appropriations in this section of the budget.<sup>7</sup> This issue brief reviews these proposals and additional options identified by staff.

**R2 Autism Treatment Licensing:** Applied Behavior Analysis (ABA) is a treatment option for youth with autism spectrum disorder. ABA facilities and providers are unlicensed in the state of Colorado. The Department asks

<sup>7</sup> Current FY 2025-26 appropriations do not include mid-year reductions in executive orders.

that the JBC sponsor legislation to begin licensing ABA facilities. This issue brief provides background on ABA licensing and additional detail for the Department's request.

**Recent Legislation Impacting County Expenditures:** Recent legislation has increased county costs without covering the statutory state share of expenditures. This issue brief describes the child welfare allocations to counties and select legislation driving costs above appropriations.

**BHA ARPA Spending Update:** Multiple bills appropriated a total of \$296.0 million that originated from federal stimulus funds from the American Rescue Plan Act of 2021 (ARPA) to the Behavioral Health Administration (BHA). This issue brief provides the most recent expenditure data.

**Statewide Behavioral Health Funding:** The General Assembly appropriates General Fund to multiple departments for behavioral health programs. This issue brief summarizes the coordination role of the BHA, estimates behavioral health funding statewide, and discusses a proposal to restructure the BHA Long Bill section.

**Competency Caseload Updates:** The waitlist for inpatient competency restoration increased in FY 2024-25 despite recent investments by the General Assembly to increase capacity. This issue brief describes the competency process and provides a data update for court ordered evaluations, restoration, and the waitlist.

**Impact of Federal Policy Changes to SNAP:** This issue brief reviews and assesses the fiscal impact of federal policy changes to SNAP as implemented through H.R. 1. These fiscal impacts begin in FY 2026-27 and substantially increase in FY 2027-28.

**R5 TANF State Policy Changes:** This issue brief discusses the financial sustainability of the Colorado Works program and the federal TANF funds that support it. The Department is proposing several changes to the management of TANF funds in an attempt to delay the need for significant General Fund support for the Colorado Works program. The proposal requires legislation.

## For More Information

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# Judicial

The Judicial Department consists of the traditional Judicial Branch, comprised of the courts and probation, and independent agencies created in statute. Courts include the Supreme Court, the Court of Appeals, district courts (including the Denver probate and juvenile courts), county courts (except Denver county court), and probation.

The independent agencies include: the Office of the State Public Defender (OSPD); the Office of the Alternate Defense Counsel (ADC); the Office of the Child's Representative (OCR); the Office of the Respondent Parents' Counsel (ORPC); the Office of the Child Protection Ombudsman (OCPO); the Independent Ethics Commission (IEC); the Office of Public Guardianship (OPG); the Commission on Judicial Discipline (CJD); Bridges of Colorado (BRI); the Office of Administrative Services for Independent Agencies (OASIA); and the Office of Judicial Discipline Ombudsman (OJDO).

The Judicial Department's FY 2025-26 appropriation represents 2.5 percent of statewide operating appropriations and 5.2 percent of statewide General Fund appropriations.

## Summary of Request

### Judicial Department

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$1,148,010,817	\$875,204,785	\$203,914,808	\$64,466,224	\$4,425,000	5,696.7
Other legislation	3,741,831	3,741,831	0	0	0	28.1
<b>Total</b>	<b>\$1,151,752,648</b>	<b>\$878,946,616</b>	<b>\$203,914,808</b>	<b>\$64,466,224</b>	<b>\$4,425,000</b>	<b>5,724.8</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$1,151,752,648	\$878,946,616	\$203,914,808	\$64,466,224	\$4,425,000	5,724.8
C&P ITCap 1 Judicial case management system	3,200,000	0	3,200,000	0	0	0.0
C&P R1 Judicial officers	0	0	0	0	0	0.0
C&P R2 Trial courts and appellate court programs	1,340,845	-642,152	1,982,997	0	0	10.0
C&P R3 Probation programs	1,341,851	-1,409,000	2,750,851	0	0	12.5
C&P R4 General courts administration	723,724	723,724	0	0	0	4.0
C&P R5 Judicial personnel system maintenance study [info only]	0	0	0	0	0	0.0
C&P R6 Information technology infrastructure	6,753,750	0	6,753,750	0	0	0.0
C&P R7 Statewide judicial security plan	118,740	118,740	0	0	0	1.0
C&P R8 Ralph L. Carr Colorado Judicial Center	119,949	-1,340,712	1,406,654	54,007	0	0.0
C&P R9 Courthouse furnishings and infrastructure maintenance	3,400,000	3,400,000	0	0	0	0.0
C&P R10 SB24-241 technical correction	0	0	0	0	0	0.0
C&P R11 Increase cash fund revenue	0	0	0	0	0	0.0



Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
C&P R12 Language interpreters and translators	2,007,403	2,007,403	0	0	0	0.0
C&P R13 Court, jury, court-appointed counsel, and vacated conviction costs	1,310,756	1,310,756	0	0	0	0.0
C&P R14 Marijuana tax cash fund adjustments	0	0	0	0	0	0.0
C&P R15 Spending authority for Family Violence Justice Grants	150,000	0	150,000	0	0	0.0
C&P R16 Underfunded courthouse facility grants	1,500,000	0	1,500,000	0	0	0.0
C&P R17 Office of Dispute Resolution line item	0	0	0	0	0	0.0
C&P R18 True-up law library reappropriated funds	33,684	0	0	33,684	0	0.0
C&P R19 Pass-through requests	-1,894,269	314,184	-401,347	-1,807,106	0	0.0
C&P R20 Office of Atty Regulation Counsel pass-through	1,166,208	0	1,166,208	0	0	0.0
OSPD R1 Staff for Aurora domestic violence docket	1,186,852	1,186,852	0	0	0	11.8
OSPD R2 CBI DNA misconduct impact	2,000,000	2,000,000	0	0	0	0.0
OSPD R3 IT true-up	955,317	955,317	0	0	0	0.0
ADC R1 Caseload increase	3,542,761	3,542,761	0	0	0	0.0
OCR R1 Court-appointed counsel	-871,124	-871,124	0	0	0	0.0
ORPC R1 Court-appointed counsel and mandated costs	-900,000	-900,000	0	0	0	0.0
IEC R1 Add 0.5 FTE for investigator	57,272	57,272	0	0	0	0.5
IEC R2 IT accessibility maintenance	12,000	12,000	0	0	0	0.0
OPG R1 Program expansion	190,144	190,144	0	0	0	2.0
OJDO R1 Funding for Judicial Discipline	328,647	328,647	0	0	0	2.0
Employee compensation common policies	45,084,624	45,331,701	-540,307	293,230	0	0.0
Operating common policies	1,226,504	2,820,993	-979,562	-614,927	0	0.0
Impacts driven by other agencies	336,772	343,042	-6,270	0	0	1.4
Technical adjustments	1,598,801	1,598,801	0	0	0	0.0
Prior year actions	22,927,594	18,009,673	6,307,423	-1,389,502	0	79.5
<b>Total</b>	<b>\$1,250,701,453</b>	<b>\$958,035,638</b>	<b>\$227,205,205</b>	<b>\$61,035,610</b>	<b>\$4,425,000</b>	<b>5,849.5</b>
Increase/-Decrease	\$98,948,805	\$79,089,022	\$23,290,397	-\$3,430,614	\$0	124.7
Percentage Change	8.6%	9.0%	11.4%	-5.3%	0.0%	2.2%

Changes are assumed to be ongoing unless otherwise noted.

**C&P ITCap 1 Judicial case management system:** The Courts and Probation (C&P) request includes the third year of one-time funding for IT capital costs for the Judicial Case Management System.

Year 1 (3<sup>rd</sup> year of capital appropriations): The Department requests \$3,200,000 cash funds from the Judicial IT Cash Fund.

Year 2 (final year of capital appropriations): The Department expects to request \$15,358,792, including \$5,000,000 General Fund and \$10,358,792 cash funds.

The Department seeks capital appropriations for this system totaling \$33.8 million, including \$11.0 million General Fund and \$22.8 million cash funds, from FY 2024-25 through FY 2027-28. The General Assembly previously appropriated \$15.3 million of this amount, including \$6.0 million General Fund.

In FY 2025-26, the Department is hiring an advisory vendor to assist with completing the discovery phase of the project and help create all procurement documents. The Department expects to begin implementation in FY 2026-27 following development of the initial RFP(s), posting, and procurement.

The new system also adds to the Department's ongoing IT operating costs, primarily for annual subscription and hosting costs. The request indicates that in future years, annual operating costs associated with the new system are estimated to be approximately \$7.0 million cash funds per year

**C&P R1 Judicial officers:** The Department uses this request to emphasize its need for the second-year impact of the 2025 judges bill, S.B. 25-024. The second-year impact is \$4.7 million General Fund to add 37.5 FTE for the courts and is reflected in the Prior Year Actions table at the end of this section. The Department has not requested any other judicial officer resources.

Year 1: \$0

**C&P R2 Trial courts and appellate court programs:** The request includes a net total funds increase to add 10.0 FTE, including 8.0 trial court legal research attorneys and 2.0 Court of Appeals staff attorneys. It also proposes a temporary, 2 year refinance of General Fund with Judicial Stabilization Cash Funds.

Year 1: \$1.3 million total funds, including a reduction of \$0.6 million General Fund and an increase of \$2.0 million cash funds from the Judicial Stabilization Cash Fund, and 10.0 FTE.

Year 2: \$1.4 million total funds, including a reduction of \$0.7 million General Fund and an increase of \$2.1 million cash funds, and 10.0 FTE.

Year 3: \$1.4 million General Fund and 10.0 FTE.

**C&P R3 Probation programs:** The request includes a net increase to add 12.5 FTE probation officers, based on a staffing model approved by the Colorado Supreme Court. It also proposes a temporary 3 year refinance of General Fund with Offender Services Cash Funds.

Year 1: \$1.34 million total funds, including a reduction of \$1.41 million General Fund and an increase of \$2.75 million cash funds from the Offender Services Fund, and 12.5 FTE.

Years 2 & 3: \$1.36 million total funds, including a reduction of \$1.50 million General Fund and an increase of \$2.86 million cash funds, and 12.5 FTE.

Year 4: \$1.36 million General Fund and 12.5 FTE.

**C&P R4 General courts administration:** The request adds funding for 4.0 FTE, including 3.0 FTE to establish a Judicial Risk Management Office, and 1.0 FTE to increase capacity to support the State's probate courts.

Year 1: \$723,723 General Fund and 4.0 FTE.

Year 2: \$594,669 General Fund and 4.0 FTE.

**C&P R5 Judicial personnel system maintenance study [info only]:** The Department has not requested additional funding based on a personnel maintenance study. However, it has included R5 for informational purposes.

Year 1: \$0

Courts and Probation submits a total compensation request through templates developed by the Department of Personnel consistent with other state agencies. Requests for annual market studies for certain job classes or other special forms of compensation are submitted through separate decision items.

**C&P R6 Information technology infrastructure:** The request aligns spending authority with actual IT infrastructure expenditures.

Year 1: Increase of \$6,753,750 cash funds from the Judicial Information Technology Cash Fund. This fund receives revenues from Department-determined fees on electronic filings, network access and court database searches, and other information technology services.

Year 2: Increase of \$7,527,500 cash funds from the Judicial Information Technology Cash Fund.

IT infrastructure includes hardware replacement for personal computers, services, routers, switches, software and hardware maintenance and licenses, the voice and data network, efilings system, digital courts system, and case management system maintenance.

**C&P R7 Statewide judicial security plan:** The request is to add a security analyst to work with a taskforce and compile physical security recommendations for court and probation facilities, judicial officers, and staff statewide.

Year 1: Increase of \$118,740 General Fund and 1.0 FTE.

Year 2: \$121,783 General Fund and 1.0 FTE.

**C&P R8 Ralph L. Carr Colorado Judicial Center:** The request is for a “true-up” of appropriations in line items that support the Ralph L. Carr Colorado Judicial Center.

Year 1: Increase of \$119,949 total funds, including a decrease of \$1.3 million General Fund.

Year 2: Increase of \$3.4 million total funds, including a decrease of \$0.6 million General Fund.

The table summarizes the net impact of the proposed true-up in comparison to FY 2025-26 appropriations for courts and probation only. Once impacts in other departments located in the Judicial Center are included (Department of Law, Public Defender, and independent agencies), the statewide impact of the request is a reduction of \$1,302,595 General Fund for FY 2026-27 and a reduction of \$519,676 General Fund for FY 2027-28 and ongoing.

### C&P R8 Ralph L. Carr Colorado Judicial Center – Courts and Probation Impact Only

	FY 2026-27 Request	FY 2027-28
Total	\$119,949	\$3,381,828
FTE	0.0	0.0
General Fund	-1,340,712	-603,253
Cash Funds	1,406,654	1,780,076
Reappropriated Funds	54,007	2,205,005
Federal Funds	0	0

Adjustments include building management and operations; appropriations to the Justice Center Maintenance Fund; Justice Center Maintenance Fund expenditures, and debt service payments for the Judicial Center Certificate of Participation. The proposed changes provide General Fund savings for FY 2026-27, based on use of reserves. General Fund savings continue in subsequent years at a lower level.

**C&P R9 Courthouse furnishings and infrastructure maintenance:** The Department requests additional funds for courthouse and probation office infrastructure projects.

Current year: The request is for \$1.4 million General Fund.

Year 1: The request is for \$3.4 million General Fund.

Year 2: The request estimates an annual need for \$2.7 million General Fund.

Under current practice, the Department provide courthouse furnishings and audiovisual equipment for new and renovated courthouse facilities constructed by counties. The request includes space for new judges and associated personnel added in S.B. 25-024 (Judicial Officers), as well as funding to address other new and remodeled county court facilities.

**C&P R10 SB24-241 technical correction [legislation]:** The Department requests that the JBC sponsor legislation to make a technical correction S.B. 25-241 (Deposit Bond Forfeitures in Judicial Fund).

Year 1: \$0

The bill created a mechanism to ensure long-term solvency of the Judicial Collection Enhancement Fund and sustainability of the Collections Investigator and Office of Restitution Services Programs. It requires that 75 percent of money collected from bond forfeiture judgements against an individual and 100 percent collected from a bail forfeiture judgement against a surety bond be deposited in the Judicial Collection Enhancement Fund. The bill included an incorrect statutory reference.

**C&P R11 Increase cash fund revenue [legislation]:** The Department requests that the JBC revisit legislation it considered last year that would provide the Department with limited authority to increase fees by an amount aligned with the TABOR revenue cap.

Year 1: \$0/Unspecified

The Department's FY 2026-27 request includes \$224.5 million cash funds from statutorily-created fees, costs, and surcharges. Many of the related statutory provisions have not changed in decades. Because most fee

amounts are set in statute, the Department does not have authority to adjust them. If the Department is able to increase revenue from cash fund sources, it will be less reliant on General Fund to support the constitutionally and statutorily mandated work of Courts and Probation.

**C&P R12 Language interpreters and translators:** The Department requests additional General Fund for interpreter and translation services.

Year 1: \$2.0 million General Fund

Year 2: \$2.4 million General Fund

Year 3: \$2.9 million General Fund

Federal law requires language services so that limited-English speaking individuals and people with disabilities that affect communication have meaningful access to court services. The Department reports ongoing significant increases in demand for interpreter and translation services.

**C&P R13 Court, jury, court-appointed counsel, and vacated conviction costs:** The Department requests an increase for various costs mandated by federal and state law, including court-appointed counsel, certain court and jury costs<sup>8</sup>, and reimbursements for vacated convictions.

Year 1: \$1.3 million General Fund

**C&P R14 Marijuana tax cash fund adjustments:** The Department requests adjustments to appropriations from the Marijuana Tax Cash Fund and the General Fund, resulting in a net \$0 impact department-wide. The goal is to include Marijuana Tax Cash Fund appropriations in a line item that funds offender treatment services.

Year 1: The request is for a net \$0 change.

**C&P R15 Spending authority for Family Violence Justice Grants:** The Department requests an increase for legal services grants for people who are victims of family violence.

Year 1: The request is for \$150,000 cash funds from the Family Violence Justice Fund.

**C&P R16 Underfunded courthouse facility grants:** The Department requests an increase in spending authority from the Underfunded Courthouse Facility Cash Fund for program costs.

Year 1: The request is for \$1.5 million cash funds from the Underfunded Courthouse Facility Cash Fund.

This program awards grants to counties for master planning services, matching funds for construction or remodeling projects, and emergency facility needs for courthouses that contain a state court or probation office. The additional spending authority will add flexibility for the Department to pay out current and prior-year commitments.

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<sup>8</sup> Includes jury costs and expert witnesses and evaluations, primarily for sanity/competency and juvenile sex offender evaluations.

**C&P R17 Office of Dispute Resolution line item:** The Department requests a new line item for the Office of Dispute Resolution. The appropriation for the new line item would be relocated from the Trial Courts Programs line item, resulting in a net \$0 fiscal impact.

Year 1: The request has a net \$0 fiscal impact. It relocates \$0.4 million General Fund from the Trial Courts line item to a new Office of Dispute Resolution line item.

**C&P R18 True-up law library reappropriated funds:** The Department requests an increase to cover the balance of costs for a 1.0 FTE Legal Research Attorney who supports the Law Library.

Year 1: The request adds \$33,684 reappropriated funds from the Department of Law.

**C&P R19 Pass-through requests:** The request includes annual agency funding adjustments for District Attorney Mandated Costs, the Correctional Treatment Board, and the Sex Offender Management Board.

Year 1: The request includes a net decrease of \$1.9 million, including an increase of \$0.3 million General Fund, a decrease of \$0.4 million cash funds, and a decrease of \$1.8 million reappropriated funds.

**C&P R20 Office of Atty Regulation Counsel pass-through:** The Department requests an adjustment to the informational funds amount identified in the Office of Attorney Regulation Counsel line item of the Long Bill.

Year 1: The request adds \$1.2 million cash funds.

Funding from annual attorney registration fees and law examination application fees are continuously appropriated for attorney regulation under the Judicial Department's constitutional authority.

**OSPD R1 Aurora domestic violence docket:** The request for the Office of the State Public Defender (OSPD) increases funding to respond to the City of Aurora no longer prosecuting domestic violence cases. Those cases are now filed in jurisdictions where the OSPD provides representation, and this request is for funding to address the new workload.

Year 1: The request includes an increase of \$1.2 million General Fund and 11.8 FTE.

Year 2: \$1.3 million General Fund and 12.9 FTE.

**OSPD R2 CBI DNA misconduct impact:** The request includes a joint request between Alternate Defense Counsel and the OSPD to support appeals commenced in response to the misconduct uncovered at the CBI lab.

Year 1: The request adds \$2.0 million General Fund.

Year 2: \$2.0 million General Fund annually until the appeals conclude.

All incarcerated persons are considered indigent by law and thus qualify for legal services in such appeals provided by OSPB or ADC. The appropriation would appear only in OSPD but ADC could access it through an existing interagency agreement.

**OSPD R3 IT true-up:** The request increases funding to address rising licensing costs of information technology solutions in use by the OSPD.

Year 1: The request adds \$955,317 General Fund.

Increased costs impact products including: VMWare, Westlaw, Microsoft, Adobe, Thomson Reuters, mobile and network connectivity, security, and transcription services. OSPD has managed these increasing costs within existing resources in response to budget concerns in prior years but can no longer delay addressing the need to directly fund the costs.

**ADC R1 Caseload increase:** The request for the Alternate Defense Counsel (ADC) includes adjustments to account for recent caseload forecasts based on the best available data.

Year 1: The request adds \$3.5 million General Fund.

**OCR R1 Court-appointed counsel:** The request for the Office of the Child's Representative (OCR) includes changes in response to declining caseload primarily in dependency and neglect case filings in the current fiscal year.

Year 1: The request eliminates \$871,124 General Fund.

Case filings, court appointment decisions, and case length determine OCR's caseload, while case complexity and attorneys' professional and ethical responsibilities determine workload. As the OCR does not have control over these two main drivers of its agency budgetary needs, the OCR relies on analysis of historical trends, current appointment numbers and costs, and assessment of impactful legal and practice developments to inform its caseload and workload projections.

**ORPC R1 Court-appointed counsel and mandated costs:** The request for the Office of the Respondent Parents' Counsel (ORPC) includes changes in response to a decline in the current dependency and neglect case filings and the expected workload reduction that results.

Year 1: Reduction of \$900,000 General Fund.

This proposal will allow ORPC to maintain its current service provision and reduce the need to transfer funding between its two largest budget lines. The reduction is not expected to affect service delivery, workload, or core mandates.

**IEC R1 Add investigator:** The request for the Independent Ethics Commission (IEC) seeks investigator support to respond to an increasing number of complaints for it to review.

Year 1: The request adds \$57,272 General Fund and 0.5 FTE.

Year 2: \$62,479 General Fund and 0.5 FTE.

Complaint volume is expected to continue its rise due to the IEC's increased public visibility after processing several high-profile complaints and the increasing polarization in the national political environment. If the volume of complaints continues to increase, complainants and respondents will be faced with delays before cases can be resolved, likely leading to increases in litigant costs. Allowing a backlog of cases to build up before the IEC is also likely to adversely affect other work done by the IEC, such as increasing the time to issue advisory opinions and letter rulings and decreasing the IEC's ability to conduct outreach and training.

**IEC R2 IT accessibility compliance:** The request includes an increase for the IEC to contract for services to comply with HB 21-1110 (IT Accessibility). Now that the IEC's website has been successfully remediated, it is apparent that accessibility compliance will be an ongoing effort and this funding is to ensure continued compliance.

Year 1: The request includes an increase of \$12,000 General Fund.

**OPG R1 Program expansion guardians:** The request includes funding to continue expansion of the Office of Public Guardianship (OPG) program to two new judicial districts. Statewide expansion is required by FY 2030-31.

Year 1: The request adds \$190,144 General Fund and 2.0 FTE.

Year 2: \$202,412 General Fund and 2.0 FTE.

**OJDO R1 Reinstate Judicial Discipline:** The request reinstates funding for the Office of Judicial Discipline Ombudsman (OJDO).

Year 1: The request includes \$328,647 General Fund and 2.0 FTE.

**Employee compensation common policies:** The request includes a net increase of \$45.1 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$17,860,095	\$16,874,602	\$917,526	\$67,967	\$0	0.0
Health, life, and dental	14,057,218	14,774,087	-927,648	210,779	0	0.0
Step plan	7,277,823	7,163,393	105,162	9,268	0	0.0
FY 26 HLD Base Reduction	3,439,942	2,977,412	462,530	0	0	0.0
Unfunded liability amortization payments	2,337,003	3,374,277	-1,043,609	6,335	0	0.0
Paid family and medical leave insurance	105,416	152,092	-46,963	287	0	0.0
Short-term disability	7,127	15,838	-7,305	-1,406	0	0.0
Total	\$45,084,624	\$45,331,701	-\$540,307	\$293,230	\$0	0.0

**Operating common policies:** The request includes a net increase of \$1.2 million for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
State accounting system (CORE)	\$1,254,337	\$1,254,337	\$0	\$0	\$0	0.0
Workers' compensation	391,902	391,902	0	0	0	0.0
Legal services	186,533	186,533	0	0	0	0.0
PERA direct distribution	157,235	349,642	-227,021	34,614	0	0.0
Office of Information Technology services	152,790	152,790	0	0	0	0.0
Digital trunked radios	10,737	10,737	0	0	0	0.0
Departmental indirect cost adjustment	-752,541	649,541	-752,541	-649,541	0	0.0
Risk management & property	-163,270	-163,270	0	0	0	0.0
Vehicle lease payments	-11,219	-11,219	0	0	0	0.0



Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total	\$1,226,504	\$2,820,993	-\$979,562	-\$614,927	\$0	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$0.3 million for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP State accounting system (CORE) staff	\$161,899	\$161,899	\$0	\$0	\$0	0.0
NP IT accessibility	98,544	98,544	0	0	0	0.9
NP SB24-205 AI compliance	76,329	82,599	-6,270	0	0	0.5
Total	\$336,772	\$343,042	-\$6,270	\$0	\$0	1.4

**Prior year actions:** The request includes a net increase of \$22.9 million for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-024 Judicial Officers	\$6,751,339	\$6,751,339	\$0	\$0	\$0	60.0
FY 26 ITCAP1 CMS Year2	5,042,272	0	5,042,272	0	0	0.0
SB 23-227 State-funded attorney rate	4,682,455	4,679,059	0	3,396	0	0.0
FY 25-26 Increased caseload and case costs supplemental	2,792,679	2,792,679	0	0	0	0.0
FY 25-26 Increased caseload and case costs add-on	2,534,914	2,534,914	0	0	0	0.0
FY 25-26 BA1 Virtual Court	1,261,031	0	1,261,031	0	0	0.0
FY 25-26 R3 Aurora Muni DV Cases	1,232,285	1,181,965	50,320	0	0	12.5
HB 24-1355 Measures Reduce Comp Wait List	593,962	593,962	0	0	0	5.5
Bridges FY 25-26 Restore assessment services funding	288,099	288,099	0	0	0	0.0
HB 25-1275 Forensic Science Integrity	80,136	80,136	0	0	0	0.9
FY 25-26 R2 Budget Analyst	48,971	55,171	-6,200	0	0	1.0
FY 25-26 Support parent-advocates	7,102	0	0	7,102	0	0.0
SB23-064 Cont Off. of Public Guardianship Annualization	6,624	6,624	0	0	0	0.0
FY 25-26 Step plan & Salary survey	2	2	0	0	0	0.0
FY 25-26 ADC Case management/billing system development	-1,400,000	0	0	-1,400,000	0	0.0
HB 24-1133 Crim Record Sealing and Expunge Changes	-514,320	-514,320	0	0	0	0.0
FY 25-26 CBI DNA misconduct impact	-300,000	-300,000	0	0	0	0.0
HB 24-1046 Child welfare system tools	-116,463	-116,463	0	0	0	-0.5
FY 25-26 BA1 Leased space	-40,000	0	-40,000	0	0	0.0
HB 25-1062 Penalty for Theft of Firearms	-13,500	-13,500	0	0	0	0.0
FY 25-26 OPG staff	-9,994	-9,994	0	0	0	0.1
Total	\$22,927,594	\$18,009,673	\$6,307,423	-\$1,389,502	\$0	79.5

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget Reduction Options – Courts and Probation:** The budget request for the courts and probation includes refinancing of \$3.5 million General Fund, representing 0.7 percent of the current General Fund appropriations in this section of the budget. This issue brief reviews these proposals and additional options identified by staff.

**Budget Reduction Options – Public Defense:** This issue brief reviews options in the Office of the State Public Defender and the Office of the Alternate Defense Counsel identified by JBC staff to assist in balancing the budget.

**Budget Reduction Options – Other Independent Agencies:** The request from other Judicial Independent Agencies contains reductions totaling almost \$1.8 million General Fund. This issue brief reviews these proposals and additional options identified by staff.

**Courts & Probation Request R1 and Annualization of SB 25-024:** Courts and Probation Request R1 does not request additional funding for judges but instead highlights the need to fund the second-year impact of S.B. 25-024 (Judicial Officers). The Department's caseload models indicate that, if the second-year impacts of S.B. 25-024 are included, the state district courts will be at 90.0 percent of optimal staffing on average and the county courts will be at 86.4 percent.

**Courts & Probation Request R11 and Judicial Department Fees:** The budget for the courts and probation relies, in part, on an array of complex fees. This issue brief discusses a proposal first addressed last year to allow the Department limited authority to increase fees that are set in statute.

**Independent Agencies - Expanding and New Program Updates:** The General Assembly has recently created a number of new independent agencies that exist on the periphery of the Judicial Department. This issue highlights three of the independent agencies. Two of those programs, the Office of Public Guardianship and Bridges of Colorado, are expanding from serving some judicial districts to operating in all of them. The third entity, the Office of Administrative Services for Independent Agencies, was created to find administrative efficiencies and fulfill needs unmet by the State Court Administrator's Office.

## For More Information

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# Labor and Employment

The Department of Labor and Employment administers unemployment insurance, family and medical leave insurance, and vocational rehabilitation programs. It also supports the state's workforce development centers, enforces the state's labor laws, regulates workers' compensation, and inspects a variety of industries. The Department's FY 2025-26 appropriation represents approximately 1.1 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Labor and Employment

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$464,570,837	\$34,543,480	\$189,063,930	\$23,912,040	\$217,051,387	1,745.2
Other legislation	31,449,432	496,669	30,727,443	225,320	0	8.4
<b>Total</b>	<b>\$496,020,269</b>	<b>\$35,040,149</b>	<b>\$219,791,373</b>	<b>\$24,137,360</b>	<b>\$217,051,387</b>	<b>1,753.6</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$496,020,269	\$35,040,149	\$219,791,373	\$24,137,360	\$217,051,387	1,753.6
R1 CDOO spend increase and new SPA	4,966,178	0	4,966,178	0	0	2.0
R2 Wage theft program increase	75,621	0	75,621	0	0	1.0
R3 ESJR program elimination	-500,000	-250,000	0	-250,000	0	0.0
R4 Office of Just Transition reduction	-10,816	-10,816	0	0	0	0.0
R5 Labor Standards reduction	-122,154	-122,154	0	0	0	0.0
R6 Office of Future Work reduction	-33,503	-33,503	0	0	0	0.0
R7 Centers Ind Living grant reduction	-108,906	-108,906	0	0	0	0.0
Statewide R6 Hosp Edu Grant reduce	-426,057	-426,057	0	0	0	-0.5
Employee compensation common policies	13,777,466	953,965	5,623,258	58,113	7,142,130	0.0
Operating common policies	4,792,370	-1,669,944	405,532	62,117	5,994,665	0.0
Impacts driven by other agencies	226,801	-181,079	207,700	30,395	169,785	4.2
Technical adjustments	-1,782,390	-181,781	-776,004	0	-824,605	0.0
Prior year actions	-272,131	323,843	-595,974	0	0	7.1
<b>Total</b>	<b>\$516,602,748</b>	<b>\$33,333,717</b>	<b>\$229,697,684</b>	<b>\$24,037,985</b>	<b>\$229,533,362</b>	<b>1,767.4</b>
Increase/-Decrease	\$20,582,479	-\$1,706,432	\$9,906,311	-\$99,375	\$12,481,975	13.8
Percentage Change	4.2%	-4.9%	4.5%	-0.4%	5.8%	0.8%

Changes are assumed to be ongoing unless otherwise noted.

**R1 Colorado Disability Opportunity Office (CDOO) spending increase and new special purpose authority (SPA) [legislation]:** The Department asks for the following:

- Legislation to create a new SPA for the grantmaking functions currently housed in the Colorado Disability Funding Committee,
- Temporary pause in collecting historic license plate fees in FY 2026-27, and
- Additional spending authority and temporary FTE for CDOO.

Year 1: Increased spending authority of \$4,996,178 from the Disability Support Fund, and 2.0 FTE.

Year 2: Spending authority of \$550,000 from the Disability Support Fund.

The Department requests a one-time spending increase and temporary FTE to increase grants in FY 2026-27, and ongoing appropriations starting in FY 2027-28 to implement CDOO's other statutory functions. The Department plans to use ongoing funding to convene a disability collaboration conference, perform a state-wide disability needs assessment, and develop a comprehensive database of disability resources. Grants are currently funded by historic license plate fees. Moving these to a SPA makes most fee revenue TABOR-exempt, providing \$13.6 million General Fund relief starting in FY 2027-28. Under the proposal, some fee revenue will continue to fund CDOO and will not be TABOR-exempt.

**R2 Wage Theft Enforcement program increase:** The Department asks for a two-year spending authority increase from the Wage Theft Enforcement cash fund for 1.0 FTE.

Year 1 and Year 2: Spending authority increase of \$75,621 from the Wage Theft Enforcement cash fund, and 1.0 FTE.

The Department seeks an additional FTE to support administrative tasks for the Wage and Hour Outstanding Losses Expenditure program, including to pay claims to wage theft victims.

**R3 Employment Support and Job Retention (ESJR) program elimination [legislation]:** The Department asks to eliminate the Employment Support and Job Retention program early.

Year 1 through Year 3: Reduction of \$250,000 General Fund and \$250,000 reappropriated funds.

This program would have sunset on September 1, 2029. It funds grants for wrap-around employment support services to unemployed and underemployed individuals who cannot access or are waiting to access Workforce Innovation and Opportunity Act (WIOA) services. The most-used support services are transportation and emergency housing assistance, and funding for work tools. The program served about 500 individuals over the past two years.

The Department's evidence designation for this program is "Ineligible".

**R4 Office of Just Transition reduction:** The Department asks to decrease General Fund to the Office of Just Transition for budget balancing.

Year 1: Reduction of \$10,816 General Fund.

The Department proposes to eliminate \$2,500 in sponsorship expenses for a conference, eliminate \$1,816 in out-of-state travel expenses, and reallocate \$6,500 operational expenses to the Just Transition cash fund.

**R5 Labor Standards reduction [legislation]:** The Department asks to decrease General Fund to the Division of Labor Standards and Statistics for budget balancing.

Year 1: Reduction of \$122,154 General Fund.

The Department requests legislation to amend the required publication frequency of the supplemental healthcare staffing agency reports and the transportation network company reports from biannual to annual. The Department also requests legislation to streamline certain appeals processes.

**R6 Office of Future Work reduction:** The Department asks to decrease General Fund to the Office of the Future of Work for budget balancing.

Year 1: Reduction of \$33,503 General Fund.

The Department proposes a 2.5 percent reduction in General Fund appropriations to the State Apprenticeship Agency and these four streams of work: the Colorado Registered Apprenticeship Directory, the Certified Contractor List, Career and Technical Education and Apprenticeship coordination, and Credential Quality Apprenticeship Classification.

The Department's evidence designation for the State Apprenticeship Agency is "Insufficient".

**R7 Centers for Independent Living grant reduction:** The Department asks to decrease General Fund to the Office of Independent Living for budget balancing.

Year 1: Reduction of \$108,906 General Fund.

The Department proposes a 1.6 percent General Fund reduction to grants across all nine Centers for Independent Living. Cuts to individual Centers will range from \$6,000 and \$25,000 and the Department indicates Centers will sustain cuts by reducing or cutting programs like home health, nursing home transitions, benefits counseling, and employment programs.

The Department's evidence designation for this program is "Ineligible".

**Statewide R6 prior reductions – Hospitality Education Grant reduction:** The Department resubmits its FY 2025-26 request to decrease General Fund to the Hospitality Education Grant Program for budget balancing.

Year 1: Reduction of \$426,057 General Fund and 0.5 FTE.

This grant has only funded the Colorado Restaurant Foundation's ProStart program, which supports hospitality education for high school students.

**Employee compensation common policies:** The request includes a net increase of \$13.8 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$6,037,240	\$406,334	\$2,361,903	\$31,674	\$3,237,329	0.0
Salary survey	5,396,682	442,380	2,588,350	14,433	2,351,519	0.0
Unfunded liability amortization payments	1,569,227	61,915	432,321	9,968	1,065,023	0.0
Step plan	508,893	36,919	187,008	0	284,966	0.0
PERA direct distribution	183,824	3,198	31,196	1,520	147,910	0.0
Paid family and medical leave insurance	70,615	2,786	19,454	448	47,927	0.0
Short-term disability	10,985	433	3,026	70	7,456	0.0
Total	\$13,777,466	\$953,965	\$5,623,258	\$58,113	\$7,142,130	0.0

**Operating common policies:** The request includes a net increase of \$4.8 million for operating common policies.

### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	\$6,484,795	-\$1,977,011	\$2,953,806	\$62,311	\$5,445,689	0.0
Legal services	1,235,901	317,320	480,721	0	437,860	0.0
State accounting system (CORE)	282,164	1,671	79,612	195	200,686	0.0
Capitol Complex leased space	92	38	42	0	12	0.0
Administrative law judge services	-3,040,284	0	-3,040,284	0	0	0.0
Risk management & property	-103,967	-7,055	-35,404	-282	-61,226	0.0
Vehicle lease payments	-54,020	-4,319	-29,164	-91	-20,446	0.0
Workers' compensation	-12,311	-588	-3,797	-16	-7,910	0.0
Total	\$4,792,370	-\$1,669,944	\$405,532	\$62,117	\$5,994,665	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$226,801 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP SB24-205 AI compliance	\$334,766	\$24,892	\$136,241	\$17,231	\$156,402	2.8
NP IT accessibility	290,157	21,574	118,084	14,935	135,564	1.4
NP SB24-205 AI compliance	84,089	43,177	13,772	383	26,757	0.0
NP State accounting system (CORE) staff	56,903	6,098	27,892	303	22,610	0.0
NP Statewide enable AI	42,197	21,667	6,911	192	13,427	0.0
NP IT operating offset	-327,916	-168,376	-53,702	-1,494	-104,344	0.0
NP IT efficiencies	-253,395	-130,111	-41,498	-1,155	-80,631	0.0
Total	\$226,801	-\$181,079	\$207,700	\$30,395	\$169,785	4.2

**Technical adjustments:** The request includes a net decrease of \$1.8 million, including a reduction of \$181,781 General Fund, for lease adjustments.

**Prior year actions:** The request includes a net decrease of \$272,131 for the impact of prior year budget decisions and legislation.

### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 25-1001 Enforce wage hour laws	\$691,275	\$691,275	\$0	\$0	\$0	7.9
HB 25-1328 Recs direct care worker	23,281	23,281	0	0	0	0.4
SB 25-186 Sunset workers' accred	14,309	0	14,309	0	0	0.4
FY 25-26 BA3 Disability supp fund	8,060	0	8,060	0	0	0.0
FY 25-26 Salary survey	0	0	0	0	0	0.0
FY 25-26 Step plan	0	0	0	0	0	0.0
HB 25-1017 Comm integration plan	-497,221	0	-497,221	0	0	0.2
HB 24-1364 Edu workforce ready	-250,000	-250,000	0	0	0	0.0
SB 24-104 Tech edu apprenticeships	-100,565	-100,565	0	0	0	-1.0
HB 24-1280 Welcome recep grant	-78,274	0	-78,274	0	0	-1.0
HB 25-1267 Supp statewide energy	-42,848	0	-42,848	0	0	0.3
SB 24-143 Apprentice classification	-30,035	-30,035	0	0	0	0.0
SB 25-005 Worker collective bargain	-10,113	-10,113	0	0	0	-0.1
Total	-\$272,131	\$323,843	-\$595,974	\$0	\$0	7.1

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**R1 New Special Purpose Authority:** The Department requests legislation to create a new special purpose authority (SPA) to distribute grants currently funded by historic license plate fees and distributed by the Colorado Disability Funding Committee. Those license plate fees are subject to TABOR. Moving grant functions and funding to a SPA makes most fee revenue TABOR-exempt, providing \$13.6 million General Fund relief starting in FY 2027-28.

**Budget Reduction Options:** The Department requests reductions of \$951,436, representing 2.7 percent of its General Fund appropriations. The Department also proposes revenue enhancements estimated to make \$14.7 million General Fund available. Staff options would bring an additional \$2.3 million in General Fund relief.

**Updates on Department Data Initiatives:** The Quarterly Census of Employment and Wages (QCEW) is historically the most reliable source of employment and wage data to benchmark monthly jobs data. Colorado's QCEW data has had underreporting issues for two years. This briefing issue also shares updates on the Statewide Longitudinal Data System and outcomes reporting from the Eligible Training Provider List.

## For More Information

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# Law

The Department of Law represents and defends the legal interests of the people of Colorado and serves as the legal counsel and advisor to state agencies. The elected Attorney General serves as the Chief Executive Officer of the Department of Law. The Department's FY 2025-26 appropriation represents approximately 0.3 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Law

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$151,919,365	\$28,669,324	\$25,514,253	\$93,800,797	\$3,934,991	663.8
Other legislation	508,203	180,417	0	327,786	0	3.0
<b>Total</b>	<b>\$152,427,568</b>	<b>\$28,849,741</b>	<b>\$25,514,253</b>	<b>\$94,128,583</b>	<b>\$3,934,991</b>	<b>666.8</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$152,427,568	\$28,849,741	\$25,514,253	\$94,128,583	\$3,934,991	666.8
No prioritized requests	0	0	0	0	0	0.0
Employee compensation common policies	7,172,129	1,711,508	1,148,818	4,094,492	217,311	0.0
Operating common policies	814,655	76,940	-66,596	782,655	21,656	0.0
Impacts driven by other agencies	16,868	4,739	2,114	9,484	531	0.0
Reflect Auto Theft Prevention Grant	154,821	0	0	154,821	0	1.0
Technical adjustments	55,205	85,612	-12,025	-15,747	-2,635	0.0
Prior year actions	3,967,402	2,447,512	13,121	1,506,345	424	3.8
<b>Total</b>	<b>\$164,608,648</b>	<b>\$33,176,052</b>	<b>\$26,599,685</b>	<b>\$100,660,633</b>	<b>\$4,172,278</b>	<b>671.6</b>
Increase/-Decrease	\$12,181,080	\$4,326,311	\$1,085,432	\$6,532,050	\$237,287	4.8
Percentage Change	8.0%	15.0%	4.3%	6.9%	6.0%	0.7%

**No prioritized requests:** The request does not include any prioritized requests or “decision items” for the Department of Law. However, they anticipate submitting a budget amendment for an additional year of leased space. This is because the Department is unable to access all of its space due to the Carr building construction. Last year, the General Assembly provided a one-time \$600,000 increase that included about \$160,000 General Fund for the same purpose. The request submission is delayed because negotiations are ongoing.

**Employee compensation common policies:** The request includes a net increase of \$7.2 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$3,281,573	\$787,890	\$458,067	\$1,958,695	\$76,921	0.0
Health, life, and dental	2,896,608	693,961	499,539	1,587,851	115,257	0.0
Unfunded liability amortization payments	613,869	149,114	138,846	305,741	20,168	0.0
Step plan	313,629	62,611	30,995	216,107	3,916	0.0
PERA direct distribution	34,528	10,177	14,151	10,200	0	0.0
Paid family and medical leave insurance	27,625	6,711	6,248	13,758	908	0.0
Short-term disability	4,297	1,044	972	2,140	141	0.0
<b>Total</b>	<b>\$7,172,129</b>	<b>\$1,711,508</b>	<b>\$1,148,818</b>	<b>\$4,094,492</b>	<b>\$217,311</b>	<b>0.0</b>

**Operating common policies:** The request includes a net increase of \$0.8 million for operating common policies.

### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Resetting indirect cost base	\$328,512	\$0	\$328,512	\$0	\$0	0.0
Departmental indirect cost adjustment	327,642	0	-470,055	775,164	22,533	0.0
Legal services	122,824	47,088	75,736	0	0	0.0
Workers' compensation	99,080	30,568	11,679	53,904	2,929	0.0
Office of Information Technology services	57,045	26,598	4,718	24,693	1,036	0.0
State accounting system (CORE)	45,684	12,972	5,689	25,595	1,428	0.0
Attorney licensing and education	17,658	7,330	-218	10,136	410	0.0
Administrative law judge services	2,252	0	2,252	0	0	0.0
Digital trunked radios	1,342	891	266	185	0	0.0
Risk management & property	-179,195	-45,143	-23,851	-104,196	-6,005	0.0
Vehicle lease payments	-8,189	-3,364	-1,324	-2,826	-675	0.0
<b>Total</b>	<b>\$814,655</b>	<b>\$76,940</b>	<b>-\$66,596</b>	<b>\$782,655</b>	<b>\$21,656</b>	<b>0.0</b>

**Impacts driven by other agencies:** The request includes a net increase of \$16,868 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP State accounting system (CORE) staff	\$20,800	\$5,843	\$2,607	\$11,695	\$655	0.0
NP SB24-205 AI compliance	2,993	841	375	1,683	94	0.0
NP Statewide enable AI	1,501	422	188	844	47	0.0
NP IT efficiencies	-8,426	-2,367	-1,056	-4,738	-265	0.0
<b>Total</b>	<b>\$16,868</b>	<b>\$4,739</b>	<b>\$2,114</b>	<b>\$9,484</b>	<b>\$531</b>	<b>0.0</b>

**Reflect Auto Theft Prevention Grant:** The request includes an increase of \$154,821 reappropriated funds that appear for informational purposes. This reflects updated award expectations from the Auto Theft Prevention Grant Program from the Department of Public Safety.

**Technical adjustments:** The request includes a net increase of \$55,205 for two technical adjustments.

#### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Leased space	\$55,205	\$68,860	-\$7,523	-\$4,672	-\$1,460	0.0
IT asset maintenance fund source adj	0	16,752	-4,502	-11,075	-1,175	0.0
Total	\$55,205	\$85,612	-\$12,025	-\$15,747	-\$2,635	0.0

**Prior year actions:** The request includes a net increase of \$4.0 million for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 24-013 District Attorneys' salaries	\$4,378,971	\$4,378,971	\$0	\$0	\$0	0.0
SB 24-010 Dental services compact	230,436	0	0	230,436	0	1.0
HB 24-1111 Cosmetology compact	192,030	0	0	192,030	0	0.8
SB 24-018 Physician assistant compact	153,624	0	0	153,624	0	0.7
HB 24-1002 Social work licensure compact	115,218	0	0	115,218	0	0.5
HB 24-1054 Jail standards	112,247	112,247	0	0	0	0.8
SB 25-130 Emergency services	85,335	0	0	85,335	0	0.3
SB 25-126 Uniform antitrust merger notices	61,382	61,382	0	0	0	0.0
HB 25-1267 Statewide emergency strategies	48,146	0	0	48,146	0	0.2
FY 25-26 Additional litigation resources	37,009	37,009	0	0	0	0.2
SB 24-141 Telehealth providers	6,401	0	0	6,401	0	0.0
FY 25-26 Salary survey	3,988	-634,848	5,272	633,139	425	0.0
FY 25-26 Step plan	0	-83,299	7,849	75,451	-1	0.0
SB 25-305 Water quality permitting	0	0	0	0	0	0.0
HB 25-1239 Anti-discrimination Act	0	0	0	0	0	0.0
SB 25-244 Reduce ADA State Funding	-1,363,783	-1,363,783	0	0	0	0.0
SB25-304 Sex assault kit backlog	-60,167	-60,167	0	0	0	-0.5
HB 25-1154 Community services enterprise	-33,435	0	0	-33,435	0	-0.2
Total	\$3,967,402	\$2,447,512	\$13,121	\$1,506,345	\$424	3.8

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget reduction options:** The Executive Budget Request did not include reductions to the Department of Law. This issue brief reviews additional options identified by staff to assist with budget balancing.

**Major litigation pending against the state:** This issue brief provides a summary of major litigation pending against the state that could result in a liability of at least \$5.0 million.

## For More Information

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# Local Affairs

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's FY 2025-26 appropriation represents approximately 1.2 percent of statewide operating appropriations and 0.4 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Local Affairs

Item	Total Funds	General Fund [1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$570,224,123	\$69,618,315	\$350,068,976	\$25,592,997	\$124,943,835	248.1
Other legislation	-1,573,569	-7,622,681	-2,036,328	8,085,440	0	6.2
<b>Total</b>	<b>\$568,650,554</b>	<b>\$61,995,634</b>	<b>\$348,032,648</b>	<b>\$33,678,437</b>	<b>\$124,943,835</b>	<b>254.3</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$568,650,554	\$61,995,634	\$348,032,648	\$33,678,437	\$124,943,835	254.3
R1 CORA administrator	61,469	61,469	0	0	0	0.5
R2 Mobile Home Park Loan and Grant Program transfers	0	0	0	0	0	0.0
R3 POMH Grant Program transfer	0	0	0	0	0	0.0
R4 Payments to OIT reduction	-100,133	-100,133	0	0	0	0.0
R5 Childcare Facility Development Grant changes	-500,000	-250,000	0	-250,000	0	-0.9
Statewide R4 Severance tax transfers	0	0	0	0	0	0.0
Employee compensation common policies	2,034,402	153,852	1,572,615	179,100	128,835	0.0
Operating common policies	192,694	-573,200	320,871	163,118	281,905	0.0
Impacts driven by other agencies	230,341	284,485	-28,276	-14,229	-11,639	1.9
Technical adjustments	6,643,000	0	6,580,000	63,000	0	0.0
Prior year actions	5,913,688	-104,244	-288,890	6,306,822	0	-3.6
<b>Total</b>	<b>\$583,126,015</b>	<b>\$61,467,863</b>	<b>\$356,188,968</b>	<b>\$40,126,248</b>	<b>\$125,342,936</b>	<b>252.2</b>
Increase/-Decrease	\$14,475,461	-\$527,771	\$8,156,320	\$6,447,811	\$399,101	-2.1
Percentage Change	2.5%	-0.9%	2.3%	19.1%	0.3%	0.8%

[1] Includes General Fund Exempt.

Changes are assumed to be ongoing unless otherwise noted.

**R1 Colorado Open Records Act (CORA) administrator:** The Department requests funding for a new Administrator IV position to continue CORA administration work currently performed by a term-limited employee.

Year 1: An increase of \$61,469 General Fund and 0.5 FTE for the second half of FY 2026-27; temporary funds will be used for the first half of the year.

Year 2: An increase of \$127,205 General Fund and 1.0 FTE.

**R2 Mobile Home Park Loan and Grant Program transfers [legislation]:** The Department asks for an ongoing statutory transfer of \$400,000 annually for seven years from the Mobile Home Park Resident Empowerment Loan and Grant Program Fund to the General Fund.

Senate Bill 22-160 (Loan Program Resident-owned Communities) created the Mobile Home Park Acquisition Revolving Loan Fund and the Mobile Home Park Resident Technical Assistance and Stabilization Grant Program. The bill allocated \$35.0 million in one-time General Fund for the programs. The Department contracts with two community development financial institutions (CDFIs) and a grant program administrator to execute these programs. The proposed \$2.8 million in transfers to the General Fund comes from a combination of interest earned in the Mobile Home Park Resident Empowerment Loan and Grant Program Fund and administrative fees paid by the CDFIs. The Department has indicated that this request has “insufficient evidence” for an evidence designation at this time.

**R3 Peace Officer Mental Health (POMH) Grant Program transfer [legislation]:** The Department requests a one-time transfer of \$400,000 from the Peace Officers Behavioral Health Support and Community Partnership Fund to the General Fund.

The Peace Officers Behavioral Health Support and Community Partnerships Grant Program is commonly referred to as the Peace Officers Mental Health (POMH) program. It provides grants to law enforcement agencies and peace officer organizations for counseling services, co-responder community responses, peer support programs, and other training and education associated with job-related trauma. The program has received \$2.0 million annually through the Long Bill since FY 2018-19, plus an additional \$1.0 million in FY 2021-22 and \$3.0 million in FY 2022-23 through special legislation. The \$400,000 proposed for transfer is an expired appropriation from FY 2022-23 that cannot be spent. The Department indicates that this is an evidence-informed request.

**R4 Payments to OIT reduction:** The Department proposes a reduction to its payments to the Office of Information Technology (OIT).

Year 1: A reduction of \$100,133 General Fund.

Savings are primarily from reducing non-critical user experience improvements and the completion of large-scale projects that now only need operations and maintenance budgets.

**R5 Childcare Facility Development Grant changes [legislation]:** The Department asks to eliminate funding for programs created by H.B. 24-1237 (Programs for the Development of Child Care Facilities) two years early and repeal the Child Care Facility Development Capital Grant Program without having implemented it.

Year 1: Eliminate the appropriation for savings of \$250,000 General Fund and transfer \$117,551 in unspent fund balance to the General Fund.

Year 2: Eliminate what would be the program’s final \$250,000 General Fund appropriation.

The Department also anticipates a need for roll-forward authority to use a portion of the current year appropriation through FY 2026-27. The Department has indicated that this request has “insufficient evidence” for an evidence designation.

**Statewide R4 Severance Tax transfers [legislation]:** The Department requests transfers from the Local Government Severance Tax Fund to the General Fund for budget balancing purposes.

Current year: Transfer \$10.0 million to the General Fund (in addition to \$3.3 million designated in Executive Order D 2025 014).

Year 1: Transfer \$10.0 million to the General Fund.

Additional information is provided in the first briefing issue.

**Employee compensation common policies:** The request includes a net increase of \$2.0 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$1,091,163	-\$12,863	\$990,314	-\$32,917	\$146,629	0.0
Salary survey	734,458	195,083	195,083	216,786	127,506	0.0
Step plan	97,465	25,306	23,241	9,831	39,087	0.0
Unfunded liability amortization payments	63,012	-33,921	285,561	-3,294	-185,334	0.0
PERA direct distribution	34,204	-17,990	63,567	-11,134	-239	0.0
Paid family and medical leave insurance	12,203	-1,526	12,850	-148	1,027	0.0
Short-term disability	1,897	-237	1,999	-24	159	0.0
<b>Total</b>	<b>\$2,034,402</b>	<b>\$153,852</b>	<b>\$1,572,615</b>	<b>\$179,100</b>	<b>\$128,835</b>	<b>0.0</b>

**Operating common policies:** The request includes a net increase of \$0.2 million for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	\$496,898	-\$43,107	\$265,585	\$80,607	\$193,813	0.0
State accounting system (CORE)	381,101	32,351	184,570	53,614	110,566	0.0
Workers' compensation	49,047	8,095	23,659	17,293	0	0.0
Administrative law judge services	21,561	0	21,561	0	0	0.0
Legal services	-431,534	-477,388	-6,081	51,935	0	0.0
Capitol Complex leased space	-248,131	-26,428	-131,966	-67,263	-22,474	0.0
Risk management & property	-61,887	-23,252	-25,981	-12,654	0	0.0
Vehicle lease payments	-14,361	-43,471	-10,476	39,586	0	0.0
<b>Total</b>	<b>\$192,694</b>	<b>-\$573,200</b>	<b>\$320,871</b>	<b>\$163,118</b>	<b>\$281,905</b>	<b>0.0</b>

**Impacts driven by other agencies:** The request includes a net increase of \$0.2 million for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.



### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$170,762	\$170,762	\$0	\$0	\$0	1.0
NP7 SB24-205 AI compliance	133,760	133,760	0	0	0	0.9
NP2 SB24-205 AI compliance	12,346	3,274	4,687	2,421	1,964	0.0
NP State accounting system (CORE) staff	10,175	2,335	3,748	2,312	1,780	0.0
NP Statewide enable AI	6,196	1,643	2,352	1,215	986	0.0
NP IT operating offset	-63,683	-16,889	-24,176	-12,487	-10,131	0.0
NP IT efficiencies	-39,215	-10,400	-14,887	-7,690	-6,238	0.0
Total	\$230,341	\$284,485	-\$28,276	-\$14,229	-\$11,639	1.9

**Technical adjustments:** The request includes a net increase of \$6.6 million for technical adjustments related to informational cash funds and administrative funds that are based on forecasted revenue streams.

### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Prop 123 informational adj.	\$4,480,000	\$0	\$4,480,000	\$0	\$0	0.0
Vendor fee informational adj.	2,100,000	0	2,100,000	0	0	0.0
Reappropriated admin adjustment	63,000	0	0	63,000	0	0.0
Total	\$6,643,000	\$0	\$6,580,000	\$63,000	\$0	0.0

**Prior year actions:** The request includes a net increase of \$5.9 million for the impact of prior year budget decisions and legislation.

### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 25-26 Ridge View Campus	\$6,149,702	\$0	\$0	\$6,149,702	\$0	0.3
HB 24-1219 Firefighter health benefits	300,000	150,000	0	150,000	0	0.0
SB 24-111 Senior primary res prop tax reduction	6,334	6,334	0	0	0	0.1
FY 25-26 Step plan	0	1	-1,192	1,191	0	0.0
FY 25-26 Salary survey	0	-1	-5,928	5,929	0	0.0
SB 25-246 Eliminate GBM MJ grant program	-175,100	0	-175,100	0	0	-1.5
HB 22-1013 Microgrids grant program	-152,124	-152,124	0	0	0	-2.0
FY 25-26 Eliminate DCFA grant program	-108,454	-108,454	0	0	0	-0.5
SB 25-002 Regional bldg codes factory built	-101,670	0	-101,670	0	0	0.0
SB 25-030 Moffat Tunnel	-5,000	0	-5,000	0	0	0.0
Total	\$5,913,688	-\$104,244	-\$288,890	\$6,306,822	\$0	-3.6

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Energy/Mineral Impact Assistance Funds:** The Department combines its severance tax and federal mineral lease revenues to fund the Energy/Mineral Impact Assistance Fund (EIAF) grant program. These are volatile revenue

sources which lead to large swings in annual grant amounts. EIAF grants are predicted to hit a 13-year low of \$29.6 million in FY 2026-27 based on the most recent Office of State Planning and Budgeting (OSPB) forecast and proposed transfers out of the Local Government Severance Tax Fund.

**Budget Reduction Options:** The Executive Request proposes \$24.2 million in transfers from Department of Local Affairs' cash funds to the General Fund and \$350,133 in expenditure reductions for budget balancing purposes. This issue brief identifies options for additional transfers from the Local Government Severance Tax Fund and reductions to several grant programs for the Committee's consideration.

## For More Information

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# Military and Veterans Affairs

The Department of Military and Veterans Affairs is responsible for training and maintaining Colorado's Army and Air National Guard to protect the safety and health of Colorado's residents and serve as a reserve force for the U.S. Armed Forces. The Department also administers state programs that assist U.S. military veterans. The Department's FY 2025-26 appropriation represents approximately 0.3 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Military and Veterans Affairs

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$159,326,002	\$17,452,411	\$2,573,123	\$5,026,042	\$134,274,426	2,337.9
Other legislation	-4,437,213	562,787	0	-5,000,000	0	0.0
<b>Total</b>	<b>\$154,888,789</b>	<b>\$18,015,198</b>	<b>\$2,573,123</b>	<b>\$26,042</b>	<b>\$134,274,426</b>	<b>2,337.9</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$154,888,789	\$18,015,198	\$2,573,123	\$26,042	\$134,274,426	2,337.9
R1 General Fund reductions	-321,254	-321,254	0	0	0	0.0
R2 Cemetery cash fund transfer	0	0	0	0	0	0.0
Employee comp common policies	1,466,707	354,913	24,896	0	1,086,898	0.0
Operating common policies	-699,650	-527,268	-1,765	0	-170,617	0.0
Impacts driven by other agencies	134,750	134,750	0	0	0	0.9
Provider rate common policy	41,016	41,016	0	0	0	0.0
Technical adjustments	-157,886	0	-157,886	0	0	0.0
<b>Total</b>	<b>\$155,352,472</b>	<b>\$17,697,355</b>	<b>\$2,438,368</b>	<b>\$26,042</b>	<b>\$135,190,707</b>	<b>2,338.8</b>
Increase/-Decrease	\$463,683	-\$317,843	-\$134,755	\$0	\$916,281	0.9
Percentage Change	0.3%	-1.8%	-5.2%	0.0%	0.7%	0.0%

Changes are assumed to be ongoing unless otherwise noted.

**R1 General Fund reductions:** The Department asks to decrease General Fund across various line items in the Executive Director's Office and Division of Veterans Affairs.

Year 1: Reduction of \$321,254 General Fund.

The reductions impact several areas across the Department, including Personal Services, IT Asset Maintenance, the Army National Guard Cooperative Agreement, Veterans Service Operations, and the Operations and Maintenance Agreement for Buckley/Greeley. The Department chose these line items and amounts to minimize the effect on operations and state employees.

**R2 Cemetery cash fund transfer [legislation]:** The Department asks for a cash fund transfer to maintain the solvency of the Western Slope Cemetery Cash Fund (WSCCF) and support cemetery operations. The WSCCF is faced with a declining fund balance.

Year 1: One-time transfer of \$100,000 from the Colorado State Veterans Trust Fund to the Western Slope Cemetery Cash Fund.

**Employee compensation common policies:** The request includes a net increase of \$1.5 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$603,316	\$114,298	\$25,906	\$0	\$463,112	0.0
Salary survey	534,366	204,062	6,864	0	323,440	0.0
Unfunded liability amortization payments	137,026	13,959	-7,484	0	130,551	0.0
Shift differential	127,207	0	0	0	127,207	0.0
Step plan	57,668	21,868	0	0	35,800	0.0
Paid family and medical leave insurance	6,165	628	-337	0	5,874	0.0
Short-term disability	959	98	-53	0	914	0.0
<b>Total</b>	<b>\$1,466,707</b>	<b>\$354,913</b>	<b>\$24,896</b>	<b>\$0</b>	<b>\$1,086,898</b>	<b>0.0</b>

**Operating common policies:** The request includes a net decrease of \$699,650 total funds for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
State accounting system (CORE)	\$43,923	\$43,923	\$0	\$0	\$0	0.0
Office of Information Technology services	39,772	39,772	0	0	0	0.0
Workers' compensation	21,574	10,787	0	0	10,787	0.0
Digital trunked radios	10,067	10,067	0	0	0	0.0
PERA direct distribution	4,265	170,199	-1,765	0	-164,169	0.0
Capitol Complex leased space	4,171	4,171	0	0	0	0.0
Risk management & property	-763,205	-763,205	0	0	0	0.0
Vehicle lease payments	-34,471	-17,236	0	0	-17,235	0.0
Legal services	-25,746	-25,746	0	0	0	0.0
<b>Total</b>	<b>-\$699,650</b>	<b>-\$527,268</b>	<b>-\$1,765</b>	<b>\$0</b>	<b>-\$170,617</b>	<b>0.0</b>

**Impacts driven by other agencies:** The request includes a net increase of \$134,750 for requests from other state agencies. These are also called "non-prioritized requests." The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP SB24-205 AI compliance	\$130,439	\$130,439	\$0	\$0	\$0	0.9
NP IT accessibility	20,000	20,000	0	0	0	0.0
NP State accounting system (CORE) staff	6,078	6,078	0	0	0	0.0
NP Statewide enable AI	1,034	1,034	0	0	0	0.0
NP IT operating offset	-16,855	-16,855	0	0	0	0.0
NP IT efficiencies	-5,946	-5,946	0	0	0	0.0
Total	\$134,750	\$134,750	\$0	\$0	\$0	0.9

**Provider rate common policy:** The request includes an increase of \$41,016 related to common policy provider rate adjustment.

**Technical adjustments:** The request includes a decrease of \$157,866 cash funds for a technical adjustment related to sunseting the Veterans Assistance Grant Program Cash Fund.

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Colorado National Guard Tuition Waiver:** The Veterans Affairs Tuition Waiver program originates from S.B. 25-247 (Tuition Waiver & Colorado National Guard Members). The Department reports an increase in recruitment numbers and fulfillment of end strength, partially attributed to the tuition waiver. However, the Attorney General found that the bill did not require institutes of higher education to absorb any growth associated with the waiver program. This interpretation differs from legislative intent.

**Budget Reduction Options:** The Department requests reductions of \$321,254, representing 1.8 percent of its General Fund appropriations. Staff options would bring an additional \$3.3 million in General Fund relief.

## For More Information

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# Natural Resources

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use of present and future residents and visitors. The Department's FY 2025-26 appropriation represents approximately 1.1 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Natural Resources

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$476,725,197	\$57,345,170	\$367,162,434	\$9,587,533	\$42,630,060	1,804.9
Other legislation	58,988,878	-264,268	59,253,146	0	0	2.5
<b>Total</b>	<b>\$535,714,075</b>	<b>\$57,080,902</b>	<b>\$426,415,580</b>	<b>\$9,587,533</b>	<b>\$42,630,060</b>	<b>1,807.4</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$535,714,075	\$57,080,902	\$426,415,580	\$9,587,533	\$42,630,060	1,807.4
R1 New state parks	2,191,310	0	2,191,310	0	0	7.4
R2 CWCB Water Plan Grant Program	273,127	0	273,127	0	0	1.7
R3 Assistance for livestock producers	513,214	0	513,214	0	0	5.0
R4 SLB enhance lease compliance	633,648	0	633,648	0	0	3.7
R5 Enhance tribal consultation	138,339	0	138,339	0	0	0.9
R6 Mine safety support	157,456	0	157,456	0	0	0.9
R7 Technical updates to CWCB	0	0	0	0	0	0.0
Employee compensation common policies	12,080,708	1,994,929	8,892,874	1,119,916	72,989	0.0
Operating common policies	769,897	364,740	513,611	-230,163	121,709	0.0
Impacts driven by other agencies	-260,408	-53,252	-304,491	102,396	-5,061	1.0
Technical adjustments	789,396	592,213	196,976	53	154	0.0
Prior year actions	-51,817,620	246,652	-52,064,954	682	0	12.7
<b>Total</b>	<b>\$501,183,142</b>	<b>\$60,226,184</b>	<b>\$387,556,690</b>	<b>\$10,580,417</b>	<b>\$42,819,851</b>	<b>1,840.7</b>
Increase/-Decrease	-\$34,530,933	\$3,145,282	-\$38,858,890	\$992,884	\$189,791	33.3
Percentage Change	-6.4%	5.5%	-9.1%	10.4%	0.4%	1.8%

Changes are ongoing unless otherwise noted.

**R1 New state parks:** The Department asks to develop and manage two new recreation areas – the Pikes Peak and North Sand Hills Recreation Areas.

Year 1: The total cost is \$2.2 million and 7.4 FTE from the Parks Cash Fund.

Year 2: The cost increases to \$2.6 million and 11.7 FTE to hire additional staff as the recreation areas expand.

Year 3: The cost increases to \$2.6 million and 14.8 FTE to hire additional staff as the recreation areas continue to expand.

Increased revenue from the Keep Colorado Wild Pass to the Parks Cash Fund continues to fund requests for additional state park operations. The Department has already engaged with stakeholders for the development and management of both areas. The request breaks down as follows:

Pikes Peak Recreation Area (\$1.2 million and 3.7 FTE):

- Staff including a park technician, ranger, operations manager, and park manager (\$545,767 and 3.7 FTE)
- Vehicles (\$38,870)
- Operating expenses (\$225,000)
- Resource stewardship including habitat vegetation mapping, rare plant evaluation, breeding bird surveys, and small mammal surveys (\$412,500)

North Sand Hills Off-Highway Vehicle Recreation Area (\$969,173 and 3.7 FTE):

- Staff including a park technician, ranger, operations manager, and park manager (\$480,088 and 3.7 FTE)
- Vehicles (\$38,085)
- Operating expenses (\$120,000)
- Temporary staff (\$144,000)
- Resource stewardship including a cultural survey, geological survey, and funds for a seasonal biologist (\$187,000)

Year 3 costs remain the same as Year 2, but increase by 3.1 FTE because the cost for additional staff is offset by decreased costs for resource stewardship.

**R2 CWCB Water Plan Grant Program:** The Department asks for staff to support the increased workload for the Water Plan Grant Program as a result of additional sports betting revenue from Propositions DD (2019) and JJ (2024), and H.B. 25-1311 (Deductions for Net Sports Betting Proceeds).

Year 1: The total cost is \$273,127 and 1.7 FTE from the Water Plan Implementation Cash Fund.

Year 2: The total cost increases to \$853,928 and 6.1 FTE. This includes \$681,293 from the Water Plan Implementation Cash Fund and \$172,635 reappropriated funds.

The program supports grants for water storage and supply, water sharing agreements, conservation and land use planning, and watershed health and recreation. Since the program started, it has issued over 530 grants and \$110.0 million in local projects.

Sports betting revenue is the only ongoing fund source for the Water Plan Grant Program. This revenue has increased steadily, from \$7.9 million in FY 2022-23 to \$28.2 million in FY 2025-26 and a projected \$50.2 million by FY 2028-29. To accommodate the growing grant program, the Department would like to hire:

- Two regional grant managers beginning in FY 2026-27
- Two accountants and two contract administrators beginning in FY 2027-28

**R3 Assistance for livestock producers:** The Department asks for contracts for range rider services, vehicles, and a technical FTE adjustment to support wolf conflict minimization.

Current year: The total cost is \$125,000 from the Wildlife Cash Fund to allow for immediate deployment of additional range rider services beginning in April 2026.

Year 1: The total cost is \$513,214 and 5.0 FTE from the Wildlife Cash Fund.

The division currently has an annual budget of \$500,000 for range riders, which funds an average of 10 riders. The Department projects that an additional \$500,000 will double the division's range riding capacity. The Department of Agriculture also has two permanent range riders. The Department prefers contracts to full-time staff, since range riding services are seasonal. The 5.0 FTE technical adjustment is for conflict and damage specialists that the Department has already hired without additional funds.

The request will be paid for with non-license revenue from the Wildlife Cash Fund. The Department anticipates that Born to be Wild license plate revenue will be sufficient to fund the request (\$872,000 revenue received in FY 2024-25). Two additional potential sources of revenue are the Keep Colorado Wild Pass (\$2.6 million received in FY 2024-25) and lottery proceeds (no revenue expected for FY 2025-26).

**R4 SLB enhance lease compliance:** The Department asks to improve its lease compliance capability in both the oil and gas and renewable energy industries.

Year 1: The total cost is \$633,648 and 3.7 FTE from the State Land Board Trust Administration Fund.

**R5 Enhance tribal consultation:** The Department asks for a Cultural Resources Tribal Coordinator to better address the discovery and management of culturally sensitive artifacts and sites.

Year 1: The total cost is \$138,339 and 0.9 FTE from the SLB Trust Administration Fund.

The Department indicates that this request is ineligible for an evidence designation.

**R6 Mine safety support:** The Department asks for a Mine Safety Trainer to increase mine safety and mine rescue training capacity.

Year 1: The total cost is \$157,456 and 0.9 FTE from the Severance Tax Operational Fund.

The Department indicates that this request has insufficient evidence for an evidence designation.

**R7 Technical updates to CWCB:** The Department asks for a budget-neutral change to remove Long Bill references to outdated program names and to align the structure with current Colorado Water Conservation Board (CWCB) operations.

Year 1: The total cost is \$0.

**Employee compensation common policies:** The request includes a net increase of \$12.1 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.



### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$6,200,624	\$870,827	\$5,020,011	\$212,375	\$97,411	0.0
Health, life, and dental	4,429,245	777,811	2,845,947	803,695	1,792	0.0
Unfunded liability amortization payments	799,360	218,046	545,219	64,827	-28,732	0.0
Step plan	532,775	97,721	403,439	27,603	4,012	0.0
PERA direct distribution	80,010	19,186	52,779	8,045	0	0.0
Paid family and medical leave insurance	35,970	9,812	24,534	2,917	-1,293	0.0
Short-term disability	3,511	1,526	1,732	454	-201	0.0
Shift differential	-787	0	-787	0	0	0.0
Total	\$12,080,708	\$1,994,929	\$8,892,874	\$1,119,916	\$72,989	0.0

**Operating common policies:** The request includes a net increase of \$0.8 million for operating common policies.

### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	\$1,664,132	\$104,537	\$834,199	\$722,486	\$2,910	0.0
Statewide indirect cost adjustment	982,771	990,730	795,586	-990,730	187,185	0.0
State accounting system (CORE)	487,196	38,444	420,305	12,648	15,799	0.0
Workers' compensation	402,653	-789	406,944	-2,147	-1,355	0.0
Legal services	213,534	-156,067	363,086	42,942	-36,427	0.0
Risk management & property	-1,497,847	-55,606	-1,429,403	-7,488	-5,350	0.0
Vehicle lease payments	-1,345,742	-539,939	-775,420	0	-30,383	0.0
Digital trunked radios	-84,559	0	-84,559	0	0	0.0
Capitol Complex leased space	-52,241	-16,570	-17,127	-7,874	-10,670	0.0
Total	\$769,897	\$364,740	\$513,611	-\$230,163	\$121,709	0.0

**Impacts driven by other agencies:** The request includes a net decrease of \$260,408 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$170,762	\$9,909	\$28,124	\$132,729	\$0	0.9
NP State accounting system (CORE) staff	71,842	8,663	59,868	1,989	1,322	0.0
NP SB24-205 AI compliance	56,461	18,424	34,623	2,851	563	0.1
NP Statewide enable AI	22,759	3,671	17,375	1,430	283	0.0
NP IT operating offset	-452,405	-72,977	-345,370	-28,441	-5,617	0.0
NP IT efficiencies	-129,827	-20,942	-99,111	-8,162	-1,612	0.0
Total	-\$260,408	-\$53,252	-\$304,491	\$102,396	-\$5,061	1.0

**Technical adjustments:** The request includes an increase of \$0.8 million for lease adjustments and depreciation-lease equivalent payments for capital assets.

### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Depreciation-lease equivalent payments	\$727,155	\$583,243	\$143,912	\$0	\$0	0.0
Leased space	62,241	8,970	53,064	53	154	0.0
Total	\$789,396	\$592,213	\$196,976	\$53	\$154	0.0

**Prior year actions:** The request includes a net decrease of \$51.8 million for the impact of prior year budget decisions and legislation.

### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
CPW RFI	\$5,840,694	\$0	\$5,840,694	\$0	\$0	0.0
SB 25-168 Prevent wildlife trafficking	1,551,816	0	1,551,816	0	0	9.0
SB 24-171 Wolverine restoration	283,408	0	283,408	0	0	-0.4
SB 25B-005 Reallocate DNR wolf funding	264,268	264,268	0	0	0	0.0
FY 25-26 R5 Implement IT product owners	10,720	0	5,360	5,360	0	0.2
FY 22-23 R10 Records access management system	9,750	0	9,750	0	0	0.0
FY 25-26 R7 Water plan technical update	3,225	0	3,225	0	0	0.1
HB 25-1115 Water supply measurement	1,894	0	1,894	0	0	0.1
HB 23-1242 Water conservation in oil and gas	166	0	166	0	0	0.0
FY 25-26 Step plan	0	0	0	0	0	0.0
SB 25-183 CWCB Projects Bill	-53,978,788	0	-53,978,788	0	0	0.0
SB 24-199 Annual SCTF Projects Bill	-5,000,000	0	-5,000,000	0	0	0.0
HB 25-1332 State trust lands	-290,997	0	-290,997	0	0	-0.6
FY 25-26 R8 Wildlife conservation resources	-240,432	0	-240,432	0	0	0.9
SB 25-040 Future of sev taxes	-168,874	0	-168,874	0	0	0.0
SB 25-053 Protect wild bison	-50,000	0	-50,000	0	0	0.0
FY 25-26 R1 Keep Colorado Wild staff	-17,264	0	-17,264	0	0	2.8
FY 23-24 R15 Vehicles for water admin	-16,645	-16,645	0	0	0	0.0
FY 25-26 R9 SLB working lands intern prog	-13,234	0	-13,234	0	0	0.0
FY 25-26 R4 Dept admin support	-4,678	0	0	-4,678	0	0.5
FY 25-26 Salary survey	-2,631	-971	-1,660	0	0	0.0
FY 25-26 R2 Outdoor Equity Grant Program	-18	0	-18	0	0	0.1
Total	-\$51,817,620	\$246,652	-\$52,064,954	\$682	\$0	12.7

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget Reduction Options:** The Executive Budget Request includes no General Fund reductions. The request does include a revenue enhancement estimated to make \$8.3 million General Fund available in FY 2025-26 and \$5.0 million General Fund available in FY 2026-27.

Staff has also identified potential budget reduction options totaling \$8.5 million, or 14.8 percent of the current General Fund appropriations in this section of the budget. This issue brief reviews these proposals.

**Wolf Depredation and Conflict Minimization:** Last year, the Joint Budget Committee initiated two Requests for Information (RFI)'s related to wolves. This issue brief includes the Department's responses and provides a brief overview of wolf depredation events, resources, costs, and the Department's wolf-livestock conflict prevention efforts.

**Statewide R4 Severance Tax Transfers:** The statewide R4 request is to transfer severance tax revenue to the General Fund for balancing purposes. This includes transfers from the Department of Local Affairs and the Department of Natural Resources (DNR) in FY 2025-26 and FY 2026-27. The total amount transferred from DNR is \$13,305,992.

**State Land Board Update:** The Department's request includes a decision item related to the State Land Board. This issue brief provides an overview of the State Land Board and a brief history of revenue and appropriations to provide context when the Committee considers related funding requests.

## For More Information

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# Personnel

The Department of Personnel (DPA) administers the state personnel system, which includes approximately 35,000 full-time-equivalent (FTE) staff, and provides general support services for state agencies. The Department's FY 2025-26 appropriation represents approximately 0.6 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Personnel

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$302,473,718	\$35,066,800	\$27,286,866	\$240,120,052	\$0	496.0
Other legislation	136,664	96,607	0	40,057	0	-0.1
<b>Total</b>	<b>\$302,610,382</b>	<b>\$35,163,407</b>	<b>\$27,286,866</b>	<b>\$240,160,109</b>	<b>\$0</b>	<b>495.9</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$302,610,382	\$35,163,407	\$27,286,866	\$240,160,109	\$0	495.9
R1 State payroll system common policy	1,122,250	0	0	1,122,250	0	9.0
R2 OAC staff for Medicaid	722,970	0	0	722,970	0	6.2
R3 State accounting system resources	836,049	0	0	836,049	0	3.9
R4 Office of Sustainability staff and resources	205,398	605,398	-400,000	0	0	2.3
R5 Printing services true-up	3,707,974	0	1,051,773	2,656,201	0	0.0
R6 Statewide training system continuation	714,370	714,370	0	0	0	0.0
R7 State employee housing pilot	1,700,000	1,700,000	0	0	0	3.0
R8 Annual fleet vehicle replacement	3,867,949	0	0	3,867,949	0	0.0
R9 General Fund reductions and offsets	-491,580	-491,580	0	0	0	0.0
Employee compensation common policies	2,747,890	1,393,124	124,498	1,230,268	0	0.0
Operating common policies	1,560,916	1,544,195	-61,333	78,054	0	0.0
Impacts driven by other agencies	468,675	361,819	-24,169	131,025	0	2.7
Technical adjustments	-5,605,759	783,872	10,387,912	-16,777,543	0	0.0
Prior year actions	-1,639,022	-569,668	-69,016	-1,000,338	0	-1.2
<b>Total</b>	<b>\$312,528,462</b>	<b>\$41,204,937</b>	<b>\$38,296,531</b>	<b>\$233,026,994</b>	<b>\$0</b>	<b>521.8</b>
Increase/-Decrease	\$9,918,080	\$6,041,530	\$11,009,665	-\$7,133,115	\$0	25.9
Percentage Change	3.3%	17.2%	40.3%	-3.0%	0.0%	5.2%

Changes are assumed to be ongoing unless otherwise noted.

**R1 State payroll system common policy [legislation]:** The Department asks to establish a common policy for the new state payroll system.

Year 1: The total cost is \$1.1 million reappropriated funds. The reappropriated funds represent transfers from other state agencies, of which an estimated \$645,014 is General Fund. The request includes 9.0 FTE for the administration of the policy.

Year 2: The total cost is \$1.2 million reappropriated funds. The reappropriated funds represent transfers from other state agencies, of which an estimated \$712,577 is General Fund. The request includes 10.0 FTE. The Department assumes a reduction of \$1.3 million total funds for payments to the Office of Information Technology when the legacy payroll system is discontinued.

The Department indicates that this request is evidence-informed.

**R2 Office of Administrative Courts (OAC) staff for Medicaid:** The Department requests additional term-limited staff to address Medicaid eligibility appeals.

Year 1: The total cost is \$0.7 million reappropriated funds. The reappropriated funds represent a transfer from the Department of Health Care Policy and Financing (HCPF), of which \$234,966 is General Fund. The request includes 6.2 term-limited FTE. The request is for FY 2026-27 only.

The Department indicates that this request is evidence-informed.

**R3 State accounting system software support:** The Department requests additional staffing and software for the state accounting system (CORE).

Year 1: The total cost is \$836,049 reappropriated funds. The reappropriated funds represent transfers from other state agencies, of which an estimated \$353,539 is General Fund. The request includes 3.9 FTE.

**R4 Office of Sustainability staff and resources:** The Department requests funding to retain the Office Director, hire a data analyst and grant coordinator, and support the lawn equipment electrification program.

Year 1: The total cost is a net increase of \$205,398, including \$605,398 General Fund and 2.3 FTE. The General Fund increase is offset by a decrease of \$400,000 cash funds from the Sustainability Revolving Fund.

Year 2: The total cost is \$117,892, including \$517,893 General Fund and 2.5 FTE.

Expenses are detailed in the table below.

#### **R4 Office of Sustainability staff and resources request detail**

Expense	FY 2026-27	FY 2027-28 and ongoing
Vendor to pursue Direct Pay IRA tax credits for sustainability infrastructure	\$100,000	\$0
Lawn equipment electrification program	80,000	80,000
Software for utility tracking database (EnergyCAP)	154,478	162,202
FTE and Operating Costs (Director, Data Analyst, Grant Coordinator)	270,920	275,691
Total	\$605,398	\$517,893

The Department has indicated this is an evidence-informed request.

**R5 Printing services true-up:** The Department requests to address a mismatch between revenue and authorized spending authority for printing and document management services.

Current Year: The total cost is \$1.7 million. This includes \$357,255 cash funds to address an over-expenditure restriction and \$1.3 million reappropriated funds from other state agencies for printing services.

Year 1: The total cost is \$3.7 million. This includes \$1.1 million cash funds and \$2.7 million reappropriated funds.

Year 2: The total cost is \$4.2 million. This includes \$1.1 million cash funds and \$3.1 million reappropriated funds.

**R6 Statewide training system continuation:** The Department requests funding for renewed licenses, a customer service package, and on-demand learning content for Cornerstone, a centralized online learning platform.

Year 1: The total cost is \$714,370 General Fund.

The Department used one-time funds designated for Professional Development to develop and implement a statewide Learning and Management System, Cornerstone LXP. The Department requests funds to renew licenses for the platform, purchase additional application features, and market the tool to other agencies.

**R7 State employee housing pilot:** The Department requests funding to expand emergency financial assistance services and pilot a housing assistance program for employees for two years only.

Years 1 and 2: The total cost is \$1.7 million General Fund annually, including 3.0 FTE.

Additional information is provided in the second issue brief. The Department indicated this is an evidence-informed request.

**R8 Annual fleet vehicle replacements:** The Department requests replacements for 545 vehicles in the state fleet. The replacement vehicles include 326 alternative fuel vehicles.

Year 1 (statewide): The total cost is \$0.3 million. This includes an increase of \$0.7 million General Fund and a decrease of \$0.4 million cash, reappropriated, and federal funds across all affected state agencies.

Year 1 (DPA): The total cost is \$3.9 million. This is reappropriated funds for the Department of Personnel to manage vehicle lease payments for the state fleet.

**R9 General Fund reductions and offsets [legislation]:** The Department requests reductions for the Statewide Planning Services and Procurement Equity Services line items, and proposes a one-time cash fund transfer.

Year 1: The total request is a net reduction of \$491,580 General Fund.

The Department requests a decrease of \$307,494 General Fund appropriation for the Statewide Planning Services line item in the Office of the State Architect, and a decrease of \$175,000 General Fund appropriation for the State Procurement Equity Program. These reductions are ongoing.

The Department also proposes to transfer \$6.4 million from the Supplier Database Cash Fund to the General Fund for FY 2026-27. This transfer is one-time and requires legislation.

**Employee compensation common policies:** The request includes a net increase of \$2.7 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$1,353,990	\$618,196	\$47,653	\$688,141	\$0	0.0
Health, life, and dental	1,114,085	600,721	35,490	477,874	0	0.0
Unfunded liability amortization payments	172,192	89,024	29,280	53,888	0	0.0
Step plan	154,470	69,349	5,374	79,747	0	0.0
PERA direct distribution	22,079	11,205	5,179	5,695	0	0.0
Paid family and medical leave insurance	7,747	4,006	1,317	2,424	0	0.0
Short-term disability	1,056	623	205	228	0	0.0
Shift differential	-77,729	0	0	-77,729	0	0.0
<b>Total</b>	<b>\$2,747,890</b>	<b>\$1,393,124</b>	<b>\$124,498</b>	<b>\$1,230,268</b>	<b>\$0</b>	<b>0.0</b>

**Operating common policies:** The request includes a net increase of \$1.6 million for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Legal services	\$852,773	\$445,429	-\$25,560	\$432,904	\$0	0.0
Capitol Complex leased space	770,930	776,508	-18,803	13,225	0	0.0
State accounting system (CORE)	192,441	74,294	5,460	112,687	0	0.0
Workers' compensation	109,861	42,376	1,214	66,271	0	0.0
Vehicle lease payments	4,193	0	168	4,025	0	0.0
Administrative law judge services	933	933	0	0	0	0.0
Office of Information Technology services	-366,169	204,655	-23,812	-547,012	0	0.0
Leased space	-4,046	0	0	-4,046	0	0.0
<b>Total</b>	<b>\$1,560,916</b>	<b>\$1,544,195</b>	<b>-\$61,333</b>	<b>\$78,054</b>	<b>\$0</b>	<b>0.0</b>

**Impacts driven by other agencies:** The request includes a net increase of \$468,675 for requests from other state agencies. These are also called "non-prioritized requests." The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP SB24-205 AI compliance	\$261,103	\$234,844	\$6,234	\$20,025	\$0	0.0
NP IT accessibility	194,636	52,767	\$0	141,869	0	0.9
NP SB24-205 AI compliance	146,137	146,137	0	0	0	1.8
NP New state parks expand recreation	25,655	0	0	25,655	0	0.0
NP Statewide enable AI	21,037	7,860	3,128	10,049	0	0.0
NP Threat intelligence	14,400	0	0	14,400	0	0.0
NP State accounting system (CORE) staff	14,352	5,541	435	8,376	0	0.0
NP Wildlife damage vehicles	13,214	0	0	13,214	0	0.0
NP State Land Board	3,792	0	0	3,792	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP Mine safety inspection	2,743	0	0	2,743	0	0.0
NP IT operating offset	-117,021	-43,720	-17,403	-55,898	0	0.0
NP IT efficiencies	-111,373	-41,610	-16,563	-53,200	0	0.0
Total	\$468,675	\$361,819	-\$24,169	\$131,025	\$0	2.7

**Technical adjustments:** The request includes a net decrease of \$5.6 million for lease depreciations, employee benefits, CORE, Office of Administrative Courts, risk management, and capitol complex lease space adjustments.

#### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Workers' Comp Base	\$3,733,597	\$0	-\$2,654,695	\$6,388,292	\$0	0.0
Annual Depreciation Lease Equivalent Payments	761,850	761,850	\$0	\$0	0	0.0
Employee benefits fund source adjustment	25,000	22,022	2,978	0	0	0.0
CORE base	0	0	-6,221,856	6,221,856	0	0.0
OAC base	0	0	1,481,060	-1,481,060	0	0.0
Risk Management Base	-9,828,337	0	18,407,053	-28,235,390	0	0.0
CCLS base	-297,869	0	-626,628	328,759	0	0.0
Total	-\$5,605,759	\$783,872	\$10,387,912	-\$16,777,543	\$0	0.0

**Prior year actions:** The request includes a net decrease of \$1.6 million for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 25-26 Statewide Planning Services	\$692,189	\$692,189	\$0	\$0	\$0	0.0
HB 25-1296 Tax exp adjust	51,355	0	0	\$51,355	0	0.0
SB 25-168 Prevent wildlife tracking	14,000	0	\$0	14,000	0	0.0
HB 24-1365 Opp Now grant tax crdt	3,101	0	0	3,101	0	0.0
HB 24-1325 Tax crdt quantum ind	3,098	0	0	3,098	0	0.0
HB 23-1272 Advance decarb	2,935	0	0	2,935	0	0.0
FY 25-26 R1 OAC Staffing	2,856	0	0	2,856	0	0.3
HB 24-1249 Tax crdt ag stewardship	2,602	0	0	2,602	0	0.0
SB 24-190 Rail & coal trans comm econ	2,585	0	0	2,585	0	0.0
HB 24-1134 Adjust to tax exp reduce burden	1,032	0	0	1,032	0	0.0
Adjustment for Contract Escalator	544	544	0	0	0	0.0
Risk management & property budget amendment	-1,659,597	-641,115	-69,016	-949,466	0	0.0
R11 Empl. Engagement surveys	-300,000	-300,000	0	0	0	0.0
SB 14-214 PERA Studies/Actuarial Firm	-124,999	-124,999	0	0	0	0.0
HB 25-1153 Language Access	-100,000	-100,000	0	0	0	0.0
R3 Apprentice/skills group	-96,287	-96,287	0	0	0	-1.5
HB 23-1008 Food accessibility	-48,437	0	0	-48,437	0	0.0
HB 25B-1005 Elim state sales tax vend	-36,383	0	0	-36,383	0	0.0
HB 24-1311 Family afford tax crdt	-24,917	0	0	-24,917	0	0.0
HB 24-1268 Fin assist low-income	-11,897	0	0	-11,897	0	0.0
HB 24-1439 Incent expand apprentice	-5,524	0	0	-5,524	0	0.0
HB 25-1154 Comm svcs people disabilities	-3,674	0	0	-3,674	0	0.0



Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 24-157 Employee-owned bus tax crdt	-2,581	0	0	-2,581	0	0.0
HB 24-1312 Careworkers incm tax crdt	-516	0	0	-516	0	0.0
HB 24-1340 Incent for post-sec edu	-507	0	0	-507	0	0.0
Total	-\$1,639,022	-\$569,668	-\$69,016	-\$1,000,338	\$0	-1.2

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget Reduction Options:** The Executive budget request includes reductions of \$491,580 General Fund for the Department of Personnel representing 1.2 percent of the current General Fund appropriations in this section of the budget. This issue brief reviews these proposals and additional options identified by staff.

**R7 State Employee Housing Pilot Program:** The request implements recommendations from the COWINS housing workgroup. The requested funding increases emergency assistance, financial coaching, resource consultations for State employees, and an Employer-Assisted Housing (EAH) pilot program. Funding is also expected to support the collection of employee financial and housing assistance data.

**R1 State Payroll System Common Policy:** The Department requests the creation of a new operating common policy for the management of the new state payroll system (CORE Payroll). The new payroll system replaces the current 38+ year old system known as the Colorado Personnel Payroll System (CPPS) and connects with the current state accounting system, Colorado Operations Resource Engine (CORE).

## For More Information

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# Public Health and Environment

The Department of Public Health and Environment is responsible for protecting and improving the health of the people of Colorado and ensuring the quality of Colorado's environment. The Department's FY 2025-26 appropriation represents approximately 1.9 percent of statewide operating appropriations and 0.8 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Public Health and Environment

Item	Total Funds	General Fund[1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$865,843,328	\$140,447,999	\$337,516,417	\$63,464,208	\$324,414,704	1,831.9
Other Legislation	2,926,011	-405,406	3,331,417	0	0	21.7
<b>Total</b>	<b>\$868,769,339</b>	<b>\$140,042,593</b>	<b>\$340,847,834</b>	<b>\$63,464,208</b>	<b>\$324,414,704</b>	<b>1,853.6</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$868,769,339	\$140,042,593	\$340,847,834	\$63,464,208	\$324,414,704	1,853.6
R1 Laboratory renewal	5,039,850	4,889,850	150,000	0	0	27.8
R2 Clean water in schools	-1,099,600	-1,099,600	0	0	0	0.0
R3 Closed landfill grant spending	5,079,079	0	5,079,079	0	0	0.0
R4 Eliminate comprehensive sex ed	-1,010,453	-1,010,453	0	0	0	-1.3
R5 Reduce mental health first aid	-210,000	-210,000	0	0	0	0.0
R6 Eliminate community behavioral health program	-592,345	-592,345	0	0	0	-2.0
R7 Eliminate CARE network	-927,020	-927,020	0	0	0	-0.4
R8 Reduce health disparities grants	-2,500,000	-2,500,000	0	0	0	0.0
R9 Reduce LPHA distributions	-3,300,000	-3,300,000	0	0	0	0.0
Employee compensation common policies	13,218,508	1,057,677	8,159,172	1,362,909	2,638,750	0.0
Operating common policies	602,906	819,314	343,575	-592,572	32,589	0.0
Impacts driven by other agencies	257,424	29,857	-18,219	245,786	0	1.8
Technical adjustments	6,344,021	0	6,344,021	0	0	2.8
Prior year actions	-3,162,903	-695,389	-248,988	0	-2,218,526	-1.2
<b>Total</b>	<b>\$886,508,806</b>	<b>\$136,504,484</b>	<b>\$360,656,474</b>	<b>\$64,480,331</b>	<b>\$324,867,517</b>	<b>1,881.1</b>
<b>Increase/-Decrease</b>	<b>\$17,739,467</b>	<b>-\$3,538,109</b>	<b>\$19,808,640</b>	<b>\$1,016,123</b>	<b>\$452,813</b>	<b>27.5</b>
<b>Percentage Change</b>	<b>2.0%</b>	<b>-2.5%</b>	<b>5.8%</b>	<b>1.6%</b>	<b>0.1%</b>	<b>1.5%</b>

[1] Includes General Fund Exempt

Changes are assumed to be ongoing unless otherwise noted.

**R1 Laboratory renewal:** The Department asks to expand on its November 1331 request and increase support for the state laboratory through increased staffing, supplies, equipment, technology, a quality assurance contractor.

Year 1: The total cost is \$5.0 million and 27.8 FTE. This includes \$4.9 million General Fund and \$150,000 from the Laboratory Cash Fund.

Year 2: The total cost reduce to \$4.5 million and 27.8 FTE. This includes \$4.4 million General Fund and \$150,000 from the Laboratory Cash Fund.

The request includes the following:

- \$1.5 million and 10.0 FTE for new staff
- \$1.9 million and 17.8 FTE for existing staff that are funded with expiring COVID-19 and other federal funds
- \$500,000 for operating expenses including supplies for outbreak response and technology costs
- \$500,000 for an instrument replacement fund
- \$575,000 (one-time) for a quality assurance contractor to address recent audit findings about the lab's lack of adequate quality management procedures

**R2 Clean water in schools [legislation]:** The Department asks to decrease funding for the Test and Fix Water for Kids Program, which tests drinking water sources in schools and child care centers. The Department plans to transition this program entirely to cash funds

Year 1: A reduction of \$1.1 million General Fund. The Department is also requesting rollforward spending authority on expenditures from the School and Child Care Clean Drinking Water Cash Fund.

The Department requests legislation to change the repeal date of the program from June 30, 2026 to June 30, 2029, as well as expanding the testing program to high schools. Additionally, the Department requests extension of rollforward spending authority from June 30, 2026 to June 30, 2029. The Department has identified this request as proven under evidence-based decision-making guidelines.

**R3 Closed landfill grant spending:** The Department asks to increase funding for the Closed Landfill Remediation Grants Fund.

Year 1: The total cost is \$5.1 million from the Closed Landfill Remediation Grant Fund for this year only.

The Department intends to give these funds to five approved grantees. Approval of this request would expend the Closed Landfill Remediation Grant Fund, resulting in no ongoing costs. The Department has identified this request as ineligible for an evidence designation.

**R4 Eliminate comprehensive sexual education [legislation]:** The Department asks to eliminate funding for the Comprehensive Sexual Education Grant Program.

Year 1: The total reduction is \$1.0 million General Fund and 1.3 FTE.

The grant program, created in H.B. 19-1032 (Comprehensive Human Sexuality Education), funds schools and school districts to provide research-based education on topics like anatomy, puberty, healthy relationships, consent, and sexually transmitted infections. In FY 2023-24, 79 schools received grant funding that provided 11,818 students comprehensive sexual education. The Department has noted that the program is evidence-informed.

**R5 Reduce mental health first aid:** The Department asks to reduce funding for Mental Health First Aid training.

Year 1: The total reduction is \$210,000 General Fund.

The reduction is 45.6 percent of the total General Fund appropriation for Mental Health First Aid training. The program prepares individuals to recognize and respond to suicide warning signs. The Department contracts with a statewide organization to provide this training at no cost to community members and educators. They have indicated that this is unlikely to significantly disrupt the Office of Suicide Prevention's strategies and coordination. The Department has noted that the program is evidence-informed.

**R6 Eliminate community behavioral health disaster program [legislation]:** The Department asks to eliminate funding for the Community Behavioral Health Disaster Program.

Year 1: The total reduction is \$592,345 General Fund and 2.0 FTE.

The program, created in H.B. 21-1281 (Community Behavioral Health Disaster Program), funds community behavioral health organizations to integrate behavioral health into emergency preparedness and response planning. It was informed by findings from the Department of Human Services Behavioral Health Task Force in 2020 that investigated the behavioral health impacts of the pandemic. The Department anticipates that the reduction will have minimal adverse impact on core functions. The Department has noted that the program is evidence-informed.

**R7 Eliminate CARE network [legislation]:** The Department asks to eliminate funding for the Child Abuse Response and Evaluation (CARE) Network.

Year 1: The total reduction is \$927,020 General Fund and 0.4FTE.

Created through H.B. 19-1133 (Colorado Child Abuse Response and Evaluation Network), the network serves as a resource center for training, mentorship, consultation, streamlined referrals, and reimbursements to improve medical exams for children who are subject to abuse or neglect. The Department contracts with the Kempe Center to perform this work, and notes that it anticipates reduced programming as a result of the reduction. The Department has noted that the program is evidence-informed.

**R8/S2 Reduce health disparities grants [legislation]:** The Department asks to reduce funding for the Health Disparities and Community Grant Program and to reduce costs by amending statute to remove the requirement for a third-party evaluation of the program.

Current year: The total reduction is \$837,267 General Fund.

Year 1: The reduction increases to \$2,500,000 General Fund in future years.

The reduction represents a 53.2 percent decrease to the program's General Fund appropriation. The program aims to reduce the risk of disease and health disparities in underrepresented populations. Grantees include local public health departments, non-profits, a food bank, health clinic, and the Ute Mountain Ute Tribe. The program is funded by General Fund and 2.4 percent of Amendment 35 tax revenues.

**R9/S3 Reduce LPHA distributions [legislation]:** The Department asks to reduce funding for Local Public Health Agency (LPHA) distributions.

Current year: The total reduction is \$3,000,000 General Fund.

Year 1: The reduction increases to \$3,300,000 General Fund in future years.

This request includes an ongoing cut of 17.5 percent for distributions to LPHAs for Local Planning and Support Dollars (\$2,970,000) and for environmental health services (\$330,000). These fund sources received \$11.0 million in FY 24-25 and ongoing after the expiration of COVID-19 funds from S.B. 21-243 (CDPHE Appropriation Public Health Infrastructure). The distribution is the Department’s largest single General Fund appropriation.

**Employee compensation common policies:** The request includes a net increase of \$13.2 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$7,013,541	\$1,181,600	\$2,856,314	\$638,325	\$2,337,302	0.0
Health, life, and dental	5,483,574	393,505	3,703,511	481,038	905,520	0.0
Unfunded liability amortization payments	442,293	-262,313	1,254,076	102,664	-652,134	0.0
Step plan	255,872	63,703	90,060	20,412	81,697	0.0
Paid family and medical leave insurance	19,904	-17,934	63,068	3,766	-28,996	0.0
Short-term disability	3,097	-717	7,551	902	-4,639	0.0
PERA direct distribution	227	-300,167	184,592	115,802	0	0.0
Total	\$13,218,508	\$1,057,677	\$8,159,172	\$1,362,909	\$2,638,750	0.0

**Operating common policies:** The request includes a net increase of \$602,906 for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
State accounting system (CORE)	\$659,862	\$842,576	\$0	-\$182,714	\$0	0.0
Legal services	425,091	92,593	100,664	231,834	0	0.0
Office of Information Technology services	337,037	142,905	184,139	9,993	0	0.0
Workers’ compensation	152,539	241	0	152,298	0	0.0
Vehicle lease payments	26,498	2,273	21,820	2,405	0	0.0
Capitol Complex leased space	2,414	178	0	2,236	0	0.0
Risk management & property	-798,663	-257,933	0	-540,730	0	0.0
Statewide indirect cost adjustment	-189,287	0	37,408	-259,284	32,589	0.0
Administrative law judge services	-12,585	-3,519	-456	-8,610	0	0.0
Total	\$602,906	\$819,314	\$343,575	-\$592,572	\$32,589	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$257,424 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$257,630	\$0	\$0	\$257,630	\$0	0.9
Statewide R7 MTCF balancing - Public awareness	200,000	0	200,000	0	0	0.0
NP8 SB24-205 AI compliance	133,760	133,760	0	0	0	0.9
NP State accounting system (CORE) staff	65,451	65,451	0	0	0	0.0
NP4 SB24-205 AI compliance	52,725	22,356	28,806	1,563	0	0.0
NP Statewide enable AI	26,458	11,218	14,455	785	0	0.0
NP IT operating offset	-349,891	-148,355	-191,161	-10,375	0	0.0
NP IT efficiencies	-128,709	-54,573	-70,319	-3,817	0	0.0
Total	\$257,424	\$29,857	-\$18,219	\$245,786	\$0	1.8

**Technical adjustments:** The request includes a net increase of \$6.3 million and 2.8 FTE for adjustments to tobacco education and legal costs related to Superfund sites.

### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Admin and FTE adjust for tobacco ed	\$6,223,809	\$0	\$6,223,809	\$0	\$0	2.8
Transfer to Dept of Law for CERCLA costs	120,212	0	120,212	0	0	0.0
Total	\$6,344,021	\$0	\$6,344,021	\$0	\$0	2.8

**Prior year actions:** The request includes a net decrease of \$3.2 million for the impact of prior year budget decisions and legislation.

### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 24-25 R10 HB 23-1257 implement savings	\$1,141,880	\$1,141,880	\$0	\$0	\$0	0.0
SB 25-285 Update food inspect fees	346,677	0	346,677	0	0	0.0
FY 24-25 R3 HB 24-1417 Sustainable funding for health facilities	313,402	-167,630	481,032	0	0	0.0
HB 21-1286 Energy perform. for bldgs	194,564	194,564	0	0	0	1.8
HB 24-1379 Reg dredge & fill	104,585	-370,921	475,506	0	0	0.0
SB 25-130 Providing EMS	98,070	0	98,070	0	0	0.3
SB 25-008 Adj. necessary doc storage	48,945	48,945	0	0	0	0.3
FY 23-24 R15 DETC lease space	1,522	0	1,522	0	0	0.0
FY 25-26 Salary survey	-2,091,348	0	-18,525	0	-2,072,823	0.0
FY 24-25 BA1 Closed landfills	-1,608,270	0	-1,608,270	0	0	0.0
HB 24-1338 Cumulative impacts env. just.	-1,297,241	-1,297,241	0	0	0	-3.0
HB 23-1213 Stop the Bleed	-156,045	-156,045	0	0	0	-0.1
FY 25-26 Step plan	-145,703	0	0	0	-145,703	0.0
HB 24-1262 Maternal health midwives	-43,063	-43,063	0	0	0	-0.5
HB 25-1082 Qualified individuals death certificates	-25,000	0	-25,000	0	0	0.0
SB 24-142 School oral health screenings	-23,846	-23,846	0	0	0	0.0
SB 24-037 Study grn. infrastr. for water qual.	-22,032	-22,032	0	0	0	0.0
Total	-\$3,162,903	-\$695,389	-\$248,988	\$0	-\$2,218,526	-1.2

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Fee Increases and Cash Fund Solvency:** The Department has recently adopted future fee increases to support revenue to the Stationary Sources Control Fund and the Hazardous Substance Response Fund. These funds have faced solvency issues in recent years, which the Committee has helped to address through budgetary and legislative action. This discussion is an update to the Committee on Department efforts to maintain solvency of these funds. It also highlights potential concerns with these funds in the future.

**R3 Closed Landfill Remediation Grant Program Spending Authority:** The Department asks for \$5.1 million in cash fund spending authority for closed landfill remediation grants. This would fund all five approved applicants in grant round #3. Staff also highlights related budget balancing options available to the Committee in for FY 2026-27 and beyond.

**R2 Continue Clean Water in Schools and Child Care Centers:** The Department asks for a three-year extension of the “Test and Fix Water for Kids Program,” which tests drinking water sources in schools and child care centers. Additionally, the Department wishes to expand the program to include testing in high schools for lead. This request includes a reduction of \$1.1 million General Fund and extension of existing rollforward spending authority through FY 2028-29. Staff also highlights related budget balancing options for FY 2026-27.

**Health Facility Program Solvency and Performance Audit:** The Office of the State Auditor recently completed a performance audit of the Health Facility Licensing Program. This issue brief details the program’s recent budgetary changes as well as findings from the August 2025 audit.

**Budget Reduction Options (Administration and Environmental Divisions):** The Department request includes proposed reductions of \$5.3 million, representing 7.3 percent of the General Fund appropriations in this section of the budget.<sup>9</sup> There are no requested General Fund increases in this section of the budget to offset these reductions. Staff options would bring an additional \$4.6 million in General Fund relief.

**Budget Reduction Options (Public Health Divisions):** The Executive Budget Request includes reductions of \$8.5 million General Fund for the Department’s public health divisions. The reduction represents 12.6 percent of the current General Fund appropriations in this section of the budget.<sup>10</sup> These reductions are offset by proposed increases of \$4.9 million, so that the divisions’ total General Fund is requested to decrease by 5.4 percent. This issue brief reviews these proposals and additional options identified by staff.

## For More Information

### JBC Staff Analysts:

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<sup>9</sup> Current FY 2025-26 appropriations do not include mid-year reductions in executive orders.

<sup>10</sup> Current FY 2025-26 appropriations do not include mid-year reductions in executive orders.

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# Public Safety

The Department is responsible for promoting public safety throughout the state. Programs include the Office of School Safety, Colorado State Patrol, Fire Prevention and Control, Colorado Bureau of Investigation, Division of Criminal Justice, and the Division of Homeland Security and Emergency Management. The Department's FY 2025-26 appropriation represents approximately 1.7 percent of statewide operating appropriations and 1.6 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Public Safety

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$779,573,555	\$269,238,653	\$349,549,184	\$91,154,818	\$69,630,900	2,382.8
Other legislation	8,842,927	3,298,605	5,044,322	0	500,000	1.2
<b>Total</b>	<b>\$788,416,482</b>	<b>\$272,537,258</b>	<b>\$354,593,506</b>	<b>\$91,154,818</b>	<b>\$70,130,900</b>	<b>2,384.0</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$788,416,482	\$272,537,258	\$354,593,506	\$91,154,818	\$70,130,900	2,384.0
R1 Backfill federal disaster funding	7,078,771	7,078,771	0	0	0	13.8
R2 Threat Intel and Prevention Liaison	446,326	446,326	0	0	0	1.8
R3 Regional Info Sharing System	18,000	18,000	0	0	0	0.0
R4 Refinance HUTF with GF	0	2,987,065	-2,987,065	0	0	0.0
R5 School safety reallocation	0	0	0	0	0	0.0
R6 Consolidate fire safety cash funds	0	0	0	0	0	0.0
R7 Integrated Criminal Justice Info System reduction	-67,431	-67,431	0	0	0	0.0
R8 Fire investigation admin reduction	-151,800	-75,900	0	-75,900	0	0.0
R9 DCJ reduction	-306,609	-306,609	0	0	0	0.0
R10 CBI identification unit reduction	-184,111	-184,111	0	0	0	0.0
R11 DHSEM reduction	-296,893	-296,893	0	0	0	0.0
Employee compensation common policies	20,648,822	6,445,842	12,158,586	1,801,286	243,108	0.0
Operating common policies	951,664	-2,841,506	3,230,537	460,760	101,873	0.0
Impacts driven by other agencies	-491,712	-480,534	-75,238	64,060	0	0.0
Prior year actions	14,584,022	637,033	13,932,491	14,498	0	-0.4
<b>Total</b>	<b>\$830,645,531</b>	<b>\$285,897,311</b>	<b>\$380,852,817</b>	<b>\$93,419,522</b>	<b>\$70,475,881</b>	<b>2,399.2</b>
<b>Increase/-Decrease</b>	<b>\$42,229,049</b>	<b>\$13,360,053</b>	<b>\$26,259,311</b>	<b>\$2,264,704</b>	<b>\$344,981</b>	<b>15.2</b>
<b>Percentage Change</b>	<b>5.4%</b>	<b>4.9%</b>	<b>7.4%</b>	<b>2.5%</b>	<b>0.5%</b>	<b>0.6%</b>

Changes are assumed to be ongoing unless otherwise noted.

**R1 Backfill federal disaster funding:** The Department requests a General Fund increase to continue disaster mitigation and prevention programs historically paid for with federal funds.

Year 1: \$7.1 million General Fund and 48.7 FTE. This includes 39.6 existing FTE currently funded by federal grants and 13.8 additional FTE.

Year 2: \$7.9 million General Fund and 54.6 FTE.

The request backfills federal grant funding that the Department has not received since September 2024. Grants have been awarded but cannot be accepted due to updated terms from the federal government in conflict with State law related to immigration enforcement and DEI initiatives. Litigation between the Colorado Attorney General and the federal government is ongoing.

The Department has historically received an average of \$23.8 million from appropriated federal grants related to emergency management, hazard mitigation, and preparedness. Of this amount, \$17.3 million is passed through to local governments and \$6.5 million is used for department operations related to preparedness and emergency management. The Department anticipates that the request will:

- Preserve 39.6 FTE currently funded by federal funds;
- Add an additional 15.0 FTE over two years to enhance state support to local governments; and
- Maintain a minimum level of emergency preparedness for the state.

For more information about this request, see Briefing Issue 2: *R1 – Backfill Federal funding for Disaster Management and Prevention* in the Department’s briefing document.

**R2 Threat Intelligence and Prevention Liaison:** The Department seeks to add threat monitoring to its current Targeted Violence and Terrorism Prevention (TVTP) program because the federal program has been eliminated.

Year 1: \$446,326 General Fund and 1.8 FTE.

Year 2: \$451,413 and 2.0 FTE.

The current program aligned with federal TVTP grant requirements. The federal government terminated the program in summer 2025. The request seeks to continue and expand the program to incorporate more strategic threat monitoring. This would include 2.0 additional FTE and:

- 24/7 social media threat monitoring;
- updated software subscriptions and data feeds;
- access to fringe and dark-web ecosystems;
- faster escalation to the Colorado State Patrol; and
- a performance dashboard used to measure outcomes.

**R3 Regional Information Sharing System:** The Department requests funding to allow all public safety agencies statewide to access the Regional Information Sharing System (RISS), which allows agencies to share intelligence across state and tribal lines.

Year 1: \$18,000 General Fund

**R4 Refinance HUTF with GF:** The Department requests a one-time General Fund increase to reduce appropriations from the Highway Users Tax Fund (HUTF) "off the top".

Year 1: An increase of \$3.0 million General Fund and a decrease of \$3.0 million HUTF.

The Colorado State Patrol receives an HUTF appropriation that comes "off the top" before the formula allocations of HUTF for road work. This "off the top" appropriation is allowed to grow by no more than 6.0 percent annually<sup>11</sup>. The Department identifies that increases in the salary survey common policy necessitate an additional \$2,987,065 above the 6.0 percent growth limit from the Department's total FY 2025-26 appropriation.

**R5 School safety reallocation:** The Department requests a net-zero General Fund reallocation within the Office of School Safety.

There is no fiscal impact to this request. It shifts \$350,000 General Fund from other programs within the Office of School Safety to school security grants.

The request reduces appropriations to two programs within the School Safety Resource Center and increases the amount of money available for school security grants. The reallocation would not alter current programming. The request also asks to extend spending authority until grant awards are fully spent, rather than limiting expenditure to two fiscal years.

**R6 Consolidate fire safety cash funds [legislation]:** The Department requests a consolidation of program-specific cash funds into a single "Fire and Life Safety Cash Fund."

There is no fiscal impact to this request.

The Division of Fire Prevention and Control conducts inspections for (1) classified healthcare facilities; (2) public schools; (3) and other new construction when counties do not have capacity. These inspections are supported by three separate cash funds. Combining the cash funds is expected to reduce revenue volatility for the program.

**R7 Integrated Criminal Justice Info System reduction:** The Department requests a reduction of General Fund for the Colorado Integrated Justice Information System, which allows law enforcement teams in Colorado to communicate across jurisdictions and with judicial departments despite computer system differences.

Year 1: Decrease of \$67,431 General Fund

**R8 Fire investigation administration reduction:** The Department requests a reduction of General Fund to the Fire Investigation Cash Fund.

Year 1: Decrease of \$151,800 total funds, including \$75,900 General Fund and \$75,900 reappropriated funds

**R9 DCJ reduction:** The Department requests a General Fund decrease for three line items in the Division of Criminal Justice (DCJ).

Year 1: Decrease of \$306,609 General Fund.

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<sup>11</sup> Section 42-4-201, C.R.S.

### R9 reductions by line item

Line item	Amount	Impact
DCJ Administrative Service	-\$185,222	Less travel, conferences, and training to staff and stakeholders.
Juvenile Diversion Programs	-99,439	Reduced consultant services and facilitators for subcommittees
Sex Offender Surcharge Fund Program	-21,948	Less travel and training opportunities for staff
Total	-\$306,609	

**R10 CBI identification unit reduction:** The Department requests a reduction of General Fund for the Colorado Crime Information Center within the Identification Unit of the Colorado Bureau of Investigation (CBI).

Year 1: Decrease of \$184,111 General Fund.

Reductions include administrative line items and the Colorado Crime Information Center. Reductions do not impact the CBI labs.

**R11 DHSEM reduction:** The Department requests a reduction of General Fund from the Division of Homeland Security and Emergency Management (DHSEM) across nine lines.

Year 1: Decrease of \$296,893 General Fund.

### R11 General Fund Reductions from DHSEM

Line Item	Reduction
Office of Emergency Management Program Administration	-\$79,339
Appropriation to the Emergency Stockpile Rotation Cash Fund	-150,000
Access and Functional Needs Planning	-7,007
Office of Prevention and Security Personal Services and Operating	-25,134
Extreme Risk Protection Order Hotline	-3,605
Safe2Tell Communications Officers	-9,162
Office of Preparedness Program Administration	-22,155
State Facility Security	-491
Total	-\$296,893

**Employee compensation common policies:** The request includes a net increase of \$20.6 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$11,870,196	\$2,918,323	\$7,935,428	\$894,951	\$121,494	0.0
Health, life, and dental	6,922,010	2,985,373	3,070,905	794,523	71,209	0.0
Unfunded liability amortization payments	1,474,137	447,373	878,733	116,242	31,789	0.0
Step plan	399,949	126,265	233,114	31,010	9,560	0.0
PERA direct distribution	84,180	19,130	61,672	3,378	0	0.0
Paid family and medical leave insurance	66,335	20,130	39,543	5,231	1,431	0.0
Short-term disability	10,322	3,132	6,151	814	225	0.0
Shift differential	-178,307	-73,884	-66,960	-44,863	7,400	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total	\$20,648,822	\$6,445,842	\$12,158,586	\$1,801,286	\$243,108	0.0

**Operating common policies:** The request includes an increase of \$951,664 for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Vehicle lease payments	\$1,432,533	\$310,622	\$946,801	\$118,127	\$56,983	0.0
Indirect cost recovery adjustment	1,335,539	-316,007	448,115	1,190,395	13,036	0.0
Office of Information Technology services	1,086,234	-963,805	2,127,451	-77,412	0	0.0
Workers' compensation	691,072	691,072	0	0	0	0.0
State accounting system (CORE)	328,308	0	0	328,308	0	0.0
Digital trunked radios	59,060	149,779	6,182	-87,016	-9,885	0.0
Administrative law judge services	1,929	1,929	0	0	0	0.0
Dispatch services adjustment	0	0	-161,076	141,193	19,883	0.0
Risk management & property	-3,792,199	-2,724,777	0	-1,067,422	0	0.0
Capitol Complex leased space	-106,755	9,681	-99,397	-17,039	0	0.0
Legal services	-68,374	0	0	-68,374	0	0.0
Departmental indirect cost adjustment	-15,683	0	-37,539	0	21,856	0.0
Total	\$951,664	-\$2,841,506	\$3,230,537	\$460,760	\$101,873	0.0

**Impacts driven by other agencies:** The request includes a net decrease of \$491,712 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP State accounting system (CORE) staff	\$66,013	\$0	\$0	\$66,013	\$0	0.0
NP SB24-205 AI compliance	54,337	54,337	0	0	0	0.0
NP Statewide enable AI	27,267	27,267	0	0	0	0.0
NP IT operating offset	-447,924	-393,843	-52,713	-1,368	0	0.0
NP IT efficiencies	-191,405	-168,295	-22,525	-585	0	0.0
Total	-\$491,712	-\$480,534	-\$75,238	\$64,060	\$0	0.0

**Prior year actions:** The request includes a net increase of \$14.6 million for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-310 Prop 130 implementation	\$14,993,330	\$0	\$14,993,330	\$0	\$0	4.0
HB 25-1098 Automated notify victim	250,000	0	250,000	0	0	0.0
FY 25-26 Threat assessment adjust.	100,000	100,000	0	0	0	0.0
HB 24-1219 First responder health benefit trusts	100,000	100,000	0	0	0	0.0
HB 24-1054 Jail standards recommend.	30,500	15,250	0	15,250	0	0.0
SB 25-034 Voluntary do-not-sell firearms waiver	26,000	26,000	0	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-050 Racial class. on gov. forms	17,740	17,740	0	0	0	0.0
FY 25-26 Step plan	0	0	0	0	0	0.0
SB 25-179 Sunset identity theft & fin. fraud act	0	453,271	-453,271	0	0	0.0
HB 25-1209 Marijuana Reg. Streamline	-238,685	0	-238,685	0	0	-1.3
HB 24-1353 Firearms Dealer Req. and Permit	-218,175	0	-218,175	0	0	-1.2
SB 24-010 Dentist and Dental Hygienist Compact	-109,273	0	-109,273	0	0	-0.6
HB 24-1002 Social Worker Licensure Compact	-104,129	0	-104,129	0	0	-0.6
FY 25-26 Training sex offense victim reps.	-100,000	0	-100,000	0	0	0.0
SB 24-018 Phys. assistant licensure compact	-51,701	0	-51,701	0	0	-0.3
FY 25-26 Salary survey	-41,720	-40,968	0	-752	0	0.0
SB 24-173 Regulate mortuary science occupations	-35,605	0	-35,605	0	0	-0.2
SB 25-007 Inc. Prescribed Burns	-14,250	-14,250	0	0	0	-0.2
HB 24-1133 Criminal record sealing	-13,340	-13,340	0	0	0	0.0
HB 25-1146 Juvenile detention bed cap	-6,670	-6,670	0	0	0	0.0
Total	\$14,584,022	\$637,033	\$13,932,491	\$14,498	\$0	-0.4

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated nonpartisan staff.

**Budget Reduction Options – All Divisions Except DCJ:** The Executive Budget Request includes reductions of \$4.3 million General Fund for the Department of Public Safety, representing 1.6 percent of the current General Fund appropriations in this section of the budget. This issue brief reviews these proposals and additional options identified by staff.

**R1 Backfill Federal Funding for Disaster Management and Prevention:** The Department’s R1 includes \$7.1 million and 48.7 FTE to backfill federal funds within the Division of Homeland Security and Emergency Management (DHSEM). These funds have historically been provided through grants awarded by the Federal Emergency Management Agency (FEMA).

**The Disaster Emergency Fund:** The Disaster Emergency Fund allows for immediate and ongoing response to emergencies that require resources beyond appropriations in the Long Bill. Staff summarizes the mechanics of the Disaster Emergency Fund including the statutory allowances to the Governor for managing the fund and its balance.

**CBI Forensic Services Unit Update and Independent Audit Summary:** The Colorado Bureau of Investigation discovered anomalies in DNA testing handled by the Forensic Services Unit in September 2023. Staff summarizes an independent audit on the Forensic Services Unit’s policies, procedures, and testing capabilities. Additionally, the briefing provides an update regarding DNA testing and the sex assault kit backlog.

**Budget reduction options – Division of Criminal Justice:** The Division’s request includes a reduction of \$306,609 General Fund. This issue brief reviews this proposals and \$13.4 million in other options identified by staff.

**Incapacitation, deterrence, and crime:** This issue brief discusses research about the relationship between imprisonment, criminal sentencing laws, and crime rates. It also touches on the purposes of sentencing. This discussion is partially motivated by forecasts that suggest the State will exceed its male prison capacity in the next fiscal year.

**DOC inmates in the community:** This issue brief explains and analyzes the response to a JBC request for information. The Departments of Corrections and Public Safety propose changes to community corrections referral timelines and acceptance criteria for certain DOC inmates. The departments also propose similar changes for the Intensive Supervision-Inmate program. JBC staff's analysis considers the current allocation of decision-making authority and carceral responsibility. It also considers whether a cost-sharing model might lead to different decisions at a local level. This discussion is partially motivated by forecasts that suggest the State will exceed its male prison capacity in the next fiscal year.

**Community corrections cost analysis:** This issue brief highlights key findings in a third-party cost analysis of the community corrections system.

## For More Information

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# Regulatory Agencies

The Department of Regulatory Agencies is responsible for consumer protection, which is carried out through regulatory programs that license, establish standards, approve rates, and investigate complaints. The Department enforces rules and regulations through boards, commissions, and advisory committees across a variety of professions, occupations, programs, and institutions. The Department's FY 2025-26 appropriation represents approximately 0.3 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Regulatory Agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 Long Bill	\$142,074,974	\$3,114,582	\$129,281,319	\$7,623,434	\$2,055,639	730.6
Other legislation	-3,429,668	0	-3,429,668	0	0	-2.0
<b>Total</b>	<b>\$138,645,306</b>	<b>\$3,114,582</b>	<b>\$125,851,651</b>	<b>\$7,623,434</b>	<b>\$2,055,639</b>	<b>728.6</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$138,645,306	\$3,114,582	\$125,851,651	\$7,623,434	\$2,055,639	728.6
R1 Base reduction to Div. of Insurance and Civil Rights Div.	-401,502	-56,502	-345,000	0	0	0.0
Employee compensation common policies	5,795,462	213,948	5,375,384	273,784	-67,654	0.0
Operating common policies	-254,203	-1,628	-263,755	9,071	2,109	0.0
Impacts driven by other agencies	378,482	0	376,624	1,858	0	1.8
Prior year actions	549,151	0	549,151	0	0	-3.8
<b>Total</b>	<b>\$144,712,696</b>	<b>\$3,270,400</b>	<b>\$131,544,055</b>	<b>\$7,908,147</b>	<b>\$1,990,094</b>	<b>726.6</b>
<b>Increase/-Decrease</b>	<b>\$6,067,390</b>	<b>\$155,818</b>	<b>\$5,692,404</b>	<b>\$284,713</b>	<b>-\$65,545</b>	<b>-2.0</b>
<b>Percentage Change</b>	<b>4.4%</b>	<b>5.0%</b>	<b>4.5%</b>	<b>3.7%</b>	<b>-3.2%</b>	<b>-0.3%</b>

Changes are assumed to be ongoing unless otherwise noted.

**R1 Base reduction to Division of Insurance and the Civil Rights Division:** The Department requests reduced appropriations in the Colorado Civil Rights Division (CCRD) and the Division of Insurance (DOI).

Year 1: The total savings is \$401,502 General Fund.

The request includes a reduction of \$56,502 from the personal services line in the CCRD which is equal to 2.0 percent of the division's General Fund appropriation. The CCRD is the only division within DORA that receives a General Fund appropriation.



Additionally, the Department requests a reduction of \$345,000 cash funds from the personal services line in the Division of Insurance (DOI), which is equal to 2.0 percent of the division's total appropriation. Reducing appropriations from the Division of Insurance cash fund results in more General Fund revenue. This is because revenue from insurance premium taxes goes to the General Fund if not appropriated to the DOI.

The Department and the Governor's Office of State Planning and Budgeting state that these reductions will be absorbed through current retirement and vacancy savings and through management of contract expenses.

**Employee compensation common policies:** The request includes a net increase of \$5.8 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$2,783,593	\$100,583	\$2,633,055	\$79,133	-\$29,178	0.0
Salary survey	2,141,789	58,788	1,899,042	159,299	24,660	0.0
Unfunded liability amortization payments	631,639	38,172	641,321	1,937	-49,791	0.0
Step plan	168,218	9,314	119,503	39,401	0	0.0
PERA direct distribution	37,378	5,106	49,115	-6,086	-10,757	0.0
Paid family and medical leave insurance	28,424	1,718	28,859	87	-2,240	0.0
Short-term disability	4,421	267	4,489	13	-348	0.0
<b>Total</b>	<b>\$5,795,462</b>	<b>\$213,948</b>	<b>\$5,375,384</b>	<b>\$273,784</b>	<b>-\$67,654</b>	<b>0.0</b>

**Operating common policies:** The request includes a net decrease of \$254,203 for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Legal services	\$248,067	\$2,172	\$242,840	\$1,748	\$1,307	0.0
State accounting system (CORE)	229,190	8,877	205,711	11,801	2,801	0.0
Workers' compensation	44,622	1,352	41,131	1,554	585	0.0
Administrative law judge services	-332,047	-8,223	-323,824	0	0	0.0
Vehicle lease payments	-262,554	0	-262,554	0	0	0.0
Risk management & property	-172,467	-5,806	-158,154	-5,923	-2,584	0.0
Office of Information Technology services	-9,014	0	-8,905	-109	0	0.0
<b>Total</b>	<b>-\$254,203</b>	<b>-\$1,628</b>	<b>-\$263,755</b>	<b>\$9,071</b>	<b>\$2,109</b>	<b>0.0</b>

**Impacts driven by other agencies:** The request includes a net increase of \$378,482 for requests from other state agencies. These are also called "non-prioritized requests." The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$170,762	\$0	\$170,762	\$0	\$0	0.9
NP SB24-205 AI compliance	133,760	0	132,144	1,616		0.9

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP Law Mortgage Broker request	28,653	0	28,653	0	0	0.0
NP Law Securities fraud request	25,277	0	25,277	0	0	0.0
NP State accounting system (CORE) staff	20,030	0	19,788	242	0	0.0
Total	\$378,482	\$0	\$376,624	\$1,858	\$0	1.8

**Prior year actions:** The request includes a net increase of \$549,151 for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 24-010 Dentist and dental hygienist compact	\$258,514	\$0	\$258,514	\$0	\$0	0.5
HB 23-1201 Pres. drug benefits contract terms	250,000	0	250,000	0	0	0.0
HB 24-1111 Cosmetology licensure compact	199,015	0	199,015	0	0	-0.2
SB 24-018 Physician assistant licensure compact	166,509	0	166,509	0	0	0.2
HB 25-1002 Social work license compact	68,014	0	68,014	0	0	-0.6
SB 24-207 Access to distributed generation	33,756	0	33,756	0	0	0.2
HB 25-1154 Comm. services for people with disabilities enterprise	33,435	0	33,435	0	0	0.0
HB 25-1284 Regulating apprentices in licensed trades	30,000	0	30,000	0	0	0.0
SB 25-165 Licensure of electricians	27,544	0	27,544	0	0	0.4
HB 24-1030 Railroad safety requirements	12,687	0	12,687	0	0	0.0
HB 25-1094 Pharmacy benefit manager practices	7,554	0	7,554	0	0	0.1
HB 24-1153 Physician continuing education	5,502	0	5,502	0	0	0.1
SB 24-218 Modernize energy distribution systems	-387,150	0	-387,150	0	0	-3.5
SB 23-189 Inc. access to reproductive care	-50,000	0	-50,000	0	0	0.0
SB 24-073 Max employees for small employer	-44,395	0	-44,395	0	0	-0.4
SB 24-141 Out-of-state telehealth providers	-25,363	0	-25,363	0	0	-0.3
HB 24-1108 Ins. commissioner study ins. market	-19,909	0	-19,909	0	0	-0.2
HB 24-1315 Study on remediation of property damage	-9,954	0	-9,954	0	0	-0.1
SB 24-173 Regulate mortuary science occupations	-6,608	0	-6,608	0	0	0.0
Total	\$549,151	\$0	\$549,151	\$0	\$0	-3.8

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget Reduction Options:** The Executive Budget Request includes reductions of \$56,502 General Fund for Colorado Civil Rights Division and of \$345,000 cash funds from the Division of Insurance Cash fund. Combined, these reductions total \$401,502 in General Fund relief, representing 1.8 percent of the current General Fund appropriations in this section of the budget.<sup>12</sup> This issue brief reviews these proposals and additional options identified by staff.

<sup>12</sup> Current FY 2025-26 appropriations do not include mid-year reductions in executive orders.

**Health Insurance Affordability Enterprise After H.R. 1 and the 2025 Special Session:** The Health Insurance Affordability Enterprise (HIAE) is charged with reducing the overall cost of health insurance for enrollees through investment of insurance premium taxes in three cost-saving programs. This issue brief provides a summary of the status of the HIAE after the passage of the federal H.R. 1 and H.B. 25B-1006 (Improve Affordability of Private Health Insurance) during special session.

**Statewide R1 Pinnacol Conversion:** The Executive Budget Request includes a budget balancing measure to sell the state's share of Pinnacol Assurance, the leading workers' compensation insurance provider in Colorado. The request suggests this would increase General Fund revenue by \$400.0 million. This issue brief reviews the proposal, currently available data regarding the solvency and value of Pinnacol, and statutory implications of the sale.

## For More Information

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To read the entire briefing: Go to [content.leg.colorado.gov/content/budget#budget-documents-section](https://content.leg.colorado.gov/content/budget#budget-documents-section) to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.

# Revenue

The Department has three functional groups: the Taxation Business Group collects revenue for the state and for many local governments and assists taxpayers in tax-related matters; the Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, and regulates commercial vehicles; and the Specialized Business Group regulates alcohol, tobacco, marijuana, horse racing and off-track betting, sports betting, limited gaming, and automobile dealers and sales persons. The Department's FY 2025-26 appropriation represents approximately 0.9 percent of statewide operating appropriations and 1.2 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Revenue

Item	Total Funds	General Fund [1]	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$557,041,568	\$154,621,461	\$392,122,764	\$9,445,211	\$852,132	1,817.2
Other legislation	264,517	314,520	-50,003	0	0	2.1
<b>Total</b>	<b>\$557,306,085</b>	<b>\$154,935,981</b>	<b>\$392,072,761</b>	<b>\$9,445,211</b>	<b>\$852,132</b>	<b>1,819.3</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$557,306,085	\$154,935,981	\$392,072,761	\$9,445,211	\$852,132	1,819.3
R1 General fund reductions	-1,275,000	-1,275,000	0	0	0	0.0
R2 DMV realignment	-21,498	-21,498	0	0	0	0.0
R3 Taxation services resources	2,088,239	2,088,239	0	0	0	23.0
Employee comp common policies	12,304,259	5,671,431	6,598,457	34,371	0	0.0
Operating common policies	2,059,207	-32,425	1,521,879	569,753	0	0.0
Impacts driven by other agencies	-305,908	-53,647	-252,261	0	0	1.0
Technical adjustments	3,153,326	1,669,472	1,483,854	0	0	0.0
Prior year actions	-578,483	-231,442	-347,041	0	0	6.5
<b>Total</b>	<b>\$574,730,227</b>	<b>\$162,751,111</b>	<b>\$401,077,649</b>	<b>\$10,049,335</b>	<b>\$852,132</b>	<b>1,849.8</b>
Increase/-Decrease	\$17,424,142	\$7,815,130	\$9,004,888	\$604,124	\$0	30.5
Percentage Change	3.1%	5.0%	2.3%	6.4%	0.0%	1.7%

[1] includes General Fund exempt

Changes are assumed to be ongoing unless otherwise noted.

**R1 General fund reductions:** The Department requests General Fund reductions in across various line items in the Executive Director's Office and Division of Motor Vehicles.

Current year: Reductions of \$637,500 General Fund.

Year 1: Reductions of \$1.3 million General Fund.

The Department states that these budget reductions can be absorbed through vacancy savings, employee attrition, the suspension of professional development programs, and decreased discretionary spending on items like computer upgrades for employees. Below are the Department's proposed General Fund reductions:

- \$500,000 reduction to Personal Services in the Executive Director's Office
- \$250,000 reduction to Operating Expenses in the Executive Director's Office
- \$250,000 reduction to Leased Space in the Executive Director's Office
- \$275,000 reduction to Operating Expenses in the Division of Motor Vehicles

**R2 DMV realignment:** The Department requests a net-zero realignment of existing cash fund spending authority within the Division of Motor Vehicles (DMV) and also a reduction of \$21,498 General Fund.

Year 1: Reduction of \$21,498 General Fund.

The Department requests a shift in existing cash fund spending authority and FTE from the Driver Services division to the Vehicle Services and Administration divisions within the DMV. According to the Department this will more accurately align the Long Bill to reflect operations. Additionally, the Department asks for a reduction of \$21,498 General Fund appropriated to DRIVES Maintenance and Support and to Driver Licenses Documents in the DMV.

**R3 Taxation services resources:** The Department requests additional resources to implement and support costs associated with tax policy changes enacted in federal H.R. 1.

Current year: An increase of \$34,984 for GenTax programming.

Year 1: An increase of \$2.1 million General Fund for an additional 23.0 FTE in the Taxation Services Division.

Year 2: An increase of \$2.3 million General Fund and 26.0 FTE for resources in the Taxation Services Division.

The recent enactment of federal H.R. 1 is expected to impose additional demands on the Taxation Services Division. Resources are being requested to support Colorado taxpayers and ensure that individuals are accurately filing their returns and complying with the new tax code. For additional information please see the issue brief on the R3 (Taxation services resources) request on page 17 of the full briefing document.

**Employee compensation common policies:** The request includes a net increase of \$12.3 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$5,809,265	\$2,663,760	\$3,135,852	\$9,653	\$0	0.0
Salary survey	4,627,939	2,097,151	2,512,351	18,437	0	0.0
Step plan	999,436	559,885	435,311	4,240	0	0.0
Unfunded liability amortization payments	741,492	333,304	406,249	1,939	0	0.0
Shift differential	88,180	0	88,180	0	0	0.0
Paid family and medical leave insurance	33,367	14,998	18,281	88	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Short-term disability	4,580	2,333	2,233	14	0	0.0
Total	\$12,304,259	\$5,671,431	\$6,598,457	\$34,371	\$0	0.0

**Operating common policies:** The request includes a net increase of \$2.1 million for operating common policies

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	\$1,506,607	\$623,659	\$882,948	\$0	\$0	0.0
State accounting system (CORE)	772,625	294,755	477,870	0	0	0.0
Indirect costs	569,753	-569,753	569,753	569,753	0	0.0
Workers' compensation	90,230	34,412	55,818	0	0	0.0
Leased space	76,006	76,006	0	0	0	0.0
PERA direct distribution	24,010	-43,334	67,344	0	0	0.0
Digital trunked radios	20,804	0	20,804	0	0	0.0
Administrative law judge services	4,751	0	4,751	0	0	0.0
Capitol Complex leased space	1,941	812	1,129	0	0	0.0
Legal services	-508,417	-267,202	-241,215	0	0	0.0
Risk management & property	-466,526	-177,381	-289,145	0	0	0.0
Vehicle lease payments	-32,577	-4,399	-28,178	0	0	0.0
Total	\$2,059,207	-\$32,425	\$1,521,879	\$569,753	\$0	0.0

**Impacts driven by other agencies:** The request includes a net decrease of \$305,908 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$182,762	\$0	\$182,762	\$0	\$0	0.9
NP Statewide enable AI	88,256	69,972	18,284	0	0	0.0
NP State accounting system (CORE) staff	52,058	52,058	0	0	0	0.0
NP Disability opportunity office	27,000	0	27,000	0	0	0.0
NP SB24-205 AI compliance	11,108	11,108	0	0	0	0.1
NP IT operating offset	-514,276	-143,997	-370,279	0	0	0.0
NP IT efficiencies	-152,816	-42,788	-110,028	0	0	0.0
Total	-\$305,908	-\$53,647	-\$252,261	\$0	\$0	1.0

**Technical adjustments:** The request includes an increase of \$3.2 million for various technical adjustments related to contractual agreements and inflation-related cost changes. Adjustments are outlined in the table below, followed by a brief description of each adjustment.

#### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Responsible gaming grant escalator	\$505,000	\$0	\$505,000	\$0	\$0	0.0
IDS print production	494,400	494,400	0	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Postage	483,442	457,764	25,678	0	0	0.0
License plate ordering	315,446	0	315,446	0	0	0.0
Contract escalator GovOs & Alvara (SUTS)	292,913	292,913	0	0	0	0.0
Occupational licensing & case mgt	220,269	0	220,269	0	0	0.0
Document management	208,573	208,573	0	0	0	0.0
Fast Enterprises contract escalator	200,544	200,544	0	0	0	0.0
DRIVES contract escalator	196,239	0	196,239	0	0	0.0
Driver's license documents	187,226	0	187,226	0	0	0.0
SCAIC contract escalator	33,996	0	33,996	0	0	0.0
Joint audit program fee	15,278	15,278	0	0	0	0.0
Total	\$3,153,326	\$1,669,472	\$1,483,854	\$0	\$0	0.0

**Prior year actions:** The request includes a net decrease of \$578,483 for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 25-26 R3 Lottery optimization	\$182,080	\$0	\$182,080	\$0	\$0	3.2
HB 24-1325 Tax credits quantum industry	78,237	78,237	0	0	0	0.0
HB 24-1360 CO disability opportunity office	77,926	0	77,926	0	0	0.0
SB 25-310 Proposition 130 implementation	75,857	75,857	0	0	0	0.0
HB 24-1250 Driving improvement course	72,419	0	72,419	0	0	0.4
SB 25-319 Mod higher ed expense income tax	70,859	70,859	0	0	0	1.5
HB 25-1296 Tax expenditure adjustment	66,331	66,331	0	0	0	0.0
HB 24-1249 Tax credit agricultural stewardship	53,942	53,942	0	0	0	0.0
HB 24-1295 Creative industry comm revitalization	50,109	50,109	0	0	0	0.0
SB 24-190 Rail & coal transition	48,956	48,956	0	0	0	0.0
HB 24-1365 Opportunity now grants	48,719	48,719	0	0	0	0.0
HB 24-1240 AmeriCorps tax subtraction	40,016	40,016	0	0	0	0.0
HB 25B-1004 Sale of tax credits	39,547	39,547	0	0	0	0.0
HB 25-1189 Vehicle registration reform & fees	31,162	0	31,162	0	0	0.0
HB 24-1089 Vehicle electronic notifications	24,912	0	24,912	0	0	2.8
HB 25-1274 Healthy school meals for all	19,684	19,684	0	0	0	0.0
HB 24-11344 Tax expenditures to reduce burden	19,058	19,058	0	0	0	0.0
SB 25-008 Adjust necessary doc program	14,716	0	14,716	0	0	0.0
HB 25B-1002 Corporate income tax foreign	12,815	12,815	0	0	0	0.0
HB 25-1083 Vehicle deployed military families	8,006	0	8,006	0	0	0.0
HB 25-1039 Commercial vehicle muffler	5,414	0	5,414	0	0	0.0
HB 25-1189 Motor vehicle registration reform	2,555	0	2,555	0	0	0.0
SB 25-320 Motor vehicle transportation	108	0	108	0	0	0.0
SB 24-214 Implement state climate goals	-318,088	0	-318,088	0	0	0.0
HB 24-1021 Motor vehicle education standards	-177,675	0	-177,675	0	0	2.1
HB 24-1340 Incentives post-secondary education	-131,103	-131,103	0	0	0	-1.0
HB 25-1312 Transgender legal protect	-127,775	-153,969	26,194	0	0	-1.7
SB 24-182 Immigration ID document	-126,615	0	-126,615	0	0	0.0
HB 25B-1005 Eliminate sales tax vendor fee	-88,720	-88,720	0	0	0	-0.3
HB 24-1268 Financial assistance low income	-88,278	-88,278	0	0	0	-0.5
HB 24-1312 State income tax credit care workers	-73,925	-73,925	0	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HB 24-1288 Earned income tax credit data sharing	-70,000	-70,000	0	0	0	0.0
SB 24-230 Oil & gas production fees	-60,963	-60,963	0	0	0	0.0
HB 24-1311 Family affordability tax credit	-47,002	-47,002	0	0	0	0.0
HB 24-1439 Financial incentive internship	-44,289	-44,289	0	0	0	0.0
HB 24-1157 Employee-owned business tax credit	-40,428	-40,428	0	0	0	0.0
SB 24-100 Commercial vehicle safety measures	-32,356	0	-32,356	0	0	0.0
HB 24-1316 Housing tax credit	-23,514	-23,514	0	0	0	0.0
HB 25-1154 Communication services disabilities	-21,467	0	-21,467	0	0	0.0
SB 24-192 Motor vehicle lemon law	-20,025	0	-20,025	0	0	0.0
HB 25-1311 Sports betting deductions	-17,135	0	-17,135	0	0	0.0
HB 24-1369 Agriculture special license plate	-16,111	0	-16,111	0	0	0.0
HB 24-1105 Chicano special license plate	-15,169	0	-15,169	0	0	0.0
SB 25-026 Adjusting tax expenditures	-13,137	-13,137	0	0	0	0.0
SB 24-019 Renumeration exempt placards	-10,843	0	-10,843	0	0	0.0
HB 24-1269 Modification of recording fees	-10,764	0	-10,764	0	0	0.0
SB 24-210 Modifications to election laws	-10,764	0	-10,764	0	0	0.0
HB 24-1142 Reduce income tax ss benefits	-9,901	-9,901	0	0	0	0.0
SB 25-018 Online search of sales & use tax	-9,718	-9,718	0	0	0	0.0
SB 24-065 Electronic devices & driving	-7,040	0	-7,040	0	0	0.0
HB 24-1319 Fire fighters plate expiration	-3,779	0	-3,779	0	0	0.0
HB 25-1299 Animal protection voluntary contribution	-2,904	0	-2,904	0	0	0.0
HB 24-1135 Offenses related to operating vehicle	-1,020	0	-1,020	0	0	0.0
SB 24-016 Tax credit for contribution intermediaries	-561	-561	0	0	0	0.0
HB 24-1135 Offenses related to operating vehicle	-463	0	-463	0	0	0.0
HB 24-1319 Fire fighters plate expiration	-315	0	-315	0	0	0.0
HB 24-1235 Reduce aviation impacts	-64	-64	0	0	0	0.0
Total	-\$578,483	-\$231,442	-\$347,041	\$0	\$0	6.5

## Issues Presented

**Taxation Services Resources:** The Department's R3 (Taxation Services Resources) requests additional resources within the Taxation Business Group to provide additional FTE resources and GenTax programming to implement and support State costs associated with tax policy changes enacted in federal H.R. 1.

**Budget Reduction Options:** The Department requests reductions of \$1.3 million, representing 1.0 percent of its General Fund appropriations. Staff options would bring an additional \$4.5 million in General Fund relief.

## For More Information

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# State

The Secretary of State is one of five independently-elected constitutional officers and is the chief election official for the State of Colorado. The Department is responsible for overseeing elections, registering businesses, and publishing public records. The Department's FY 2025-26 appropriation represents approximately 0.1 percent of statewide operating appropriations and no statewide General Fund.

## Summary of Request

### Department of State

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$48,252,479	\$4,254	\$48,248,225	\$0	\$0	173.4
Other legislation	710,592	0	710,592	0	0	1.0
<b>Total</b>	<b>\$48,963,071</b>	<b>\$4,254</b>	<b>\$48,958,817</b>	<b>\$0</b>	<b>\$0</b>	<b>174.4</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$48,963,071	\$4,254	\$48,958,817	\$0	\$0	174.4
R1 Phone modernization	185,000	0	185,000	0	0	0.0
R2 Informix database migration	100,000	0	100,000	0	0	0.0
R3 Accessibility resources	94,350	0	94,350	0	0	1.0
Employee compensation common policies	1,329,974	0	1,329,974	0	0	0.0
Operating common policies	-665,928	0	-665,928	0	0	0.0
Impacts driven by other agencies	137,281	0	137,281	0	0	0.9
Technical adjustments	-669,616	0	-669,616	0	0	0.0
Prior year actions	-1,900,838	0	-1,900,838	0	0	0.0
<b>Total</b>	<b>\$47,573,294</b>	<b>\$4,254</b>	<b>\$47,569,040</b>	<b>\$0</b>	<b>\$0</b>	<b>176.3</b>
Increase/-Decrease	-\$1,389,777	\$0	-\$1,389,777	\$0	\$0	1.9
Percentage Change	-2.8%	0.0%	-2.8%	n/a	n/a	1.1%

Changes are assumed to be ongoing unless otherwise noted. Cash funds are from the CDOS Cash Fund unless otherwise noted.

**R1 Phone modernization:** The Department requests upgrading their phone system to a modern, cloud-based system.

Year 1: The cost is \$185,000 cash funds.

Year 2: The cost is \$116,000 cash funds.

The Department indicates that the current system lacks capabilities, such as call recording, automated routing, and Customer Relationship Management (CRM) software integration. This results in long constituent wait times

and inefficient interactions. The upgrade would modernize the Department's communication infrastructure and enhance constituent services through improved routing, reporting, and staff response.

**R2 Informix database migration:** The Department requests a consultant to design and plan a database transition.

Year 1: The one-time cost is \$100,000 cash funds.

The Department states that relying on Informix is creating technical debt, cybersecurity risks, and challenges to recruit and retain IT staff with obsolete specialized skills. The consultant will produce a roadmap outlining solutions, necessary resources, and risk mitigation strategies for a future migration.

**R3 Accessibility resources:** The Department requests an additional staff position to comply with state accessibility laws, including H.B. 21-1110 (Colorado Laws for Persons with Disabilities) and S.B. 23-244 (Technology Accessibility Cleanup).

Year 1: The cost is \$94,350 cash funds and 1.0 FTE.

The Department indicates that compliance is challenging due to the workload for auditing, remediating, and maintaining accessibility across dozens of internal and vendor-hosted systems. An additional staff member is intended to reduce the risk of non-compliance fines, provide equitable access to digital services, and prevent the overextension of current staff.

**Employee compensation common policies:** The request includes a net increase of \$1.3 million for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$700,993	\$0	\$700,993	\$0	\$0	0.0
Salary survey	545,695	0	545,695	0	0	0.0
Unfunded liability amortization payments	67,740	0	67,740	0	0	0.0
Step plan	11,823	0	11,823	0	0	0.0
Paid family and medical leave insurance	3,048	0	3,048	0	0	0.0
Short-term disability	474	0	474	0	0	0.0
PERA direct distribution	201	0	201	0	0	0.0
Total	\$1,329,974	\$0	\$1,329,974	\$0	\$0	0.0

**Operating common policies:** The request includes a net decrease of \$665,928 for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Leased space	\$60,000	\$0	\$60,000	\$0	\$0	0.0
Office of Information Technology services	38,227	0	38,227	0	0	0.0
Workers' compensation	25,503	0	25,503	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
State accounting system (CORE)	15,291	0	15,291	0	0	0.0
Legal services	-700,559	0	-700,559	0	0	0.0
Risk management & property	-95,479	0	-95,479	0	0	0.0
Administrative law judge services	-8,200	0	-8,200	0	0	0.0
Vehicle lease payments	-711	0	-711	0	0	0.0
Total	-\$665,928	\$0	-\$665,928	\$0	\$0	0.0

**Impacts driven by other agencies:** The request includes a net increase of \$137,281 for requests from other state agencies. These are also called “non-prioritized requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

#### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP SB24-205 AI compliance	\$134,997	\$0	\$134,997	\$0	\$0	0.9
NP State accounting system (CORE) staff	4,699	0	4,699	0	0	0.0
NP Statewide enable AI	621	0	621	0	0	0.0
NP IT efficiencies	-3,036	0	-3,036	0	0	0.0
Total	\$137,281	\$0	\$137,281	\$0	\$0	0.9

**Technical adjustments:** The request includes a net decrease of \$669,616 for technical adjustments.

#### Technical adjustments

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Document solutions common policy	\$201,048	\$0	\$201,048	\$0	\$0	0.0
Electronic Record Tech Board info only	-523,664	0	-523,664	0	0	0.0
Help America Vote Act (HAVA) state match	-200,000	0	-200,000	0	0	0.0
IT OpEx decrease	-147,000	0	-147,000	0	0	0.0
Total	-\$669,616	\$0	-\$669,616	\$0	\$0	0.0

**Prior year actions:** The request includes a net decrease of \$1.9 million for the impact of prior year budget decisions and legislation.

#### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-001 Voting rights act	\$48,752	\$0	\$48,752	\$0	\$0	0.0
SB 24-072 Confined eligible electors	25,080	0	25,080	0	0	0.0
FY 25-26 Increase security	6,942	0	6,942	0	0	0.0
SB 23-276 Modify election laws	-1,344,090	0	-1,344,090	0	0	0.0
HB 25-1315 Vacancies in General Assembly	-320,240	0	-320,240	0	0	0.0
HB 25-1319 County vacancies	-314,920	0	-314,920	0	0	0.0
FY 25-26 Fraudulent filings	-2,362	0	-2,362	0	0	0.0
Total	-\$1,900,838	\$0	-\$1,900,838	\$0	\$0	0.0

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget Reduction Options:** Budget cut options are limited because the Department is fully cash-funded with limited cash fund reserves. Transfers out of the cash fund would likely increase business filing fees. This issue brief discusses these considerations and budget balancing options identified by JBC staff.

**R2 Informix database migration:** This issue brief discusses challenges to remaining on the Department's old database, assumptions within the Department's request, and future risks.

## For More Information

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# Transportation

The Colorado Department of Transportation manages the construction, maintenance, and operation of the state's highway system and other forms of transportation, including aviation, rail, and transit. The Department's FY 2025-26 appropriation represents approximately 4.9 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations.

## Summary of Request

### Department of Transportation

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$2,273,396,013	\$0	\$1,449,032,151	\$5,181,756	\$819,182,106	3,328.5
<b>Total</b>	<b>\$2,273,396,013</b>	<b>\$0</b>	<b>\$1,449,032,151</b>	<b>\$5,181,756</b>	<b>\$819,182,106</b>	<b>3,328.5</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$2,273,396,013	\$0	\$1,449,032,151	\$5,181,756	\$819,182,106	3,328.5
<b>Revenue adjustments (FY 2026-27 forecast compared to FY 2025-26):</b>						
Local transit and rail	\$52,144,840	\$0	\$52,144,840	\$0	\$0	0.0
Bridge and Tunnel Enterprise	17,792,289	0	24,735,781	0	-6,943,492	0.0
MMOF	5,755,167	0	5,755,167	0	0	0.0
Nonattainment Air Pollution Enterprise	2,696,954	0	2,696,954	0	0	0.0
CM&O	-69,328,668	0	-37,263,245	0	-32,065,423	0.0
Clean Transit Enterprise	-34,796,917	0	-34,796,917	0	0	0.0
High Performance Enterprise	-6,246,770	0	-3,796,770	-2,450,000	0	0.0
R1 MMOF spending authority	29,237,737	0	29,237,737	0	0	0.0
SR7 MTCF balancing	500,000	0	500,000	0	0	0.0
<b>Subtotal: Revenue adjustments</b>	<b>-\$2,245,368</b>	<b>\$0</b>	<b>\$39,213,547</b>	<b>-\$2,450,000</b>	<b>-\$39,008,915</b>	<b>0.0</b>
FY 2026-27 revenue forecast	\$2,271,150,645	\$0	\$1,488,245,698	\$2,731,756	\$780,173,191	0.0
<b>Offsetting revenue allocation adjustments:</b>						
Employee compensation changes in Administration						
Admin costs	\$1,373,997	\$0	\$1,373,997	\$0	\$0	0.0
Offsets in CM&O	-1,373,997	0	-1,373,997	0	0	0.0
Operating common policies						
Admin costs	-6,251,756	0	-6,251,756	0	0	0.0
Offsets in CM&O	6,251,756	0	6,251,756	0	0	0.0
Impacts driven by other agencies						
Admin costs	31,910	0	31,910	0	0	1.2
Offsets in CM&O	-31,910	0	-31,910	0	0	0.0
<b>Net impact of offsetting expenditure adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.2</b>

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Total	\$2,271,150,645	\$0	\$1,488,245,698	\$2,731,756	\$780,173,191	3,329.7
Increase/-Decrease	-\$2,245,368	\$0	\$39,213,547	-\$2,450,000	-\$39,008,915	1.2
Percentage Change	-0.1%	n/a	2.7%	-47.3%	-4.8%	0.0

Changes are assumed to be ongoing unless otherwise noted.

## Revenue adjustments (FY 2026-27 revenue forecast compared to FY 2025-26 forecast)

**Local transit and rail grant programs:** CDOT forecasts an increase of \$52.1 million in revenue for cash funds supporting local transit and rail programs (Local Transit Grant Program Cash Fund, Local Transit Operations Cash Fund, and the Rail Funding Program Cash Fund). The anticipated increase is due to increased revenues from oil and gas production fees (S.B. 24-230), and the enterprise no longer being subject to Proposition 117, which limits enterprise revenue to \$100.0 million in its first 5 years.

**Bridge and Tunnel Enterprise (BTE):** CDOT's current forecast of revenue from the Bridge Safety Surcharge, Bridge and Tunnel Impact Fee, Bridge and Tunnel Retail Delivery Fee, and other sources (miscellaneous enterprise revenue, Federal Highway Administration transfer from CDOT) is projected to increase by \$17.8 million due to an increase in the Bridge and Tunnel Impact Fee (S.B. 25-230) and an inflationary increase to the BTE's Retail Delivery Fee.

**Multimodal Transportation and Mitigation Options Fund (MMOF):** CDOT's revenue forecast projects an increase of \$5.8 million to the MMOF. Of the revenue to this fund, 85 percent is granted out to local entities and 15 percent is retained by the state for Bustang operations.

**Nonattainment Area Air Pollution Mitigation Enterprise (NAAPME):** CDOT estimates the Nonattainment Area Air Pollution Mitigation Enterprise (also called the Air Pollution Enterprise) will collect \$2.7 million more from retail delivery and ridership fees. The increases are due to inflationary fee adjustments to the retail delivery and rideshare fees, and interest earnings.

**Construction, Maintenance, and Operations (CM&O):** The budget request reflects an anticipated \$69.3 million net revenue decrease for Construction, Maintenance, and Operations due to S.B. 25-257 (Modify General Fund Transfers to the State Highway Fund), which reduced General Fund transfers to the Department via the State Highway Fund, and S.B. 25-258 (Temporarily Reduce Road Safety Surcharge), which reduced the Road Safety Surcharge by \$3.70 between September 2025 and August 2027.

**Clean Transit Enterprise (CTE):** CDOT estimates that revenue for the Clean Transit Enterprise will decrease by \$34.8 million. This is a base revenue adjustment.

**High Performance Transportation Enterprise (HPTE):** Revenues from toll penalty violations, congestion impact fees (S.B. 24-184), service charges, and managed lane revenue is projected to decrease by \$6.2 million due to changes to the Congestion Impact Fee and penalty revenue forecasts, and a decrease in the Fee for Service from CDOT. CDOT pays the HPTE through a Fee for Service Intra-Agency Agreement (IAA) for specialized services.

**R1 Multimodal transit fund spending authority:** The Department requests cash fund spending authority for the Multimodal Transportation and Mitigations Options Fund (MMOF) to align with the fund’s forecasted balance.

Year 1: An increase of \$29.2 million from the MMOF to bring the Department’s total spending authority to \$55.6 million.

The MMOF consists of one-time transfers from the General Fund and federal funds, as well as ongoing revenues from the Retail Delivery Fee. Statute requires 85.0 percent of MMOF funds be granted to local transit projects, and 15.0 percent be retained by CDOT for statewide multimodal transit projects.

Prior legislative appropriations made to the MMOF were available for a five-year period. Spending authority from the MMOF ended in FY 2024-25. Most funds have been awarded to local projects that are in progress through FY 2027-28.

Senate Bill 25-264 (Cash Fund Transfers to the General Fund) transferred \$71.4 million *from* the MMOF to the General Fund. The transfer impacted the planning and timelines for local transportation projects. The Department requests a total of \$55.6 million in spending authority to access the full MMOF balance to continue funding for ongoing, awarded projects.

**Statewide R7 MTCF Balancing:** The request includes a net increase of \$500,000 from the Marijuana Tax Cash Fund (MTCF) for the Marijuana Impaired Driving Campaign as part of a statewide request.

Offsetting Revenue Allocation Adjustments

The request reflects offsetting adjustments that move expenditures from one division to another without altering the Department total. The FY 2026-27 request includes an increase of \$8.7 million cash funds for Administration, which will be offset by a reduction to Construction, Maintenance, and Operations (CM&O). These offsetting expenditures include total compensation and other common policy changes and non-prioritized requests originating in other departments. Details are shown in the tables below.

**Employee compensation common policies changes in Administration:** The request includes a net increase of \$1.4 million in cash funds for employee compensation common policies. A common policy refers to general policies applied consistently to all departments. To pay for the increase, revenue allocated to CM&O is reduced by the same amount.

Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Employee compensation [1]	\$1,373,997	\$0	\$1,373,997	\$0	\$0	0.0
Total	\$1,373,997	\$0	\$1,373,997	\$0	\$0	0.0

[1] Includes adjustments for: salary survey; health, life and dental; step plan; PERA direct distribution; short-term disability; unfunded liability amortization payments; and paid family and medical leave insurance.

**Operating common policies changes in Administration:** The request includes a net decrease of \$6.3 million cash funds to Administration for the following operating common policy adjustments. This increases the revenue for CM&O by the same amount.



### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
State accounting system (CORE)	\$98,608	\$0	\$98,608	\$0	\$0	0.0
Workers' compensation	62,757	0	62,757	0	0	0.0
Legal services	51,236	0	51,236	0	0	0.0
Capitol Complex leased space	7,998	0	7,998	0	0	0.0
Risk management & property	-6,443,445	0	-6,443,445	0	0	0.0
OIT services	-25,464	0	-25,464	0	0	0.0
Administrative law judge services	-3,446	0	-3,446	0	0	0.0
Total	-\$6,251,756	\$0	-\$6,251,756	\$0	\$0	0.0

**Impacts driven by other agencies changes in Administration:** The request includes a net increase in \$31,910 cash funds in Administration and a corresponding decrease in cash funds from CM&O to account for requests from other state agencies. These are also called “non-prioritized (NP) requests.” The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP IT accessibility	\$203,122	\$0	\$203,122	\$0	\$0	1.2
NP State accounting system (CORE) staff	98,021	0	98,021	0	0	0.0
NP Statewide enable AI	12,458	0	12,458	0	0	0.0
NP3 SB24-205 AI compliance	4,270	0	4,270	0	0	0.0
NP IT operating offset	-201,401	0	-201,401	0	0	0.0
NP IT efficiencies	-84,560	0	-84,560	0	0	0.0
Total	\$31,910	\$0	\$31,910	\$0	\$0	1.2

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Budget Reduction Options:** The Department of Transportation did not submit any budget balancing proposals for FY 2026-27. The Department did not receive any General Fund appropriation for FY 2025-26. The Governor’s Budget Request Letter for 2026-27 included a proposal to reclassify aviation revenue as exempt from the TABOR cap. This issue brief reviews this proposal and additional options identified by staff.

**CDOT Enterprises:** CDOT has five enterprises that increase revenue for the Department. This issue brief provides an overview of each enterprise, including how they were created, how they generate revenue, and what projects they fund with revenues they collect from fees and surcharges.

## For More Information

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# Treasury

The State Treasurer is one of five independently elected constitutional officers in the state. The Department manages the State's investments, financial transactions, transfers, and the Unclaimed Property Program. The Department's FY 2025-26 appropriation represents approximately 2.1 percent of statewide operating appropriations and 2.8 percent of statewide General Fund appropriations. 98.8 percent of the Department's General Fund is passthrough funds.

## Summary of Request

### Department of Treasury

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2025-26 Appropriation</b>						
SB 25-206 (Long Bill)	\$956,656,229	\$468,110,143	\$406,003,388	\$82,542,698	\$0	62.0
Other legislation	6,883,726	160,826	6,722,900	0	0	2.0
<b>Total</b>	<b>\$963,539,955</b>	<b>\$468,270,969</b>	<b>\$412,726,288</b>	<b>\$82,542,698</b>	<b>\$0</b>	<b>64.0</b>
<b>FY 2026-27 Requested Appropriation</b>						
FY 2025-26 Appropriation	\$963,539,955	\$468,270,969	\$412,726,288	\$82,542,698	\$0	64.0
R1 Admin staff and software	310,632	0	310,632	0	0	2.0
R2 Unclaimed property staff	331,627	0	331,627	0	0	3.0
R3 Unclaimed property operating	306,600	0	306,600	0	0	0.0
Employee compensation common policies	559,345	289,571	269,774	0	0	0.0
Operating common policies	903,718	396,483	507,235	0	0	0.0
Impacts driven by other agencies	-9,532	-5,790	-3,742	0	0	0.0
Technical adjustments	108,727,118	13,430,371	95,296,747	0	0	0.0
Prior year actions	210,730	-939,067	362,560	787,237	0	2.0
<b>Total</b>	<b>\$1,074,880,193</b>	<b>\$481,442,537</b>	<b>\$510,107,721</b>	<b>\$83,329,935</b>	<b>\$0</b>	<b>71.0</b>
Increase/-Decrease	\$111,340,238	\$13,171,568	\$97,381,433	\$787,237	\$0	7.0
Percentage Change	11.6%	2.8%	23.6%	1.0%	n/a	10.9%

**R1 Admin staff and software:** The Department seeks funding for 2.0 FTE and software price increases across the accounting and administration units to help provide financial and operational support for the Department's programs.

Year 1: The cost is \$310,632 from the Transaction Fee Cash Funds and 2.0 FTE.

Year 2: The cost is \$312,407 General Funds for 2.0 FTE.

While the request is reflected as a cash funds appropriation, it actually reduces available General Fund in the amounts shown above because unused cash funds from this source revert to General Fund at the end of the fiscal year. As a result, spending the cash funds in FY 2026-27 would reduce available General Fund in FY 2027-28.

**R2 Unclaimed property staff:** The Department seeks funding for 3.0 FTE in the Unclaimed Property Division to support claims (2.0 FTE) and auditing (1.0 FTE).

Year 1: The cost is \$331,627 from the Unclaimed Property Trust Fund and 3.0 FTE.

Year 2: The cost is \$334,174 from the Unclaimed Property Trust Fund and 3.0 FTE.

**R3 Unclaimed property operating:** The Department seeks funding to support operations from increasing claims volume. The request includes claims management system cost increases, postage costs, LexisNexis licenses, and shipping costs.

Year 1: The cost is \$306,600 from the Unclaimed Property Trust Fund.

**Employee compensation common policies:** The request includes a net increase of \$559,345 for employee compensation common policies. A common policy refers to general policies applied consistently to all departments.

#### Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Health, life, and dental	\$297,088	\$135,758	\$161,330	\$0	\$0	0.0
Salary survey	195,813	124,272	71,541	0	0	0.0
Unfunded liability amortization payments	54,164	23,173	30,991	0	0	0.0
PERA direct distribution	6,615	2,314	4,301	0	0	0.0
Step plan	2,849	2,849	0	0	0	0.0
Paid family and medical leave insurance	2,437	1,043	1,394	0	0	0.0
Short-term disability	379	162	217	0	0	0.0
Total	\$559,345	\$289,571	\$269,774	\$0	\$0	0.0

**Operating common policies:** The request includes a net increase of \$903,718 for operating common policies.

#### Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
State accounting system (CORE)	\$686,827	\$309,071	\$377,756	\$0	\$0	0.0
Legal services	155,193	48,337	106,856	0	0	0.0
Office of Information Technology services	61,466	37,272	24,194	0	0	0.0
Workers' compensation	8,339	8,339	0	0	0	0.0
Risk management & property	-4,215	-4,215	0	0	0	0.0
Capitol Complex leased space	-3,892	-2,321	-1,571	0	0	0.0
Total	\$903,718	\$396,483	\$507,235	\$0	\$0	0.0

**Impacts driven by other agencies:** The request includes a net decrease of \$9,532 for requests from other state agencies. These are also called "non-prioritized requests." The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

### Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP State accounting system (CORE) staff	\$1,615	\$969	\$646	\$0	\$0	0.0
NP SB24-205 AI compliance	611	371	240	0	0	0.0
NP Statewide enable AI	307	186	121	0	0	0.0
NP IT operating offset	-9,814	-5,951	-3,863	0	0	0.0
NP IT efficiencies	-2,251	-1,365	-886	0	0	0.0
Total	-\$9,532	-\$5,790	-\$3,742	\$0	\$0	0.0

**Technical adjustments:** The request reflects a net increase of \$108.7 million for updated projections for Homestead Exemption expenditures and distributions to local governments from the Highway Users Tax Fund. The amounts spent for these purposes are determined by statute, and the appropriations are included in the Long Bill for informational purposes only.

**Prior year actions:** The request includes a net increase of \$210,730 for the impact of prior year budget decisions and legislation.

### Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SB 25-167 Invest state funds	\$362,560	\$0	\$362,560	\$0	\$0	2.0
SB 18-200 PERA Unfunded Liability	0	-787,237	0	787,237	0	0.0
SB 25-261 Deferred property tax	-151,830	-151,830	0	0	0	0.0
Total	\$210,730	-\$939,067	\$362,560	\$787,237	\$0	2.0

## Issues Presented

**Budget Reduction Options:** Staff has identified potential General Fund reductions of up to \$230.0 million, representing approximately 49.0 percent of the Department's General Fund appropriations. The Department of Treasury represents 2.8 percent of total state General Fund appropriations in FY 2025-26, with the vast majority of the General Fund in pass-through distributions in the Special Purpose section.

**Unclaimed Property Program:** The principal balance of the UPTF is growing, reflecting more unclaimed assets entering the fund than returned to owners. The General Assembly has periodically transferred or loaned UPTF principal to support state programs such as the Adult Dental program and recent loans under S.B. 25-290 (Stabilization Payments for Safety Net Providers). Other states allow reversion of property to support state programs, and this issue brief hypothesizes application of various hypothetical state laws to UPTF revenue. They show that while short-term revenue is increased, they carry significant legal and fiscal risks.

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# Capital Construction

The capital construction section of the Long Bill includes funding appropriated to state departments and institutions of higher education for controlled maintenance, capital renewal and recapitalization, and capital expansion. Capital construction appropriations are typically supported by General Fund transferred to the Capital Construction Fund (CCF). The FY 2025-26 General Fund transfers related to Capital Construction represent 0.8 percent of FY 2025-26 statewide General Fund expenditures, based on the September 2025 Legislative Council Staff forecast.<sup>13</sup>

## Summary of Request

### Capital Construction: Year-over-year change

Funding Source	FY 2025-26 [1]	FY 2026-27 [2]	Change (\$)	Change (%)
Capital Construction Fund	\$139,721,972	\$149,856,146	\$10,134,174	7.3%
Cash Funds	179,646,263	75,376,656	-104,269,607	-58.0%
Reappropriated Funds	0	0	0	n/a
Federal Funds	4,644,311	0	-4,644,311	-100.0%
Total	\$324,012,546	\$225,232,802	-\$98,779,744	-30.5%

[1] All FY 2025-26 were made through S.B. 25-206 (Long Bill).

[2] Requested appropriation.

The following tables show the FY 2026-27 Capital Construction request and corresponding rankings assigned by the Office of State Planning and Budgeting (OSPB) and the Colorado Commission on Higher Education (CCHE), where applicable.

### FY 2026-27 State-Funded OSPB Capital Request

OSPB	CCHE	Department	Project	Total Funds	General Fund/ CCF	Cash Funds	Reapprop. Funds	Federal Funds	Later Year CCF [1]
1		Personnel	Controlled Maintenance Level 1	\$109,383,329	\$109,383,329	\$0	\$0	\$0	\$0
2	1	Higher Education	CSU Clark Building renovation & addition ph 4/4	25,798,175	25,798,175	0	0	0	0
3		Corrections	Electronic security system replacement, CSP ph 1/2 (CR)	748,289	748,289	0	0	0	6,832,184
4		Corrections	Level 2 perimeter security, Delta Correctional Facility	13,926,353	13,926,353	0	0	0	0

<sup>13</sup> Excludes IT Capital. Based on Tables 1B and 5B of the September 2025 Legislative Council Staff Economic & Revenue Forecast.

OSPB	CCHE	Department	Project	Total Funds	General Fund/ CCF	Cash Funds	Reapprop. Funds	Federal Funds	Later Year CCF [1]
Total - State-Funded, OSPB Request				\$149,856,146	\$149,856,146	\$0	\$0	\$0	\$6,832,184

[1] Later year CCF costs are not included in the total.

### FY 2026-27 Cash-Funded OSPB Capital Request

Department	Project	Total	General Fund/ CCF	Cash Funds	Reapprop. Funds	Federal Funds	Later Year CCF [1]
Human Services	Depreciation Fund for regional center group homes	\$832,718	\$0	\$832,718	\$0	\$0	\$0
Natural Resources	CPW Property acquisition and improvements	12,100,000	0	12,100,000	0	0	0
Natural Resources	CPW Infrastructure and property maintenance	11,293,800	0	11,293,800	0	0	0
Corrections	Colorado Correctional Industries small projects	1,000,000	0	1,000,000	0	0	0
Personnel	Capitol Complex renovation and footprint reduction ph 3/4	41,450,138	0	41,450,138	0	0	31,691,460
History Colorado	Collections care facility construction ph 3/3	8,000,000	0	8,000,000	0	0	0
History Colorado	Regional property preservation projects	700,000	0	700,000	0	0	0
Total - Cash-Funded, OSPB Request		\$75,376,656	\$0	\$75,376,656	\$0	\$0	\$31,691,460

[1] Later year CCF costs are not included in the total.

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Project Descriptions:** This section describes each of the four state-fund (General Fund/Capital Construction Fund) projects included in the November 1<sup>st</sup> request.

**Capitol Complex Renovation Project:** The Capitol Complex Renovation project includes four phases appropriated over seven years for a total estimated cost of \$216.7 million. The main funding source for the project is annual depreciation lease-equivalent payments, which primarily originate as General Fund appropriations. This section discusses the history of the project and challenges related to funding the out-year costs.

**Budget Reduction Options:** The Capital Construction portion of the Long Bill starts from a zero-based budget; options for savings are therefore limited. This section discusses cash fund balances available for budget balancing and suggests the possibility of pausing annual depreciation lease-equivalent payments, which would effectively halt the Capitol Complex Renovation project



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# Information Technology Capital

The Information Technology (IT) Capital section of the Long Bill includes appropriations to state departments and institutions of higher education for information technology projects. IT Capital appropriations are typically supported by General Fund transferred to the Capital Construction Fund (CCF). The FY 2025-26 General Fund transfers related to IT Capital represent 0.1 percent of FY 2025-26 General Fund expenditures, based on the [September 2025 Legislative Council Staff forecast](#).

## Summary of Request

### Information Technology Capital: Year-over-year change

Funding Source	FY 2025-26 [1]	FY 2026-27 [2]	Change (\$)	Change (%)
Capital Construction Fund	\$34,541,285	\$10,547,139	-\$23,994,146	-69.5%
Cash Funds	21,954,666	15,338,270	-6,616,396	-30.1%
Reappropriated Funds	3,634,037	0	-3,634,037	-100.0%
Federal Funds	34,541,285	7,224,720	-23,994,146	-79.1%
Total	94,671,273	33,110,129	-\$61,561,144	-65.0%

The following tables show the FY 2026-27 Capital Construction request and corresponding rankings assigned by OSPB and the Colorado Commission on Higher Education (CCHE) where applicable.

### FY 2026-27 State-Funded OSPB IT Capital Request

OSPB	CCHE	Department	Project	Total	General Fund/ CCF	Cash Funds	Reapprop. Funds	Federal Funds	Later Year CCF [1]
1		Health Care Policy and Financing	CBMS Re-procurement	\$4,823,806	\$905,237	\$0	\$0	\$3,918,569	n/a
2		Education	School finance modernization	3,150,000	3,150,000	0	0	0	3,150,000
3		Public Health and Environment	Stationary sources modernization	1,748,863	1,748,863	0	0	0	0
4		Health Care Policy and Financing	Social health info exchange	4,049,989	743,838	0	0	3,306,151	0
5		Corrections	Insp. Gen. Offense Rep. (IGOR) Sys.	510,669	510,669	0	0	0	0
6		Personnel	Human Resources Info System	955,500	955,500	0	0	0	13,340,574
7	1	Higher Education	UNC Life Safety Tech. Modern.	1,982,160	1,861,248	120,912	0	0	0
8	8	Higher Education	Fort Lewis Door Access Control	1,061,023	671,784	389,239	0	0	0

OSPB	CCHE	Department	Project	Total	General Fund/ CCF	Cash Funds	Reapprop. Funds	Federal Funds	Later Year CCF [1]
Total – State-Funded, OSPB Requests				\$18,282,010	\$10,547,139	\$510,151	\$0	\$7,224,720	\$16,490,574

[1] These amounts are not included in the total.

#### FY 2026-27 Cash-Funded OSPB IT Capital Request

OSPB	Department	Project	Total	General Fund/ CCF	Cash Funds	Reapprop. Funds	Federal Funds	Later Year CCF
1	Public Safety	Records Utilization Upgrade	\$2,564,100	\$0	\$2,564,100	\$0	\$0	\$0
2	Personnel	Statewide Procurement System	2,299,500	0	2,299,500	0	0	0
3	Labor and Employment	Workers' Comp Database Replacement	9,964,519	0	9,964,519	0	0	0
Total- Cash-Funded, OSPB Requests			\$14,828,119	\$0	\$14,828,119	\$0	\$0	\$0

## Issues Presented

**General Funded Projects:** This section describes each of the eight state-fund (General Fund/Capital Construction Fund) projects included in the November 1<sup>st</sup> request.

**Cash Funded Projects:** This section describes each of the three cash-fund (General Fund/Capital Construction Fund) projects included in the November 1<sup>st</sup> request.

**Reversions from the IT Capital Account to the General Fund:** Staff has identified a potential interaction between S.B. 24-224 (Mitigate Future State Technology Debt) and S.B. 25-262 (Changes to Money in the Capital Construction Fund). Under S.B. 24-224, Departments make annual depreciation lease equivalent (ADLE) payments into the IT subaccount to manage future technology replacement needs. However, S.B. 25-262 transfers the unexpended and unencumbered balance of the Capital Construction Fund, which includes the IT Capital subaccount, to the General Fund at the end of each fiscal year. As such, these funds that are paid to manage future tech debt would not be available for replacement projects. Staff has requested permission to work on a bill draft to prevent ADLE payments from reverting to the General Fund at the close of each fiscal year.

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# Marijuana and Tobacco Revenue

The Joint Budget Committee received two briefings on Marijuana and Tobacco Revenue policy described below.

## Marijuana Revenue Policy

This briefing was presented on November 12, 2025.

The State collects three types of taxes on marijuana products: (1) a special sales tax on retail marijuana, which accounts for the majority of annual marijuana tax revenues; (2) an excise tax on wholesale transfers of retail marijuana that supports K-12 education; and (3) the State's regular sales tax on medical marijuana and some non-marijuana products.

The Colorado marijuana industry continues to face significant challenges, as reflected in declining tax revenue for the fourth consecutive year. Since its peak in FY 2020-21, marijuana tax revenue has dropped by over 44.0 percent. This decline is primarily due to oversupply reducing prices, decreased demand as more states legalize marijuana, and the growing availability of intoxicating hemp.

The Office of State Planning and Budgeting (OSPB) projects Marijuana Tax Cash Fund (MTCF) revenue to be \$8.1 million higher in FY 2025-26 and \$14.4 million higher in FY 2026-27 than the Legislative Council Staff (LCS) forecast. The alignment of actual revenue with the OSPB forecast will affect the Governor's MTCF budget priorities for FY 2026-27. If revenue matches the LCS forecast, programs historically funded by the MTCF may face budget reductions. Staff therefore recommends basing all MTCF-related actions on the March 2026 revenue forecast used to balance the FY 2026-27 budget.

## Tobacco Revenue Policy

This briefing was presented on November 12, 2025.

Colorado receives TABOR-exempt tobacco revenue from three sources:

6. The Tobacco Master Settlement Agreement (MSA), a 1998 legal settlement between tobacco manufacturers and states that sued manufacturers to recover Medicaid and other costs from treating smoking-related illnesses.
7. Amendment 35, a 2004 constitutional amendment that created tobacco and cigarette taxes through Section 21 of Article X of the Colorado Constitution.
8. Proposition EE, a tobacco, cigarette, and nicotine product tax that was approved by the voters and took effect January 1, 2021.

All three revenue sources are distributed based on statutory or constitutional formulas. The majority of this revenue (\$202.8 million) goes to the Department of Early Childhood to support universal preschool. This is followed by the Department of Health Care Policy and Financing, which receives \$76.6 million for Medicaid expansion, primary care in underserved areas, and the Children's Basic Health Plan.

Long Bill appropriations are based on Legislative Council Staff forecasted revenue.

## For More Information

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# Statewide Compensation and PERA

Statewide compensation refers to state employee salary and benefit costs. Compensation common policies are funded through line items generally found in each department's Executive Director's Office or equivalent division. Appropriations for statewide compensation in FY 2025-26 represents approximately 8.7 percent of statewide operating appropriations and 13.2 percent of statewide General Fund appropriations.

## Summary of Request

### Salary Base, Compensation Common Policies, and PERA Payroll Components

Item	Total Funds [1]	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
<b>FY 2025-26 Appropriation</b>					
Base Salary Estimate	\$2,746,701,428	\$1,492,845,733	\$667,634,635	\$290,432,958	\$295,788,102
PERA	327,381,434	179,421,799	79,376,756	34,071,031	34,511,848
Medicare (FICA)	39,827,229	21,646,310	9,680,709	4,211,278	4,288,932
Shift Differential	37,948,879	28,616,615	2,297,917	2,647,416	4,386,931
Salary Survey	97,136,458	52,665,402	23,498,212	10,685,676	10,287,169
Health, Life, Dental	471,211,267	260,824,490	114,630,744	45,277,357	50,478,676
Short-term Disability	2,014,948	1,103,847	483,296	211,677	216,128
Paid Family and Medical Leave Insurance	12,939,384	7,083,123	3,106,894	1,359,968	1,389,400
ULAED	287,541,831	157,402,685	69,042,095	30,221,507	30,875,544
PERA Direct Distribution	60,352,598	33,081,977	16,538,499	8,291,739	2,440,382
<b>Total [1]</b>	<b>\$4,083,055,456</b>	<b>\$2,234,691,980</b>	<b>\$986,289,756</b>	<b>\$427,410,607</b>	<b>\$434,663,112</b>
<b>FY 2026-27 Request</b>					
Base Salary Estimate	\$2,890,090,209	\$1,536,186,936	\$722,419,871	\$318,680,211	\$312,803,191
PERA	345,474,561	185,271,798	86,158,411	37,472,296	36,572,056
Medicare (FICA)	41,906,307	22,274,710	10,475,090	4,620,861	4,535,646
Shift Differential	38,245,626	32,109,294	1,792,947	2,560,622	1,782,763
Salary Survey	122,515,621	66,857,593	31,288,592	12,565,482	11,803,954
Health, Life, Dental	557,286,165	300,683,732	139,751,120	56,762,049	60,089,264
Short-term Disability	2,122,204	1,136,346	526,055	232,432	227,371
Paid Family and Medical Leave Insurance	13,642,745	7,305,090	3,381,790	1,494,205	1,461,660
ULAED	303,172,090	162,335,287	75,150,912	33,204,522	32,481,369
PERA Direct Distribution	61,307,605	33,012,827	18,455,893	7,442,975	2,395,910
<b>Total [1]</b>	<b>\$4,375,763,133</b>	<b>\$2,347,173,613</b>	<b>\$1,089,400,681</b>	<b>\$475,035,655</b>	<b>\$464,153,184</b>
Increase/(Decrease)	\$292,707,677	\$112,481,633	\$103,110,925	\$47,625,048	\$29,490,072
Percent Change	7.2%	5.0%	10.5%	11.1%	6.8%

[1] Totals may not sum due to rounding.

# FY 2026-27 Total Compensation Request

The FY 2026-27 total compensation request is estimated to be \$4.38 billion total funds, including \$2.35 billion General Fund. This is an increase of \$292.7 million, or 7.2 percent over the current year appropriation.

## Salary Base

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
FY 2025-26 Appropriation					
Base Salary Estimate	\$2,746,701,428	\$1,492,845,733	\$667,634,635	\$290,432,958	\$295,788,102
PERA	327,381,434	179,421,799	79,376,756	34,071,031	34,511,848
Medicare (FICA)	39,827,229	21,646,310	9,680,709	4,211,278	4,288,932
Total	\$3,113,910,091	\$1,693,913,842	\$756,692,100	\$328,715,267	\$334,588,882
FY 2026-27 Request					
Base Salary Estimate	\$2,890,090,209	\$1,536,186,936	\$722,419,871	\$318,680,211	\$312,803,191
PERA	345,474,561	185,271,798	86,158,411	37,472,296	36,572,056
Medicare (FICA)	41,906,307	22,274,710	10,475,090	4,620,861	4,535,646
Total	\$3,277,471,077	\$1,743,733,444	\$819,053,372	\$360,773,368	\$353,910,893
Increase/(Decrease)	\$163,560,986	\$49,819,602	\$62,361,272	\$32,058,101	\$19,322,011
Percent Change	5.3%	2.9%	8.2%	9.8%	5.8%

**Base Salary Estimate:** This is an estimate of the cost to maintain current year salaries for all existing state employees.

Year 1: \$2.9 billion total funds, including \$1.5 billion General Fund.

**PERA:** This is the employer contribution to the Public Employees' Retirement Association, which is set at 11.63 percent of base salary.

Year 1: \$345.5 million total funds, including \$185.3 million General Fund.

**Medicare (FICA):** This is the employer contribution to Medicare, which is set at 1.45 percent of base salary.

Year 1: \$41.9 million total funds, including \$22.3 million General Fund.

## Other Salary Related Adjustments

Item	Total Funds [1]	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
FY 2025-26 Appropriation					
Shift Differential	\$37,948,879	\$28,616,615	\$2,297,917	\$2,647,416	\$4,386,931
Salary Survey	97,136,458	52,665,402	23,498,212	10,685,676	10,287,169
Total [1]	\$135,085,337	\$81,282,017	\$25,796,129	\$13,333,092	\$14,674,100
FY 2026-27 Request					



Item	Total Funds [1]	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
Shift Differential	\$38,245,626	\$32,109,294	\$1,792,947	\$2,560,622	\$1,782,763
Salary Survey	122,515,621	66,857,593	31,288,592	12,565,482	11,803,954
Total [1]	\$160,761,247	\$98,966,887	\$33,081,539	\$15,126,104	\$13,586,717
Increase/(Decrease)	\$25,675,910	\$17,684,870	\$7,285,410	\$1,793,012	-\$1,087,383
Percent Change	19.0%	21.8%	28.2%	13.4%	-7.4%

[1] Totals may not sum due to rounding.

**Shift Differential:** Shift differential funds are used for adjustments to some employee wages for work that is performed outside of standard 8:00 a.m. to 5:00 p.m. business hours. Shift differential is requested at 100 percent of prior year actual expenditures.

Year 1: \$38.2 million total funds, including \$32.1 million General Fund.

**Salary survey:** Salary survey is the total increase in employee salaries including across-the-board increases, minimum wage increases, range minimum increases, and step pay increases. The request includes a 3.1 percent across-the-board increase as agreed upon in the COWINS Partnership Agreement.

Year 1: \$122.5 million total funds, including \$66.9 million General Fund.

#### Insurance Benefits

Item	Total Funds [1]	General Fund	Cash Funds	Reapprop Funds	Federal Funds
FY 2025-26 Appropriation					
Health, Life, Dental	\$471,211,267	\$260,824,490	\$114,630,744	\$45,277,357	\$50,478,676
Short-term Disability	2,014,948	1,103,847	483,296	211,677	216,128
Paid Family and Medical Leave Insurance	12,939,384	7,083,123	3,106,894	1,359,968	1,389,400
Total [1]	\$486,165,599	\$269,011,460	\$118,220,934	\$46,849,002	\$52,084,204
FY 2026-27 Request					
Health, Life, Dental	\$557,286,165	\$300,683,732	\$139,751,120	\$56,762,049	\$60,089,264
Short-term Disability	2,122,204	1,136,346	526,055	232,432	227,371
Paid Family and Medical Leave Insurance	13,642,745	7,305,090	3,381,790	1,494,205	1,461,660
Total [1]	\$573,051,114	\$309,125,168	\$143,658,965	\$58,488,686	\$61,778,295
Increase/(Decrease)	\$86,885,515	\$40,113,708	\$25,438,031	\$11,639,684	\$9,694,091
Percent Change	17.9%	14.9%	21.5%	24.8%	18.6%

[1] Totals may not sum due to rounding.

**Health, Life, Dental:** Health, Life, Dental (HLD) line items represent employer contributions to employee insurance elections.

Year 1: \$557.3 million total funds, including \$300.7 million General Fund, for employee health, life, and dental benefits elected by employees as of July 2025.

The base adjustment request reflects an increase of \$86.1 million total funds, including \$39.9 million General Fund, in FY 2026-27. Additional adjustments for FY 2025-26 will be included in a supplemental request based on the interim supplemental that the Committee approved on September 22, 2025. There are typically further adjustments to the request submitted as a budget amendment based on new actuarial recommendations received in December.

**Short-term Disability:** Short-term disability (STD) lines across the state represent employer contributions to short-term disability insurance.

Year 1: \$2.1 million total funds, including \$1.1 million General Fund. STD is requested at a rate of 0.07 percent of revised base salaries.

**Paid Family and Medical Leave Insurance:** Paid Family and Medical Leave Insurance (PFML) lines across the state represent employer contributions to the paid family and medical leave insurance program. PFML is requested at a rate of 0.45 percent of revised base salaries.

Year 1: \$13.6 million total funds, including \$7.3 million General Fund.

#### PERA Payments for Unfunded Liability (non-benefit components)

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
FY 2025-26 Appropriation					
ULAED	\$287,541,831	\$157,402,685	\$69,042,095	\$30,221,507	\$30,875,544
PERA Direct Distribution	60,352,598	33,081,977	16,538,499	8,291,739	2,440,382
Total	\$347,894,429	\$190,484,662	\$85,580,594	\$38,513,246	\$33,315,926
FY 2026-27 Request					
ULAED	\$303,172,090	\$162,335,287	\$75,150,912	\$33,204,522	\$32,481,369
PERA Direct Distribution	61,307,605	33,012,827	18,455,893	7,442,975	2,395,910
Total	\$364,479,695	\$195,348,114	\$93,606,805	\$40,647,497	\$34,877,279
Increase/(Decrease)	\$16,585,266	\$4,863,452	\$8,026,211	\$2,134,251	\$1,561,353
Percent Change	4.8%	2.6%	9.4%	5.5%	4.7%

**ULAED:** Unfunded Liability Amortization Equalization Disbursement (ULAED) is a simplified combination of AED and SAED, which are both employer “contributions” to pay off PERA’s unfunded liability. Both are set at a statutory rate of 5.0 percent of the revised base salary. ULAED is therefore 10 percent of the revised base salary.

Year 1: \$303.2 million total funds, including \$162.3 million General Fund.

**PERA Direct Distribution:** A common policy allocation to state agencies was added for the state's \$225.0 million statutory PERA Direct Distribution payment in FY 2019-20. This allocation was added to charge cash and federal funds sources for what would otherwise be a General Fund payment.

Year 1: \$61.3 million total funds, including \$33.0 million General Fund.

The following table outlines all state payments to PERA.

## All PERA Payments

Item	Total Funds [1]	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
FY 2025-26 Appropriation					
PERA (standard employer contrib.)	\$327,381,434	\$179,421,799	\$79,376,756	\$34,071,031	\$34,511,848
ULAED	287,541,831	157,402,685	69,042,095	30,221,507	30,875,544
PERA Direct Distribution	60,352,598	33,081,977	16,538,499	8,291,739	2,440,382
Total [1]	\$675,275,863	\$369,906,461	\$164,957,350	\$72,584,277	\$67,827,774
FY 2026-27 Request					
PERA (standard employer contrib.)	\$345,474,561	\$185,271,798	\$86,158,411	\$37,472,296	\$36,572,056
ULAED	303,172,090	162,335,287	75,150,912	33,204,522	32,481,369
PERA Direct Distribution	61,307,605	33,012,827	18,455,893	7,442,975	2,395,910
Total [1]	\$709,954,256	\$380,619,912	\$179,765,216	\$78,119,793	\$71,449,335
Increase/(Decrease)	\$34,678,393	\$10,713,451	\$14,807,866	\$5,535,516	\$3,621,561
Percent Change	5.1%	2.9%	9.0%	7.6%	5.3%

[1] Totals may not sum due to rounding.

## Issues Presented

**Reduce ULAED Contribution Rate:** This issue brief provides an overview of Statewide request R3 Reduction of the ULAED Contribution Rate by One Percent. The request reduces appropriations by \$30.3 million total funds, including \$16.2 million General Fund.

**Budget Reduction Options:** This issue provides continuation salary reduction options for General Fund relief. The options highlighted in the issue include a 1.5 percent reduction, a 2.5 percent reduction, and a 5.0 percent reduction.

**COWINS Partnership Agreement Update:** The Colorado Partnership for Quality Jobs and Services Act requires the State to enter into a partnership agreement with certified employee organizations, defines the duties of the parties, and sets standards and procedure related to disputes. The current agreement was signed on September 23, 2024 and remains in effect until July 31, 2027.

**PERA Update:** An informational PERA update based on PERA's 2024 Comprehensive Annual Financial Report and related documents. PERA experienced an investment return of 10.8 percent in 2024, compared with 13.4 percent in 2023. The net investment income of the plan in 2023 was \$7.6 billion. Member contributions totaled \$1.7 billion and employer contributions totaled \$2.7 billion.

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# Appendix A: Approved 2025 Interim Supplemental Changes

The Joint Budget Committee considered multiple requests for mid-year adjustments to appropriations during the 2025 interim pursuant to Section 24-75-111, C.R.S. Approved requests will be included in supplemental bills introduced during the 2026 Regular Legislative Session. Requests approved by the JBC are provided in the tables below.

## FY 2025-26 Interim Supplemental Operating Requests Approved by the JBC

Department	Request	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Personnel	Employee Benefit Fund solvency	\$17,678,147	\$9,801,682	\$4,288,025	\$1,674,814	\$1,913,626	0.0
Human Services	Community Food Assistance Providers Grant Program	10,000,000	10,000,000	0	0	0	0.0
Public Health and Environment	Women, Infants, and Children (WIC) Shutdown	7,500,000	7,500,000	0	0	0	0.0
Corrections	Private prison utilization	2,778,474	2,778,474	0	0	0	0.0
Public Health and Environment	Lab chemistry program	2,142,814	2,142,814	0	0	0	0.0
Public Health and Environment	Lab chemistry program	703,262	703,262	0	0	0	0.0
Public Health and Environment	Community Impact Cash Fund spending authority	615,483	0	615,483	0	0	0.0
Total		\$41,418,180	\$32,926,232	\$4,903,508	\$1,674,814	\$1,913,626	0.0

## FY 2024-25 Interim Supplemental Operating Requests Approved by the JBC

Department	Request	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Corrections	Personal services shortfall	\$7,375,408	\$7,375,408	\$0	\$0	\$0	0.0
Health Care Policy and Financing	County administration federal funding	1,697,439	0	0	0	1,697,439	0.0
Corrections	Payments to local jails	1,275,578	1,275,578	0	0	0	0.0
Higher Education	SB 23-005 Forestry grant apps	1,037,150	1,037,150	0	0	0	0.0
Judicial	Office of Alternate Defense Counsel operating	895,000	895,000	0	0	0	0.0
Treasury	Bloomberg asset manager	16,381	16,381	0	0	0	0.0
Total		\$12,296,956	\$10,599,517	\$0	\$0	\$1,697,439	0.0

## FY 2022-23 Interim Supplemental Capital Requests Approved by the JBC

Department	Request	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Higher Education	Community College of Denver Boulder Creek Building Remodel and Addition	\$7,500,000	\$0	\$7,500,000	\$0	\$0	0.0
Corrections	Capital renewal funding transfer	446,212	0	446,212	0	0	0.0
Total		\$7,946,212	\$0	\$7,946,212	\$0	\$0	0.0

## Appendix B: Statewide Requests

The FY 2026-27 request includes seven decision items submitted as “statewide” requests, generally because they impact more than one department. Of the statewide requests, two are designed to *add revenue* to the General Fund for FY 2026-27, four reduce General Fund obligations (either appropriations, the TABOR refund obligation, or the reserve requirement), and one proposes changes to balance the Marijuana Tax Cash Fund.

### Increasing General Fund Revenue

Statewide requests R1 (Pinnacol Conversion) and R4 (Severance Tax Transfers for Budget Balancing) propose changes to add a total of \$415.0 million to the General Fund in FY 2026-27.

**SR1 Pinnacol conversion [legislation]:** This request proposes to convert a portion of the State’s workers’ compensation insurer to a fully independent insurance company, and redirect the State’s share of the company to other priorities.

Year 1: The request assumes that the conversion would add \$400.0 million to the General Fund on a one-time basis in FY 2026-27.

Pinnacol is a semi-independent subdivision of the State and the largest workers’ compensation insurer in Colorado. A portion of the company is a state asset, which the Governor’s Office proposes to sell. The request assumes the conversion results in an increase of \$400.0 million in revenue for the State.

The request uses \$193.0 million from the sale for the homestead exemption, \$109.0 million for repairs and preventative maintenance for state-owned buildings, and \$98.0 million for budget balancing. If revenue from the conversion exceeds \$400.0 million, this request proposes to use the additional funds for the State’s statutory reserve. This request assumes the revenue from the conversion is exempt from the TABOR cap.

**SR4 Severance tax transfers [legislation]:** This request transfers severance tax revenue from the Department of Local Affairs (DOLA) and the Department of Natural Resources (DNR) to the General Fund.

Current Year: Transfer \$21.6 million to the General Fund, including \$13.3 million from DOLA and \$8.3 million from DNR.

Year 1: Transfer \$15.0 million to the General Fund, including \$10.0 million from DOLA and \$5.0 million from DNR.

Executive Order D 2025 014, signed on August 28, 2025, called for a one-time transfer of \$3.3 million from DOLA’s severance tax allocation and \$3.3 million from DNR’s severance tax allocation to the General Fund as a budget balancing measure. This request is for additional transfers of \$10.0 million and \$5.0 million from DOLA and DNR, respectively, in both FY 2025-26 and FY 2026-27.

# Reducing General Fund Obligations

**SR2 TABOR over-refund correction [legislation]:** This request assumes that the State is over-refunding FY 2024-25 TABOR revenues based on the impact of federal tax changes enacted in H.R. 1 (enacted in July 2025). The request proposes to correct for the over-refund by retaining additional revenue in FY 2026-27 and FY 2027-28 when the State is projected to be above the Referendum C cap.

Year 1: The request would increase revenue retained by \$148.0 million.

Year 2: The request would increase revenue retained by \$148.0 million.

H.R. 1 reduced state revenue in Tax Year 2025, impacting both FY 2024-25 and FY 2025-26. The TABOR refund estimate for FY 2024-25 was paid in FY 2025-26 and did not account for the revenue change. The request assumes that the State was below the Referendum C cap for FY 2024-25 and that the entire FY 2024-25 TABOR refund was an over-refund.

The FY 2024-25 TABOR refund was \$296.0 million under the September 2025 OSPB revenue forecast. The request proposes to correct for half of the over-refund in FY 2026-27 and half in FY 2027-28.

**SR3 Reduction of the ULAED contribution rate [legislation]:** This request is a one-time reduction in the State's Unfunded Liability Amortization contribution to PERA.

Year 1: The proposed one-time reduction is \$30.3 million total funds, including \$16.2 million General Fund, \$7.5 million cash funds, \$3.3 million reappropriated funds, and \$3.2 million federal funds.

S.B. 18-200 laid out a plan to fully fund PERA by 2048, including a 5.0 percent maximum employer contribution rate to the unfunded liability and 10.0 percent total employer contribution. This request temporarily reduces this contribution rate to 9.0 percent in FY 2025-26.

**SR5 Reduce General Fund reserve target [legislation]:** This request would reduce the statutory General Fund reserve from 15.0 percent to 13.0 percent for FY 2025-26 and FY 2026-27.

Current year: Decreases the statutory General Fund reserve by \$333.8 million in FY 2025-26.

Year 1: Decreases the reserve requirement by \$342.6 million in FY 2026-27.

Reducing the reserve requirement makes that amount of additional General Fund available to spend on a one-time basis.

**SR6 Prior reduction ideas [legislation]:** This request includes budget reduction options proposed in prior years by the Executive Branch and/or JBC staff that impact the Departments of Labor and Employment, Higher Education, Human Services (including the Behavioral Health Administration), and Early Childhood.

Year 1: The requests decrease total funds by \$9.8 million, including \$9.2 million General Fund on an ongoing basis. The request also includes a proposal to divert \$2.1 million limited gaming funds to the General Fund each year by discontinuing limited gaming fund support for the Colorado Higher Education Competitive Research Authority.

The table below shows budget reduction requests by Department for FY 2026-27.

### Budget Reduction Proposals Based on Prior Recommendations

Dept.	Title	Req.	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE	Leg. Req.
BHA	Repeal Recovery Support Grant	NP1	-\$1,600,000	-\$1,600,000	\$0	\$0	\$0	0.0	Yes
Early Child.	End child care and SUD pilot	NP1	-500,000	-500,000	0	0	0	0.0	Yes
Early Child.	Reduce Child Maltreatment Prevention funding	NP2	-480,000	-480,000	0	0	0	0.0	No
Higher Ed.	End Limited Gaming transfer for Higher Ed Research Auth (CHECRA)	NP3	0	-2,100,000	2,100,000	0	0	0.0	Yes
Higher Ed.	Professional Student Exchange Program (PSEP)	NP2	-84,850	0	0	-84,850	0	0.0	Yes
Higher Ed.	Reduce Teacher Mentor Grants	NP1	-300,000	-300,000	0	0	0	0.0	No
Higher Ed.	Limited Purpose Fee for Service reduction	R6	-3,760,534	-1,880,267	0	-1,880,267	0	0.0	Yes
Human Services	Child welfare admin	NP9	-95,771	-79,490	0	0	-16,281	0.0	No
Human Services	Child abuse hotline	R16	-400,000	-400,000	0	0	0	0.0	No
Human Services	Reduce collaborative management	R13	-650,000	-650,000	0	0	0	0.0	No
Human Services	Reduce NGRI transition services	R15	-300,000	-300,000	0	0	0	0.0	No
Human Services	Reduce SNAP outreach	R18	-1,200,000	-480,000	0	0	-720,000	0.0	No
Labor	Hospitality Education Grant reduction	NP9	-426,057	-426,057	0	0	0	-0.5	No
Total			-\$9,797,212	-\$9,195,814	\$2,100,000	-\$1,965,117	-\$736,281	-0.5	

## Marijuana Tax Cash Fund

**SR7 MTCF Balancing:** The request proposes a variety of adjustments to reprioritize the uses of the Marijuana Tax Cash Fund (MTCF). The request balances appropriations from the fund against the September 2025 OSPB revenue forecast.

Current year: Reduction of \$0.5 million from the MTCF.

Year 1 and ongoing: Reduction of \$1.1 million to appropriations from the MTCF.

The request decreases the Screening, Brief Intervention, and Referral to Treatment (SBIRT) Program in the Department of Health Care Policy and Financing by \$500,000 MTCF in FY 2025-26 and ongoing. The reduction is used to support the Medicaid forecast beginning in FY 2026-27 and ongoing.



Beginning in FY 2026-27, the request proposes the following additional changes on an ongoing basis:

- Add \$725,000 to the Institute of Cannabis Research at CSU Pueblo.
- Add \$500,000 to the Marijuana Impaired Driving Campaign in the Department of Transportation.
- Add \$200,000 to the Public Awareness Campaign in the Department of Public Health and Environment.
- Decrease \$2.0 million to eliminate the MTCF appropriation to the CU School of Public Health for the regulation of marijuana concentrates.

If MTCF revenue collections exceed the 15.0 percent reserve limit for FY 2026-27, the Governor's Office requests to transfer excess funds to the State Education Fund (approximately \$4.7 million based on the September 2025 OSPB revenue forecast).

## For More Information

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To read the entire briefing: [content.leg.colorado.gov/content/budget#budget-documents-section](https://content.leg.colorado.gov/content/budget#budget-documents-section) to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.

## Appendix C: JBC Staff Assignments

The Joint Budget Committee (JBC) main office telephone number is 303-866-2061. Each staff member may be reached at the main number or by dialing 303-866- and the extension number provided below.

### Administrative Assignments

Assignment	Name	Extension	Email
Staff Director	Craig Harper	3481	<a href="mailto:craig.harper@coleg.gov">craig.harper@coleg.gov</a>
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Budget & Policy Research Assistant	Kari Hoy	2587	<a href="mailto:kari.hoy@coleg.gov">kari.hoy@coleg.gov</a>
Budget & Policy Research Assistant	Tucker Sanford	2587	<a href="mailto:tucker.sanford@coleg.gov">tucker.sanford@coleg.gov</a>

### Statewide Assignments

Assignment	Name	Extension	Email
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### Cash Fund and Revenue Assignments

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