Joint Budget Committee

Staff Budget Briefing
FY 2027-28

Overview of FY 2027-28 Budget Requests

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Additional Resources

To find the online version of the briefing document search the General Assembly's website for budget documents (https://content.leg.colorado.gov/content/budget#budget-documents-section).

Overview of FY 2027-28 Budget Requests

Submission of Budget Requests

The Governor submitted his FY 2027-28 budget request on Monday November 2. The Governor's annual request is a comprehensive plan that consists of several elements:

- Amounts requested by Executive Branch agencies for ongoing operations, to be appropriated through the annual general appropriation 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 (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.
- Placeholders for amounts that the Governor is proposing be appropriated or transferred through separate legislation.

Statute requires the Governor to submit a balanced budget based on estimates of the money available.[1] The Governor typically bases the budget request on the most recent revenue forecast prepared by the Office of State Planning and Budgeting (OSPB) and used the September 2026 OSPB forecast as the basis for the FY 2027-28 request.

Each of the Judicial Branch agencies, the Attorney General, the Secretary of State, and the State Treasurer submit their own budget requests for their respective agencies. The OSPB does not review these agencies' requests. Instead, the Governor typically includes "placeholder" assumptions for changes to General Fund appropriations to those agencies. The actual requests generally differ from the Governor's placeholder assumptions which can throw the request as a whole out of balance if the independent agencies request more than the Governor assumed.

Links to Access Each Department's Budget

The Governor's budget submittal letter includes a list of all of the "decision items" (also called change requests) included in Executive Branch departments' requests, along with placeholders for the Judicial and Legislative Branches and the Departments of Law, State, and Treasury. The Governor's list of individual decision items by department (Attachment 11) is available on the OSPB website. The OSPB website also includes documents with more detail on individual decision items, requested changes related to prior year legislation and budget actions, and common policy requests.

Please note that the OSPB website only contains budget documents submitted by OSPB. The following hyperlinks provide access to the remaining Executive Branch departments' FY 2027-28 budget request:

[1] Section 24-37-301, C.R.S. requires that "Proposed expenditures in the budget shall not exceed estimated moneys available."

- Department of Law
- Department of State
- Department of Treasury

For the Judicial Branch, each agency (Courts and Probation and each of the ten independent agencies) submits its own budget request. Where available, links to those requests are below.

- Courts and Probation
- Office of the State Public Defender
- Office of the Alternate Defense Counsel
- Office of the Child's Representative
- Office of the Respondent Parents' Counsel
- Office of the Child Protection Ombudsman
- Independent Ethics Commission
- Office of Public Guardianship
- Commission on Judicial Discipline
- Office of Bridges of Colorado
- Office of Administrative Services for Independent Agencies

Introduction and Context

The JBC Staff Director produces an overview document each November seeking to summarize the entire November budget request (including the Governor's request and those from Judicial, Law, State, and Treasury) in the context of the most recent revenue forecast(s) from Legislative Council Staff (LCS) and OSPB.

In a typical year, the September forecasts provide the most recent information available regarding projections of available revenues for the upcoming budget. The September forecasts are the foundation as the Governor builds the request and the measure of whether the request is balanced.

As usual, this document discusses the request in the context of the September forecasts. **But the State's fiscal environment has shifted significantly since September.** The November request responds to a forecasted $1.6 billion shortfall. Meanwhile, on November 3 (one day after the Governor's submission), the voters approved five ballot measures with *direct* impacts on the General Fund budget that result in a significant increase in General Fund revenues available for the budget: [2]

- Amendment 87 – Graduated Income Tax
- Proposition NN – Keep and Spend Money for Education and Other Purposes
- Proposition 132 - Increase Penalties for Fentanyl Crimes
- Proposition 133 – Penalties for Human Trafficking of a Minor
- Proposition 137 – Direct Sporting Good Sales Tax Revenue for Conservation

Given the magnitude of the changes (the LCS fiscal impact statement for Amendment 87 projects a $1.8 billion (9.3 percent) increase in General Fund revenues for FY 2027-28), staff has worked with the Executive Branch

[2] Legislative Council Staff (LCS) has published fiscal impact statements outlining the projected impacts of all of the statewide measures on the 2026 ballot. Readers should note that LCS published the impact statements before the September 2026 revenue forecasts were available. As a result, any forecast dynamics (e.g., for Proposition NN) in the fiscal impact statements use the *June* 2026 LCS forecast as the starting point.

(particularly OSPB) and the other nonpartisan legislative staff agencies to incorporate the ballot measures into the General Fund Overview at the end of this document.

Please note that this document represents a preliminary snapshot as of early November 2026. All of the important variables are subject to change.

- The December 2026 revenue forecasts will update revenue estimates and incorporate the impacts of the ballot measures.
- Legislative and executive branch staff continue to learn more about the potential interactions between the measures.
- Staff assumes that the budget request will also change (through budget amendments).

Staff is preparing a companion memorandum with additional discussion of the interactions of the ballot measures and points for the Committee to consider as it enters the FY 2027-28 briefing and hearing process.

September Forecast Context: Caseload and Medicaid Costs

The State has been navigating a "structural deficit" where ongoing obligations exceed annual General Fund revenues for multiple years, including managing $1.0 billion shortfalls in both FY 2025-26 and FY 2026-27. Rapidly rising Medicaid costs have been the most important factor. Responding to unsustainable growth in Medicaid costs, the General Assembly enacted a number of Medicaid reductions for FY 2025-26 (including mid-year reductions during supplementals) and FY 2026-27 during the 2026 session. Combined with other balancing actions, the reductions allowed the General Assembly to balance the budgets for FY 2025-26 and FY 2026-27. As shown in the FY 2026-27 Appropriations Report, JBC Staff estimated that the General Fund would remain above a 13.0 percent reserve requirement for both FY 2025-26 and FY 2026-27 under the March 2026 OSPB forecast that the Committee selected for balancing.

Unfortunately, costs continue to increase and the situation had deteriorated significantly by September 2026. On Sept. 18, OSPB Director Ferrandino presented a preliminary Medicaid forecast to the Commission on Medicaid. Based on the preliminary data, the Department of Health Care Policy and Financing overspent the General Fund appropriation by more than $200 million in FY 2025-26 and would require increases of $443 million in FY 2026-27 (at mid-year) and more than $900 million in FY 2027-28 .

Caseload is driving costs in multiple agencies but Medicaid remains the most important factor. The Governor's November 2 submittal letter identifies an increase of $1.1 billion General Fund for caseload in FY 2027-28, prior to proposed cuts and offsets (Table 1). Medicaid's $917.8 million increase represents 82.7 percent of the total.

Table 1: Estimated FY 2027-28 General Fund Caseload Increases Before Offsets

Department	FY 2027-28 Increase
Health Care Policy and Financing	$917,813,741
Education (school finance)	125,000,000
Corrections	43,550,742
Higher Education	16,897,926
Human Services	6,057,667
Behavioral Health Administration	269,606
Total	$1,109,589,682

Incorporating the updated Medicaid cost estimates into the September forecasts resulted in General Fund shortfalls for FY 2025-26, FY 2026-27, and FY 2027-28.

- *FY 2025-26:* Driven largely by the overexpenditures, both of the September 2026 revenue forecasts show the General Fund ending FY 2025-26 with a balance $140.7 million below the 13.0 percent reserve requirement. JBC Staff estimates account for roughly $31.8 million in interim supplementals approved for FY 2025-26 that were not reflected in the forecasts, resulting in a shortfall of $172.5 million below the reserve requirement. The shortfall carries over to the starting balance for the current year. Note: Staff expects the ending balance to move again in the December forecasts with year-end-close information.
- *FY 2026-27:* Incorporating the preliminary Medicaid forecast for the current year (an increase of $443 million), the LCS forecast projected a shortfall of $375.5 million below the 13.0 percent reserve in FY 2026-27.
- *FY 2027-28:* Using different methodologies, both September forecasts projected a $1.6 billion shortfall below a 15.0 percent reserve requirement (current law) for FY 2027-28.

The November 2 Request

The Governor's November request seeks to balance the General Fund based on the September 2026 OSPB forecast for FY 2027-28. Responding to the projected $1.6 billion shortfall, the request includes a variety of proposals impacting both FY 2026-27 and FY 2027-28 to close the gap.

It is important to note that the projected shortfall for FY 2027-28 was based on *current law* for the reserve requirement and *projected increases in obligations* in "Scenario B" of the LCS forecast. Some of the request's major changes from the assumptions in Scenario B include:

FY 2026-27

- $295 million reduction to projected supplemental appropriations for FY 2026-27. Based on the September preliminary Medicaid forecast, Scenario B assumed that Medicaid would require a $443 million supplemental increase in FY 2026-27. The November request assumes a net increase of $147.8 million for supplementals across all agencies. Staff does not have detail on the differences.
- A net increase of $33.5 million in available General Fund associated with proposed cash fund transfers to the General Fund. The request assumes $62.6 million in transfers and reversions for which details are not yet available, while Statewide R2 (Severance Tax Funding) would actually *reduce* current law transfers to the General Fund by $29.2 million based on solvency concerns regarding severance tax funding.

FY 2027-28

- $610 million reduction to projected FY 2027-28 Medicaid obligations. Scenario B assumed that the General Fund appropriations to the Department of Health Care Policy and Financing would increase by $859.5 million above the current FY 2026-27 appropriation. The request targets an increase of $250.0 million. Please note that $330.7 million of the reduction is held as a placeholder for cuts that have yet to be identified.
- $350 million decrease in the General Fund reserve requirement for FY 2027-28 by reducing the requirement from 15.0 percent under current law to 13.05 percent (Statewide R11).

- $187.4 million reduction associated with capital construction. The largest change is that Scenario B assumed $282.9 million for controlled maintenance (based on 1.0 percent of current replacement value) and the request proposes $89.1 million for Controlled Maintenance Level 1 projects.
- $157.6 million decrease for the Supplemental Nutrition Assistance Program (SNAP). Scenario B assumed that the State's SNAP costs associated with federal H.R. 1 would require an increase of $157.6 million General Fund for FY 2027-28. Human Services R1 assumes a lower error rate than Scenario B and proposes to use $100.5 million cash funds (from Healthy School Meals for All) rather than General Fund (DHS R1). The request includes a legislative proposal to refer a ballot measure to allow the State to retain excess revenues collected under Proposition MM.
- $50.0 million reduction for School Finance. Scenario B assumed a $175.0 million General Fund increase for FY 2027-28 while the request proposes $125.0 million.
- $26.4 million reduction associated for two statewide decision items impacting total compensation. Statewide R9 proposes to reduce contributions for unfunded liability amortization payments in PERA by 1.0 percent (from 10.0 percent to 9.0 percent) and assumes $17.4 million in savings. Statewide R10 proposes a 1.0 percent personal services base reduction and assume $9.0 million in savings.
- An additional $16.8 million in cash fund transfers to the General Fund from various cash funds.

The request also includes a variety of reductions spread throughout all departments based on OSPB's target of a 4.0 percent reduction in General Fund operating appropriations.

Balancing Status Without the Ballot Measures

As shown in Table 2, JBC Staff estimates that the overall request (including the independent agencies) falls just short of the Governor's proposed 13.05 percent reserve requirement for FY 2027-28 under both forecasts, **excluding the impact of the ballot measures**. Staff estimates that the request falls $37.2 million short under the LCS forecast and $80.3 million short under the OSPB forecast.

Table 2: General Fund Status Under September 2026 Revenue Forecasts ($ in millions)
Preliminary Legislative Council Staff OSPB

Line	Item	FY 2025-26	FY 2026-27	FY 2027-28	FY 2026-27	FY 2027-28
1	Total General Fund Available	$20,267.4	$20,551.2	$21,082.7	$20,212.4	$20,697.8
2	Less: Total General Fund Obligations	18,800.8	18,894.8	19,341.6	18,614.4	18,999.9
3	Year-end Reserve in General Fund	$1,466.7	$1,656.4	$1,741.1	$1,597.9	$1,698.0
4	Plus: Year-end Reserve in PERA (SB 25-310)	500.0	500.0	500.0	500.0	500.0
5	Total Year-end Reserve	$1,966.7	$2,156.4	$2,241.1	$2,097.9	$2,198.0
6	Statutorily Required Reserve Percent	13.0%	13.0%	13.1%	13.0%	13.1%
7	Required Reserve Amount	$2,139.2	$2,195.6	$2,278.3	$2,195.6	$2,278.3
8	Year-end Reserve Above/(Below) Requirement	-$172.5	-$39.2	-$37.2	-$97.7	-$80.3

The most important driver is that the independent agencies (Judicial, Law, State, and Treasury) requested more than the Governor assumed. For example, Judicial requested approximately $44 million in prioritized decision items that were not in the Governor's assumptions and the independent agencies did not propose $12.7 million in reductions that the Governor had assumed to align with the 4.0 percent operating reduction target for agencies under OSPB.

The following sections provide additional detail on major components of the request for the current year and for FY 2027-28.

Proposed Changes for FY 2026-27

The current FY 2026-27 operating budget (excluding capital construction) includes a total of $17.5 billion in General Fund appropriations. That represents an increase of $284.8 million (1.7 percent) above the final $17.2 billion appropriation for FY 2025-26. Total appropriations for all fund sources increased by $2.0 billion (4.2 percent), driven by increases of $923.2 million cash funds and $808.6 million federal funds.

The Governor and the independent agencies will submit official supplemental requests for FY 2026-27 in January and February 2027. To date, the Committee has approved three *interim supplemental requests* providing $6.1 million General Fund for FY 2026-27, to be included in supplemental appropriation bills during the 2027 session (Table 3).

Table 3: FY 2026-27 Interim Supplemental General Fund Increases

Item	FY 2026-27 Increase
Health Care Policy and Financing – Qualified noncitizens	$4,717,601
Local Affairs – Microgrids Community Resilience Grant Program	1,219,700
Judicial – Courts and Probation exoneration compensation order	122,120
Total	$6,059,421

While the November request does not attempt to balance the General Fund for the current year, it does include one statewide decision item and three additional placeholders that impact FY 2026-27. The proposals include changes impacting the amount of General Fund available and changes to General Fund obligations.

Changes to General Fund Available

The request includes a statewide decision item (R1 – Severance Tax Funding) and an additional placeholder impacting the amount of General Fund available in the current year, resulting in a net increase of $33.5 million available relative to current law (Table 4).

Table 4: FY 2026-27 Changes to Available General Fund

Item	FY 2026-27 Change
Placeholder for Transfers and Reversions	$62,600,000
Statewide R1 – Severance Tax Funding	-29,150,000
Total	$33,450,000

Staff does not have additional detail regarding the $62.6 million placeholder for additional transfers and reversions to the General Fund and assumes that detail will be forthcoming in January.

Statewide R1 *decreases* General Fund available for FY 2026-27 by $29.2 million relative to current law. For FY 2026-27, the request would:

- Eliminate an $11.2 million transfer from the Severance Tax Operational Fund to the General Fund enacted in HB 26-1387 (Severance Tax Operational Fund).
- Reduce the transfer from the Decarbonization Tax Credit Administration Fund to the General Fund by $18.0 million and instead direct those funds to the Departments of Local Affairs ($10.0 million to the Local

Government Severance Tax Fund) and Natural Resources ($8.0 million to the Operational Fund). **Andrea Uhl is scheduled to present the briefing for the Department of Local Affairs on November 13. Kelly Shen is scheduled to present the briefing for the Department of Natural Resources on November 30.**

Changes to General Fund Obligations

In addition to accounting for the previously-approved interim supplementals, the FY 2027-28 request includes two placeholders that would impact General Fund obligations in the current year:

- A net *increase* of $146.9 million in General Fund *appropriations* for anticipated supplemental requests. Given that the preliminary Medicaid forecast from September anticipated a need for an additional $443 million General Fund in FY 2026-27, staff assumes the placeholder accounts for other balancing proposals to reduce that impact to be submitted in January.
- A *reduction* of $7.5 million to the *transfer* out of the General Fund for Advanced Industries in FY 2026-27. Statewide Request R8 (Advanced Industries Transfer Cap) proposes to limit the transfer to $20.0 million in FY 2026-27 and then increase that cap based on inflation in subsequent years. Relative to current law, the request assumes that it would make an additional $7.5 million General Fund available in FY 2026-27 and $5.0 million in FY 2027-28. **Sam Rickman is scheduled to present the briefing for the Governor's Office (including the Office of Economic Development and International Trade) on December 11.**

Requests for FY 2027-28 Operating Appropriations

Including balancing measures, placeholders, and statewide requests that were not embedded in departments' specific (line item detail) submissions, the November request proposes a total of $18.2 billion General Fund for operating appropriations in FY 2027-28. That represents an increase of $720 million General Fund (4.1 percent) above the current FY 2026-27 appropriation.

Table 5 presents the portion of the operating request that was actually proposed in each department's budget. The table starts with the current (total) operating budget for FY 2026-27 and then shows the proposed change for each department, resulting in a total operating request for FY 2027-28. The table is sorted from the largest to smallest General Fund increase. **The table excludes placeholders and statewide requests that staff addresses following the discussion of items reflected in the table. The excluded proposals would reduce operating appropriations by $333.1 million General Fund.**

Table 5: Requested Changes in Appropriations for FY 2027-28, by Department and Fund Source Sorted by Incremental General Fund Change

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2026-27 APPROPRIATION:						
Total	**$49,694,444,712**	**$17,461,279,123**	**$13,958,829,776**	**$2,891,843,962**	**$15,382,491,851**	**68,454.3**
FY 2027-28 Requested Appropriation						
FY 2026-27 Appropriation	$49,694,444,712	$17,461,279,123	$13,958,829,776	$2,891,843,962	$15,382,491,851	68,454.3
Health Care Policy and Financing	316,111,487	576,156,232	-210,074,941	10,857,165	-60,826,969	8.4

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Education	192,831,399	124,930,352	65,397,928	882,247	1,620,872	8.3
Corrections	108,647,053	111,926,187	-4,457,298	1,204,387	-26,223	204.4
Judicial	106,510,528	98,461,560	13,969,582	-5,920,614	0	150.3
Human Services	152,687,733	55,992,832	119,056,812	-3,488,266	-18,873,645	94.6
Higher Education	120,418,992	20,988,168	101,877,593	-2,438,029	-8,740	-0.9
Public Safety	34,953,364	15,432,028	17,087,366	3,282,242	-848,272	16.9
Early Childhood	8,947,940	15,328,175	2,915,486	-560,621	-8,735,100	0.2
State	15,171,385	11,828,843	3,024,385	318,157	0	0.0
Revenue	20,226,290	6,352,531	13,742,720	131,039	0	5.6
Personnel	22,161,400	3,030,308	-13,047,805	32,178,897	0	8.0
Governor	6,611,646	2,571,975	1,859,762	1,915,745	264,164	16.4
Natural Resources	-30,949,696	2,548,042	-33,582,888	138,207	-53,057	14.4
Military and Veterans Affairs	2,900,619	1,896,848	29,336	102	974,333	0.0
Local Affairs	11,702,588	1,472,059	99,338	9,284,204	846,987	5.9
Law	12,161,052	1,340,802	4,377,645	5,890,430	552,175	-0.6
Agriculture	2,578,632	1,320,667	1,371,407	16,730	-130,172	1.5
Public Health and Environment	15,215,022	959,357	8,058,417	4,855,080	1,342,168	10.5
Legislative Department	816,193	816,193	0	0	0	0.0
Regulatory Agencies	8,154,056	382,945	6,409,626	797,665	563,820	8.0
Treasury	2,262,585	304,745	1,957,840	0	0	4.0
Transportation	30,636,731	0	5,725,986	0	24,910,745	17.2
Labor and Employment	10,447,369	-149,608	5,773,927	75,022	4,748,028	-4.2
Total FY 2027-28 Request	**$50,865,649,080**	**$18,515,170,364**	**$14,070,402,000**	**$2,951,263,751**	**$15,328,812,965**	**69,023.2**
Increase/Decrease	$1,171,204,368	$1,053,891,241	$111,572,224	$59,419,789	($53,678,886)	568.9
Percentage Change	2.4%	6.0%	0.8%	2.1%	-0.3%	0.8%

- As usual, the Medicaid forecast drives the increase for **Health Care Policy and Financing.** The increase reflected in the table ($576.2 million) represents 54.7 percent of the *total* General Fund increase statewide. Requests R1 through R5 (the annual forecast decision items) would increase General Fund appropriations by $810.2 million. Request R6 (Medicaid Sustainability) proposes a reduction of $173.5 million, offsetting a portion of the forecast increase. **The Governor's request also assumes a reduction of $330.7 million to Medicaid that is not reflected in the table. Incorporating that reduction would result in an overall increase of $245.5 million.** HCPF's budget request will be discussed in more detail in briefing documents presented by Eric Kurtz and Tom Dermody (Dec. 10) and Emily Pope and Phoebe Canagarajah (Dec. 11).
- School finance drives the increase for the **Department of Education** ($124.9 million). Request R1 proposes an increase of $125.0 million General Fund for the State Share of Total Program Funding, along with an increase of $29.7 million cash funds. Amanda Bickel and Andrea Uhl are scheduled to present the briefing documents for the Department of Education on November 20 and December 3, respectively.
- Compensation common policies and caseload drive the $111.9 million increase for the **Department of Corrections**. The compensation common policy request seeks $43.7 million, mainly for health, life, and

dental insurance, salary survey, and step pay. Request R3 proposes an increase of $16.8 million to improve clinical staffing. Requests R1 and R2 propose an increase of $43.6 million for caseload, including $39.5 million for prison caseload and $4.1 million for medical caseload. Justin Brakke is scheduled to present the Department of Corrections briefing on December 18.

- Compensation common policies drive roughly half of the $98.5 million increase for **Judicial**. Outside of compensation, major General Fund decision items include: $9.1 million for caseload in the Office of Alternate Defense Counsel (OADC), $6.7 million for the Judicial case management system IT project ($9.6 million total funds), $5.2 million for contractor rates in OADC, and a total of $10.0 million associated with misconduct at the Colorado Bureau of Investigation split between the OADC and the Office of the State Public Defender. Scott Thompson and Amanda Bickel are scheduled to present briefings for the Judicial Department on December 7 and December 14, respectively.
- Compensation common policies and annualizations of prior year legislation are the major factors in the $56.0 million increase in **Human Services**. In terms of decision items, request R2 proposes an increase of $5.5 million for legislation to restore reimbursement payments for non-certified kinship care eliminated in HB 26-1374. Briefing presentations for the Department of Human services are scheduled for November 20 (Emily Pope), December 2 (Tom Dermody and Phoebe Canagarajah), and December 3 (Emily Pope).

Overall, the November requests include about 265 decision items spread across all state departments, including non-prioritized requests that are driven by prioritized requests in other agencies. Decision items, including reductions for budget balancing, are spread throughout all departments. That count understates the number of decision items because in some cases the request has consolidated large numbers of proposals into single decision items.

Compensation Common Policies

As noted above, **total compensation common policies** are a significant driver in the request, especially for departments with large numbers of FTE such as Judicial, Corrections, and Human Services. The Governor's submittal letter reflects an increase of $173.8 million General Fund for salary increases and health, life, and dental insurance premiums in FY 2027-28. Major components of the compensation request include: funding for a 1.25 percent cost of living adjustment, funding for the step plan (including changes to the plan for FY 2027-28), and funding to cover the entire premium *increase* for health, life, and dental insurance for state employees. Justin Brakke will present the total compensation common policies briefing on November 19.

Statewide Requests and Placeholders Not Included in Table 4

The Governor's request includes a number of proposals for cash fund transfers, statewide decision items, and placeholders for future requests and legislation that are not included in Table 4.

Cash Fund Transfers

Table 6 shows seven proposals that would move a total of $16.8 million from cash funds to the General Fund, increasing the General Fund available for FY 2027-28 by that amount. Positive numbers indicate increases in available General Fund. JBC Staff will discuss these items in their respective briefings.

Table 6: Proposed Cash Fund Transfers to the General Fund for FY 2027-28 ($ in millions)

Department	FY 2027-28 Change
Statewide R7 – Shift Proposition EE Transfers (Tobacco Briefing)	$5.0
Governor OIT R5 – Technology Risk Prevention and Response Fund	4.0
Local Affairs R1 – Housing affordability through land use reform	3.8
Local Affairs R8 – Transformational affordable housing loan reduction	2.3
Revenue R5 – License Plate Cash Fund transfer	1.0
Transportation R2 – Repeal Moffat Tunnel Cash Fund	0.4
Human Services R1/Leg1 – Communication services for people with disabilities	0.3
Total	$16.8

General Fund Appropriations

Table 7 shows four statewide decision items and two placeholders impacting FY 2027-28 General Fund appropriations, resulting in a net decrease of $339.5 million. This set of proposals is assumed to be either within the Long Bill or carried as JBC bills if they require legislation.

The largest increase is $15.0 million that the request "holds" for the priorities of the incoming administration. **An assumed reduction of $330.7 million in Medicaid (for yet-to-be-identified proposals) drives the decrease.** Statewide R9 (reducing the PERA unfunded liability amortization payments) and R10 (a personal services base reduction) propose common policy reductions across all agencies.

Table 7: Changes to FY 2027-28 General Fund Appropriations ($ in millions)

Department	FY 2027-28 Change
Expenditure hold for new administration	$15.0
Statewide R3 – Adjust victim compensation administrative funding (Judicial Briefing)	1.4
Statewide R4 – Support Civic Center safety (Public Safety Briefing)	1.2
Health Care Policy and Financing – Unidentified Medicaid offsets	-330.7
Statewide R9 – Reduce ULAP contribution rate by 1.0 percent (PERA Briefing)	-17.4
Statewide R10 – Personal services base reduction 1.0 percent (Compensation Briefing)	-9.0
Total	-$339.6

Other Legislative Placeholders

Table 8 identifies eight specific legislative placeholders that the Governor has assumed in the request. In total, the request assumes that the package would require $6.5 million General Fund. Staff assumes that any funding would be through appropriations and would be subject to the reserve requirement. Staff also assumes that these are not requested as JBC bills and will not necessarily be addressed during briefings.

Table 8: Other Legislative Placeholders Impacting General Fund Appropriations ($ in millions)

Department	FY 2027-28 Increase
Higher Education – Transition Advisory Committee recommendations (HB26-1317)	$4.7
Education – Adult High School Program	1.2
Public Safety – Hit and run drier penalties	0.3
Revenue – Address marijuana tax issues	0.1
Revenue – State charitable contribution deduction	0.1
Revenue – Pass-through entity reforms	0.1
Revenue – Space flight property tax exemption	0.0
Total	$6.5

Rebates and Expenditures

Table 9 shows two legislative proposals impacting rebates and expenditures, resulting in a net reduction of $13.3 million for FY 2027-28. Both changes are ongoing. Rebates and expenditures are specific statutory or constitutional General Fund obligations that are not subject to the reserve requirement (e.g., the Homestead Exemption).

Table 9: Changes to Rebates and Expenditures for FY 2027-28

Item	FY 2027-28 Change
Extend Homestead portability	$3.0
Statewide R6 – Repeal business personal property tax exemption (Treasury Briefing)	-16.3
Total	-$13.3

TABOR Refund/Proposition NN Spending

Table 10 shows two largely offsetting proposals that would impact the TABOR refund prior to Proposition NN and would now impact Proposition NN spending. The totals do not sum due to rounding.

Table 10: Changes to TABOR Refund Obligation/Proposition NN Spending

Item	FY 2027-28 Change
Statewide R2 – Update driving under the influence surcharge	$0.6
Regulatory Agencies R3b – Division of Insurance/General Fund Offsets	-0.6
Total	$0.1

Changes to Transfers from the General Fund

Table 11 shows the proposed changes to transfers from the General Fund for FY 2027-28. The requests offset each other, with Local Affairs R1 and R3 proposing $4.6 million in new transfers and Statewide R8 reducing the transfer for Advanced Industries by $4.6 million in FY 2027-28.

Table 11: Changes to Transfers from the General Fund

Item	FY 2027-28 Change
Local Affairs R1 – Housing affordability through land use reform	$4.4
Local Affairs R3 – Critical operations for 3030 decennial census	0.2
Statewide R8 – Advanced Industries transfer cap	-4.6
Total	$0.0

General Fund Reserve

Statewide request R11 proposes to decrease the statutory General Fund reserve target for FY 2027-28 from 15.0 percent under current law to 13.05 percent for budget balancing purposes, reducing the requirement by approximately $350 million. The request assumes that the reserve requirement would return to 15.0 percent over a five-year period.

Informational Statewide Requests

Finally, the Governor submitted two "informational" statewide decision items that are not requested as JBC bills and are **not assumed in the Governor's balancing calculations**.

- Statewide R12 (Pinnacol) proposes to privatize Pinnacol. Unlike the similar FY 2026-27 proposal, the request does not assume any revenues for balancing purposes. Instead, it proposes to use any potential proceeds to

add to the General Fund reserve, increase the balance of the State Education Fund to support school finance, and support the Colorado Child Care Assistance Program (CCCAP). Michelle Curry will discuss the Pinnacol proposal during the Department of Regulatory Agencies briefing scheduled for November 13.

- Statewide R13 (New Funding for Preschool and Childcare). The request proposes to refer two ballot measures to the voters in 2027 to provide additional revenue sources for child care. The proposals would: (1) increase taxes on nicotine, cigarettes, and tobacco products; and (2) increase gaming taxes and fully exempt gaming taxes from the TABOR limit. The proposal would impact the Department of Early Childhood, tobacco revenues, and the Department of Revenue and will be addressed during those briefings.

General Fund Overview *with* Ballot Measures

Preliminary General Fund Overview *with* Ballot Measures

Table 2 (on page 6) showed the status of the General Fund with the request under the September 2026 revenue forecasts without the voter-approved ballot measures. As discussed there, the overall request would fall short of the reserve requirement for FY 2027-28 under that scenario.

Incorporating the 2026 ballot measures shifts the picture dramatically. Table 12 shows the status of the General Fund after incorporating the projected revenues and obligations associated with the measures. Staff's preliminary projections indicate that enacting the Governor's request under this scenario would leave the General Fund more than $400 million above the 13.0 percent reserve target in the current year and more than $2.0 billion above the proposed 13.05 percent target in FY 2027-28.

Table 12: General Fund Status Under September 2026 Forecasts WITH Ballot Measures

		LCS Forecast		OSPB Forecast	
Line	Item	FY 2026-27	FY 2027-28	FY 2026-27	FY 2027-28
1	Total General Fund Available (See Table 12)	$21,509.6	$23,474.1	$21,170.8	$23,089.3
2	Less: Total General Fund Obligations (See Table 13)	19,258.7	19,263.7	18,978.3	19,012.7
3	Year-end Reserve in General Fund	$2,250.9	$4,210.5	$2,192.5	$4,076.6
4	Plus: Year-end Reserve in PERA (SB 25-310)	500.0	500.0	500.0	500.0
5	Total Year-end Reserve	$2,750.9	$4,710.5	$2,692.5	$4,576.6
6	Statutorily Required Reserve Percent	13.0%	13.1%	13.0%	13.1%
7	Required Reserve Amount	$2,303.2	$2,305.5	$2,274.6	$2,279.5
8	Year-end Reserve Above/(Below) Requirement	$447.6	$2,404.9	$417.7	$2,297.2

Available General Fund

Table 13 shows projections of the General Fund available for appropriation each year under both forecasts, including the impacts of Amendment 87 and Proposition 137. The table does not reflect the impact of Proposition NN because that measure changes General Fund *obligations* (eliminating the projected TABOR refund each year and instead repurposing those funds).

Table 13: General Fund Available for FY 2026-27 and FY 2027-28

		LCS Forecast		OSPB Forecast	
Line	Item	FY 2026-27	FY 2027-28	FY 2026-27	FY 2027-28
1	Beginning Reserve Held in the General Fund	$1,466.7	$2,250.9	$1,467.5	$2,192.5

Line	Item	LCS Forecast		OSPB Forecast	
		FY 2026-27	FY 2027-28	FY 2026-27	FY 2027-28
2	Gross General Fund Revenue (Sept. Forecast)	18,862.7	19,361.6	18,525.2	19,035.3
3	Amendment 87 (Colorado Futures Account)	958.4	1,972.0	958.4	1,972.0
4	Proposition 137 (Diversion to Conservation)		-175.0		-175.0
5	Transfers from Other Funds (March Forecast)	188.3	47.9	186.3	47.8
6	November proposals impacting transfers to the GF (Tables 4 and 6)	33.5	16.8	33.5	16.8
7	Total General Fund Available	$21,509.6	$23,474.1	$21,170.8	$23,089.3

As shown in the table, the analysis assumes:

- Amendment 87 will generate $958.4 million in FY 2026-27 and $2.0 billion in FY 2027-28, based on the amendment's LCS fiscal impact statement.
- Proposition 137 will divert $175.0 million from the General Fund to conservation purposes identified in the measure in FY 2027-28.

Staff emphasizes that this is a *preliminary analysis* based on the information available (and staff's knowledge) as of early November 2026. It simplifies the impact of the ballot measures, particularly Amendment 87 and Proposition NN, by treating the associated revenues and obligations as "regular" General Fund. That simplification ignores important detail for both measures.

- Both Amendment 87 and Proposition NN create separate "accounts" within the General Fund (similar to the General Fund Exempt Account related to Referendum C revenues).
- Both measures set allowable uses for the funds, with "tighter" limitations for Proposition NN (for the first 10 years) and more lenient limitations for Amendment 87. The General Assembly therefore has limitations on the eligible uses for the revenues and the State will have to track the use of the funds separately from "regular" General Fund.
- Both measures have specific "supplement and not supplant" requirements. For example, staff assumes that the General Assembly can appropriate Amendment 87 revenues for *increases* above the current FY 2026-27 appropriation but cannot replace existing appropriations.

General Fund Obligations

Table 14 summarizes General Fund obligations for each year under both forecasts with the November request and the obligation impacts of all five of the ballot measures.

Table 14: General Fund Expenditures and Obligations

Line	Item	LCS Forecast		OSPB Forecast	
		FY 2026-27	FY 2027-28	FY 2026-27	FY 2027-28
1	General Fund Appropriations	$17,461.3	$18,514.4	$17,461.3	$18,514.4
2	Interim supplementals approved for FY 2026-27	6.1		6.1	
3	Proposition NN Spending	826.8	199.8	607.4	0.0
4	Positive Factor	*107.4*	*199.8*	*107.4*	*0.0*
5	Other education programs	*306.0*	*0.0*	*196.3*	*0.0*
6	Other programs for children	*413.4*	*0.0*	*303.7*	*0.0*
7	Office of the State Auditor ($20k starting FY 2027-28)		*0.0*		*0.0*
8	Proposition 132 (Penalties for Fentanyl)	0.9	8.9	0.9	8.9
9	Proposition 133 (Penalties for Trafficking)		0.2		0.2
10	November 2 Placeholders (Table 7)	146.9	-339.6	146.9	-339.6
11	November 2 Legislative Placeholders (Table 8)		6.5		6.5

		LCS Forecast		OSPB Forecast	
12	Less: Appropriations for Rebates and Expenditures (Forecast)	-407.4	-407.1	-407.4	-407.1
13	Total Appropriations Subject to Reserve	$18,034.5	$17,983.1	$17,815.1	$17,783.3
14	Rebates and Expenditures (Forecast)	533.2	508.8	519.8	494.3
15	Requests for Rebates and Expenditures (Table 9)		-13.3		-13.3
16	Transfers to Transportation Funds (Forecast)	50.5	96.4	50.5	96.4
17	Transfers for Capital (current law and request)	152.9	144.8	152.9	144.8
18	Transfers to Other Funds (Forecast)	495.0	543.7	447.4	507.2
19	Requested Changes to Transfers to Other Funds (Table 11)				
20	TABOR Refund Obligation [Article X, Section 20 (7)(d)] (Forecast)	463.7	490.7	244.4	198.9
21	Requests Impacting TABOR Refund (Table 10)		0.1		0.1
22	Proposition NN Reduction to TABOR Refund	-463.7	-490.8	-244.4	-199.0
23	Total Expenditures/Obligations	$19,266.2	$19,263.7	$18,985.8	$19,012.7

Staff has highlighted the Proposition NN implications under the OSPB forecast for FY 2027-28. Under the LCS forecast, Proposition NN would make $199.8 million available for the Positive Factor in FY 2027-28. However, under the OSPB forecast, the TABOR Refund/Proposition NN amount is not sufficient to pay for a projected $210.2 million Homestead obligation. As a result, there is no money left for other Proposition NN spending under that scenario.

As noted above, staff is preparing a companion memorandum with additional information related to the ballot measures.

Appendix A: FY 2027-28 Operating Appropriation Request

Requested Operating Appropriations for FY 2027-28

Department	TOTAL	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Agriculture	80,422,682	19,749,905	52,842,053	3,148,756	4,681,968	335.7
Corrections	1,382,383,939	1,301,291,062	42,080,847	38,745,341	266,689	6,795.6
Early Childhood	808,222,062	314,228,597	303,608,296	15,183,598	175,201,571	256.3
Education	8,055,617,153	4,711,648,193	2,435,089,656	57,223,706	851,655,598	750.3
Governor	564,079,310	57,314,459	105,143,427	393,490,095	8,131,329	1,270.8
Health Care Policy and Financing	20,870,159,198	6,598,316,773	2,209,074,321	171,738,333	11,891,029,771	895.0
Higher Education	6,666,663,763	1,674,655,257	3,691,594,810	1,273,782,966	26,630,730	28,571.1
Human Services	2,867,864,172	1,414,996,717	612,542,177	224,455,911	615,869,367	5,754.0
Judicial	1,321,889,513	1,028,849,171	234,443,473	54,171,869	4,425,000	5,970.2
Labor and Employment	518,619,213	31,636,142	232,689,588	23,910,625	230,382,858	1,759.9
Law	177,077,585	33,638,140	34,203,301	104,811,067	4,425,077	671.0
Legislative Department	86,277,570	84,490,890	5,000	1,781,680	0	448.0
Local Affairs	571,654,444	61,376,688	344,566,746	39,307,444	126,403,566	260.4
Military and Veterans Affairs	163,426,114	19,350,150	2,211,215	26,144	141,838,605	2,415.9
Natural Resources	515,761,020	60,812,530	398,074,438	10,749,743	46,124,309	1,859.1
Personnel	329,968,636	35,173,385	26,206,274	268,588,977	0	519.7
Public Health and Environment	878,230,318	131,562,929	352,775,115	70,242,740	323,649,534	1,884.3
Public Safety	836,871,727	283,306,202	387,575,799	96,400,347	69,589,379	2,427.5
Regulatory Agencies	146,788,093	3,411,407	132,526,300	8,278,840	2,571,546	737.5
Revenue	573,312,978	154,923,329	406,994,924	10,542,593	852,132	1,843.8
State	62,398,986	11,828,843	50,251,986	318,157	0	178.2
Transportation	2,319,929,277	0	1,513,646,843	1,198,498	805,083,936	3,346.9
Treasury	1,068,031,327	482,609,595	502,255,411	83,166,321	0	72.0
OPERATING TOTAL	**$50,865,649,080**	**$18,515,170,364**	**$14,070,402,000**	**$2,951,263,751**	**$15,328,812,965**	**69,023.2**