

FY 2026-27 Budget Briefing Summary

Statewide Compensation and PERA

Statewide compensation refers to state employee salary and benefit costs. Compensation common policies are funded through a group of centrally appropriated line items generally found in each department's Executive Director's Office. The annual budget request for total compensation is driven by employee salaries, benefit elections, requested policy changes, and statutory contributions for PERA payments for the unfunded liability. The statewide FY 2025-26 appropriation for: the estimated salary base represents approximately 8.9 percent of statewide operating General Fund appropriations; standard PERA and Medicare represent approximately 1.2 percent of statewide operating General Fund appropriations; compensation common policies represents approximately 2.1 percent of statewide operating General Fund appropriations; and PERA payments for the unfunded liability (AED, SAED, and PERA Direct Distribution) represent approximately 1.1 percent of statewide operating General Fund appropriations.

Summary of Request

Salary Base, Compensation Common Policies, and PERA Payroll Components

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
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
TOTAL	\$4,083,055,456	\$2,234,691,980	\$986,289,756	\$427,410,607	\$434,663,112
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
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
TOTAL	\$4,375,763,133	\$2,347,173,613	\$1,089,400,681	\$475,035,655	\$464,153,184
Increase/(Decrease)	\$292,707,677	\$112,481,633	\$103,110,925	\$47,625,048	\$29,490,072

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
Percent Change	7.2%	5.0%	10.5%	11.1%	6.8%

FY 2026-27 Total Compensation Request

The FY 2026-27 total compensation request is estimated to be \$4.36 billion total funds, including \$2.38 billion General Fund, an increase of \$292.7 million over the prior year appropriation, which represents a 7.2 percent increase in total compensation-related appropriations.

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 and appropriated FTE.

The request includes a base salary estimate of \$2.9 billion total funds, including \$1.5 billion General Fund, for FY 2026-27 employee salaries.

PERA: This is the employer contribution to the Public Employees' Retirement Association, which is set at 11.63 percent of base salary.

The request includes an estimate of \$345.5 million total funds, including \$185.3 million General Fund, for employer payroll-related contributions to PERA.

Medicare (FICA): This is the employer contribution to Medicare, which is set at 1.45 percent of base salary.

The request includes an estimate of \$41.9 million total funds, including \$22.3 million General Fund, for employer payroll-related contributions to Medicare.

Other Salary Related Adjustments

Item	Total Funds	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	\$135,085,337	\$81,282,017	\$25,796,129	\$13,333,092	\$14,674,100

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
FY 2026-27 Request					
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	\$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%)

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.

The request includes \$38.2 million total funds, including \$32.1 million General Fund.

Salary Survey: Salary Survey describes the total increase in employee salaries – including across-the-board increases, minimum wage increases, range minimum increases, and step pay increases.

The request includes \$122.5 million total funds, including \$66.9 million General Fund. The request includes a 3.1 percent across-the-board increase as agreed upon in the COWINS Partnership Agreement.

Insurance Benefits

Item	Total Funds	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
SUBTOTAL - Benefits	\$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
SUBTOTAL - Benefits	\$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%

Health, Life, Dental: Health, Life, Dental (HLD) lines across the state represent employer contributions to employee insurance elections.

The request includes \$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.

The request includes \$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.

The request includes \$13.6 million total funds, including \$7.3 million General Fund. PFML is requested at a rate of 0.45 percent of revised base salaries.

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.

The request includes \$303.2 million total funds, including \$162.3 million General Fund.

PERA Direct Distribution: In FY 2019-20, a common policy allocation to state agencies was added for the state's \$225.0 million statutory PERA Direct Distribution payment. This allocation was added to common policies to charge cash and federal funds sources for what would otherwise be a General Fund payment.

The request includes \$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	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
SUBTOTAL - Benefits	\$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
SUBTOTAL - Benefits	\$709,954,256	\$380,619,912	\$179,765,216	\$78,119,793	\$71,449,335

Item	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
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%

Issues Presented

Reduce ULAED Contribution Rate

This issue brief provides an overview of Statewide request R-03 Reduction of the ULAED Contribution Rate by One Percent. If approved, this request would achieve a cost savings of \$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.

FY 2025-26 Executive Order Budget Adjustments

This issue brief describes the actions taken through Executive Order D 2025 014, as amended, that impact this department. The only action that directly impacts total compensation is the executive branch hiring freeze which the Governor's Office anticipates will save \$3.0 million in Health, Life, Dental lines across the state.

For More Information

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To read the entire briefing: Go to leg.colorado.gov/content/budget/budget-documents 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.