FY 2027-28 Budget Briefing Summary

Local Affairs

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's FY 2026-27 appropriation represents approximately 1.1 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

Summary of Request

Department of Local Affairs

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2026-27 Appropriation						
HB 26-1410 (Long Bill)	$560,196,856	$60,054,629	$344,412,408	$30,173,240	$125,556,579	254.5
Other legislation	-245,000	-150,000	55,000	-150,000	0	0.0
Total	$559,951,856	$59,904,629	$344,467,408	$30,023,240	$125,556,579	254.5
FY 2027-28 Requested Appropriation						
FY 2026-27 Appropriation	$559,951,856	$59,904,629	$344,467,408	$30,023,240	$125,556,579	254.5
R1 Land use reform programs	887,381	609,566	277,815	0	0	4.4
R2 OSC loan repayment	0	0	0	0	0	0.0
R3 Funding for 2030 Census	0	0	0	0	0	0.0
R4 Long Bill reorganization	0	0	0	0	0	0.0
R5 BAA Statutory roll-forward	0	0	0	0	0	0.0
R6 Disaster resilience rebuilding reserve	0	0	0	0	0	0.0
R7 REDI grants reduction	-115,200	-115,200	0	0	0	0.0
R8 Transformational Affordable Housing Revolving Loan Fund transfers	0	0	0	0	0	0.0
Employee compensation common policies	1,531,945	425,832	-4,057	321,222	788,948	0.0
Operating common policies	-140,002	-561	-174,420	-23,060	58,039	0.0
Prior year actions	9,538,464	552,422	0	8,986,042	0	1.5
Total	$571,654,444	$61,376,688	$344,566,746	$39,307,444	$126,403,566	260.4
Increase/-Decrease	$11,702,588	$1,472,059	$99,338	$9,284,204	$846,987	5.9
Percentage Change	2.1%	2.5%	0.0%	30.9%	0.7%	2.3%

Changes are assumed to be ongoing unless otherwise noted.

R1 Land use reform programs [legislation]: The Department requests one-time and ongoing General Fund costs related to three land use reform bills passed during the 2024 legislative session, partially offset by a one-time transfer to the General Fund from an expiring grant program. The request proposes the following:

- Ongoing appropriation of $609,566 General Fund starting in FY 2027-28 and increasing slightly each year;
- A cash funds increase of $277,815 from the Accessory Dwelling Unit Fee Reduction and Encouragement Grant Program Fund in FY 2027-28, increasing in later years;
- Transfer $4,386,383 from the General Fund to three land use reform cash funds for use from FY 2027-28 through FY 2030-31; and
- Transfer $3.8 million from the Infrastructure and Strong Communities Cash Fund to the General Fund.

R2 OSC loan repayment [legislation]: The Department requests a one-time transfer for $356,218 from the Housing Assistance for Persons Transitioning from the Criminal or Juvenile Justice System (HAPT) Cash Fund to the Building Regulation Fund to alleviate solvency issues in the latter.

R3 Funding for the 2030 Census [legislation]: The Department requests funding for the 2030 Census through the creation of a new continuously appropriated cash fund and transfers from the General Fund totaling $1,025,969, spread out over four years:

- FY 2027-28: $179,419
- FY 2028-29: $393,993
- FY 2029-30: $315,047
- FY 2030-31: 137,510

The funding would support two full-time term-limited employees in the State Demography Office (SDO) from January 2028 through December 2030, as well as outreach materials, training, and travel. For the 2020 Census, the Department received $300,000 and 1.0 FTE through the Long Bill and $6.1 million and 1.5 FTE for the grant program created by HB 19-1239 (Census Outreach Grant Program). The 2030 Census Strategic Action Plan (required by HB 19-1239) recommends the SDO add staff and start outreach efforts earlier than last time.

R4 Long Bill reorganization [legislation]: The Departments requests several budget-neutral changes to its Long Bill structure and a statutory change related to appropriated administrative costs for continuously appropriated housing funds.

R5 Board of Assessment Appeals [BAA] statutory roll-forward [legislation]: The Department requests a statutory change to permanently grant the Board of Assessment Appeals Cash Fund one year of roll-forward authority for every appropriation. The Board's work is driven by the biennial property value assessment cycle, which results in a higher number of appeals during reassessment years.

R6 Disaster resilience rebuilding reserve [legislation]: The Department requests a statutory change to permanently exempt the Disaster Resilience Rebuilding Program Fund from the 16.5 percent limit[1] on uncommitted cash fund reserves. This continuously appropriated cash fund received a one-time transfer of $15.0 million in SB 22-206 (Disaster Preparedness and Recovery Resources) that was primarily used for grants and low interest loans for rebuilding and wildfire mitigation measures related to the Marshall Fire. The Department wishes to continue accruing a fund balance that can be used for the next qualifying disaster.

[1] 24-75-402 (2)(e.5), C.R.S.

R7 Rural Economic Development Initiative (REDI) grants reduction: The Department proposes a reduction to the REDI grant program.

- FY 2027-28: -$115,200 General Fund

This program was reduced from $780,000 to $500,000 during FY 2026-27 budget balancing. The request would leave $384,800 available and result in approximately two fewer grants awarded annually. The program provides grants for rural communities to develop plans and undertake projects that create jobs, drive capital investment, and diversify their economies.

R8 Transformational Affordable Housing Revolving Loan Fund transfers [legislation]: The Department requests ongoing statutory transfers to the General Fund totaling $9.6 million over the next five years.

- FY 2027-28: Transfer $2,315,800 to the General Fund
- FY 2028-29 through FY 2031-32: Transfer $1,815,880 per year to the General Fund

The Transformational Affordable Housing Revolving Loan Fund was created by SB 22-159 (Revolving Loan Fund Invest Affordable Housing) to provide flexible, low-interest, and below-market rate loan funding for affordable housing projects. The program was funded by a $150.0 million transfer from the General Fund. The request would redirect a portion of future interest earnings and loan repayments from the Transformational Affordable Housing Revolving Loan Fund to the General Fund. The Department estimates an additional 380 affordable housing units could be created or preserved but for the proposal.

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	$615,346	$314,038	-$191,638	$146,654	$346,292	0.0
Step plan	442,938	92,150	120,233	126,062	104,493	0.0
Salary survey	421,786	101,028	128,928	112,286	79,544	0.0
PERA direct distribution	29,887	993	7,127	5,274	16,493	0.0
Unfunded liability amortization payments	20,456	-80,928	-69,321	-68,667	239,372	0.0
Paid family and medical leave insurance	1,326	-1,063	71	-197	2,515	0.0
Short-term disability	206	-386	543	-190	239	0.0
Total	$1,531,945	$425,832	-$4,057	$321,222	$788,948	0.0

Operating common policies: The request includes a net decrease of $140,002 for operating common policies.

Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Risk management & property	$65,903	$18,951	$28,027	$18,925	$0	0.0
State accounting system (CORE)	48,044	5,284	1,216	9,846	31,698	0.0
Administrative law judge services	10,018	0	10,018	0	0	0.0
NP DPA Personnel Board	8,345	0	8,345	0	0	0.0
NP Statewide training system	6,998	6,998	0	0	0	0.0
Fund source adjustment	0	-7,890	43,600	-35,710	0	0.0
Leased space	0	-4,612	0	4,612	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Office of Information Technology services	0	20,382	-64,254	19,109	24,763	0.0
Capitol Complex leased space	-238,506	-136,357	-78,778	-24,949	1,578	0.0
Legal services	-22,372	86,895	-96,326	-12,941	0	0.0
Workers' compensation	-16,473	-6,309	-8,081	-2,083	0	0.0
Vehicle lease payments	-1,959	16,097	-18,187	131	0	0.0
Total	-$140,002	-$561	-$174,420	-$23,060	$58,039	0.0

Prior year actions: The request includes a net increase of $9.5 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
FY 26-27 HCPF DOJ vouchers	$8,486,042	$0	$0	$8,486,042	$0	1.0
HB 24-1219 Employer health benefit trusts	1,000,000	500,000	$0	500,000	0	0.0
FY 26-27 CORA administrator	50,938	50,938	0	0	0	0.5
FY 26-27 IT accessibility	1,484	1,484	0	0	0	0.0
FY 26-27 Step Plan	0	0	0	0	0	0.0
HB 26-1250 Civil asset forfeiture	0	0	0	0	0	0.0
HB 25-1061 Community schoolyards grant	0	0	0	0	0	0.0
Total	$9,538,464	$552,422	$0	$8,986,042	$0	1.5

Statewide Decision Items

Statewide R1 Severance tax funding [legislation]: The Executive Request proposes a $10.0 million transfer from the Decarbonization Tax Credits Administration Fund to the Local Government Severance Tax Fund. If this request is not approved, the Local Government Severance Tax Fund will be over-encumbered by $5.9 million in FY 2027-28 Q2. The request explains that the transfer from the Decarbonization Tax Credits Administration Cash Fund to the General Fund is projected to be $40.8 million higher relative to expectations during the 2026 legislative session. If this request is approved, including changes proposed in the Department of Natural Resources, the General Fund would still receive $12.0 million more than was expected during the 2026 legislative session.

Issues Presented

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

R1 Land Use Reform Programs: The Department's R1 request includes $6.95 million General Fund spread over four years for costs related to three land use reform bills passed during the 2024 legislative session. This issue brief provides a detailed explanation of the request as it relates to each of the three bills: SB 24-174 Sustainable Affordable Housing Assistance, HB 24-1152 Accessory Dwelling Units, and HB 24-1313 Housing in Transit-Oriented Communities.

Budget Reduction Options: The Executive Budget Request includes a reduction of $115,200 General Fund and a $2.3 million transfer to the General Fund in FY 2027-28 for the Department of Local Affairs. This issue brief reviews these proposals and additional options identified by staff.

For More Information

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To read the entire briefing: Go to 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 2026.