



JBC Staff Comeback Memos

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JBC Staff Comeback

Statewide Operating Common Policies

JBC Staff: Tom Dermody, (303-866-4963)

Date: March 24, 2026

CORE Operations Common Policy

R1 State payroll system common policy (OSPB Comeback #29)

During figure setting on February 5th for Statewide Operating Common Policies, the Committee denied the Department of Personnel's *R1 State payroll system common policy*, which was recommended by JBC staff with modifications. The primary recommended modification was the management of the ongoing cost of maintaining the new payroll system through the CORE Operations common policy. The Department does not object to this modification. The denial of this request resulted in the tabling of the CORE Operations common policy because of R1's interaction with the common policy and the assumption that the Department would submit a comeback.

On March 18th, OSPB brought Comeback #29 on behalf of the Department, asking the Committee to consider a modified R1 request. The original request assumed a full year of parallel operations of both the old and new payroll system. The comeback request modifies this plan to have the two systems running in parallel for six months. Additionally, as a result of a modified date for going live with the new payroll system, the comeback prorates the requested FTE for an October 2026 start date.

R1 - Comparison of Request to Comeback

Request	Reappropriated Funds	FTE
Original	\$1,122,250	9.0
<u>Comeback</u>		
Payroll common policy	\$786,881	7.5
Payments to OIT [1]	-314,744	0.0
Difference	-\$650,113	-1.5

[1] Reduction applied to Payments to OIT line item.

R3 State accounting system resources (OSPB Comeback #30)

During figure setting on February 5th for Statewide Operating Common Policies, the Committee approved staff's recommendation for Department of Personnel's *R3 State accounting system resources* request. Staff's recommendation was to deny funding for the requested staff (4.0 FTE), but to approve the purchase of document storage capacity. The new document storage contract will save \$480,000 total funds, including \$202,811 General Fund.

On March 18th, OSPB brought Comeback #30 on behalf of the Department, to request funding for 3.0 FTE. The original request was effectively budget neutral, with the savings from the new document storage contract

covering the cost of the requested FTE. The comeback request asserts that the additional staffing is essential. The comeback results in savings of \$112,335 total funds, including \$47,464 General Fund.

This comeback affects the appropriations related to the CORE Operations common policy.

JBC Staff Comeback Personnel

JBC Staff: Giulia Bova, (303-866-4955)

Date: March 17, 2026

R7 COWINS Partnership Agreement Housing Pilot

Recommendation

Staff recommends denial of the request for funding to pilot an employer-assisted housing program.

Request

The Department requests funding to expand emergency financial assistance services offered through the Colorado State Employee Assistance Program (CSEAP), and to pilot a housing assistance program for employees.

Year 1: The total cost for FY 2026-27 is \$1.7 million General Fund and 2.8 FTE.

Year 2: The total cost for FY 2027-28 is \$1.7 million General Fund and 3.0 FTE.

- This request was submitted by the Department to implement the recommendations of the housing workgroup established in the Partnership Agreement (PA) with the State’s union partner (COWINS).
- The Department requests funds to create a new line item in the Executive Director’s Office under the Colorado State Employees Assistance Program (CSEAP) for an employee housing pilot program.
- The funds requested are for increasing emergency assistance funds, financial coaching services, and resource consultations for State employees, and to provide downpayment assistance for eligible employees for purchasing homes and collect data on employees’ needs for financial and housing assistance.
- The State does not currently have data on the need for housing assistance among State employees.

The table below shows how CSEAP plans to use the requested funds, based on three different scenarios, assuming 400-500 employees seek financial assistance, and 30-50 employees seek housing grants:

CSEAP Pilot Program Costs, Under Three Different Scenarios

Scenario	1	Avg. Grant Amount	FY 26-27 Cost	2	Avg. Grant Amount	FY 26-27 Cost	3	Avg. Grant Amount	FY 26-27 Cost
Financial Assistance	400	\$1,962	\$784,936	450	\$1,962	\$883,053	500	\$1,962	\$981,170
Housing	50	10,000	500,000	40	10,000	400,000	30	10,000	300,000
FTE	3.0	n/a	359,861	3.0	n/a	359,861	3.0	n/a	359,861
Total Cost			\$1,644,797			\$1,642,914			\$1,641,031

If the proposed pilot is not funded, employees will continue to have access to currently available CSEAP services, including group financial coaching and individual resource consultations.

The Department has indicated that this is an evidence-informed request. Staff agrees with this designation. A review of literature related to employer-assisted housing (EAH) found that while data on public-sector EAH is limited, existing studies show that housing allowance policies for employees may help lower housing costs, reduce commuting expenses, provide cost savings for employees, reduce employee turnover and absenteeism, provide economic benefits to communities, and recruit for hard-to-fill roles (e.g. teachers, public safety officers). The most common type of EAH program is loans or grants to help with down payments or costs for purchasing homes.¹² Additionally, financial coaching programs can result in increased money management skills, increased savings, reduced debt levels, improved credit scores, and subjective feelings of financial well-being.^{3,4,5}

Analysis

Emergency Financial Assistance Program

The Colorado State Employee Assistance Program (CSEAP), housed in the Department of Personnel, has been offering emergency cash grants for housing, food, and utilities to State employees since 2013, funded entirely by the Credit Union of Colorado. The table below shows information on the grants distributed to employees.

CSEAP Financial Assistance Grants	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 YTD	Totals (since 2013) [1]
Total funds provided per year	\$47,160	\$55,000	\$55,000	\$44,400	\$340,780
# of approved grants [2]	190	174	186	179	2,326
Average Grant Amount	\$347	\$316	\$296	\$249	\$302
Average Employee Salary	\$46,596	\$53,418	\$56,453	\$57,864	\$50,146

[1] This represents totals and averages since 2013 (when the program was created). The Department has minimal data prior to 2022.

[2] The overall approval rate for financial assistance grants was 64.0 percent since 2013. Denied applications were largely due to eligibility requirements (proof of employment of more than six months and maximum salary requirements).

The Credit Union of Colorado informed CSEAP that it will stop funding the program at the end of 2025, which partly informed this budget request. CSEAP secured an extension of \$5,000 from the credit union that will be used for individual and group financial coaching and resource consultations through December 2026. Cash grants for housing, food, and utilities assistance will no longer be available after January 2026 without funding.

Staff believes funding this program could benefit employees, but recommends denial due to budget constraints.

Financial coaching and resource consultations

CSEAP has offered individual financial coaching and resource consultations to employees since 2020. In 2025, CSEAP started offering group financial coaching to better leverage resources. Group financial coaching uses discussion and lessons to support financial well-being. The table below shows information on utilization of individual and group services among state employees.

¹ [Scruggs, Carl. Employer-Assisted Housing Programs for Public Sector Employees. Office of Legislative Oversight. 2019.](#)

² [Ross, Lynn M. Quantifying the Value Proposition of Employer-Assisted Housing: A Case Study of Aurora Health Care.](#)

³ [Center for Financial Security. Financial Coaching: Review of Existing Research. 2015.](#)

⁴ [Consumer Financial Protection Bureau. 2021. Financial Coaching Initiative: Results and lessons learned.](#)

⁵ [Theodos et al. An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs, 2015.](#)

CSEAP Financial Coaching and Resource Consultations

Program	FY 2023-24	FY 2024-25	FY 2025-26 YTD
Individual Financial Coaching	10	27	2
Individual Resource Consultation	6	5	2
Financial Group Coaching (began in 2025)	N/A	N/A	12
Total	16	32	16

Staff does not think additional funding is needed for coaching because the program currently has 12 participants and CSEAP receives limited requests for the service, despite not turning anyone away. Survey data from 2022 showed employees have limited awareness of resources and benefits for financial assistance and coaching.⁶

The Department submitted this request in part to fund outreach activities to increase awareness about the emergency financial assistance and financial coaching programs. Staff thinks the Department should use existing resources to first conduct outreach and needs analysis, and then include needs analyses in its budget requests.

Employer-Assisted Housing (EAH) Pilot

The Department does not have any data on employees’ housing needs. This request includes plans to conduct a needs assessment for an EAH program. Staff is unable to assess the need for funding for EAH without baseline data from the Department regarding the number of employees that need housing support, and to what extent. Therefore, staff recommends denial of the request.

Existing EAH programs in other departments

Staff identified existing EAH programs in the Department of Transportation (CDOT) and Colorado Parks and Wildlife (CPW) aimed at employees working in hard-to-fill roles or who work in locations across the state with high rent costs.

- CDOT offers housing stipends (\$500 to \$2,000 per month) to 726 employees, which costs about \$9.1 million per year. The costs are part of personal services and salary expenses.
- CDOT owns and operates several housing units for employees in Fairplay and Frisco, which costs about \$13.0 million annually for 23 units. 54 employees currently use the program. The Department also earns about \$780,000 per year in revenue from renting the units.
- To start the program, CDOT requested funding from the Transportation Commission after conducting an analysis of vacancy rates in hard to fill areas of the state. The Department also hired an external consultant to conduct market research on housing costs and inventory.
- CPW offers a housing stipend of up to \$400 per month (depending on location) for 137 employees, which costs about \$350,000 per year. The costs are paid from TABOR-exempt enterprise cash funds.
- CPW owns and operates several units for employees to live on site. 37 employees currently live in the facilities, and CPW does not track these costs since they are managed by State Park or Wildlife Area operating budgets.
- Both CDOT and CPW allow employees to live in their own trailers at certain sites throughout the state.

⁶ [State of Colorado Benefits and Resources, 2023.](#)

Alternative options for the Committee’s consideration:

Fund the emergency financial assistance grant program

If the Committee is interested in approving the recommendation in part, staff recommends appropriating \$50,000 General Fund to CSEAP for the emergency financial assistance grant program to cover the annual contribution made by the Credit Union of Colorado. This amount would allow about 165 employees to receive grants of about \$300 in FY 2026-27. If the Committee adopts this option, staff recommends making the appropriation for FY 2026-27 only, and basing future appropriations based on actual use among employees.

Fund 1.0 term-limited FTE to conduct needs assessment on employer-assisted housing

The Department indicated that it could accomplish an EAH needs assessment with 1.0 term-limited FTE (or equivalent funds to contract a vendor) to distribute housing surveys and analyze data from the Department of Local Affairs (DOLA) to measure the:

- Number of state employees who have been unhoused in the past 24 months,
- Number of state employees evicted in the past 24 months,
- Number of state employees who sought housing assistance in the past 24 months, and
- Number of state employees who used housing assistance in the past 24 months.

This baseline data could be used to tailor programmatic goals and future budget requests for an EAH program. The table below shows the costs for 1.0 term-limited Data Management I position for FY 2026-27.

Data Management I term-limited FTE	Cost
Personal Services	\$54,767
Operating Expenses	1290
Capital Outlay	7000
Total	\$63,057

Appropriate housing assistance funds to DOLA or OEDIT, earmarked for state employees

Staff research found that all employer-assisted housing programs mentioned were run by housing and community development offices/departments, not personnel or human resources departments. Staff believes that an EAH program would be better suited for the Division of Housing in the Department of Local Affairs (DOLA) or the Office of Economic Development and International Trade (OEDIT). Both offices already run housing programs. If the Committee wishes to set aside funds to support state employees’ housing costs, staff recommends appropriating the funds to one of these Departments and earmarking the funds for state employees. This may require amending current law for existing programs and cash funds.

Additional background on the request and Partnership Agreement

House Bill 20-1153 (Colorado Partnership for Quality Jobs and Services Act) established the State’s union partnership with the Colorado Workers for Innovative and New Solutions (COWINS). The Labor Relations Unit in the Department of Personnel and COWINS negotiate every three years to maintain the statewide Partnership Agreement (PA). The current Partnership Agreement is effective from September 2024 through July 2027. Article 32.9 (Housing Premium) of the PA states that a State Entity can grant a housing premium to State employees required to live and work in high-cost housing areas with demonstrated recruitment and retention problems.

The PA also states that COWINS and the State shall establish a housing workgroup “to explore opportunities to address housing availability and affordability issues for State Employees.”⁷

As part of the PA, the State and union mutually agreed to seek \$1.7 million in funding for FY 2026-27 and 2027-28 to implement housing pilot programs based on the workgroup’s recommendation, which can include solutions such as State-sponsored housing vouchers, State Employee assistance programs, or programs to help Employees pay for housing in high-cost areas. Section 24-50-1111(6), C.R.S., says that after COWINS and the State reach an agreement, the Governor’s initial or supplemental budget request to the General Assembly should include sufficient appropriations to implement terms of the agreement that require expenditures. If the General Assembly rejects all or part of the request, the State or COWINS may reopen negotiations.

⁷ [Partnership Agreement: Collective Bargaining Agreement. September 2024 through July 2027.](#)

JBC Staff Comeback

Compensation Common Policies

JBC Staff: Alfredo Kemm, (303-866-4549)

Date: March 24, 2026

The attached document includes total compensation recommendations made during figure setting. These decisions were laid over but staff recommendation is unchanged.



Attachment A: Staff Recommendation from Figure Setting

Salary Increase Components

As staff addressed in the Salary Increase Order of Operations section, staff offers a different order of salary increase component consideration for the Committee. The following sequence of Committee decisions follows staff's order recommendation. The request amount is reflected as the amount identified in the Department of Personnel's compensation request. However, staff also provides an alternate estimate of the cost based on a revised order of operations.

→ 2% Structural Salary Range Adjustment

Request

The request is for an across-the-board, structural salary range adjustment of 2.0 percent. The request does not identify a cost because the request makes the assumption that the salary range adjustment is addressed after a 3.1 percent ATB/COLA salary increase adjustment.

Recommendation

Staff recommends denial of the structural salary range adjustment request.

Analysis

As stated in the Salary Increase Order of Operations section, staff recommends that structural adjustments:

- should be made through system maintenance studies for occupational classes most out of alignment with the market;
- should not be made on an across-the-board basis;
- should be paid for first.

Staff estimates that a 2.0 percent across-the-board structural salary range adjustment, if paid for discretely, costs \$66.4 million total funds, including \$34.9 million General Fund.

The Department provided their estimated cost for a 2.0 percent across-the-board structural salary range adjustment with a 2.0 percent ATB/COLA salary increase and estimate a cost of \$65.5 million total funds, including \$34.8 million General Fund.

→ Minimum Wage Adjustment

Request

The request includes no minimum wage adjustment because necessary minimum wage adjustments are paid for within the 3.1 percent ATB/COLA salary increase.

Recommendation

Staff recommends that minimum wage adjustments be applied as necessary based on Committee decisions for salary increase components and the order of operations.

Staff estimates a cost of \$38,000 total funds, including \$967 General Fund, with no ATB/COLA salary increase.

→ CSP Movement to Range Minimum (CSP Step)

Request

The request for the CSP Movement to Range Minimum totals \$4.0 million, including \$103,000 General Fund and \$3.6 million from HUTF off-the-top cash funds.

Recommendation

Staff recommends that the Committee approve the required adjustment for the CSP MTRM based on Committee decisions for salary increase components. Staff requests permission to make adjustments for this item based on the Committee's decisions.

Analysis

As staff understands, the CSP movement-to-range-minimum (MTRM) component, functions as a "step system" for state patrol. Nevertheless, this cost adjustment is built into the Salary Survey increase rather than the Step Pay increase component.

These classes are different from other classified employees because of the statutory requirement that the amount of state patrol salary is required be at least 99.0 percent of the actual average salary provided to the top three law enforcement agencies within the State.

However, the CSP MTRM also gets applied after the ATB. Therefore, the ATB pays for most of the MTRM increase.

Staff estimates that the CSP MTRM totals \$6.3 million, including \$183,000 General Fund and \$5.7 million from HUTF off-the-top cash funds, with no ATB/COLA salary increase.

→ Step Pay Increase

Request

The request for Step Pay includes the Step-like component. Altogether, Step Pay and Step-like are requested at \$17.1 million total funds, including \$12.8 million General Fund.

Recommendation

Staff recommends that the Committee approve the Step Pay increase as a stand-alone component, exclusive of all other salary increase components. Staff estimates that the actual cost of Step Pay for covered employees and Judicial Department step plans total \$38.9 million total funds, including \$26.7 million General Fund.

Analysis

Staff analysis set template calculations to no ATB and no Step-like increase percentage to generate the cost identified in the recommendation. The following table outlines the template-generated amounts for the Step Pay recommendation.

FY 2026-27 Step Pay increase - Recommendation based on recognizing actual, full cost

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Agriculture	\$518,191	\$104,399	\$385,271	\$0	\$28,521
Corrections	10,280,503	10,159,330	121,173	0	0
Early Childhood	228,158	67,051	52,203	13,087	95,817
Education	543,063	509,461	6,239	18,163	9,200
Governor	369,620	2,633	0	366,987	0
Health Care Policy and Financing	313,649	113,080	32,349	0	168,220
Higher Education - Admin & Hist CO	553	0	553	0	0
Human Services	6,426,042	4,384,859	429,419	893,007	718,757
Judicial	8,884,408	8,392,909	491,499	0	0
Labor and Employment	1,857,259	125,447	698,635	191	1,032,986
Law	147,643	36,226	60,401	40,569	10,447
Legislature	3,224	3,224	0	0	0
Local affairs	238,245	68,248	68,258	30,440	71,299
Military and Veterans Affairs	196,929	65,227	1,086	0	130,616
Natural Resources	2,332,947	444,922	1,818,738	60,233	9,054
Personnel	471,815	165,040	17,958	288,817	0
Public Health and Environment	1,075,925	166,991	424,667	117,393	366,874
Public Safety	1,422,002	562,788	705,180	127,937	26,097
Regulatory Agencies	680,052	29,121	569,307	76,445	5,179
Revenue	2,760,394	1,246,028	1,504,640	9,726	0
State	66,083	0	66,083	0	0
Transportation	106,532	0	106,532	0	0
Treasury	12,160	10,002	2,158	0	0
TOTAL	\$38,935,397	\$26,656,986	\$7,562,349	\$2,042,995	\$2,673,067

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2025-26 Appropriation	16,450,807	9,852,469	3,171,206	1,778,726	1,648,407
FY 2026-27 Change	22,484,590	16,804,517	4,391,143	264,269	1,024,660
FY 2026-27 Percent change	136.7%	170.6%	138.5%	14.9%	62.2%

Staff estimates that the Step Pay increase for covered employees and the Step Pay for the State Courts averages 1.2 percent on base salary. Staff excludes the Office of State Public Defender in this calculation due to its heavy concentration, approximately 97 percent, of staff on defense team or in front-line administration positions and on its “step” or progression plan. The following table outlines this calculation.

FY 2026-27 Step Pay increase percent of Base Salary

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Agriculture	1.8%	1.1%	2.2%	n/a	1.2%
Corrections	2.4%	2.4%	2.2%	n/a	n/a
Early Childhood	1.0%	0.7%	1.3%	0.6%	1.2%
Education	0.8%	1.8%	0.1%	0.2%	0.0%
Governor	0.2%	0.0%	0.0%	0.3%	0.0%
Health Care Policy and Financing	0.3%	0.3%	0.4%	n/a	0.4%
Higher Education - Admin & Hist CO	0.0%	0.0%	0.0%	n/a	0.0%
Human Services	1.8%	2.0%	2.3%	1.7%	1.0%
Judicial (excl. Public Defender)	1.1%	1.0%	1.4%	0.0%	n/a
Labor and Employment	1.2%	1.0%	0.9%	0.0%	1.5%
Law	0.2%	0.2%	0.5%	0.1%	0.5%
Legislature	0.0%	0.0%	n/a	n/a	n/a
Local affairs	1.0%	1.2%	0.9%	0.5%	1.9%
Military and Veterans Affairs	1.3%	1.1%	0.6%	n/a	1.4%
Natural Resources	1.3%	1.8%	1.3%	1.0%	0.3%
Personnel	1.2%	0.9%	1.3%	1.5%	n/a
Public Health and Environment	0.5%	0.5%	0.5%	0.6%	0.6%
Public Safety	0.6%	0.7%	0.6%	0.6%	1.0%
Regulatory Agencies	1.1%	1.7%	1.1%	1.7%	0.7%
Revenue	2.1%	2.1%	2.1%	1.9%	n/a
State	0.4%	n/a	0.4%	n/a	n/a
Transportation	0.7%	n/a	0.7%	n/a	n/a
Treasury	0.2%	0.3%	0.1%	n/a	n/a
TOTAL	1.2%	1.5%	1.0%	0.6%	0.9%

→ Step-like Increase

Request

The request for the Step-like increase is included in the Step Pay increase identified above. The FY 2026-27 request includes a “step-like” increase for all non-classified employees, excluding elected officials, equal to the average step increase of all step-eligible employees. This percentage is calculated at 0.4 percent in the request.

Staff estimates that the actual cost of the Step-like increase component at the request percentage of 0.4 percent totals \$2.2 million, including \$1.1 million General Fund.

Recommendation

Staff recommends that the Committee approve a Step-like increase component at 1.2 percent, the actual percentage of recognizing the full cost of the Step increase cost for covered employees. Staff estimates that a Step-like increase at 1.2 percent totals \$6.7 million, including \$3.2 million General Fund.

Analysis

The following table outlines the staff recommendation for a Step-like increase of 1.2 percent.

FY 2026-27 Step-like increase - Recommendation at 1.2 percent

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Agriculture	\$24,915	\$22,956	\$1,959	\$0	\$0
Corrections	94,772	94,772	0	0	0
Early Childhood	17,869	10,327	2,698	4,844	0
Education	666,826	203,647	120,873	76,277	266,029
Governor	1,889,399	244,551	198,988	1,374,439	71,421
Health Care Policy and Financing	45,104	15,316	6,451	0	23,337
Higher Education - Admin & Hist CO	297,504	98,016	166,263	0	33,225
Human Services	80,533	50,545	4,034	1,504	24,450
Judicial	1,817,775	1,642,381	149,084	26,310	0
Labor and Employment	48,532	10,712	24,054	0	13,766
Law	827,807	172,866	56,604	590,278	8,059
Legislature	479,992	479,992	0	0	0
Local affairs	23,760	10,272	953	12,535	0
Military and Veterans Affairs	14,357	10,739	0	0	3,618
Natural Resources	47,596	2,525	27,671	17,400	0
Personnel	34,085	28,416	0	5,669	0
Public Health and Environment	66,728	30,714	10,841	7,853	17,320
Public Safety	55,186	27,509	12,227	15,450	0
Regulatory Agencies	29,884	0	18,351	11,533	0
Revenue	35,442	21,362	13,253	827	0
State	18,434	0	18,434	0	0
Transportation	43,090	0	43,090	0	0
Treasury	7,204	7,204	0	0	0
TOTAL	\$6,666,794	\$3,184,822	\$875,828	\$2,144,919	\$461,225

→ ATB/COLA Increase

Request

The request is for a 3.1 percent across-the-board (ATB) or cost of living adjustment (COLA) increase. The request identifies a cost of \$105.5 million total funds, including \$54.0 million General Fund.

Recommendation

Staff recommends that if the Committee wishes to approve an additional ATB/COLA salary increase component, that it be the last component determined in the order of operations and that its cost be generated only on current base salary.

Staff proposes a recommendation of 2.0 percent for an ATB/COLA salary increase. Staff estimates the cost of this component at \$66.5 million, including \$34.9 million General Fund.

Staff offers this as a soft recommendation to generate a total cost, across all components, that is just below the total included in the executive request.

However, staff recommends that the Committee should consider a reduced ATB/COLA to achieve budget savings. Staff recommends that the Committee consider a 1.0 percent ATB/COLA, no ATB/COLA, or a tiered across-the-board approach, such as providing a 2.0 percent increase for employees below \$75,000 annual salary, 1.5 percent for employees between \$75,000 and \$125,000, and 1.0 percent for employees at \$125,000 and above. Staff has not completed analysis for such an approach, however staff believes it is likely to deliver more “bang for the buck” and more likely to satisfy the concerns of COWINS, the employee bargaining unit, in terms of changing the appropriations relative to the partnership agreement.

Staff estimates a 1.0 percent ATB/COLA salary increase totals \$33.7 million, including \$17.5 million General Fund. The Committee may use this estimate to consider generating General Fund savings based on this component.

Analysis

The following table outlines the appropriation recommendation for a 2.0 percent ATB/COLA salary increase.

FY 2026-27 ATB/COLA salary increase - Recommendation at 2.0 percent

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Agriculture	\$662,819	\$217,166	\$392,535	\$0	\$53,118
Corrections	9,590,251	9,467,400	122,851	0	0
Early Childhood	534,577	220,890	91,091	46,957	175,639
Education	1,557,809	651,631	229,450	176,235	500,493
Governor	3,750,377	419,735	333,331	2,878,280	119,032
Health Care Policy and Financing	2,034,610	793,478	167,916	0	1,073,216
Higher Education - Admin & Hist CO	501,719	163,909	282,432	0	55,379
Human Services	8,231,176	5,001,262	423,906	1,209,983	1,596,025
Judicial	11,715,036	10,868,917	802,103	44,017	0
Labor and Employment	3,481,699	285,398	1,669,909	9,296	1,517,096
Law	1,946,884	473,132	282,318	1,143,483	47,952
Legislature	1,056,870	1,056,870	0	0	0
Local affairs	534,364	132,903	164,383	150,420	86,659
Military and Veterans Affairs	344,755	131,654	4,430	0	208,671
Natural Resources	4,000,400	563,016	3,237,044	137,334	63,006
Personnel	873,535	398,834	30,740	443,961	0
Public Health and Environment	4,512,909	762,321	1,830,842	411,803	1,507,943
Public Safety	5,923,108	1,823,821	3,531,927	498,541	68,819
Regulatory Agencies	1,381,799	37,930	1,225,186	102,778	15,905

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Revenue	2,985,763	1,352,999	1,620,881	11,883	0
State	352,062	0	352,062	0	0
Transportation	364,209	0	364,209	0	0
Treasury	126,331	80,176	46,155	0	0
TOTAL	\$66,463,062	\$34,903,440	\$17,205,700	\$7,264,970	\$7,088,952

The following table outlines the requested appropriation and the staff recommendation for all salary increase components.

FY 2026-27 Salary Increase Components - Request and Recommendation

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2026-27 Base Salary Estimate	\$2,892,477,071	\$1,536,498,341	\$723,834,109	\$319,146,969	\$312,997,652
FY 2026-27 Request					
2% Structural Salary Range Adjust	\$0	\$0	\$0	\$0	\$0
Minimum Wage Adjustment	0	0	0	0	0
CSP Movement to Range Min	3,984,144	103,314	3,668,084	188,115	24,631
Step Pay increase	14,850,932	11,778,920	1,923,261	489,893	658,858
Step-like Increase at 0.4%	2,222,257	1,061,593	291,940	714,978	153,746
ATB/COLA increase at 3.1%	101,541,967	53,924,684	25,454,886	11,188,859	10,973,538
SUBTOTAL – Salary increase	\$122,599,300	\$66,868,511	\$31,338,171	\$12,581,845	\$11,810,773
percent increase on base salary	4.2%	4.4%	4.3%	3.9%	3.8%
FY 2026-27 Recommendation					
No Structural Salary Range Adjust	\$0	\$0	\$0	\$0	\$0
Minimum Wage Adjustment	0	0	0	0	0
CSP Movement to Range Min	6,308,486	182,944	5,794,471	284,576	46,495
Step Pay increase	38,935,397	26,656,986	7,562,349	2,042,995	2,673,067
Step-like Increase at 1.2%	6,666,794	3,184,822	875,828	2,144,919	461,225
ATB/COLA increase at 2.0%	66,463,062	34,903,440	17,205,700	7,264,970	7,088,952
SUBTOTAL – Salary increase	\$118,373,739	\$64,928,192	\$31,438,348	\$11,737,460	\$10,269,739
percent increase on base salary	4.1%	4.2%	4.3%	3.7%	3.3%
Recomm. above/-below Request	-4,225,561	-1,940,319	100,177	-844,385	-1,541,034
Percent difference	(3.4%)	(2.9%)	0.3%	(6.7%)	(13.0%)

Health, Life, and Dental

Health, life, and dental (HLD) pays for the state contribution to health insurance, life insurance, and dental insurance.

The state contribution for health insurance and dental insurance has four tiers based on employee, employee + spouse, employee + children, and family. Employees may choose from four different health benefit packages and two different dental benefit packages. The health plans range from high deductible plans to co-pay plans from Cigna and Kaiser.

The state paid life insurance provides a benefit equal to the employee's annual salary up to a maximum of \$250,000.

HLD Request

The HLD request includes three discrete request components:

1. the November request that functions as a placeholder with estimated increases for Kaiser and Cigna (health), Delta (dental), EyeMed (vision), and Securian (life) insurance components;
2. the January budget amendment (Statewide BA1) that trues-up the costs of projected increases for insurance components; and
3. a January 15 budget amendment (Statewide BA3) that funds a Partnership Agreement amendment agreed to by the Governor to restore funding for FY 2026-27 to comply with the requirement included in the Partnership Agreement that the State would pay for all HLD increases for employees. This adjustment lowers FY 2026-27 employee premiums to FY 2024-25 levels as provided in the original Partnership Agreement, but not funded for FY 2025-26, and as stipulated in the recent memorandum of understanding with COWINS.

The following table outlines the estimated and actual insurance premium adjustments included in the November and January requests.

HLD Premium Adjustments in FY 2026-27 Budget Requests

Insurance	November Placeholder Increase	January Actual Increase
Medical Fully-insured (Kaiser)	6.5%	11.4%
Medical Self-funded (Cigna)	12.0%	23.5%
Dental (Delta Dental)	2.1%	-1.8%
Vision (EyeMed)	0.0%	0.0%
Life (Securain)	3.3%	0.4%

Functionally, the January budget amendment (#2-BA1) guides the Committee's decision point for HLD adjustments generally.

Additionally, the January 15 budget amendment (#3-BA3) creates an additional decision point for the Committee.

→ HLD – State and Employee Share

Request

The Statewide BA3 request provides funding for FY 2026-27 to restore the HLD State and employee share to FY 2024-25 levels. This request totals \$4.1 million, including \$2.2 million General Fund.

Recommendation

Staff recommends that the Committee deny this request to restore the employee share for HLD premium increases. Staff recommends that the Committee continue to pursue a standard State and employee HLD premium cost share split of 88-12.

Analysis

As previously stated and included in the JBC staff figure setting document for FY 2025-26:

Pursuant to Article 28.1 of the updated Partnership Agreement, “In the event the medical, dental and/or vision insurance rates increase in any fiscal year through June 30, 2028, the State agrees to absorb 100 percent of the costs of any rate increase.” ... In the current fiscal year [FY2024-25], the State covers on average 90.0 percent of HLD premiums while employees cover on average 10.0 percent. If the [FY 2025-26]request is approved, the State would cover 90.6 percent of the cost of premiums while employees would cover 9.4 percent.

As staff understands the history of this policy application from last year, the Committee decided to return funding HLD adjustments to the recent historical standard of an 88-12 split.

Primarily based on that decision, in order to reduce Committee time spent on additional deliberations over the “right” share of funding, staff recommends that the Committee continue to fund HLD adjustments at an 88-12 split.

Staff recognizes that the HLD premium cost applies to every employee at the same amount, regardless of salary level. On that basis, those employees who earn less, are relatively more impacted by cost changes borne by employees for HLD. On that basis, in the interest of affecting all employees equally, the proper policy choice would be for the State to fully fund insurance premiums.

And were the Partnership Agreement provision, which provides for the State to absorb 100 percent of the costs, to be continued indefinitely into future years, eventually such a policy would come closer and closer to 100-percent HLD premium funding by the State.

However, it is also reasonable that a public policy interest remains for the encouragement of healthier lifestyle choices by individuals that might help to reduce healthcare costs. On that basis, this provision included in the Partnership Agreement does not serve that principle.

Staff’s concern is that the more the State funds all HLD premium increases, the closer the State comes to funding 100 percent of HLD premium costs, the more difficult it becomes to absorb a change if a future policy

decision is made to unwind the effect of this provision. The hit to employees becomes more painful over time. On that basis, staff encourages the Committee to maintain a policy of funding HLD premiums at a consistent 88-12 split, allowing employees to experience the incremental increase associated with the employee share.

Staff believes this is in the best interest of employees in future years. Staff also recognizes that it is likely that COWINS may seek additional funding for state employees through salary increase mechanisms to make up for the increased cost for HLD premium increases borne by state employees; and that negotiation decisions are also considered based on the net increase in compensation for state employees over the entire bundle of policies.

→ HLD Adjustment

Request

Excluding the BA3 request, the BA1 request for all HLD adjustments totals \$595.9 million, including \$321.3 million General Fund.

Recommendation

Staff recommends that the Committee approve the HLD adjustments requested in BA1 and set at a State and employee share of 88-12 and outlined in the analysis table at the end of this section. Staff estimates a total cost of \$591.6 million, including \$318.8 million General Fund.

Analysis

The following table outlines the request for premium increases at no additional cost for state employees.

FY 2026-27 HLD - Request (BA1 only)

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Agriculture	\$6,189,614	\$1,827,098	\$3,865,816	\$0	\$496,700
Corrections	100,587,481	99,183,773	1,403,708	0	0
Early Childhood	5,301,039	2,155,325	929,429	383,869	1,832,416
Education	12,887,755	5,110,437	2,172,779	1,474,124	4,130,415
Governor	27,479,646	3,016,338	2,676,774	20,801,925	984,609
Health Care Policy and Financing	17,949,767	6,920,707	1,531,626	0	9,497,434
Higher Education - Admin & Hist CO	4,453,634	1,387,310	2,564,731	0	501,593
Human Services	81,903,478	47,542,592	4,869,058	14,560,896	14,930,932
Judicial	100,314,061	92,830,323	7,173,221	310,517	0
Labor and Employment	33,169,807	2,762,031	15,754,793	83,921	14,569,062
Law	12,977,050	3,114,155	2,206,472	7,281,370	375,053
Legislature	7,672,513	7,672,513	0	0	0
Local affairs	5,734,253	1,252,723	2,200,426	1,380,175	900,929
Military and Veterans Affairs	2,970,998	1,051,494	74,971	0	1,844,533
Natural Resources	35,590,172	5,478,480	28,327,508	1,287,727	496,457
Personnel	7,969,979	3,269,826	226,938	4,473,215	0
Public Health and Environment	37,896,458	6,333,121	15,024,176	3,613,878	12,925,283

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Public Safety	44,194,220	15,483,776	24,018,486	4,158,562	533,396
Regulatory Agencies	11,816,922	363,229	10,502,114	821,530	130,049
Revenue	31,730,036	13,952,515	17,657,695	119,826	0
State	3,049,001	0	3,049,001	0	0
Transportation	2,988,398	0	2,988,398	0	0
Treasury	1,116,043	625,195	490,848	0	0
TOTAL	\$595,942,325	\$321,332,961	\$149,708,968	\$60,751,535	\$64,148,861
FY 2025-26 Appropriation	485,835,823	268,781,022	118,276,152	46,719,065	52,059,584
FY 2026-27 Change	110,106,502	52,551,939	31,432,816	14,032,470	12,089,277
FY 2026-27 Percent change	22.7%	19.6%	26.6%	30.0%	23.2%

The following table outlines the staff recommended HLD adjustment at an 88-12 cost share.

FY 2026-27 HLD - Recommendation at 88-12 premium cost share

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Agriculture	\$6,139,169	\$1,805,570	\$3,834,394	\$0	\$499,205
Corrections	100,051,351	98,638,445	1,412,906	0	0
Early Childhood	5,283,543	2,152,396	927,647	380,335	1,823,165
Education	12,787,422	5,068,635	2,158,062	1,462,197	4,098,528
Governor	27,381,793	2,977,093	2,645,841	20,785,343	973,516
Health Care Policy and Financing	17,807,031	6,858,643	1,524,814	0	9,423,574
Higher Education - Admin & Hist CO	4,417,415	1,386,750	2,531,534	0	499,131
Human Services	81,320,151	47,190,696	4,850,871	14,462,621	14,815,963
Judicial	99,299,259	91,886,874	7,096,941	315,444	0
Labor and Employment	32,843,960	2,737,171	15,612,232	84,475	14,410,082
Law	12,877,681	3,066,213	2,188,442	7,252,833	370,193
Legislature	7,620,399	7,620,399	0	0	0
Local affairs	5,663,263	1,242,642	2,176,770	1,366,231	877,620
Military and Veterans Affairs	2,945,522	1,027,681	74,127	0	1,843,714
Natural Resources	35,229,312	5,410,759	28,053,037	1,282,043	483,473
Personnel	7,897,846	3,247,035	226,587	4,424,224	0
Public Health and Environment	37,391,241	6,257,739	14,799,436	3,602,773	12,731,293
Public Safety	44,177,169	15,446,548	24,048,131	4,154,335	528,155
Regulatory Agencies	11,747,170	359,171	10,446,241	815,276	126,482
Revenue	31,549,775	13,840,243	17,589,424	120,108	0
State	3,049,661	0	3,049,661	0	0
Transportation	2,961,383	0	2,961,383	0	0
Treasury	1,110,841	622,244	488,597	0	0
TOTAL	\$591,552,357	\$318,842,947	\$148,697,078	\$60,508,238	\$63,504,094
FY 2025-26 Appropriation	485,835,823	268,781,022	118,276,152	46,719,065	52,059,584
FY 2026-27 Change	105,716,534	50,061,925	30,420,926	13,789,173	11,444,510
FY 2026-27 Percent change	21.8%	18.6%	25.7%	29.5%	22.0%