

FY 2027-28 BUDGET REQUEST

Governor Jared Polis

OSPB Director Mark Ferrandino

November 2, 2026

Governor’s FY 2027-28 Budget Proposal

Over the last eight years we have made historic progress on improving people's lives and their opportunities to work and call Colorado home. While maintaining fiscal responsibility, we became the best state in the nation for education by implementing Universal Preschool & full-day kindergarten, eliminating the Budget Stabilization Factor, and changing the school finance formula to provide funding where it has the most impact.

Governor's FY 2027-28 Budget Proposal

Uncertainty at the federal level along with H.R. 1 and tariffs continue to be drags on Colorado's strong economy and negatively impact our budget. These headwinds once again combine with unsustainably large increases in Medicaid costs to put pressure on the budget.

Governor's FY 2027-28 Budget Proposal

This balanced budget proposal protects our shared accomplishments and limits Medicaid's growth to a sustainable level while protecting these life-sustaining benefits for Coloradans.

Building Opportunity, Ensuring Fiscal Responsibility

- Building Opportunity Through Education
- Funding Medicaid and Making it More Sustainable
- Supporting Stronger Families
- Expanding Opportunities for Housing
- Historic Advancements in Transportation
- Building a Safer Colorado
- Saving People Money on Taxes
- Saving People Money on Healthcare
- Protecting Our Environment & Outdoor Opportunities
- Improving Government Efficiency to Deliver for Coloradans
- Balancing & Fiscal Responsibility

Building Opportunity Through Education

- Our investments in Universal Preschool, full-day kindergarten, and K-12 helped make Colorado first in the nation for education.
- From the start of this administration we invested in early education by passing free full-day kindergarten that saves the families $500 per month
- We built on this success when voters approved Universal Preschool funding which has saved families $6,300 per year
  - This has moved our preschool enrollment from 27th to 3rd in the nation with 71% of eligible children being served and over 170,000 kids enrolled since 2024
- This budget includes a $7.3M TF increase to the Universal Preschool's Quality Program to ensure families have access to high-quality providers across the state

Building Opportunity Through Education

- This budget continues to invest in K-12 to give every child the education they deserve.
  - $212.1M Total Program increase for K-12 Schools: Average per pupil funding is increase to $12,814, a 55 percent increase since I took Office. ($154.7M - GF/CF)
  - $23.0M TF increase for categorical programs
  - Implements 45% of the new school finance formula
- $3.5M to extend the Out of School Time Grant that provides students academic enrichment and skills development

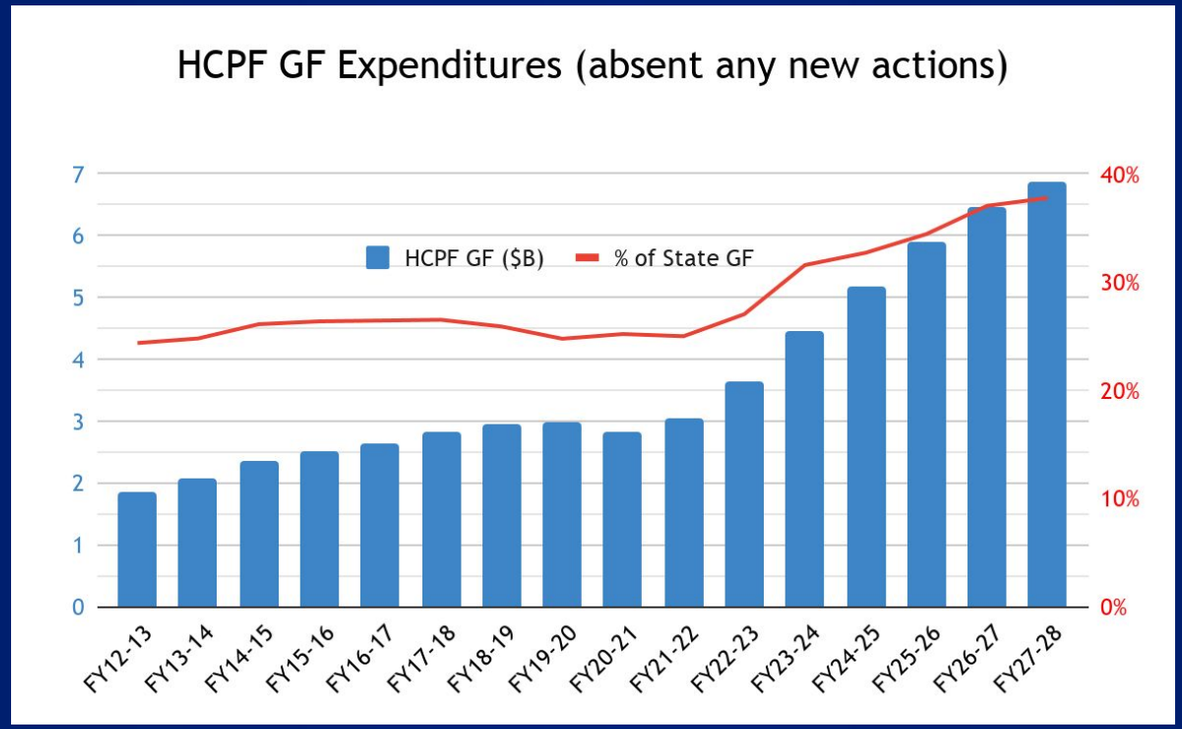
Building More Affordable Paths Beyond High School

- The “Big 3” initiative helps every student graduate high school with college credits or an industry credential
- Colorado Data Connections links educational and workforce data showing how education connects to their desired careers
- The Colorado Promise Tax Credit provided over $20M in 2026 to cover tuition and fees not covered elsewhere
- Conditional tax incentives to support hosting the U.S. Space Academy
- $4.7M legislative placeholder to implement the Transition Advisory Committee recommendations from HB26-1317
- This budget proposes $1.2M to extend the Adult High School Grant program to help adults earn high school diplomas and industry certification

Medicaid Historical Cost Growth

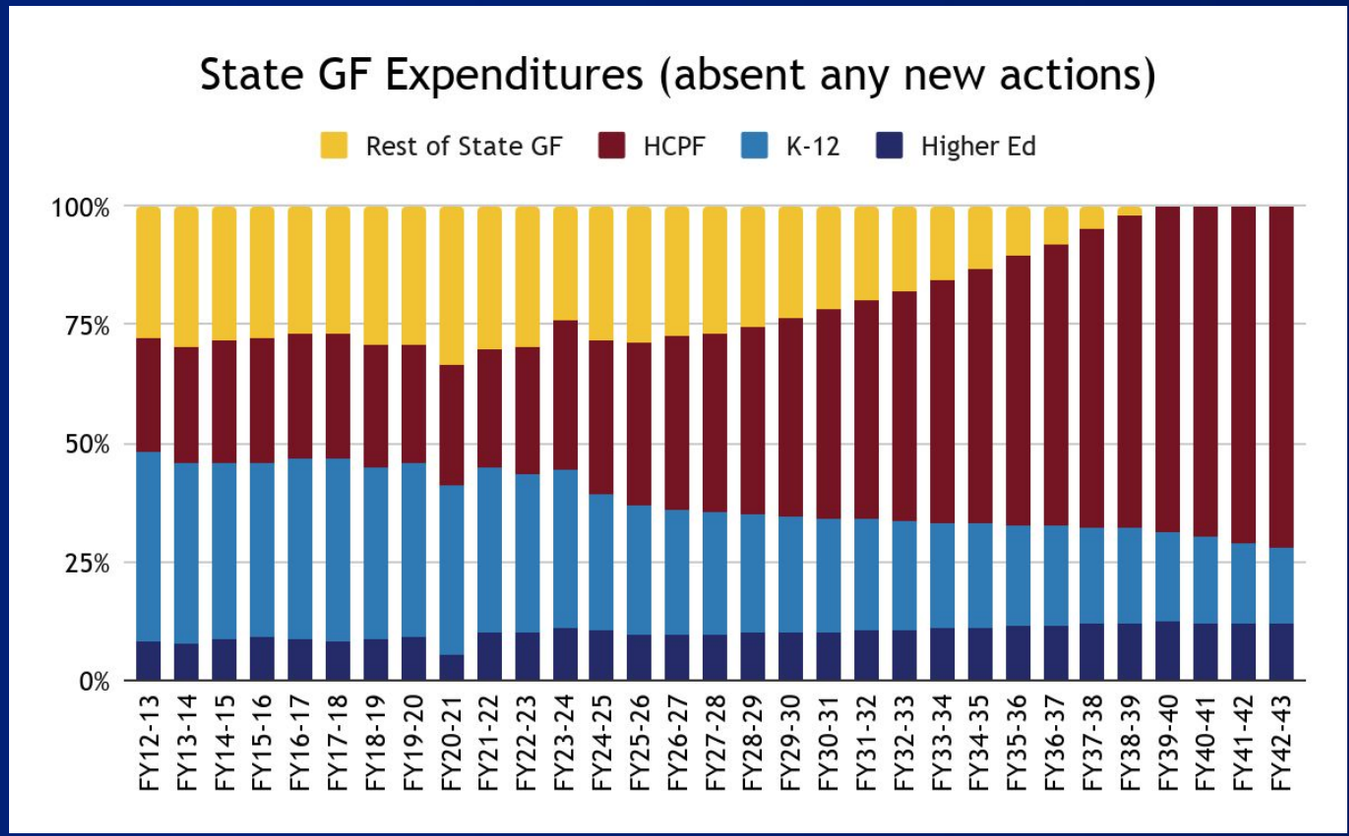
Medicaid costs continue taking up a larger and growing share of the General Fund each year

- Prior to FY 2022-23, Medicaid costs grew in line with TABOR. However, since then they almost doubled and are projected to account for 38% of all state GF expenditures.



Medicaid Crowds Out Other GF Spending

- Medicaid growth is accelerating and without reform is now projected to crowd out the rest of state spending three years earlier than was projected last year. This would prevent us from providing critical services in education, public safety, and human services among others.



Medicaid Principles

- Protect health coverage for as many Coloradans as possible
- Ensuring program integrity and fiscal accountability; Reduce fraud, waste, and abuse
- Improve administrative efficiency and program integrity
- Ensure that benefits and services deliver the greatest value and positive health outcomes
- Maximize federal and other non-General Fund resources

Medicaid Principles

- We have already put the principle of ensuring program integrity and fiscal accountability; reduce fraud, waste, and abuse into practice with:
  - Non-emergent medical transportation (NEMT) - more prepayment claims review and law enforcement actions helped decrease spending by more than half
  - Over $15M recovered through various law enforcement actions in FY 2025-26
  - $12M recovered through post-payment claims reviews and audits
  - $93M recovered from commercial insurers who should have paid claims instead of Medicaid (payer of last resort)

Sustainable Medicaid Growth Path

- Current Medicaid spending trends are unsustainable. Without action, forecasted GF spending in Medicaid would increase by 15% in FY 2027-28
- We propose actions that will align forecasted Medicaid spending growth to 4.3%, the rate of TABOR growth. This would still result in a significant year-over-year increase of approximately $820 million TF and $250 million GF
- This requires a shared commitment from the Governor, the Legislature, and the community to make hard choices
- We will continue to work with the JBC and the General Assembly's Commission on Medicaid to put Medicaid spending on a sustainable trajectory, and more actions will be proposed with the January 2, 2027 budget package

Supporting Stronger Families

- H.R. 1 requires, for the first time ever, states to pay for a share of SNAP benefits. This is expected to cost $100.5M. The state has worked hard to get our error rate below 10%, limiting the impact on counties.
  - To prevent that from fully falling on the GF this budget proposes a ballot initiative, required anyway because actual revenue has exceeded prior revenue estimates, to retain excess Healthy School Meals for All funds to maintain food assistance for Coloradans on SNAP
- We are proposing revenue increases on tobacco and gaming to provide new funding to support child care and preschool
- $2.1M to ensure Colorado's Summer EBT program can continue to deliver benefits to more than 450,000 children

Expanding Opportunities for Housing

- We have worked hard to provide more housing, lower building costs, and increase the pathways to homeownership
- DOLA and OEDIT supported the creation of over 17,000 affordable homes since 2024
- Since 2021 we have created $2.1B in housing tax credits
- Proposition 123 funding has awarded $275M and created 3,385 affordable homes and served over 90,000 households
- We removed red tape including residential occupancy limits, eliminated parking requirements, and allowed homeowners to build ADUs to increase housing supply
- Several actions have been taken to reduce insurance costs and help harden homes for hail and fire

Historic Advancements in Transportation

- We created $5.2B in new transportation revenue for roads ($3.8B) and multimodal transportation ($1.4B) which has helped improve our roads and complete major projects including Central 70, the I-25 South Gap, and the current work on Floyd Hill
- We've laid the groundwork for year-round rail service across the state including CoCo on the Front Range
- We strengthened RTD's accountability, financial reporting, and strategic planning to better serve the region's needs
- Bustang has expanded across the state and has tripled ridership over the past decade

Building a Safer Colorado

- Our investments in law enforcement and crime prevention made Colorado safer by reducing crime and strengthening law enforcement
- We reduced auto theft by 62% from 2022-2025 by investing in CATPA; this budget includes $3.0M to continue to support this critical work
- Violent crime declined in part due to over $47.0M in investments including $33.0M for resources to increase community safety, and $10.3M for safer streets and neighborhood design
- We created the Office of School Safety and invested over $17 million in school security and youth violence prevention
- The first round of $15.0M will be distributed to local law enforcement agencies in December to making communities safer (Prop 130)
- To protect from natural disasters we invested $48M in wildfire prevention work, provided $15M to help those impacted by the Marshall and other fires rebuild, and expanded our firefighting capacity

Saving People Money on Taxes

- We reduced Coloradans tax burdens while using targeted tax credits to support families, businesses, and the workforce
- Through reducing income tax from 4.63% to 4.4%, expanding the Earned Income Tax Credit, and creating the State Child Tax Credit and the Family Affordability Tax Credit we made Colorado more affordable and lowered child poverty by 20%
- We provided property tax relief by lowering assessment rates, saving people over $250 a year, and putting a 5.5% cap on local revenue growth to protect against large one-time spikes
- This budget proposes to extend and expand the existing CHIPS zones and Opportunity Now tax credits that help build our workforce in key sectors; as well as extending homestead portability for seniors

Saving People Money on Healthcare

- The Colorado Option has been chosen by nearly 139,000 individuals and has put downward pressure on costs, saving Coloradans $100 per month on premiums.
- With the creation of the Prescription Drug Affordability Board we were able to implement the nation's first upper payment limit to address rising drug costs
- Colorado's reinsurance program has saved consumers $2.6B in insurance premiums since 2020 and will save $470M next year
- We worked to make health care costs more transparent by requiring hospitals disclose prices and we created tools to help consumers compare prices and make informed decisions

Protecting Our Environment & Outdoor Opportunities

- We are progressing towards our goal of 100% renewable energy by 2040
- We invested over $130M in cleaner transportation and buildings to help improve air quality. These investments included EV school buses ($25M), providing free public transit during the ozone season ($28M), and supporting business and industries in reducing emissions ($25M)
- In Colorado water is life. We invested an additional $40M annually in grants for water projects across the state and are requesting additional funds to better protect our water rights
- We invested over $120M in new conservation projects and added 20,000 acres and the new Fishers Peak State Park to places Coloradans can enjoy

Improving Government Efficiency to Deliver for Coloradans

- Through the Governor's Operational Agenda we are increasing transparency and delivered better results for Coloradans
- We reduced office space by more than 800,000 square feet with another 200,000 expected this year. This saves the state and taxpayers money by only using what we need
- The MyColorado app is creating a unified statewide digital experience. It will allow Coloradans to access all state services in one place and reuse their data across applications
- We are rebuilding CBMS to make applying for benefits and administering those benefits easier and more efficient
- The Colorado Benefits Transformation Fund is helping to prototype new ways of building technologies before state dollars are ever invested

Balancing Proposals for FY 2027-28

- In addition to slowing Medicaid growth, this budget proposes departmental operating reductions and several additional balancing proposals including:
- $17.4M GF from reducing the Unfunded Liability Amortization Payment (ULAP) by 1% in FY28 which will not significantly impact the amortization schedule
- $16.3M from repealing the Business Personal Property Tax Exemption Reimbursement
- $9M from a 1% personnel services reduction

Balancing Proposals for FY 2027-28

Executive departments operating requests and reductions excluding HCPF, Total Compensation, and Common Policies

Department	Operating Requests, Reductions, and Offsets	% change from Operating Base	% Change from Overall GF Appropriation
Agriculture	-$522,500	-3.97%	-2.84%
Corrections	$17,126,534	12.04%	1.44%
Early Childhood	-$1,945,983	-6.26%	-0.65%
Education	$1,170,633	1.86%	0.04%
Governor's Office	-$5,105,561	-12.50%	-9.33%
Higher Education	-$2,997,909	-33.34%	-0.06%
Human Services	-$11,720,898	-3.78%	-0.86%
Labor	-$792,946	-3.29%	-2.49%
Local Affairs	$1,320,168	3.55%	2.37%
Military Affairs	-$246,329	-1.80%	-1.41%
Natural Resources	$287,952	0.69%	0.49%
Personnel and Administration	$1,048,739	5.66%	3.26%
Public Health & Environment	-$3,617,391	-4.15%	-2.78%
Public Safety	$5,193,676	3.85%	1.94%
Regulatory Agencies	$0	0.00%	0.00%
Revenue	-$711,852	-0.99%	-0.48%
Transportation	-$371,480	NA	NA
Grand Total	**-$1,885,147**	**-0.18%**	**-0.02%**

Fiscal Responsibility

- This balanced budget puts both the state and Medicaid expenditures on a sustainable path while protecting the gains we made during my administration
- We are proposing growing the General Fund reserve to 13.05% in FY 28 and will increase it to 15% over the next five years. If Pinnacol is converted, the reserve would increase to 14.2% in FY28
- As Colorado's sesquicentennial comes to a close, we can take pride in what we've accomplished together to improve opportunities and protect Coloradans' way of life. This budget continues to balance our ongoing responsibilities to those in need and the strategic investments needed to to advance Colorado for the next decade and 150 years

THANK YOU

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