



September 15, 2025

Dear Denver City Council, city team members, and residents of Denver:

Our 2026 budget takes on Denver’s most significant fiscal challenges since the COVID-19 pandemic and Great Recession with clarity, courage, and a commitment to the people of Denver. In recent years, Denver has delivered historic reductions in homelessness, brought violent crime to its lowest levels in a decade, and reinvested in downtown and neighborhoods. But even with this momentum, the city faces a long-term structural imbalance between revenues and expenses heading into 2026. This imbalance is a result of years of slower growth of sales tax revenues coinciding with rising costs of personnel, contracts, and essential services. It has been compounded by recent economic uncertainty, reductions in federal support, and new tariffs from the Trump administration that are straining U.S. cities and states, including Denver.

Lower Projected Revenue of \$1.66 Billion for 2026

We started seeing early signs of slowing revenue in 2024 and we acted quickly, which led us to slow city hiring and increase our focus on projects and initiatives that spur economic development. Our 2025 budget, crafted in 2024, was the first city budget in over a decade to intentionally curb the growth and reduce the size of government by 200 full-time positions. As revenue continued to slow in 2025, we took several additional steps to keep the city on stable financial footing:

- Implemented a hiring freeze in May 2025 that remains in place today,
- Required all employees to take between 2-7 furlough days in 2025, except 911 operators and sworn police, fire, and sheriff personnel, and
- Reduced spending on items like travel, trainings, meals, and other discretionary supplies.

Our starting revenue forecast was \$1.725 billion in 2025. Based on actual revenue to date, we are revising the 2025 revenue forecast down to \$1.666 billion. In 2026, we anticipate revenue of \$1.664 billion, which is \$61 million less in revenue than expected at the start of 2025.

Our 2026 General Fund operating budget is \$1.660 billion, a 5.8% decrease from the \$1.762 billion budgeted in 2025. If we had taken no action to address rising costs, our 2026 budget would have needed to increase to approximately \$1.860 billion, which is far more than what our 2026 revenue can support. Instead, through actively and responsibly managing our costs, we have reduced expenses by approximately \$200 million to \$1.660 billion in 2026.

Closing a \$200 Million Gap

The 2026 budget process centered on identifying long-term, sustainable savings to ensure Denver remains resilient through economic uncertainty in 2026 and beyond. From the beginning, we were guided by four core principles:

- Protect core city services,
- Maintain focus on city priorities and goals,
- Prioritize equity across communities, and
- Minimize impact to employees.

With these values in mind, our proposed 2026 budget has solved for an approximately \$200 million gap between anticipated revenue and normal growth in expenditures – without major cuts to services and programs Denver residents rely on every day.

What We Protected

Our proposed 2026 budget avoids cuts to core public services, including:

- Protecting core customer services, including maintaining operating hours at recreation centers, pools, permitting and licensing counters, and similar facilities
- No changes to trash collection services or fees, street sweeping, and snow plowing
- No reductions to uniformed police officers
- No change to our 180-day permit review timeline
- No cuts to employee health or retirement benefits
- No new taxes

We're preserving the essential services Denverites depend on – while meeting 25 of 29 Denver City Council 2026 priorities.

What We Cut in Services, Supplies, and Internal Transfers

Some operational changes we made in response to our budget needs are relatively small, while others will be more visible and impactful. Full details of changes and reductions are provided in this budget, which include but are not limited to the following:

- Saving nearly \$10 million in technology purchases, including reductions to applications like Adobe and Zoom, upgrades, and underutilized subscriptions,
- Saving \$8 million in credit card processing costs,
- Negotiating a 2.5% reduction in our tech liability insurance premiums with no decrease in policy terms,
- Switching to postcards instead of a letter for property tax statements,
- Reducing marketing campaigns for marijuana prevention, Be a Smart Ash, and job recruiting, and
- Reducing the number of concurrent neighborhood plans undertaken by our city planning staff each year from three to two.

**What We Improved:
Strategic Restructuring to Do Less but Do it Better**

As we faced the most difficult financial challenge of our administration, we also found meaningful opportunities to make government work better. We streamlined services, reduced administrative overhead, and reduced costs through restructuring. In May, we launched the “Great Government Survey” to hear directly from employees and residents, which led to dozens of innovative ideas for reducing red tape that are currently underway. We also initiated strategic restructurings to reduce duplicate services in multiple departments. These areas of improvement include the following:

- Consolidating the Office of Special Events with Denver Arts & Venues,
- Consolidating nine offices of Human Rights & Community Partnerships into four core divisions (Access for All, Community Empowerment, Immigrant and Refugee Affairs, and Aging & Financial Well-being) that better direct services and funding directly into vulnerable communities,
- Consolidating five divisions of Denver Economic Development & Opportunity into three, with a strategic focus on making it faster and easier for small, women- or minority-owned businesses to become certified to work on city projects,
- Streamlining youth programming across the city by creating a unified Youth Development and Engagement Division in the Office of Children’s Affairs (OCA) to put more dollars directly into the community and provide greater support for Denver’s kids,
- Moving OCA’s youth violence prevention program into the Office of Neighborhood Safety to align with citywide violence prevention strategies and moved OCA’s Tasty Food program into the Department of Public Health and Environment to align with the Healthy Food for Denver’s Kids program and create a more integrated approach to food security,
- Adopting newer technologies that save staff time, including an automated daily route planner for city inspectors and a Permitting Wizard to streamline intake of permit applications,
- Leveraging our new Sunny chatbot, which is available 24/7 in 72 languages by text and online, to allow our 311 call center hours to close at 5 p.m. instead of 7 p.m., and
- Closing non-congregate sites, including the Comfort Inn and Monroe micro-community, as we shift All in Mile High to focus intensively on housing, connecting individuals to work, and street engagement for high acuity populations.

Since 2023, spending out of our General Fund to address homelessness and a migrant crisis has decreased by \$8 million. At the same time, we have achieved the largest decrease in street homelessness of any American city while still maintaining one of the lowest carrying costs for homelessness in the nation. Spending on migrants has gone down every year since 2024, with \$0 budgeted to the Border Crisis Response Fund in 2026.

Altogether, we closed the \$200 million gap by:

Savings from Services, Supplies, Internal Transfers	\$77 million
Personnel Savings	\$118 million
Revenue Additions	\$5.7 million

Personnel Savings

Personnel costs represent about 70% of our General Fund budget—a cost that increases every year. Out of necessity, the General Fund reflects a decrease of 957 full-time equivalents (FTEs) in 2026—approximately 80% of which comes from eliminating vacant positions, transferring positions to a different funding source, or reducing use of on-call staff. After more than a decade of constant personnel growth, this represents the second year in a row that our administration has responsibly reduced the number of full-time equivalent (FTE) employees in the General Fund.

Revenue Additions

While our focus for the 2026 budget was primarily on reducing cost and size of government, we are also pursuing smart, targeted strategies to generate \$5.7 million in new revenue. These efforts include but are not limited to renting out space in city greenhouses, which was an employee-generated idea; expanding fire inspection services; and improving traffic safety through increased photo enforcement.

Reserves and Financial Position

Throughout 2026, we will remain focused on smart stewardship of our fiscal health. We will strengthen our reserves in 2026 for the first time since 2022 using one-time savings from our Border Crisis Response Fund. This represents about \$4 million in savings from our migrant response that is now able to help replenish our city reserves. The General Fund is projected to hold \$182 million, or 11% of expenditures, in reserves at the end of 2026, and over \$34.4 million in contingency to address unbudgeted and unforeseen needs during the year. We will focus on restoring our reserves to the typical 15% of expenditures as soon as the economy allows – ensuring Denver is not only prepared for today, but well-positioned to thrive in the years ahead.



Mayor Mike Johnston

Complete budget details are available at www.denvergov.org/budget.

####