

MEMORANDUM



JOINT BUDGET COMMITTEE

TO JBC Members
FROM JBC Staff
DATE February 22, 2022
SUBJECT Figure Setting - Comeback Packet 2

Included in this packet are staff comeback memos for the following items:

Total Compensation, page 1 (Robin Smart): BA1 Colorado WINS Partnership Agreement (*Tabled Item*)

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Robin J. Smart, JBC Staff (303-866-4955)
DATE February 22, 2022
SUBJECT JBC staff comebacks for Department of Personnel, Total Compensation prioritized budget request – BA1

The Joint Budget Committee delayed action on the following prioritized FY 2022-23 Total Compensation budget request. The methodology for calculating shift differential and on-call pay is not defined in state statute. Historical appropriations have been made based on the previous year's actual expenditures. The Department of Personnel's BA1 budget request is for the difference between the amount requested as part of the common policy budget request (based on FY 2020-21 actual expenditures) and the cost of implementing the Colorado WINS Partnership Agreement (see below for further information). Beginning in FY 2024-25, JBC staff assumes that the agreement-related adjustment will be captured in the total compensation templates of each department and will be absorbed in the common policy decision-making process.

Article 32 of the agreement indicates that if the General Assembly does not approve the request, "either party may reopen negotiations concerning economic issues." The Department indicates that this could result in a range of options that can include modification of the agreement and full rescission of the policy. The Department further states that the partnership agreement does not compel the Executive Branch to implement any aspect of the economic articles of the agreement without the appropriation of the associated funding.

If approved, the FY 2023-24 impact of this budget request is \$5,012,829 total funds, including \$3,668,548 General Fund. The adjustment will be reflected as an "annualization of prior year budget actions" in the FY 2023-24 budget process. The annualization will be necessary in FY 2023-24 because the common policy appropriation will be based on the FY 2021-22 actual expenditures. Beginning with the November 1, 2023 budget request submission by the Governor and consistent with current methodology, the first year implementation of the partnership agreement (FY 2022-23) will be reflected in the FY 2024-25 common policy budget request and built into the total compensation template for each department.

→ BA1 COLORADO WINS PARTNERSHIP AGREEMENT

DEPARTMENT REQUEST

The Department requests \$4,873,621 total funds, including \$3,560,157 General Fund, to implement the terms of the Colorado Workers for Innovative and New Solutions (Colorado WINS) Partnership Agreement that was ratified on November 18, 2021.

The request includes:

- A reduction of \$713,581 total funds relative to the November 1, 2021 budget request for Health, Life, and Dental appropriations;

- Funding for proposed changes in shift differential;
- Funding for proposed changes in on-call pay; and
- Funding for FTE to process tuition reimbursements.

JBC STAFF RECOMMENDATION

Staff recommends denial of the Department’s request for:

- \$4,638,458 total funds for proposed changes in shift differential; and
- \$832,456 total funds for proposed changes in on-call pay.

The Department’s request for an adjustment related to the cost of Health, Life, and Dental is captured in the common policy recommendation below.

The Department’s request for funds to process tuition reimbursements will be addressed by Tom Dermody during the Department of Personnel figure setting presentation.

ANALYSIS

In its FY 2022-23 BA1 Colorado WINS Partnership Agreement budget request, the Department requests \$4,873,621 total funds, including \$3,560,157 General Fund, to implement the partnership agreement ratified on November 18, 2021. The request includes the following adjustments:

- A reduction of \$713,581 total funds relative to the November 1, 2021 budget request for Health, Life, and Dental appropriations;
- An increase of \$4,638,458 total funds for proposed changes in shift differential;
- An increase of \$832,456 total funds for proposed changes in on-call pay; and
- An increase of \$116,289 total funds for FTE to process tuition reimbursements.

This analysis will address the request for increased funding for shift differential and for on-call pay. The health, life, and dental adjustment is captured in the common policy Health, Life, and Dental decision item presented below. The request concerning FTE to process tuition reimbursements will be addressed by Tom Dermody during the Department of Personnel figure setting presentation.

SHIFT DIFFERENTIAL

Shift differential is additional pay beyond base pay for employees working shifts during non-regular working hours (Monday through Friday between 8:00 and 5:00). The Department publishes eligible classes in the annual pay plan. Department heads may designate eligibility for individual positions in classes not published and must maintain records. Shift differential does not apply to any periods of paid leave. Shift differential includes two shift rates: second shift (when half or more of the scheduled work hours fall between 4:00 and 11:00 p.m.) and third shift (when half or more of the scheduled work hours fall between 11:00 p.m. and 6:00 a.m.). The following table includes the current and proposed rates for both the non-health care and health care services classes.

SHIFT DIFFERENTIAL ADJUSTMENTS					
		CURRENT RATES AS OF JULY 1, 2021		PROPOSED RATES FOR FY 2022-23	
GROUP	SHIFT	WEEKDAY	WEEKEND/ HOLIDAY	WEEKDAY	WEEKEND/ HOLIDAY
Non-health care services classes	1	n/a	n/a	n/a	20.0%

SHIFT DIFFERENTIAL ADJUSTMENTS					
		CURRENT RATES AS OF JULY 1, 2021		PROPOSED RATES FOR FY 2022-23	
GROUP	SHIFT	WEEKDAY	WEEKEND/ HOLIDAY	WEEKDAY	WEEKEND/ HOLIDAY
Health care services classes	2	7.5%	7.5%	7.5%	20.0%
	3	10.0%	10.0%	14.0%	20.0%
	1	n/a	7.5%	n/a	20.0%
	2	7.5%	14.0%	7.5%	20.0%
	3	14.0%	20.0%	14.0%	20.0%

Estimated department allocations are provided below.

ADDITIONAL SHIFT DIFFERENTIAL EXPENSES AS A RESULT OF PARTNERSHIP AGREEMENT			
DEPARTMENT	FY 2022-23	FY 2023-24	FY 2024-25
Agriculture	\$126	\$130	\$134
Corrections	2,023,211	2,083,907	2,146,424
Education	9,571	9,859	10,154
Governor's Office	27,637	28,466	29,320
Higher Education	6	6	7
Human Services	2,453,122	2,526,716	2,602,517
Military & Veterans Affairs	7,700	7,931	8,169
Natural Resources	89	92	95
Personnel	3,836	3,951	4,070
Public Safety	89,104	91,777	94,530
Revenue	24,056	24,777	25,521
TOTAL	\$4,638,458	\$4,777,612	\$4,920,941

ADDITIONAL SHIFT DIFFERENTIAL EXPENSES AS A RESULT OF PARTNERSHIP AGREEMENT (FULLY BURDENED)							
Department	FY 2022-23 Salary	PERA @ 10.9%	Medicare @ 1.45%	AED @ 5%	SAED @ 5%	STD @ 0.16%	Total
Agriculture	\$103	\$11	\$1	\$5	\$5	\$0	\$125
Corrections	1,651,466	180,010	23,946	82,573	82,573	2,642	2,023,210
Education	7,813	852	113	391	391	13	9,573
Governor's Office	22,559	2,459	327	1,128	1,128	36	27,637
Higher Education	5	1	0	0	0	0	6
Human Services	2,002,385	218,260	29,035	100,119	100,119	3,204	2,453,122
Military & Veterans Affairs	6,285	685	91	314	314	10	7,699
Natural Resources	73	8	1	4	4	0	95
Personnel	3,131	341	45	157	157	5	3,947
Public Safety	72,732	7,928	1,055	3,637	3,637	116	89,020
Revenue	19,636	2,140	285	982	982	31	24,025
TOTAL	\$3,786,188	\$412,695	\$54,899	\$189,310	\$189,310	\$6,057	\$4,638,459

ON-CALL PAY

The State's current on-call policy includes additional pay beyond base pay for employees (excluding State Troopers) specifically assigned, in advance, to be accessible outside of normal work hours and where freedom of movement and use of personal time is significantly restricted. Time while on-call is paid at a rate of two additional dollars per hour. The estimated costs for the changes are identified in the following table.

ADDITIONAL ON-CALL EXPENSES AS A RESULT OF PARTNERSHIP AGREEMENT			
BENEFIT	FY 2022-23	FY 2023-24	FY 2024-25
Increase from \$2 to \$5 per hour	\$830,647	\$830,646	\$830,646
Min 2 hours callback	786	810	834
Min 2 hours callback, overtime	1,023	1,054	1,086
TOTAL	\$832,456	\$832,510	\$832,566

Estimated department allocations are provided below.

ON-CALL EXPENSES BY DEPARTMENT				
DEPARTMENT	ON-CALL \$5	MIN 2 HR CALL BACK	MIN 2 HR CALL BACK, OT	TOTAL
Personnel	\$26,082	\$0	\$0	\$26,108
Corrections	462,247	0	0	462,247
Education	5,046	0	0	5,046
Governor's Office	69,717	0	0	69,717
Human Services	233,340	0	996	234,336
Military & Veterans Affairs	14,598	786	0	15,384
Revenue	19,617	0	0	19,617
TOTAL	\$830,647	\$786	\$1,023	\$832,456

JBC STAFF RECOMMENDATION

Shift differential appropriations have historically been made based on 100 percent of the previous year's expenditures. While the partnership agreement results in significant anticipated increases in shift differential and on-call expenditures, JBC staff is concerned that changing the methodology for shift differential and on-call appropriations will set a precedent for ongoing adjustments to be requested outside of the regular common policy methodology and process. Staff recognizes that, barring any changes in the agreement, this may result in the need for departments to utilize vacancy savings or indirect cost recoveries to cover the additional cost; however, JBC staff recommends denial of the Department's request.