



JOINT BUDGET COMMITTEE STAFF FY 2019-20 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Department of Personnel

The Department of Personnel is responsible for administering the state personnel system, which includes approximately 32,000 full time equivalent (FTE) staff, excluding the Department of Higher Education. In addition, the Department provides general support services for state agencies which include: oversight of procurement and financial activities and CORE operations; state archives; maintenance of Capitol Complex buildings, provision of central business services, and management of the State's motor vehicle fleet; administrative law judge services; coordination of capital construction and controlled maintenance projects and centralized lease management; administration of the State's personnel selection, classification, compensation, and employee benefit programs; and oversight of the State's liability, property, and workers' compensation insurance programs. The Department's FY 2018-19 appropriation represents approximately 0.7 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF PERSONNEL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$206,417,946	\$14,062,748	\$14,016,747	\$178,338,451	\$0	425.4
Other legislation	31,550	11,633	0	19,917	0	0.2
TOTAL	\$206,449,496	\$14,074,381	\$14,016,747	\$178,358,368	\$0	425.6
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$206,449,496	\$14,074,381	\$14,016,747	\$178,358,368	\$0	425.6
R1 Fleet information management system ongoing costs	130,000	0	0	130,000	0	0.0
R2 Integrated Document Solutions increased input costs	500,756	0	0	500,756	0	0.0
R3 Printing and mailing for counties participating in DRIVES	2,609,297	0	0	2,609,297	0	0.0
R4 Annual fleet vehicle request	417,795	0	0	417,795	0	0.0
Centrally appropriated line items	1,719,121	1,314,308	171,347	233,466	0	0.0
Annualize prior year budget actions	1,108,339	(172,551)	(27,680)	1,308,570	0	1.1
Annualize prior year legislation	146,846	14,217	87,603	45,026	0	0.0
DOR Tax pipeline appropriation	0	0	0	0	0	0.0
Nonprioritized request items	(1,672,539)	133,180	2,523,661	(4,329,380)	0	0.0
Indirect cost assessment adjustment	(109,776)	(451,456)	22,956	318,724	0	0.0
Technical	0	(2,994)	(5,006)	8,000	0	0.0
TOTAL	\$211,299,335	\$14,909,085	\$16,789,628	\$179,600,622	\$0	426.7
INCREASE/(DECREASE)	\$4,849,839	\$834,704	\$2,772,881	\$1,242,254	\$0	1.1
Percentage Change	2.3%	5.9%	19.8%	0.7%	n/a	0.3%

R1 FLEET INFORMATION MANAGEMENT SYSTEM ONGOING COSTS: The request includes an increase of \$130,000 reappropriated funds for ongoing operations and maintenance for the information management system it requested as a Capital IT request. Because this budget item is not required until and unless the IT system is approved for acquisition, the staff analysis and recommendation on funding the operating portion of this request is pending the decision on the project.

R2 INTEGRATED DOCUMENT SOLUTIONS INCREASED INPUT COSTS: The request includes an increase of \$500,756 reappropriated funds in FY 2019-20 and 971,847 in FY 2020-21 and ongoing for Integrated Documents Solutions, the state's printing and mail service provider, due to the rising postage rates charged by the United States Postal Service and the increasing costs of paper and paper products. The request includes adjustments to 10 other statewide agencies that result in an increase of \$121,209 total funds, including \$18,166 General Fund, in FY 2019-20 and \$374,648 total funds, including \$56,147 General Fund in FY 2020-21 and ongoing. *For more information, an issue brief was provided in the complete briefing document, which can be accessed at: http://leg.colorado.gov/sites/default/files/fy2019-20_perbrf.pdf#page=20*

R3 PRINTING AND MAILING FOR COUNTIES PARTICIPATING IN DRIVES: The request includes an increase of \$2,609,297 reappropriated funds spending authority for Integrated Document Solutions. The majority of the funds identified would originate as payments made to the Department by counties utilizing the centralized printing and mailing services for items sent by county-run divisions of motor vehicles. Of the amount requested, an increase of \$28,903 cash funds is requested on behalf of the Department of Revenue, which originates from the Colorado DRIVES Vehicle Services Account of the Highway Users Tax Fund. Currently, the Department generates individual files of all required notices from the DRIVES computer system for each of the 64 counties and shares the files with each via a secure ftp transfer. Printing, stuffing, applying standard rate postage, and delivery to a USPS drop off occurs 64 times each month by county staff. Funding this request would eliminate the need to transfer files with personally identifiable information of Colorado residents over older file sharing technology and allow the Department to generate just one file monthly for the entire state. In turn, the staff time counties currently spend manually performing mail merges can be spent better serving county residents in other manners and the reduced meter rate will save counties at least ten cents per item mailed. Finally, a large component of this request is the postage that will be required to make all the mailing from IDS, \$2,282,029 reappropriated funds, which may be an overestimation based on actions taken by the USPS since the budget submission. *See the issue brief for R2 Integrated Document Solutions increased input costs for more information on postage rates.*

R4 ANNUAL FLEET VEHICLE REQUEST: The request includes a \$2.6 million increase in reappropriated funds for the Vehicle Replacement Lease/Purchase line item for the Fleet Management Program. The request is to replace 709 fleet vehicles statewide, including 371 designated as potential alternative fuel or hybrid vehicles. The request includes a \$468,330 increase in state agency appropriations for Vehicle Lease Payments line items that includes a \$45,317 decrease in General Fund. The anticipated 2020 lease-purchase contract totals \$943,550 in FY 2019-20, annualizing to \$4.7 million in FY 2020-21 and remaining out years for the contract. Excluding negative adjustments in prior year lease-purchase contracts for vehicles taken out of service, state agency Vehicle Lease Payments appropriation will increase by the difference (\$4.2 million) in FY 2019-20 for the planned vehicle replacement purchases in this request; the request does not identify the General Fund impact in out years related to that annualization. However, the Department projects \$2.9 million in maintenance and fuel savings related to the request.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items for the following:

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Merit pay adjustment	\$884,129	\$329,431	\$63,460	\$491,238	\$0	0.0
PERA Direct Distribution	704,134	257,995	55,345	390,794	0	0.0
Payments to OIT adjustment	468,513	(153,152)	38,384	583,281	0	0.0
Health, life, and dental adjustment	408,403	129,592	81,149	197,662	0	0.0
Vehicle lease payments adjustment	38,272	0	(279)	38,551	0	0.0
AED adjustment	26,981	(3,718)	13,614	17,085	0	0.0
SAED adjustment	26,981	(3,718)	13,614	17,085	0	0.0
Leased space adjustment (Contract escalator)	2,176	0	0	2,176	0	0.0
Short-term disability adjustment	1,345	29	498	818	0	0.0
ALJ adjustment	747	0	747	0	0	0.0
Salary survey adjustment	591	0	0	591	0	0.0
Capitol Complex leased space adjustment	(299,554)	955,485	(13,867)	(1,241,172)	0	0.0
Risk management / property funds adjustment	(273,121)	(66,951)	(33,952)	(172,218)	0	0.0
Legal services adjustment	(197,520)	(125,326)	(39,037)	(33,157)	0	0.0
CORE adjustment	(52,088)	(2,582)	(6,400)	(43,106)	0	0.0
Workers' compensation adjustment	(17,802)	(2,777)	(1,929)	(13,096)	0	0.0
Shift differential adjustment	(3,066)	0	0	(3,066)	0	0.0
TOTAL	\$1,719,121	\$1,314,308	\$171,347	\$233,466	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net increase of \$1,108,339 total funds, including a decrease of \$172,551 General Fund, for adjustments related to prior year budget actions as outlined in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 18-19 DOR Tax pipeline additional resources	\$1,306,463	\$0	\$0	\$1,306,463	\$0	0.0
FY 13-14 Total comp and employee engagement survey	215,000	215,000	0	0	0	0.0
FY 18-19 OIT Operating System and Productivity Suite	3,303	882	314	2,107	0	0.0
FY 14-15 Total comp and employee engagement survey	(300,000)	(300,000)	0	0	0	0.0
FY 18-19 Address Confidentiality Program resources	(89,433)	(63,433)	(26,000)	0	0	1.1
FY 18-19 Governor transition funding	(25,000)	(25,000)	0	0	0	0.0
FY 18-19 Salary Survey	(1,994)	0	(1,994)	0	0	0.0
TOTAL	\$1,108,339	(\$172,551)	(\$27,680)	\$1,308,570	\$0	1.1

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net increase of \$146,846 total funds, including an increase of \$14,217 General Fund, for adjustments related to prior year legislation as outlined in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 13-276 (Disability Investigational and Pilot Fund)	\$82,000	\$0	\$82,000	\$0	\$0	0.0
SB 18-200 (PERA)	68,735	18,880	6,185	43,670	0	0.0
HB 18-1267 (Tax Credit for Home Retrofit)	1,356	0	0	1,356	0	0.0
HB 18-1224 (Occupational Licensee Mediation)	0	0	0	0	0	0.0
HB17-1144 (Amend Cap Const Automatic Funding)	(5,245)	(4,663)	(582)	0	0	0.0
TOTAL	\$146,846	\$14,217	\$87,603	\$45,026	\$0	0.0

DOR TAX PIPELINE APPROPRIATION: The request includes an increase of \$932,415 to the Department of Revenue's appropriation that pays for scanning and processing of taxpayer documents at the Integrated Documents Solutions office in Pueblo. The primary cost pool for operations consists of work related to the DOR Tax pipeline and signature verification for the Secretary of State related to its elections functions. While the workload for the Tax Pipeline is generally predictable, the estimate the Secretary of State's office will require in a given year does not experience similar

predictability. If any unexpected change occurs to either Department’s workloads, the total costs for IDS in Pueblo must be recouped from the other customers. This results in the potential misunderstanding that the tax pipeline is consistently requiring more funding rather than observing that the current model for the Pueblo Office’s cost pools may not be the ideal way to budget this centralized service. JBC staff, with the help of affected agency staff, is brainstorming alternative solutions that may prevent this unintended consequence from requiring attention from the Joint Budget Committee every few years.

NONPRIORITIZED REQUEST ITEMS: The request includes a net decrease of \$1,672,539 total funds, including an increase of \$133,180 General Fund, for adjustments related to requests made by other Departments that affect the budget of the Department as identified below:

NONPRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Property Base Adjustment	\$1,016,332	\$0	\$0	\$1,016,332	\$0	0.0
NP11 Western regional director and one source utilities	167,618	46,036	15,712	105,870	0	0.0
Digital Storage Adjustment	60,350	60,350	0	0	0	0.0
OIT Application refresh and consolidation	44,592	10,707	3,654	30,231	0	0.0
OIT Essential database support	26,256	6,579	2,246	17,431	0	0.0
OIT Optimize self-service capabilities	14,599	1,295	442	12,862	0	0.0
MIL Civilian and uniform staff	11,821	0	0	11,821	0	0.0
NP1 IDS Increased Input Costs	8,213	8,213	0	0	0	0.0
NP5 Capital Development staff and operating	2,600	0	0	2,600	0	0.0
NP8 Increased Spending for E470	2,364	0	0	2,364	0	0.0
NP4 Additional Staff for OGCC	2,138	0	0	2,138	0	0.0
NP9 Additional resources for fire life safety section	1,824	0	0	1,824	0	0.0
NP6 FTE and Operating for Cameo State Rec Area	1,720	0	0	1,720	0	0.0
NP2 AV Support Staff	1,220	0	0	1,220	0	0.0
Workers Compensation Base Adjustment	(1,565,162)	0	0	(1,565,162)	0	0.0
Liability Base Adjustment	(1,296,465)	0	0	(1,296,465)	0	0.0
Utilities base adjustment	(147,807)	0	(14,283)	(133,524)	0	0.0
CORE Operations base adjustment	(24,752)	0	2,515,890	(2,540,642)	0	0.0
TOTAL	(\$1,672,539)	133,180	\$2,523,661	(\$4,329,380)	\$0	0.0

INDIRECT COST ASSESSMENT ADJUSTMENT: The request includes a reduction of \$109,776 total funds including a reduction of \$451,456 General Fund to reflect the Department’s requested indirect cost plan allocation. As submitted, the indirect cost plan complies with federal reporting rules for grantees of federal funds.

TECHNICAL: The request includes a number of adjustments to reflect refinancing some General Fund with reappropriated funds, thus saving the state a net of \$2,994 General Fund.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

OPERATING COMMON POLICIES PRIMER: Describes the basic premise of the “Operating Common Policies” administered by the Department of Personnel including provision of services from administrative law judges, insuring agencies against potential loss from injury on or damage to properties controlled by the state, insuring agencies from workers’ compensation claims, maintenance for buildings owned by the state, and maintaining the state’s accounting

software. Agency's that utilize the Department for any of these services pay into the common policy pool that fully funds each program. How costs are estimated and allocated to agencies differ between policies and each are highlighted in this issue.

R2 INTEGRATED DOCUMENT SOLUTIONS INCREASED INPUT COSTS: Discusses forces outside the control of the Department that are increasing material costs for Integrated Document Solutions to provide print and mail services to state agencies including the cost of paper and postage. The request includes an increase of \$500,756 reappropriated funds in FY 2019-20 and 971,847 in FY 2020-21 and ongoing to fund the increased costs. The request includes adjustments to 10 other statewide agencies that result in an increase of \$121,209 total funds, including \$18,166 General Fund, in FY 2019-20 and \$374,648 total funds, including \$56,147 General Fund in FY 2020-21 and ongoing.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: http://leg.colorado.gov/sites/default/files/fy2019-20_perbrf.pdf