DEPARTMENT OF PERSONNEL
FY 2022-23 JOINT BUDGET COMMITTEE HEARING AGENDA

Wednesday, December 8, 2021
3:30 pm – 5:00 pm

3:30-3:35 INTRODUCTIONS AND OPENING COMMENTS

Presenter: Tobin Follenweider, Deputy Executive Director

3:35-3:55 PARTNERSHIP AGREEMENT BETWEEN STATE OF COLORADO AND COWINS

Main Presenters:
- Tobin Follenweider, Deputy Executive Director
- Hilary Glasgow, Executive Director Colorado WINS

Topics:
- Overview and Update: Page 2 , Questions 3-5 in the packet, Slides 7-10
- R1 Colorado Equity Office: Page 4, Questions 6-10 in the packet, Slides 11

3:55-4:05 COMMON QUESTIONS

Main Presenters:
- Tobin Follenweider, Deputy Executive Director

Topics:
- Remote work policies in response to COVID-19: Page 1, Question 1 in the packet, Slides 12
- Significant federal stimulus and legislation: Page 1, Question 2 in the packet, Slides 13

4:05-4:25 PRIORITIZED BUDGET REQUESTS

Main Presenters:
- Tobin Follenweider, Deputy Executive Director

Topics:
- R2 Paid Family Medical Leave Funding: Page 6, Questions 11-14 in the packet, Slides 15-17
- R3 CSEAP resources: Page 9, Questions 15-16 in the packet, Slide 18
- R5 Americans with Disabilities Act resources: Page 10, Questions 17-19 in the packet, Slide 19

4:25-4:45 STATEWIDE COMPENSATION OVERVIEW

Main Presenters:
- Tobin Follenweider, Deputy Executive Director

Supporting Presenters:
- Brandy Malatesta, Senior Compensation Manager

Topics:
- Targeted salary adjustments: Page 11, Questions 20-21 in the packet, Slide 20-26

4:45-5:00 OPERATING COMMON POLICIES

Main Presenters:
- Tobin Follenweider, Deputy Executive Director

Topics:
- Risk Management: Page 13, Questions 22-23 in the packet, Slide 28
- Fleet Management: Page 13, Questions 24 in the packet, Slide 29

DEPARTMENT OF PERSONNEL
FY 2022-23 JOINT BUDGET COMMITTEE HEARING AGENDA

Wednesday, December 8, 2020
1:30 pm – 5:00 pm

COMMON QUESTIONS FOR DISCUSSION AT DEPARTMENT HEARINGS

1 Please provide an update on how remote work policies implemented in response to the COVID-19 pandemic have changed the Department's long-term planning for vehicle and leased space needs. Please describe any challenges or efficiencies the Department has realized, as well as to what extent the Department expects remote work to continue.

DPA Response: The Department instituted a New Workplace program. This program includes a new office space plan at 1525 Sherman (including office space hoteling and square foot reduction), revised flex policy, training, and transportation. Since the start of the pandemic, DPA reduced its office space at 1525 Sherman by about 21,166 square footage, (which is about a 26% reduction in DPA's square footage at the building). Future reductions may be possible as the Department identifies more remote work and space consolidation opportunities. Please note that unallocated space within the Capitol Complex vacated by other agencies is allocated back to DPA for funding. DPA's vehicle fleet is primarily for delivery drivers who have remained busy throughout the pandemic.

State Fleet Management (SFM) assists agencies with long-term vehicle planning. Some agencies have indicated a reduction in their fleet based on their experience during the pandemic as well as projected future needs. Due to a lack of utilization over the past 18 months, the SFM Motor Pool has been reduced by 10 vehicles through attrition. Because vehicles are brought on through a long-term lease, any fleet reductions require a reduction through attrition (i.e. not asking for a replacement) or deployment to other departments assisted by SFM to reduce agency cost.

The Office of the State Architect (OSA) is responsible for state buildings and state agency private leases. OSA worked with agencies in FY 2020-21 on a statewide strategic space plan to reduce office space by 1 million square foot in private leased office space over the next 3 to 5 years. The plan calls for reduction of private space based on remote work and rightsizing office space as well as consolidation of state agencies into state owned space. As of November 2021, agencies reduced their private square footage by about 100,000 (FY 2021-22 target for the FY is 200,000).

2 Please describe the most significant one-time federal funding from stimulus bills (e.g., CARES Act and ARPA) and other major new federal legislation (e.g., Federal Infrastructure Investment and Jobs Act) that the Department has received or expects to receive. For amounts in new federal legislation that have not yet been distributed, please discuss how much flexibility the State is expected to have in use of the funds.

DPA Response: The Department does not anticipate receiving Federal Infrastructure Investment and Jobs Act funding. The Department received CARES Act/ARPA funding for three activities: 1) Approximately $8 million in funds to oversee the Statewide accounting and reporting for federal funds 2) $895,500 for tracking, administration, and reporting regarding COVID testing for all State employees and 3) $500,000 received by Department as a result of SB 21-292 to establish trusts for Address Confidentiality Program (ACP) participants wishing to obtain a mortgage. As the Department is required to scale to the needs of other State agencies, the Department may require additional funds to support the implementation and administration of federal funds.

Partnership Agreement between State of Colorado and COWINS

Overview and Update

[Sen. Moreno and Sen. Hansen] Please provide details concerning the ratified Partnership Agreement.

DPA and COWINS Response: The Partnership Agreement, sometimes referred to as a Collective Bargaining Agreement (Agreement), was required by HB20-1153, "Colorado Partnership for Quality Jobs and Services Act." The Agreement was entered into by and between the Colorado Workers for Innovative and New Solutions Local 1876 (COWINS) on behalf of all covered employees and the State of Colorado (State) as of the date signed by both Parties. In this Agreement, covered State employees as outlined in Article 2.1 (and quantified in the question below), through a collective voice, and the State set forth terms about wages, hours, and terms and conditions of employment.

This Agreement (a legally binding agreement between the Parties) is designed to ensure that State management and State employees, through chosen representatives, jointly work to promote cooperative relationships with the shared goal of providing the best possible services to the taxpayers and residents of the State. The Agreement was ratified on November 17, 2021 and expires on July 31, 2024. The Agreement covers 33 economic and non-economic articles. Articles that are projected to drive an economic impact are presented below, as well as projected costs for FY 2022-23. The Agreement includes as per Article 31, a pay equity study and negotiations to address pay inequity and pay compression. The Agreement is posted on the DPA website (https://dhr.colorado.gov/about/labor-relations/partnership-agreement).

- Which provisions carry significant budgetary impacts and what are those impacts?

  DPA Response: The table below summarizes the articles within the partnership agreement that result in budget requests to improve state employee compensation.

COWINS Articles with Economic Impacts				
		FY 2022-23 Cost		
Article - Title	**Description**	**TF**	**GF***	**All Other Funds**
5 Union Rights	Stewards	500,000	500,000	0
	8.2A-Equity Office	2,536,213	2,536,213	0
	8.2B-Additional C-SEAP resources	311,690	0	311,690
8.2 Advancing Equity for All Plan of Action	8.2C-Statewide HRIS	**26,000,000***	26,000,000	0
16.5 On-Call Pay	Employees paid $5 per hour for on-call hours	2,636,607	790,982	1,845,625
24 Education and Training	Tuition Reimbursement	**616,289***	500,000	0
28.2 Medical, Dental, and Vision Insurance	State share of insurance increases	**20,000,000***	20,000,000	0
29.3 Paid Family Medical Leave (PFML)	Provision of 160 hours	5,400,366	3,029,605	2,370,761
30.1 Holidays	Addition of Juneteenth holiday *(requires legislative approval)*	0	0	0
	Pay equity study	500,000	500,000	0
31 Wages	3% Across-the-Board (ATB) with $15 Minimum Wage	75,884,998	41,602,290	34,282,708
32.2 Differential Pay	Adjustments to time and duration of differential pay	**4,883,117***	4,695,117	188,000
Total Cost		**$139,269,280**	**$100,270,496**	**$38,998,784**

[1]

*Contains projections, to be trued up in the supplemental/budget amendment process.

[1] Amounts reflected in the COWINS Articles with Economic Impacts table may differ from the Partnership Agreement due to budget requests reflecting full FTE costs including benefits and operating expenses.

- How many state employees are covered by the Agreement?

 DPA Response: As of November 2021, there are a total of 24,379 known classified covered employees statewide. This includes 19,420 covered employees within the Executive Branch agencies (including the Department of Higher Education and History Colorado), plus 4,959 covered employees within several Institutions of Higher Education. As of November 2021, 431 classified employee records do not have a coverage indicator present; these "blank" records are currently in the process of being resolved.

R1 Colorado Equity Office

[Sen. Moreno] Please provide an explanation of the decision making process for the 9.0 FTE allocated to other Departments.

- How did the Department of Personnel determine that the Departments of Human Services, Health Care Policy and Finance, Revenue, and Regulatory Agencies would require dedicated FTE?

 DPA Response: These requests originated within the respective departments as an identified need, and the Governor's Office of State Planning and Budgeting consolidated these requests within DPA's Equity Office request in order to allow expertise and funds to be leveraged across agencies.

- Why were dedicated FTE not requested for every department?

 DPA Response: As indicated above, these requests originated within the respective Departments who justified the need during the budget request process to the Office of State Planning & Budget (OSPB), and were consolidated within the Department's request. The 10.0 FTE within DPA are also anticipated to be statewide resources to serve agencies without dedicated FTE.

[Rep. McCluskie] Please discuss the current equity, diversity, and inclusion resources available to state employees, either through the Department of Personnel or within other departments. For example, in FY 2021-22 the General Assembly appropriated $125,000 General Fund to the Department of Higher Education for a Chief Educational Equity Officer.

- Which departments have existing staff and resources dedicated to similar objectives as the proposed Colorado Equity Office?

DPA Response: There are currently full-time EDI FTE at the following departments: CDHS, HCPF, CDLE, CDPHE, CDPS, CDOT, OIT, and CDHE. These staff are focused on EDI work at their department, not on the statewide initiatives to which the Equity Office would be dedicated. There are no current full-time staff or resources dedicated to statewide EDI efforts.

- What are the duties and responsibilities of those existing staff?

  DPA Response: The duties and responsibilities of these staff vary by department, depending on their areas of most significant need. Generally, they are working to address agency EDI issues from an HR perspective (hiring, retention, promotions, performance management, unconscious bias, microaggressions, etc.) while also working with leadership on operational department wildly important goals (WIGS) and initiatives that are directly related to EDI, or that require the application of an equity lens.

- How would the Colorado Equity Office compliment and coordinate with existing staff providing similar support to their departments?

  DPA Response: Departments report that EDI work is much larger in scope and complexity than one position can successfully address. The operating budget for each of the EDI positions is de minimus, which curtails their ability to provide a full gamut of services. From a statewide perspective, the lack of a centralized EDI Office precludes the State's ability to provide coordinated guidance, structure, best practices, and additional resources, where appropriate.

While the Partnership agreement and Executive Order D 2020 175 (EO) established the foundation and direction for EDI in the State, agencies need additional support to realize its vision and create a Colorado for All. The Equity Office will be responsible for EDI efforts including:

- Ensuring compliance with the EO to operationalize equity in agency systems, policies, and practices (to include agency plans and reports, accessibility standards, EDI training, procurement disparity study, etc.);
- Conducting and overseeing the implementation of remedies required by the pay equity study;
- Developing interview and hiring process guidance, designing training for human resources and hiring teams, and identifying standard data to be collected to analyze hiring trends;
- Serving as a consultant to agencies on best practices and a resource for EDI officers placed in state agencies;

- Developing and maintaining statewide training, providing implementation resources, and holding agencies accountable for deployment;
- Coordinating statewide EDI events, impactful community interactions, and educational opportunities;
- Convening a statewide employee resource group made of representatives from Governor's agencies, and assist in standing up other employee resource groups
- Collecting and analyzing statewide data to identify systemic inequity, gaps in EDI skills/knowledge, and opportunities to maximize inclusion and a sense of belonging in the employee experience.
- Providing administrative assistance to the Colorado Equity Alliance.
- Providing a feedback and reporting mechanism for employees to identify concerns/violations of anti-discrimination, anti-racism, anti-sexual harassment, accessibility, workplace violence, ADA, and workers' compensation issues, and to direct concerns or violations accordingly.

Prioritized Budget Requests

R2 Paid Family Medical Leave Funding

- *[Sen. Hansen]* How will current vacancy, turn over, and time-to-hire rates for each state department affect a department's ability to hire temporary employees to fill the positions made available by classified employees taking paid family medical leave? Will departments realize an even greater vacancy savings due to the current workforce issues that may be used to cover the backfill costs of the temporary employees?

DPA Response: The State does not currently have a statewide system that tracks vacancy savings. Each department manages their vacancy savings and can choose to utilize vacancy savings as a matter of operational needs, and Agencies have the flexibility to hire temporary employees as needed. Vacancy savings occur across many different personal services lines, for many different reasons and at intervals that may not be easily projected since they are one-time in nature. A personal services line item that has vacancy savings in one year may fully-expend the appropriation in the next.

The partnership agreement in Article 29.3 states that "Employees who qualify for PFML shall be paid at their regular straight time rate of pay for upto 160 hours (prorated for part-time Employees) per 12 month period and shall not be required to use other paid leave that has been accrued." This is in comparison to the FAMLI benefits, which provide a maximum benefit of $1,100 in 2024 for the duration of 12 weeks, and would not satisfy the obligations required through the partnership agreement.

By doubling the existing benefit from 80 hours (granted via executive order on January 1, 2021), the Department anticipates an increased burden on agency personal services budgets. As the nature of vacancy savings is difficult to project, in particular where life events may occur, the Department structured this benefit to allow Departments the flexibility to allocate this funding among Long Bill lines.

Further, the Department assumed that these funds would only be applicable to certain job classifications listed in the decision item that are critical to daily business operations and therefore require backfill. This will apply only to departments that have positions that must be filled, including 24 by 7 work centers, direct care positions, and hourly non-exempt positions, with an estimated one-third of all positions requiring backfill. As the PFML and subsequent backfill costs will be paid simultaneously, additional appropriations are required as existing budgets may not have adequate funds to cover these costs.

- *[Sen. Hansen]* For the past five fiscal years and for each state department, please identify the total amount of vacancy savings and the amount of the savings used to cover the cost of backfilling the 80 hours of paid family leave.

  DPA Response:

  The Department implemented a PFML wage replacement benefit beginning on January 1 2021, for up to 80 hours. The Department did not receive any requests for reimbursements in FY 2020-21 for over-expended funds to backfill employees who utilized the PFML benefit during that six month time period. It is assumed that the wage replacement for any employees that utilized the 80 hours (prorated for part-time) of PFML wage replacement benefit in the first six months of implementation was absorbed into existing appropriations. Please note that the State does not have a centralized time and leave tracking system, and departments do not track vacancy savings experienced in each fiscal year.

- *[Sen. Moreno]* Please explain the difference between the department's R2 budget request and the Paid Family and Medical Leave Insurance initiative. Is the funding for R2 ongoing or time-limited?

  DPA Response: The funding for R2 is requested as ongoing; the Department anticipates that the R2 PFML benefit will augment the Paid Family and Medical Leave Insurance initiative beginning in 2024.

  The Department implemented a PFML wage replacement benefit beginning in January 2021, for up to 80 hours. The R2 request modifies this benefit and changes the length of wage replacement from 80 hours to 160 hours commensurate with the terms of the Colorado

WINS partnership agreement. Additionally, R2 changes the mechanism in which departments receive funding for potential backfilled positions. The current policy allows departments to request a reimbursement from the Department if their existing appropriations were insufficient, whereas R2 requests funds to be directly appropriated to departments that are estimated to need additional funds to backfill critical positions.

The Department's R2 request provides 100% wage replacement (not including any overtime or shift differentials). While all departments will provide the PFML benefit to their employees, the Department's R2 request for backfill funds only applies to departments that have critical positions that must be filled, including 24 by 7 work centers, direct care positions, and hourly non-exempt positions, with an estimated one-third of all positions requiring backfill. As the PFML benefit and subsequent backfill costs will be paid simultaneously, additional appropriations are required as existing budgets may not have adequate funds to cover these costs. Backfill job classifications that were deemed critical are included as Attachment A of the Department's R2 request.

Colorado Proposition 118, the Paid Family Medical Leave Insurance (FAMLI) program, was approved in November 2020 by a vote of the people. This created a paid family and medical leave insurance program for all Colorado employees, administered by the Colorado Department of Labor and Employment (CDLE). This requires employers and employees in Colorado to pay a payroll premium (.90% with a minimum of half paid by the employer) to finance paid family and medical leave insurance benefits beginning January 1, 2023 to finance up to 12 weeks of paid family and medical leave to eligible employees beginning January 1, 2024. Those who experience pregnancy or childbirth complications receive an additional four weeks. Funding for this initiative was requested through the Total Compensation process by utilizing the "Paid Family and Medical Leave Insurance Program" line within the Total Compensation templates. For the FY 2022-23 total compensation request, the FAMLI request was calculated using an assumption of six months of premiums at the minimum employer contribution of half of .90%, or .45%, of wages. The amount of benefits an eligible employee can receive is based on the individual's Average Weekly Wage (AWW), compared to the state average weekly wage (SAWW) set annually by the CDLE. Wages include salary, wages, tips, commission, and other forms of compensation. An eligible employee will receive 90% of their AWW for the portion of his or her wages that are less than or equal to 50% of the SAWW.

In order to illustrate the specific differences between the current PFML Policy effective January 1, 2021 (including the changes requested by R2), the Family and Medical Leave Insurance program, the Family Medical and Leave Act (FMLA), and the State's existing Sick Leave policy, please see Appendix B.

- *[Sen. Moreno/Rep. McCluskie]* Please provide additional details on the calculations performed to arrive at the figure identified in the R2 budget request. Please include the components of the analysis. Please identify when the 80 hours of paid family leave was implemented and how the pandemic affected the data.

DPA Response: In order to estimate the potential utilization of the PFML benefit, the Department first estimated the total number of employees eligible for the benefit based upon PFML eligibility. The second step is estimating what percentage of the state's workforce could utilize the PFML benefit in any given year. As the Department has submitted several budget requests for similar paid family and medical leave benefits over the last few fiscal years, the underlying statistics and assumptions from the Centers for Disease Control (CDC) and other data sources have remained constant, while the statewide workforce population has been updated for each request with the most recent workforce data. However, the PFML policy that included 80 hours of paid leave was implemented on January 1, 2021, and the Department notes that the COVID-19, even if an asymptomatic case or one of short duration or 'long COVID-19', could potentially be a serious medical condition under the FMLA for an employee or that of their family member resulting in the need to use the PFML benefit.

For R2, the 10.2% estimated utilization rate is calculated by looking at qualifying event types as outlined in the narrative of the decision item. The estimated utilization rate is then multiplied by the estimated population of eligible employees. Next, the Department multiplied the total eligible population by the ratio of employees within designated backfilled job classifications to total employees within the Department. Finally, the number of employees projected to require backfill is applied to the average weekly wage for that department, and multiplied by 4 to estimate the total backfill costs for 160 hours of paid leave.

R3 CSEAP Resources

[Rep. Ransom] Please discuss the threat assessment training component of this request.

- How is threat assessment training currently requested and conducted?

DPA Response: DPA updated Universal Policy guidance in 2021 and will release technical guidance in late 2021. According to the current Executive Order, Universal Policy, and Technical Guidance, departments are responsible for ensuring that Threat Assessments Teams (TAT) are developed and subsequently engaged when threats are made toward employees or the department. Departments may engage in their own research regarding forming and engaging a TAT or may seek consultation from CSEAP or DHR regarding use of a TAT. DPA (via CSEAP) is able to provide brief training that highlights the expectations of the Universal Policy. However, training on best practice in threat assessment and use of threat assessment teams - as provided by subject matter experts - takes place only sporadically and when funds are available. As a result, departments receive inconsistent (if any) training from various professionals likely leading to inconsistent application of the expectations of the Universal Policy, Executive Order, and accompanying technical guidance.

- How will this request affect the dissemination of this training?

DPA Response: Threats of workplace violence and actual incidents of workplace violence are rare but without training, responders may have limited knowledge or recall to apply to their critical response. DPA proposes offering threat assessment and Threat Assessment

Team training annually in order to support departments in maintaining compliance with the Executive Order and Universal Policy. Annual training will allow this issue to remain 'top of mind' for agency leaders including those who respond to departmental threats. If offered annually by DPA (via CSEAP), training will be consistently offered by state and/or national subject matter experts in the areas of workplace violence, workplace threats, and response by Threat Assessment Teams. If approved, this request will allow for the consistent annual dissemination of valuable workplace violence behavioral and safety information to departments.

R5 Americans with Disabilities Act resources

[Rep. McCluskie] Please discuss and clarify the relationship between this request (R5) and the request to create the Colorado Equity Office (R1).

- What are the potential, or likely, overlaps in responsibilities between the FTE requested in R5 and the Colorado Equity Office?

DPA Response: Currently, the ADA is an area of limited expertise within DHR because the position responsible for ensuring compliance and providing ADA expertise, guidance, advice, and training to the agencies was abolished as a budget savings measure well over 10 plus years ago. This request restores the state ADA Coordinator position who would be the foremost expert on the ADA and familiar with case law, to result in better guidance to agencies and a more consistent approval process for reasonable accommodation requests. Housing this position in DPA where the Division of Human Resources and the Office of State Architect are housed aligns with the two biggest areas of ADA impact. This FTE ensures the state personnel director fulfills CRS 24-50-104.5. Compliance with federal laws, which states: "(1) The state personnel director shall establish the general criteria and processes necessary for the state personnel system to fully comply with all applicable federal employment laws." This position will enhance EDI efforts regarding people with disabilities and will enhance the work of an EDI Office, but is needed to ensure compliance with the ADA regardless of the creation of the EDI Office at DPA.

[Rep. McCluskie] Please discuss the State's current model for addressing Americans with Disabilities Act (ADA) Title I and Title II reasonable accommodation requests.

- What staffing and resources currently exist for addressing ADA reasonable accommodation requests?

DPA Response: A survey of agency ADA Title II Coordinators in 2020 resulted in 10 responses: one person indicated ADA Title II Coordination was 76%-100% of their job duties, one indicated it was 51%-75% of their job duties, and eight indicated it was less than 25% of their job duties. In FY 2019-20 1,458 reasonable accommodation requests were made to state agencies by members of the public, 1,296 of which were through the Department of Local Affairs (DOLA) regarding housing, with 96% of all requests approved. Of the responding agencies, six spent $0 on accommodations, two spent $200, two spent $500, and one spent $4,000.

Title I of the ADA addresses employment and it does not legally require ADA Coordinators. However, most state agencies have identified someone to act in this capacity to facilitate accommodation requests from employees and job applicants. Agencies are required to reasonably accommodate employees and job applicants without undue hardship under Title I of the ADA. A survey of agency ADA Title I Coordinators in 2020 resulted in 18 responses: one person indicated ADA Title I Coordination was 76%-100% of their job duties, two indicated it was 51%-75% of their job duties, and 15 indicated it was less than 25% of their job duties. In FY19-20, 383 reasonable accommodation requests were made by state employees with 56% approved. Of the responding agencies, nine spent $0 on accommodations, one spent $20, one spent $30, one spent $100, two spent $200, three spent $500, and one spent $2,000.

- How will the 1.0 FTE requested in R5 compliment and coordinate with existing staff responsible for ADA reasonable accommodation requests?

  DPA Response: Currently, the ADA is an area of limited expertise within DHR because the position responsible for ensuring compliance and providing ADA expertise, guidance, advice, and training to the agencies was abolished as a budget savings measure well over 10 plus years ago. This request restores this position and responsibilities for creating guidance and training for agency Title I and Title II ADA Coordinators, reviewing agency reasonable accommodation policies and requests, hosting quarterly meetings with agency Coordinators, advising agency Coordinators when they have questions, collaborating with the Attorney General's Office, and administering the centralized accommodation fund.

Statewide Compensation Overview

- *[Sen. Rankin]* Please discuss the assistance that the Department of Personnel can provide to the Joint Budget Committee as they consider the targeted salary increases that have been submitted by other state agencies as part of the FY 2022-23 budget request. (Please be specific.)

  DPA Response: The Department of Personnel & Administration (DPA) can assist the JBC in answering any questions related to the targeted salary increases submitted by other State agencies and by explaining the process utilized for analysis. Prior to submission, DPA reviewed data for each coordinated compensation budget request (CCBR) submitted by other state agencies as a part of the FY 2022-23 budget cycle. DPA reviewed classification structure, job duties, salary survey market data, incumbent salaries, compression, local labor market job postings for similar duties, incentives offered by local competitors, and statewide impact.

DPA then recommended specific rates for each classification and compression rates where needed. Sometimes these differ from what the agency requested. DPA also provided the fiscal impact and funding breakdowns. The total costs include adjustments to base building salaries including PERA and Medicare, plus the associated salary-based one-time POTS within FY 2022-23. The base salaries, PERA, and Medicare components are requested in FY 2023-24 and on an ongoing basis, as the other salary-related POTS are reset annually through the annual total compensation process. In instances where job classes were also used in other agencies, DPA reviewed other agency job postings to determine if the jobs are substantially similar. If the postings were substantially similar, DPA calculated the fiscal impact for each agency and notified the affected agencies regarding the fiscal impact for inclusion in the FY 2022-23 budget request as a non-prioritized request. These recommendations are then presented by the requesting agency and DPA to the Joint Budget Committee as decision items. This is because adjusting salaries in one department and not a statewide basis could result in additional issues in turnover.

The Department has also requested targeted changes to the Total Compensation process in its R-04 "Total Compensation Report & Compensation Analyst." This request was designed to integrate both the recommendations from the most recent mandatory audit of the Total Compensation process, as well as feedback from the Joint Budget Committee, and state agencies. The Department is requesting that the savings generated by moving to a once every four year submission be redirected to additional resources that would enable the Department to address specific concerns outlined in the recent audit.

The additional funds requested will allow the Department to focus its compensation analysis on the CCBR process of the State's compensation framework as opposed to the general analysis it currently provides on an annual basis. Without additional resources, the CCBR process will remain subject to available resources after the Department fulfills its existing statutory obligations.

Focused analysis will allow the State to investigate areas of demonstrated need or divergence with the market in a proactive manner, as opposed to reacting to situations in which the State has already fallen behind the market compensation levels due to practice or demand. Across-the-board increases provide only nominal increases to the existing salary structure, resulting in a lack of real gains within the State workforce and continued lag to the market, with the possibility of exacerbation over time from other issues that can also result in turnover.

- *[Rep. Kipp]* Please describe the process for determining when a particular salary is misaligned with the market and the process for addressing the misalignment. Specifically, how are adjustments made to salaries and salary ranges to bring them into alignment with the market?

DPA Response: The Department currently conducts the process described above and the Total Compensation report process to identify misalignment to the market. If it is determined that base salaries are misaligned and an agency has funding to make adjustments, they can do so in accordance with State Personnel Board Rules. If an agency does not have the funding to make adjustments, this may result in a CCBR.

Additionally, in conjunction with stakeholders such as COWINS, the State can continue to monitor the classifications with base salaries farthest behind the market or those who may not be furthest behind market but continue to have recruitment and retention difficulties and make recommendations regarding these classifications to the Joint Budget Committee. Appendix A to these questions show a few of these classifications. This chart shows the job classification (benchmark job), the number of employees in the benchmark job, the average annual base salary of those employees in the benchmark job, the market rate, and the variance to the market rate. The variance to the market rate is how much the average base salary of all employees lags the market. Average base salaries are calculated for employees at all service and experience levels. Employees may be new and at the minimum or more tenured yet still close to the minimum. Due to this, there are varying degrees of pay compression within these average salaries. This means that all individual employees' actual salaries will lag the market to various degrees.

Also, please note that job classifications without a high lag or that lead the market may still experience recruitment and retention challenges and have reasons to be addressed. This report is a point-in-time report and cannot predict rapid movement of the market in response to emerging trends as the labor market responds with a flexibility that the State does not have. In addition, these metrics do not highlight compression or equal pay for equal work concerns within classes that may also lead to turnover.

If it is determined that a pay range is continually misaligned, a system maintenance study may be conducted. The process is completed in accordance with the partnership agreement. Per Statute, recommendations to increase or change pay grades along with the cost impact must be published in the September 15 Annual Compensation Report. Changes approved by the Joint Budget Committee are then effective on July 1 of the next year.

Operating Common Policies

Risk Management

[Sens. Hansen and Moreno] Please provide an update on the impacts of S.B. 21-088 (Child Sexual Abuse Accountability Act) to the State's liability coverage.

- Are the assumptions discussed in the bill's Fiscal Note still valid? Please discussion any changes or modifications to those assumptions.

DPA Response: The effective date of the bill is January 1, 2022. As a result, no changes or modifications have yet been made to fiscal note assumptions.

- How many claims related to S.B. 21-088 have been filed to date? How many claims does the Department anticipate being filed in the upcoming fiscal year?

DPA Response: No claims have yet been filed, as the effective date of this bill is January 1, 2022. The Department has not received an estimate of the number of claims anticipated to be filed in the upcoming fiscal year.

FLEET MANAGEMENT

[Sen. Moreno] Please provide an update on the Governor's efforts to increase the number of electric vehicle charging stations within Colorado.

- How will these efforts affect the State fleet and the decision making process for vehicle replacement?

DPA Response: The Department has a strategic goal to increase electric vehicle (EV) charging stations according to its Long-Range Financial Plan, published Nov 1, 2021:

	Metric Description	Year Type	2022 Targets	2021 Actual	2020 Actual	2019 Actual	2018 Actual	2017 Actual
OPERATIONAL	Install the infrastructure of EV charging stations, increasing the number of dual head charging stations from 0 to 25.	FY	25	0	0	0	0	0

In addition, Capitol Complex has applied for and received an Xcel energy grant for 13 dual head charging stations in the DPA motor pool and alley, as well as seven and an ADA station in Grand Junction. However, AFV replacement is directly affected by the number of available charging stations located on Capitol Complex property within the entire State. This effort is driven by the Colorado Department of Transportation in coordination with the Governor's Energy Office.

Appendix A: Sample Market Lag by Classification

Job Classification	Employee Count	Avg Annual Base Salary	50th (Market)	Variance to 50th (Market)	Lag Tiers
ACCOUNTANT I	80	$53,601	$59,516	-10%	-5% to -10%
ADMINISTRATOR I	40	$50,691	$62,644	-19%	-15% to -20%
ADMINISTRATOR IV	294	$75,548	$82,878	-9%	-5% to -10%
CORR/YTH/CLIN SEC OFF I	2818	$52,889	$53,712	-2%	0% to -5%
CORR/YTH/CLN SEC SUPV III	318	$64,646	$66,706	-3%	0% to -5%
CUSTODIAN I	929	$29,633	$33,043	-10%	-10% to -15%
DINING SERVICES III	227	$31,675	$39,657	-20%	-20% to -25%
DINING SERVICES V	34	$45,159	$48,638	-7%	-5% to -10%
ELECTRICAL TRADES III	21	$77,176	$86,424	-11%	-10% to -15%
GENERAL LABOR I	81	$33,376	$35,363	-6%	-5% to -10%
LTC OPERATIONS I	91	$76,482	$87,851	-13%	-10% to -15%
MATERIALS HANDLER I	33	$34,072	$35,304	-3%	0% to -5%
MENTAL HEALTH CLINICIAN I	105	$49,193	$57,050	-14%	-10% to -15%
MID-LEVEL PROVIDER	91	$100,358	$122,859	-18%	-15% to -20%
NURSE CONSULTANT	14	$96,130	$98,356	-2%	0% to -5%
PIPE/MECH TRADES II	208	$58,468	$59,904	-2%	0% to -5%
PROGRAM ASSISTANT I	531	$52,905	$61,911	-15%	-10% to -15%
PROGRAM ASSISTANT II	375	$59,951	$63,784	-6%	-5% to -10%
PROGRAM MANAGEMENT II	310	$104,820	$106,679	-2%	0% to -5%
PROJECT COORDINATOR	36	$60,472	$65,174	-7%	-5% to -10%
PROJECT MANAGER I	53	$77,638	$82,573	-6%	-5% to -10%
REHABILITATION COUNS I	80	$56,275	$58,618	-4%	0% to -5%
REHABILITATION SUPV I	19	$74,535	$107,633	-31%	-30% to -50%
TRANSPORTATION MTC I	796	$44,893	$46,319	-3%	0% to -5%

Comparison of Family Medical Leave

	Sick Leave	Family Medical Leave Act (FMLA)	Paid Family Medical Leave (PFML) Effective January 1, 2021	Family Medical Leave Insurance (FAMLI) Premiums January 1, 2023, Leave & Payout January 1, 2024
When are employees eligible?	Employees shall be at work or on paid leave to earn monthly leave.	Permanent & temporary employees must have 12 months of total state service. In addition, temporary employees must have 1,250 hours of work.	The same eligibility requirements for FMLA apply.	Employees must have earned at least $2500 in wages within the State within the last 4 calendar quarters.
How much time off is allowed? Is it paid or unpaid?	6.66 hours (prorated for part-time) of **paid** leave is credited on the last day of the month in which it is earned and is available for use on the first day of the next month. Employees may use their accrued sick leave for the reasons provided below.	**Unpaid**, job-protected leave of up to 480 hours (prorated for part-time), up to an additional 40 hours (prorated for part-time) of state family medical leave, and up to 26 workweeks of leave to care for a covered servicemember with a serious injury or illness during a rolling 12-month period. Employees must use PFML, accrued sick or annual leave or compensatory time to supplement the unpaid, job-protected FML.	**Paid** leave of 100% regular base salary up to 80 hours (prorated for part-time) per rolling 12-month period, and concurrently with the first 80 hours of leave taken under the FMLA. **R2 would change this from 80 to 160 hours**	12 weeks of **paid**, job protected leave, once across a rolling annual calendar year, plus an additional four weeks in case of pregnancy or childbirth complications. Employees receive up to 90% of their wages according to a formula that compares the employee's wages to the Colorado average weekly wage. Low-wage workers receive the greatest share of their regular wages. Benefits are capped at $1,100 a week.
How is the leave funded?	Accrued leave funded by salary appropriations.	Accrued paid leave and wage replacement applied to unpaid FML is funded by salary appropriations.	Leave (salary replacement) granted and applied to unpaid FML is funded by salary appropriations.	Employees and employers are jointly responsible for funding the program, each paying .45% (.90% total) of an employee's wages for the initial years of the program. Employers can pay more than half the premium. After two years, the Division may adjust the premiums, up to 1.2% total. An employer with

				an approved private family and medical leave plan is not required to pay premiums.
Who can employees take leave for?	Self or the employee's family members (related by blood, adoption, marriage, or civil union) including a child to whom the employee stands in loco parentis or a person who stood in loco parentis to the employee when the employee was a minor, domestic partners, in-laws, step relatives and for a person for whom the employee is responsible for providing or arranging health or safety-related care. Special consideration will also be given to any other person whose association with the employee is similar to a family member.	Employee's parent, child under the age of eighteen (18), an adult child who is disabled at the time of leave, spouse, partner in a civil union, or registered domestic partner.	The same as FMLA.	Employee's child, parent, spouse, domestic partner, grandparent, grandchild, sibling, or any individual with whom the employee has a significant personal bond that is like a family relationship.
For what reasons can employees use this leave?	For health reasons only, including mental or physical illness, injury, a health condition, diagnostic and preventative examinations, treatment, and recovery. When an employee or employee's family member is a victim of domestic abuse, stalking, sexual assault, or any other crime related to domestic violence and needs to seek medical attention, mental health care or other	Birth and care of a child within 1 year of the birth; Placement and care of an adopted or foster child completed within 1 year of the placement; Serious health condition (an illness, injury, impairment, or physical or mental condition that involves: inpatient care in a hospital, hospice, or residential medical care facility; or continuing treatment by a health care provider) of a family members; Employee's own serious health condition; Active duty military leave when a parent, child, or spouse experiences a qualifying event directly related to being deployed to a foreign country; or Military	The same reasons as FMLA, plus the following: Employee or an employee's family member is a victim of domestic abuse, stalking, sexual assault, or any other crime related to domestic violence and needs to seek medical attention, mental health care or other counseling, or victim services including legal services or relocation.	Birth and care of a child within 1 year of the birth; Placement and care of an adopted or foster child completed within 1 year of the placement; Serious health condition of a family member; Employee's own serious health condition; Active duty military service, being called to active duty military service; or Employee or employee's family member is a victim of domestic violence, stalking, or sexual assault.

	counseling, or victim services including legal services or relocation	caregiver for a parent, child, spouse, or next of kin who suffered a serious injury or illness while on active duty; includes time for veterans who are receiving treatment within 5 years of treatment beginning.		
How does this leave coordinate with other leave benefits?	Applied concurrently with unpaid FML, if applicable.	Accrued paid leave and wage replacement are applied concurrently with unpaid FML.	100% wage replacement applied concurrently with unpaid FML before accrued paid sick and annual leave.	90% wage replacement capped at $1,100 per week applied concurrently with unpaid FML.
Can employees return to their jobs after their leave time?	Yes, employees have the right to request and use sick leave.	Yes, upon return from FMLA leave, an employee must be restored to his or her original job or to an equivalent job with equivalent pay, benefits and other terms and conditions of employment.	Yes, the same job protection as FMLA.	Yes, an employee must be restored to an equivalent job upon returning from leave.
What are the prohibitions?	Use of sick leave cannot be counted as an absence that may lead to corrective or disciplinary action against an employee, unless the employee uses the leave for purposes other than the allowable reason.	An employee's use of FMLA leave cannot be counted under an attendance policy or used as a negative factor in an employment action, such as hiring, promotions, or discipline. It is unlawful to interfere with, restrain, or deny the exercise of or the attempt to exercise any right provided by the FMLA.	The same as FMLA.	Employers are prohibited from retaliating against employees for using this leave.

COLORADO

Department of Personnel & Administration

Joint Budget Committee Hearing
December 8, 2021

Agenda:

- Department Overview
- Partnership Agreement
- Common Discussion Questions
- Prioritized Budget Requests
- Statewide Compensation
- Operating Common Policies

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Department Overview

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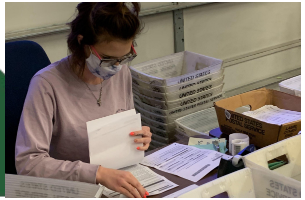
DPA Supports State Government

Authority

DPA provides central authority by creating rules, policies, and technical guidance to State government

Services

DPA provides central services needed for government to function efficiently and effectively



Programs

DPA provides central programs offered as valuable services to Colorado residents and State employees

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DPA Organization FY21

Executive Director's Office Administration

Tony Gherardini
Executive Director

Tobin Follenweider
Deputy Executive Director

$24,747,363
18.3 FTE

State Personnel Board

Rick Dindinger
Director

$605,323
4.8 FTE

Division of Human Resources

Lynne Steketee

Chief Human Resources Officer

$73,830,831

64 FTE

Division of Central Services

Tom Montross

Director

$31,246,858

121.9 FTE

Office of the State Controller

Robert Jaros

State Controller

$17,930,200

67.6 FTE

Administrative Courts

Matthew Azer

Chief Judge & Director

$4,424,625

44.7 FTE

Division of Capital Assets

Richard Lee

Director

$62,986,578

76.5 FTE

Office of the State Architect

Cheri Gerou

State Architect

$1,127,452

9.8 FTE

DPA Wildly Important Goals

State as Employer of Choice: To strengthen our equity, diversity and inclusion (EDI) mindset as a State employer, increase the employee engagement pulse survey response to "My agency is making positive progress towards our EDI Plan/Initiatives" from 56.5% to 60.0%

Innovation and Efficiency: Ensure the appropriate distribution of 100% of State and Local Fiscal Recovery Fund (SLFRF) included in the American Rescue Plan Act (ARPA) to state agencies, as appropriated by the General Assembly or Federal Government

Energy & Renewables: To support our state employees with workspaces that meet our changing needs, DPA will implement a statewide strategic space plan that results in a decrease in the amount of private state leased space by 200,000 square feet by June 30

Energy & Renewables: To reduce greenhouse gas emission by state fleet vehicles, the Department will increase the number of electric vehicles in the state fleet by 33%, from 225 in FY 20-21 to 300 by June 30

Partnership Agreement

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Partnership Agreement Overview

- HB20-1153 - The Colorado Partnership for Quality Jobs and Services Act
- 2021 Partnership Agreement
  - Effective through July 31, 2024, negotiated agreement was ratified by member employees and signed by Governor Polis on Nov. 18, 2021
  - 33 articles govern:
    - Union & Executive Management Rights
    - Non-Discrimination, Equity, & Dispute Resolution
    - Job Classification & Seniority
    - Work Schedules & Flextime
    - Health & Safety
    - Disciplinary Action
    - Training & Education
    - Wages, Overtime, Differentials, Performance, & Benefits
    - Holidays, Leave, & Layoffs
    - Implementation

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Partnership Agreement Budget Planning

Article - Title	FY 2022-23 Cost		
	TF	GF	Other Funds
5 - Union Rights (Stewards)	500,000	500,000	0
8.2A-Equity Office	2,536,213	2,536,213	0
8.2B-Additional CSEAP Resources	311,690	0	311,690
8.2C-HRIS	26,000,000	26,000,000	0
16.5 On-Call Pay	2,636,607	790,982	1,845,625
28.2 Medical, Dental, and Vision	20,000,000	20,000,000	0
29.3 Paid Family Medical Leave (PFML)	5,400,366	3,029,605	2,370,761
31.1 3% ATB	75,884,998	41,602,290	34,282,708
31.2 Pay Equity Study	500,000	500,000	10
32.2 Differential Pay	4,883,117	4,695,117	188,800
Total Cost	**$139,269,280**	**$100,270,496**	**$38,998,784**

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Partnership Agreement: Equity Office

- Executive Order D 2020 175 (EO) and the 2021 Partnership Agreement
- Current EDI FTE: CDHS, HCPF, CDLE, CDPHE, CDPS, CDOT, OIT, and CDHE
- CDHS, HCPF, DOR, & DORA requested 9 FTE to coordinate delivery of EDI services
- Colorado Equity Office would support Statewide EDI with 10 positions assigned to agencies throughout State
- Colorado Equity Office will provide guidance, structure, best practices, & resources across State with emphasis on supporting agencies with no dedicated EDI resources
- Agency EDI services focus on addressing EDI in hiring, retention, promotions, performance management, addressing unconscious bias depending on the right-sized needs of each individual department

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Common Questions

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COVID Response

- New workplace program:
  - New office space plan at 1525 Sherman (Office space hoteling & square foot reduction)
  - Revised flex policies and training
  - Transportation and office equipment
  - Approx. 67% of DPA employees remote at least part time
- Office of State Architect working with state agencies to reduce office space by 1 million square ft. over 3-5 years
- State Fleet Management assisting agencies seeking to reduce fleet size based on long-term effects of pandemic & remote work

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Federal Stimulus

- DPA doesn't anticipate receiving Federal Infrastructure Investment and Jobs Act funding
- DPA received American Rescue Plan Act funding for:
    - $8 million to oversee statewide accounting & reporting for federal funds
    - $895,500 for tracking, administering, and reporting COVID testing for all state employees
    - $500,000 as a result of SB21-292 to establish trusts for Address Confidentiality Program participants wishing to obtain a mortgage

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Prioritized Budget Requests

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Paid Family Medical Leave Background

- *FMLA* entitles eligible employees to 480 hours of unpaid, job-protected leave in 12-month period for family & medical reasons
- *PFML* provides permanent, full-time employees up to 80 hours of paid leave per 12-month period for qualifying reasons
- *FAMLI*, resulting from Prop 118, created a paid family and medical leave insurance program for all Colorado employees
    - Requires employers and employees in Colorado to pay a payroll premium to finance paid family & medical leave insurance benefits

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Paid Family Medical Leave

- Vacancy savings are unpredictable year to year
- State doesn’t have system that tracks vacancy savings; agencies manage and choose how to utilize vacancy savings
- Vacancy savings can be used to backfill or compensate employees covering for employees out on extended leave

Paid Family Medical Leave Calculations

- DPA first estimated total number of employees eligible based on FMLA eligibility (length of employment, etc.) & employment status (excl. Temporary employees, and non-classified IHEs)
- DPA then estimated percentage of employees who could utilize PFML in given year (10.2% estimated utilization rate is calculated by looking at qualifying event types)
- Then multiplied by ratio of backfill eligible employees to total employee count
- Then multiplied by department average weekly salary and # of weeks of benefit (4)

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CSEAP Resources

- CSEAP does not provide threat assessments for agencies
- CSEAP has provided statewide training to threat assessment teams in the past, but there are currently no dedicated resources to support regular threat assessment team training for agencies
- Under Executive Order D023 09 & the subsequent Universal Policy on workplace violence, departments are responsible for putting a threat assessment process in place

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ADA Resources

- Statewide ADA Coordinator
  - A compliance position
  - More consistent approval process for reasonable accommodation requests
  - Enhance equity efforts
  - Work with Office of the State Architect & HR Directors
- Existing ADA Title I & II Coordinators
  - 18 agencies have ADA Title I coordinators majority of which as part-time duty
  - 10 agencies have ADA Title II coordinators majority of which as part-time duty

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Statewide Compensation

Statutory Requirements

Per Statute the State Personnel Director shall:

- assess prevailing total compensation practices
- determine and maintain elements of total compensation, including the payment of incentive awards to employees in the state personnel system
- determine classes of positions and the uniform alignment in the state personnel system
- establish a merit pay system
- establish pay plans
- implement the state's prevailing total compensation philosophy
- prepare an annual compensation report based on the analysis of surveys

Compensation Framework

Each year the State Personnel Director submits the Annual Compensation Report to the Governor and General Assembly. The purpose of the report is to analyze the competitiveness of the state's salary and benefits, as a whole and separately, against the market.

The State's priorities are to:

- Establish overall pay, benefits, retirement benefits, incentives, premium pay practices, and leave consistent with prevailing practices in the market;
- Move fully competent employees in the workforce towards the market midpoint representative of the prevailing rate for this level of employee; and
- Reward employees in the workforce who are meeting or exceeding performance expectations.

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DPA's Annual Total Compensation Process

April

Begin work on total compensation process. Custom survey for benefits and retirement is developed and sent out in May. If a comprehensive year, custom salary survey is conducted.

July

Data is collected and analyzation begins. Meet and Confer is held.

August

Receive draft report for benefits and retirement. If a comprehensive year, the draft report includes market data. If a maintenance year, this is the earliest market data can be requested to conduct internal analysis.

September 15

In accordance with C.R.S. 24-50-104(4), the State Personnel Director is required to submit an Annual Compensation Report for annual adjustments to the State of Colorado's total compensation package.

November 1

The Governor submits the next fiscal year's budget proposal.

July 1

Implementation of the Annual Compensation Plan occurs at the beginning of the fiscal year.

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Variety of Roles

- Administrative Support Services
- Enforcement & Protective Services
- Health Care Services
- Information Technology Services
- Labor, Trades, & Crafts
- Physical Science & Engineering
- Professional Services

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Total Compensation Elements for FY 2022-23

Component of Total Compensation	State of Colorado FY 2022-23	Prevailing Market FY 2022-23	Variance Between State and Market FY 2022-23
Average Base Salary	$69,739	$74,580	-6.5%
Average Incentive Pay	unable to collect reliable data	3% of base pay	n/a
Medical	$12,208	$11,562 public; $11,103 private	=
Dental	$1,121	$1,330 public; $1,249 private	16% below public and 10% below private
Vision	Included in Medical	Included in Medical	=
Retirement	18% of base pay	20% of base public; 14% of base private	below public and above private
Short-Term Disability	1.5% of pay	1.6% of base public; 1.2% of base private	=
Long-Term Disability	0.1%	0.6% both public and private	below public and private
Life and AD&D Insurance	0.3% of pay	0.3% of pay public and private	=
Total	**$100,772**	**$103,723**	**-2.8%**

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Key Takeaways

- State relies heavily on the its benefits package & not base salaries to be competitive
  - Benefits is 31% of total compensation versus 28% in the market
  - PERA is a competitive benefit but overall is losing value
- Aggregate salary numbers mask significant variation
  - The State remains behind the market in key areas such as healthcare, labor, & trades
    - Of 205 classifications in the report, 65+ of them are actually greater than 10% behind the market
    - Average State tenure is roughly 10 years but average range penetration is 22% to 43%
- Agencies & private business are experiencing high vacancy and turnover rates
  - Private business has more flexibility to respond
  - 2021 employment market

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What is DPA Doing With This Data?

- Coordinated Compensation Request Process
- Decision item to change survey process
- Continued partnership with stakeholders

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Operating Common Policies

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Claims Resulting from SB21-088

- The effective date of SB21-088 is January 1, 2022
- Because of the effective date there are no current claims
- No data support a revision to the fiscal impact of the bill

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Fleet Management

- DPA has a strategic goal to increase electric vehicle (EV) charging stations within the Capitol Complex to support the State's transition to EVs

- Capitol Complex received an Xcel Energy grant for
  - 13 dual head charging stations in the DPA motor pool and alley
  - An additional 7 charging units will be added in Grand Junction

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Thank You & Questions

Paid Family Medical Leave Eligibility

Family Medical Leave Act (FMLA)	Paid Family Medical Leave (PFML) Effective 1/1/21	Family Medical Leave Insurance (FAMLI) Premiums 1/1/23; Leave & Payout 1/1/24
Permanent employees must have 12 months of total State service. Temp employees must have 12 months of total State service & 1,250 hours of work.	The same eligibility requirements for FMLA apply.	Employees must have earned at least $2,500 in wages within the State within the last 4 calendar quarters.

COLORADO

DEPARTMENT OF PERSONNEL
FY 2021-22 JOINT BUDGET COMMITTEE HEARING
WRITTEN RESPONSES ONLY

R6 UNUSED STATE-OWNED REAL PROPERTIES INVENTORY

[Sen. Moreno] Please provide an update on the implementation of H.B. 21-1274 (Unused State-owned Real Property Beneficial Use). If an inventory has been compiled, please share the results.

Response: The Department is in the initial stages of implementation of HB21-1274. DPA created a website, responded to inquiries from interested parties, submitted a SIPA grant to implement a GIS Mapserver (Grant awarded in November 2021), and supported several properties/projects that are anticipated to be presented for CDC approval this fiscal year. The Department is currently working on the property inventory list and expects to publish a list of unused state properties suitable for the purposes outlined in statute as part of the map server project later this fiscal year.

(OEDIT) R2 Office of Public-Private Partnerships

The following questions were asked during the JBC Staff Briefing for the Office of the Governor related to the request initially submitted as (OEDIT) R2 Office of Public-Private Partnerships:

[Sen. Moreno] Is the creation of an Office of Public-Private Partnerships necessary to effectuate the Governor's proposal to fund the creation of child-care facilities in state facilities?

The Department, through its OSA program, will analyze unused state-owned real properties to determine if they can be used for affordable housing, child care facilities, public schools, residential mental and behavioral health care facilities, renewable energy production facilities, or otherwise sold. The P3 Office would fill a gap in the State's current efforts. Although State Agencies would still take ownership of their own assets, and take the lead on their own dispositions, leases, and other agreements, the State's P3 office would provide support, coaching, guidance, and funding for these respective State deals.

[Sen. Moreno] How does the proposal plan to structure the office? What would be the mission of the office?

The mission of the P3 office is to put unused or underutilized state properties to beneficial uses with a focus on child care, affordable housing, renewable energy, behavioral and mental health, and early childhood education. The Office's preference will be to lease these properties for these purposes but in some cases, it may make sense to sell properties to best achieve the goals. All lease or sale transactions would be approved by the CDC.

The P3 Office structure would include 3.5 FTE (two program managers, a .5 FTE project coordinator and one real estate professional) as well as operating funds for conducting property due diligence. Proper due diligence is key to the success of any real estate transaction. The Office would work with stakeholders to identify the potential uses of a property, build a vision for a property, conduct a redevelopment solicitation, and evaluate bids/review contracts.

[Sen. Rankin] Since the request includes projects that resemble capital construction projects, what role has the Capital Development Committee had related to the request? What role should the Capital Development Committee serve related to the Office of Public-Private Partnerships?

P3 office projects would comply with Section 24-82-102 and 24-82-102.5, C.R.S, which require Capital Development Committee (CDC) review and approval of any state land transaction or non-state use of state land managed by DPA.

[Rep. McCluskie] Describe the engagement process undertaken so far with stakeholder and plans for future conversations. What research supports effective practices in developing this proposal?

DPA is unaware of past stakeholder discussions regarding the proposed P3 office or associated projects. Nonetheless, DPA anticipates stakeholder engagement prior to submitting projects for CDC review and approval. Stakeholder engagement is also supported by statute (see Section 24-82-102.5, C.R.S.).

COMMON QUESTIONS: PLEASE RETAIN THE NUMBERING IN ORDER TO MAINTAIN CONSISTENT LABELING FOR COMMON QUESTIONS ACROSS DEPARTMENTS.

1 Provide a list of any legislation with a fiscal impact that the Department has: (a) not implemented, (b) partially implemented, or (c) missed statutory deadlines. Explain why the Department has not implemented, has only partially implemented, or has missed deadlines for the legislation on this list. Please explain any problems the Department is having implementing any legislation and any suggestions you have to modify legislation.

Response: The Department does not currently have any legislation that has not been implemented or has missed deadlines.

2 Does the Department have any HIGH PRIORITY OUTSTANDING recommendations with a fiscal impact identified in the Office of the State Auditor's "Annual Report: Status of Outstanding Audit Recommendations"? What is the Department doing to resolve these HIGH PRIORITY OUTSTANDING recommendations? Please indicate where in the Department's budget request actions taken towards resolving HIGH PRIORITY OUTSTANDING recommendations can be found.

Response: The OSC has six high priority outstanding recommendations as follows:

- 2020-028 (B) – This recommendation is about ensuring that information contained in the Financial Statements, Annual Report, and SEFA is supported by information provided by departments, agencies, and higher education institutions. The Department has obtained a cloud based reporting tool to address this recommendation. The cost for this tool is included in OIT's common policy billing to departments.

- 2020-029 – This recommendation is about working with CGI to ensure that the System and Organization Controls (SOC) 1, Type II report for Fiscal Year 2021 covers appropriate database controls relevant to financial reporting. The updated report was provided to the State in September 2021. The cost for the SOC 1 Type II report was included in the DPA Incremental Funding request for FY2021 and is included in the budget for CORE Operations.

- 2020-030 (A) – This recommendation is about analyzing and reviewing historical transactions posted after the statutory close-date in detail to gain an understanding of whether the transactions should be posted by the statutory close and department close to be compliant with statutory requirements. The department performs this analysis on an annual basis and there are no budget requests related to this recommendation.

- 2020-030 (C) – This recommendation is that the Department should resolve the delays caused by the labor allocation process, which results in the Department missing statutory reporting deadlines. The Department has submitted a budget amendment for a payroll system and an upgrade for the financial system. This system request would address this recommendation.

- 2020-030 (D) – This recommendation is about formalizing and expanding the Department's existing policies and procedures over the Exhibit process, which is the State's process of obtaining information for Financial Statements from State agencies and institutions of higher education. The department continues to work to improve this process and there are no budget requests related to this recommendation.

- 2020-031 (A) – This recommendation is about creating and implementing policies and procedures around performing risk assessment and planning related to the State's IT systems to determine which systems are critical to the State's Comprehensive Annual Financial Report. The department is working on this risk assessment and there are no budget requests related to this recommendation at this time. Future budget requests would be possible if systems were identified that needed a System and Organization Controls (SOC) 1, Type II added to a contract.

The 2021 report will be published on December 6, 2021 and can be found at this link: http://leg.colorado.gov/content/audits. JBC staff will send out an updated link once the report is published.

3 Is the Department spending money on public awareness campaigns? If so, please describe these campaigns, the goal of the messaging, the cost of the campaign, and distinguish between paid media and earned media. Further, please describe any metrics regarding effectiveness and whether the Department is working with other state or federal departments to coordinate the campaign? (Adrian Schulte)

Response: The Department does not spend money on public awareness campaigns as its primary business is to support, or provide services to, other state agencies.

4 Please identify how many rules you have promulgated in the past year (FY 2020-21). With respect to these rules, have you done any cost-benefit analyses pursuant to Section 24-4-103 (2.5), C.R.S., regulatory analyses pursuant to Section 24-4-103 (4.5), C.R.S., or any other similar analysis? Have you conducted a cost-benefit analysis of the Department's rules as a whole? If so, please provide an overview of each analysis. (Doug Platt)

Response: The Department has conducted rulemaking 13 times over the past fiscal year.

July 2, 2020 - State Personnel Director's Procedures - Emergency Rule - Chapter 5 - Time Off
October 14, 2020 - State Personnel Director's Procedures and the State Personnel Board Rules (Joint Rulemaking) Chapter 7 - Separations
October 15, 2020 - Capitol Complex - Parking Rules
September 29, 2020 - State Personnel Director's Procedures - Chapters 1, 3, 4, and 5 (SB20-1153, HB20-1415, SB19-085, and HB20-1153))
December 15, 2020 - State Personnel Director's Procedures and the State Personnel Board Rules (Joint Rulemaking) - Chapter 8 - Dispute Resolution
December 23, 2020 - State Personnel Director's Procedures - Emergency Rule - Chapter 5 - Paid Family Medical Leave
January 13, 2021 - State Personnel Director's Procedures - Paid Family Medical Leave (Exec. Order D2020-003)
January 29, 2021 - State Personnel Director's Procedures and the State Personnel Board Rules (Joint Rulemaking) - Chapter 6 - Performance
March 9, 2021 - Personnel Director's Procedures - Emergency Rule - Chapter 8 - Dispute Resolution
March 25, 2021 - Office of Administrative Courts Emergency Rule - Worker's Compensation Procedural Rules
March 25, 2021 - Office of Administrative Courts Permanent Rule - Worker's Compensation Procedural Rules
April 8, 2021 - State Personnel Board Rules - Chapter 9 - Fair Employment Rules
April 9, 2021 - Office of the State Controller - Repeal of Accounts Receivable Collections Administrative Rule (SB 21-055)

DPA's primary customers and key constituencies are inward-facing; mainly other state agencies. There are very few external-facing customers. The department did not receive any requests for fiscal analysis on any of its rulemaking activity, nor did it receive any requests for review outside of its statutorily-required annual regulatory report and regulatory agenda.

5 What are the major cost drivers impacting the Department? Is there a difference between the price inflation the Department is experiencing compared to the general CPI? Please describe any specific cost escalations, as well as cost impacts driven by COVID-19 and supply chain interruptions.

Response: The Department of Personnel & Administration includes services and programs that cover a vast range of policy and program areas. Cost drivers that impact the Office of State Controller and their financial systems differ vastly from the cost drivers for our Fleet Management program, for example.

Despite the large diversity in programs, the Department's main cost drivers can be attributed to two major categories: unprecedented national and local economic factors and statewide departmental allocations.

Though each service and program under the Department experience a unique set of financial impacts and costs, month to month and year over year expense comparisons both suggest there is high chance of correlation between the current and ongoing price inflation within the Department and the nation's Consumer Price Index (CPI), currently at 6.809% and 6.5% specific to the Denver/Aurora/Lakewood area(Bureau of Labor Statistics, 2021).

Economic factors align with market conditions outside of the Department's control. The Department is impacted by these market trends in a number of areas, including but not limited to market trends for product inputs, shipping delays and increased costs associated with delays, new vehicle acquisitions, paper related expenditures, postage costs, non-residential construction materials, and OIT related expenses.

The Department also submitted a decision item to address inflation specifically within the Capitol Complex Operating appropriation. In nine years, the cost of needed service and commodity contracts associated with safety, infrastructure, and maintenance have continued to grow, and are now squeezing out the program's spending authority. Prices in Colorado for lumber have increased 116% in the last year, an average of 97% for copper materials, 106% for PVC pipe, and an average of 33% for steel construction materials, a trend consistent with the remaining 49 states (MA Mortenson Company, 2021). The expenses associated with contract items include an estimated 6-10 percent increase that cannot be absorbed. Over the next few fiscal years, an incremental increase of $465,298 in contract costs is projected, or $2,695,525 compared to the FY 2021-22 expenditure estimate of $2,231,227. Expenditures for repairs and maintenance items totaled $1,173,229 in FY 2020-21. Over the next few fiscal years, contract costs alone are projected to total $2,695,525. This would leave only $87,845, or 3.2%, of the $2,783,370 funding needed for these other types of projects – these figures do not account for anticipated future inflationary increases that can reasonably be expected. The Associated General Contractors of America reported a sharp increase of 26.3% for total contractor's costs across the United States when comparing June 2020 with June 2021.

According to the December revenue forecast: "The ongoing economic recovery has continued to boost demand in energy markets, with the price of West Texas Intermediate crude oil rising from about $38 per barrel in November 2020 to over $80 per barrel in November 2021. Prices have largely been on the rise since the end of the recession in April 2020, as efforts to increase oil production have not been able to keep up with the rising demand." These trends have also impacted State Fleet Management, which has also experienced a decrease in expected miles driven .

Further, State Fleet Management has also experienced the highest aggregate maintenance cost per mile adjusted for inflation at $0.124/mile driven for the fiscal year (State Fleet Management Administration, 2021). CPI for New Vehicles in the Denver-Aurora-Lakewood region is consistently above the average, and is now 44% higher than the national CPI for New Vehicles when comparing July 2020 to July 2021 (Bureau of Labor Statistics, 2021).

Similarly for IDS related costs, producer price index (PPI) for Pulp, Paper, and Allied Products (raw components in producing many kinds of paper stock) has increased 15.2% since 2020, with the PPI for US Postal Services related to shipping services sharply increased by 29.4% in 2017 and values steadily trending upwards (Bureau of Labor Statistics, 2021). The associated cost increases for the aforementioned department programs and services all have ties to the effects of the COVID-19 pandemic on a local, national, and international scale as well as the subsequent supply chain interruptions and materials shortages.

Statewide departmental allocations are attributed to the costs associated with statewide common policies (as administered by DPA), OIT common policies, and other payments including, but not limited to, risk management claims, which are adjusted to reflect the actual costs specific to those programs and are also therefore impacted by the current cost escalations driven by the COVID-19 pandemic.

6 How is the Department's caseload changing and how does it impact the Department's budget? Are there specific population changes, demographic changes, or service needs (e.g. aging population) that are different from general population growth?

Response: The Department of Personnel & Administration (DPA) primarily provides internal agency services and has limited external exposure or programs that are caseload driven. The Address Confidentiality Program (ACP) is one of the few DPA programs that provide external services to Colorado residents.

The ACP provides survivors of domestic violence, sexual offenses, and/or stalking with a legal substitute address and confidential mail forwarding. All state and local government agencies must accept the substitute address as the participant's legal address of record. ACP services allow agencies to conduct business and comply with open record laws without jeopardizing survivor safety. Beginning FY 2018-19 the program requested and the General Assembly approved General Fund to support program operations and provide the outreach and training required to ensure the availability of ACP-trained advocates (Application Assistants), and therefore, statewide access to ACP services.

Outreach and training is provided by this new position which provides training to victim advocates and state and local government agencies. This position also creates and manages the online training program, creates and conducts training webinars and manages Application

Assistant registrations. This position began FY 2018-19 by cleaning up Application Assistant records, creating in-person and online trainings and identifying underserved areas of the State. Through the efforts of this full-time outreach position, the statewide number of new and active registered Application Assistants has grown. While the coronavirus necessitated online training exclusively, staff is returning to more in-person training sessions. Expanded statewide access and continued outreach efforts have resulted in increased program enrollment and overall program caseload growth. With the increased number of participants, the amount of transactional work is climbing. Caseload management is utilizing a greater portion of staff resources, however, with the additional staff resources and a new program database, the growing workload has been manageable.

Address Confidentiality Program Caseload and State Population Comparison					
	FY17	**FY18**	**FY19**	**FY20**	**FY21**
Total Active Participants	2,998	3,278	3,569	3,957	4,325
percentage increase from previous year	11.3%	9.3%	8.9%	10.9%	9.3%
Total Active Households	1,290	1,445	1,522	1,671	1,814
percentage increase from previous year	13.7%	12.0%	5.3%	9.8%	8.6%
Incoming Pieces of Mail	217,763	272,047	274,813	268,108	274,095
percentage increase from previous year	12.4%	24.9%	1.0%	-2.4%	2.2%
Outgoing Consolidated Pieces of Mail	66,645	68,765	76,520	81,475	89,139
percentage increase from previous year	9.9%	3.2%	11.3%	6.5%	9.4%
	CY17	**CY18**	**CY19**	**CY20**	**CY21**
State Population Estimates	5,607,154	5,684,203	5,770,545	5,773,714	5,893,634
percentage increase from previous year	1.4%	1.4%	1.5%	0.1%	2.1%

7 In some cases, the roles and duties of existing FTE may have changed over time. Please list any positions that have been created in the Department since FY 2019-20 that were <u>not</u> the result of legislation or a decision item.

Response: The Department repurposed three existing positions from their original purpose in order to cover workload and responsibilities for new roles since FY 2018-19. These changes were not the result of legislation or a decision item. No additional FTE were created as a result of these changes that created the positions below:

- Program Management II - position # 4001505: IT Director in charge of the liaison between DPA and OIT;
- Management - position # 4001427: Management position created to help with DPA's large program Department of Human Resources;
- Program Management I - position # 4001412: Director of Performance that includes project management initiatives and performance management for DPA.

8 For all FY 2022-23 budget requests that include an increase in FTE:

a. Specify whether existing staff will be trained to assume these roles or these duties, and if not, why;

Response: The Department will promote and backfill with existing staff in accordance with allowable hiring practices

b. Specify why additional FTE are necessary; and

In FY 2022-23, the Department is requesting FTE resources in the following requests.

R-01 State of Colorado Equity Office--Ten of the FTE requested in this decision item are requested within the Department. There are no current full-time staff or resources dedicated to statewide EDI efforts to which the Equity Office would be dedicated. Departments report that EDI work is much larger in scope and complexity than one position can successfully address. From a statewide perspective, the lack of a centralized EDI Office precludes the State's ability to provide coordinated guidance, structure, best practices, and additional resources, where appropriate.

Nine of the FTE in this request originated within the respective departments as an identified need, and the Governor's Office of State Planning and Budgeting consolidated these requests within DPA's Equity Office request in order to allow expertise and funds to be leveraged across agencies.

R-03 CSEAP Resources-- Despite annual increases in counseling services to State employees between FY 2015-16 and FY 2018-19, CSEAP staffing has remained static at the current 11.0 FTE. Additional resources are needed to support increases in workload, 24/7 crisis support, and statewide training within the Colorado State Employee Assistance Program (CSEAP or the Program) which has experienced increased program utilization. The methodology used to determine the additional resources included in the request used projected hours for CSEAP menu of services in excess of current staff capacity in addition to reassigning time spent by service providers on outreach to State employees to a dedicated part-time outreach coordinator. This position will align CSEAP outreach efforts with EDI Universal Policy accessibility standards ensuring that primary outreach tools — the CSEAP website, presentations, and printable web-based materials — are accessible to all employee populations. This is also a requirement of the Colorado WINS partnership agreement in Article 8.2.

R-04 Total Compensation Report & Compensation Analyst—The Department requests the realignment of the Total Compensation survey process and provision of resources for ongoing analysis of the State's compensation framework for classified staff. The compensation unit currently has two full time staff allocated to it. Under the current circumstances, and without consideration of the additional level of analysis required to meet audit requirements, current staff regularly works considerably more than a standard work week and the impact of this workload is putting staff in jeopardy of burnout. Projected responsibilities of the work unit were used to determine the workload of the requested FTE.

R-05 Ensuring Equity for People with Disabilities—The Department is requesting funding to hire a State Americans with Disabilities Act (ADA) Coordinator Position and establish a centralized accommodation program and fund for all agency ADA accommodations. The new program, Colorado Equity Office, will directly improve equity, diversity, and inclusion (EDI) by creating a coordinated approach to reviewing and granting reasonable ADA accommodations, ensuring such accommodations are made for new and existing state employees and members of the public, and provide a funding source for other accessibility modifications. This request fits in the broader equity, diversity, and inclusion effort that began in August 2020 with the signing of the Equity, Diversity, and Inclusion (EDI) Executive Order D 2020 175, which directed DPA to take immediate action around accessibility and the ADA. The Department is taking an approach similar to several other states who have created Equity Offices within their Governor's Offices, creating a state coordinator position who is a foremost expert on the ADA and familiar with case law, would result in better guidance to agencies and a more consistent approval process for reasonable accommodation requests. This position would be responsible for creating guidance and training for agency Title I and Title II ADA Coordinators, approving agency reasonable accommodation policies and requests, hosting quarterly meetings with agency Coordinators, advising agency Coordinators when they have questions, collaborating with the Attorney General's Office, and administering the centralized accommodation fund.

R-10 Partnership Agreement—The Department requests funding for a 1.0 FTE to implement and manage the application process, review tuition reimbursement requests, and authorize reimbursements to State employees as part of the partnership agreement with COWINS. To be eligible for reimbursement, State employees must apply through the Department. The Human Resources Specialist IV will measure the success of the program by documenting the number of applicants and recipients, surveying the recipients and their managers, and by collecting data on employee retention, promotions, and transfers, prior to and following receipt of the reimbursement.

c. Describe the evaluation process you used to determine the number of FTE requested.

The specific logic for each request is outlined within the decision item narratives; however, generally the Department uses a standard process to determine the number of FTE requested in new or existing programs. The Department generates costs for staffing using generally accepted OSPB FTE calculators, relying upon the expertise of the Department's programs.

9 Please describe any ongoing or newly identified programmatic impacts for the Department resulting from cash fund transfers as part of the FY 2019-20 and FY 2020-21 balancing process.

Response: In order to assist in budget balancing for FY 2020-21, the State Archives and Public Records Fund (24Y0) within the Department was able to make a one-time cash transfer of $130,000. This cash fund transfer did not have a large programmatic impact and through the annual rate-setting process, the program will be able to maintain their targeted fund balance of 16.5% of total expenses for FY 2020-21 and beyond.

10 Please describe the Department's FY 2020-21 vacancy savings, as well as projected vacancy savings for FY 2021-22 and FY 2022-23. How has the Department utilized vacancy savings in recent years?

Response: The Department strives to minimize vacancies, as vacancies resulting from deviation from the Department's staffing plan create impacts to statewide customers as well as Departmental staff. However, when the Department experiences vacancies, the funds may be used to meet the staffing needs of the program in alignment with the structure of the Long Bill line item. If the vacancy savings occur in a personal services line item, funds may be used on mechanisms such as temporary staffing, pay differentials, or overtime.

When these mechanisms are not employed and staff temporarily absorb the additional duties, this will likely result in a smaller appropriation of POTS. As the majority of the Department's programs are cash funded or reappropriated funds, this will often result in a nominal accumulation of fund balance. Conversely, vacancy savings are also utilized as a tool in programs funded by cash or reappropriated funds to manage the inherent volatility associated with these funding streams. For example, if programs are lagging in revenue targets due to decreased workload, programs may be required to hold a position open to budget to anticipated revenue, instead of allowable spending authority to preserve fund balance.

11 State revenues are projected to exceed the TABOR limit in each of the next two fiscal years. Thus, increases in cash fund revenues that are subject to TABOR will require an equivalent amount of General Fund for taxpayer refunds. Please:

a. List each source of non-tax revenue (e.g., fees, fines, parking revenue, etc.) collected by your department that is subject to TABOR and that exceeds $100,000 annually. Describe the nature of the revenue, what drives the amount collected each year, and the associated fund where these revenues are deposited. Please see attached template.
b. For each source, list actual revenues collected in FY 2020-21, and projected revenue collections for FY 2021-22 and FY 2022-23. Please see attached template.
c. List each decision item that your department has submitted that, if approved, would increase revenues subject to TABOR collected in FY 2022-23. None of the Department's requests affect the fund sources listed below:

Non-Tax Revenues Collected by Department That Are Subject to TABOR (excluding sources that amount to less than $100,000/year)				
		Revenues Collected Annually		
Revenue Source	Associated Cash Fund	FY 2020-21 Actual	FY 2021-22 Projection	FY 2022-23 Projection
Common Policy - 11L0	Risk Liability Fund	968,141	955,291	942,441
Common Policy - 11P0	Risk Property Fund	4,278,427	3,632,883	2,987,339
Common Policy - 11W0	Workers Compensation	4,619,625	3,973,635	3,327,645
IDS Services - 6010	Central Services Revolving Fund	1,374,390	1,309,964	1,245,538
Fleet Services - 6070	Fleet Management Fund	8,579,945	7,887,146	7,194,347
Common Policy - 6140	Statewide Financial Info Tech Sys Cash Fund (CORE)	903,728	900,000	900,000
TOTALS		**$20,724,256**	**$18,658,919**	**$16,597,310**

NOTE: An example template for providing data for this question will be provided by the JBC Staff.

12 Please describe one-time federal stimulus funds (such as the CARES Act, ARPA, and the Federal Infrastructure Investment and Jobs Act) that the Department has received or expects to receive.

NOTE: A template for providing data for this question will be provided by the JBC Staff.

A copy of the Department's completed template can be found here.