



JOINT BUDGET COMMITTEE STAFF FY 2021-22 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 2020-21 appropriation represents approximately 0.6 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations

FY 2020-21 APPROPRIATION AND FY 2021-22 REQUEST

DEPARTMENT OF PERSONNEL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION:						
H.B. 20-1360 (Long Bill)	\$209,825,100	\$14,876,401	\$13,025,558	\$181,923,141	\$0	404.3
Other legislation	(289,924)	(826,946)	847,094	(310,072)	0	4.5
TOTAL	\$209,535,176	\$14,049,455	\$13,872,652	\$181,613,069	\$0	408.8
FY 2021-22 REQUESTED APPROPRIATION:						
FY 2020-21 Appropriation	\$209,535,176	14,049,455	\$13,872,652	\$181,613,069	\$0	408.8
R1 COE program financial restructure	(417,212)	0	(48,962)	(368,250)	0	(1.7)
R2 DOR printing and mail migration to IDS	0	0	0	0	0	0.0
R3 Decentralization of collection services	(1,653,571)	0	(1,653,571)	0	0	(4.3)
R4 OAC translation services	15,000	0	15,000	0	0	0.0
R5 IDS infrastructure refresh	0	0	0	0	0	0.0
R6 Annual fleet request	2,518,094	0	0	2,518,094	0	0.0
R7 Recovery audit program closure	(64,714)	(64,714)	0	0	0	(1.0)
R8 COE Lean reduction	(1,000,000)	0	0	(1,000,000)	0	0.0
R9 Eliminate safety specialist position	(58,323)	0	0	(58,323)	0	(1.0)
R10 Extend pause on ADLE payment	(615,958)	(585,958)	(30,000)	0	0	0.0
R11 Procurement and Contracts vacancy savings	(49,991)	(49,991)	0	0	0	(1.0)
R12 Extend reduction of statewide planning	(980,000)	(980,000)	0	0	0	0.0
Centrally appropriated line items	2,458,617	3,050,512	(155,234)	(436,661)	0	0.0
Technical adjustments	2,302,594	1,000,000	(1,092,720)	2,395,314	0	0.0
Annualize prior year budget actions	1,233,691	893,250	0	340,441	0	0.0
Annualize prior year legislation	1,112,233	448,069	275,672	388,492	0	5.9
Non-prioritized request items	(28,590)	(61,214)	(5,848)	38,472	0	0.0
Indirect cost assessment	(150,691)	(596,059)	144,789	300,579	0	0.0
TOTAL	\$214,156,355	\$17,103,350	\$11,321,778	\$185,731,227	\$0	405.7

INCREASE/(DECREASE)	\$4,621,179	\$3,053,895	(\$2,550,874)	\$4,118,158	\$0	(3.1)
Percentage Change	2.2%	21.7%	(18.4%)	2.3%	n/a	(0.8%)

R1 COE PROGRAM FINANCIAL RESTRUCTURE: The request includes a decrease of \$417,212 total funds, including \$48,962 cash funds and \$368,250 reappropriated funds, and 1.7 FTE to restructure and refinance the Center for Organizational Effectiveness. The Center provides statewide training to approximately 26,000 State employees. The Department requests to shift the Center’s financing from a fee-for-service model to an operating common policy.

R2 DOR PRINTING AND MAIL MIGRATION TO IDS: The request includes a net zero restructure of the Integrated Document Solutions appropriation to consolidate printing and mail volumes to eliminate duplicative activities and to resolve a recommendation from the Office of the State Auditor’s 2011 audit report on tax processing (Report #: 2157). The Department anticipates this consolidation will generate statewide savings in the out-years.

R3 DECENTRALIZATION OF COLLECTION SERVICES: The request includes a decrease of \$1,653,571 cash funds and 4.3 FTE to restructure how unpaid debts to the State are collected. This restructure would allow individual agencies to contract directly with private collection agencies through statewide price agreements established by the Office of the State Controller. The Central Collections Services, which is granted the authority to collect debts to the State by Section 24-30-202.4 (1), C.R.S., has experienced limitations on collection sources, loss of clients, declining debt quality, and challenges with staff retention, resulting in the program not collecting enough revenue to be sustainable. The Department requests that the Joint Budget Committee sponsor legislation to repeal the Central Collections Services.

R4 OAC TRANSLATION SERVICES: The request includes an increase of \$15,000 cash funds to allow the Office of Administrative Courts to contract for interpretation and translation services. These services will ensure that people with limited English proficiency or those who are hearing impaired are able to participate in OAC proceedings. The OAC conducts mediations, holds hearings, and decides cases for more than 50 state departments, agencies, boards, and county departments, as well as serves the State’s citizens.

R5 IDS INFRASTRUCTURE REFRESH: The request includes a net zero restructure of the Integrated Document Solutions appropriation to create a new and temporary line item for the purpose of funding a new capital lease for a new Continuous-feed Production Inkjet press to replace current equipment. The current equipment is at the end of its lease and functional life, and will be returned to the vendor. The required return of the current machine necessitates the lease of new equipment in order to continue serving IDS print customers. The Department intends to lease the new equipment from the same vendor to avoid additional software and IT infrastructure costs.

R6 ANNUAL FLEET REQUEST: The request includes an increase of \$2,518,094 reappropriated funds to replace 706 vehicles in the State’s fleet. Of the vehicles to be replaced, the Department has identified 389 as potential alternative fuel vehicles (AFV), including 323 hybrids, 65 electric, and one (1) compressed natural gas. For individual State agencies, this request will require an increase of \$2,818,835 in total funding for the respective Vehicle Lease Payments line item appropriations, with an estimated \$547,704 increase in General Fund in FY 2021-22. Replacing the 706 vehicles provides a projected maintenance and fuel savings of \$2,952,720 total funds.

R7 RECOVERY AUDIT PROGRAM CLOSURE: The request includes a decrease of \$64,714 General fund and 1.0 FTE from the Recovery Audit program. Following several recovery audits, the Department notes that the resources needed to manage the program exceed the recoveries brought in by the audits. As a result, the Department is seeking to eliminate the program, which will require legislation to repeal the necessary language within Section 24-30-203.5, C.R.S.

R8 COE LEAN REDUCTION: The request includes a decrease of \$1.0 million reappropriated funds from the Training Services line item. In support of the Governor's Talent Challenge, in FY 2017-18 the General Assembly approved \$1,000,000 in reappropriated funds spending authority for the COE to offer Lean classes through two external vendors; rates for Lean classes were set to bring in a minimal amount of revenue to COE with the majority going to the outside vendors. The Department is no longer offering the Lean-specific courses through the two separate vendors; therefore, this spending authority is no longer necessary for the Center.

R9 ELIMINATE SAFETY SPECIALIST POSITION: The request includes a decrease of \$58,323 reappropriated funds and 1.0 FTE from the Risk Management Program for budget balancing purposes. This reduction represents a 7.0 percent reduction from the current year appropriation and an approximate \$22,441 General Fund saving in common policy appropriations. This position is currently vacant.

R10 EXTEND PAUSE ON ADLE: The request includes a decrease of \$615,958 total funds, including \$585,958 General Fund and \$30,000 cash funds, in the Department of Personnel and Administration, for the suspension of the annual depreciations lease equivalent (ADLE) payments. However, on behalf of all State departments, the Department requests a 100.0 percent suspension of the ADLE funding mechanism for Capital Construction, which has an associated reduction of \$8.6 million total funds, including \$7.5 million General Fund and \$1.1 million cash funds. This request requires legislation and will be managed by the JBC staff analyst for Capital Construction, Alfredo Kemm.

R11 PROCUREMENT AND CONTRACTS VACANCY SAVINGS: The request includes a decrease of \$49,991 General Fund and 1.0 FTE from the Procurement and Contracts program for budget balancing purposes. This position became vacant in January 2020. The responsibilities and duties of this position can be absorbed by current program staff.

R12 EXTEND REDUCTION OF STATEWIDE PLANNING: The request includes a decrease of \$980,000 General Fund for the Statewide Planning Services program. This request is a one-time extension of a reduction approved for the current fiscal year. The Office of the State Architect (OSA) is responsible for managing the Statewide Planning Services program, which was created to assist agencies in developing and creating master plans for construction projects with a total value greater than \$500,000.

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

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Capitol Complex leased space	\$1,568,736	\$2,057,224	\$26,426	(\$514,914)	\$0	0.0
Health, life, and dental adjustment	801,236	864,502	(42,102)	(21,164)	0	0.0
Legal services	694,282	171,606	(8,716)	531,392	0	0.0
Payment to risk management / property funds	384,026	132,998	1,801	249,227	0	0.0
Utilities	307,599	0	9,290	298,309	0	0.0
Shift differential	5,493	0	0	5,493	0	0.0
AED adjustment	680	40,894	(10,767)	(29,447)	0	0.0
SAED adjustment	680	40,894	(10,767)	(29,447)	0	0.0
ALJ	520	2,402	(1,882)	0	0	0.0
Payments to OIT	(1,209,744)	(260,272)	(102,563)	(846,909)	0	0.0
CORE	(60,011)	(12,391)	(5,966)	(41,654)	0	0.0
PERA Direct Distribution	(21,256)	11,326	(6,217)	(26,365)	0	0.0
Workers' compensation	(11,574)	828	(3,330)	(9,072)	0	0.0
Short-term disability adjustment	(2,050)	501	(441)	(2,110)	0	0.0
TOTAL	\$2,458,617	\$3,050,512	(\$155,234)	(\$436,661)	\$0	0.0

TECHNICAL ADJUSTMENTS: The request includes the following technical adjustments.

TECHNICAL ADJUSTMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Risk management services adjustment	\$2,278,127	\$0	\$0	\$2,278,127	\$0	0
DPS adjustment	24,467	0	0	24,467	0	0.0
RMP PS base adjustment	0	0	0	0	0	0.0
RMP Op base adjustment	0	0	0	0	0	0.0
Fin Ops refi to balance p-card	0	274,454	(274,454)	0	0	0.0
P&C refinance to balance p-card	0	725,546	(725,546)	0	0	0.0
CORE program base adjustment/refi	0	0	(92,720)	92,720	0	0.0
TOTAL	\$2,302,594	\$1,000,000	(\$1,092,720)	\$2,395,314	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net increase of \$1.2 million total funds for prior year budget actions, summarized in the following table.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 20-21 R10 Statewide planning services	\$980,000	\$980,000	\$0	\$0	\$0	0.0
FY 20-21 R2 Telematics for state fleet	340,441	0	0	340,441	0	0.0
FY 13-14 CP2 Employee engagement survey	215,000	215,000	0	0	0	0.0
FY 15-16 R1 Total comp vendor	(300,000)	(300,000)	0	0	0	0.0
FY 20-21 R4 Streamline electronic docs	(1,750)	(1,750)	0	0	0	0.0
TOTAL	\$1,233,691	\$893,250	\$0	\$340,441	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net increase of \$1.1 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1379 Suspend DD to PERA	\$671,727	\$260,140	\$32,065	\$379,522	\$0	0.0
HB 20-1398 Funding for Cap Const	566,806	566,806	0	0	0	0.0
SB 19-196 CO Quality apprenticeship	247,769	247,769	0	0	0	1.4
SB 13-276 Disability investigational pilot	82,000	0	82,000	0	0	0.0
HB 20-1153 CO partnership	81,206	0	81,206	0	0	4.5
HB 13-1286 Suspend state recovery audits	50,000	0	50,000	0	0	0.0
HB 17-1144 Amend Cap Const auto funding mechanism	49,152	19,152	30,000	0	0	0.0
SB18-200 PERA unfunded liability	13,573	4,202	401	8,970	0	0.0
SB 19-135 State procurement disparity study	(650,000)	(650,000)	0	0	0	0.0
TOTAL	\$1,112,233	\$448,069	\$275,672	\$388,492	\$0	5.9

NON-PRIORITIZED REQUEST ITEMS: The request includes the following non-prioritized request items, which are linked to decision items in other departments and common policy decisions.

NON-PRIORITIZED REQUEST ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP4 Wildfire stimulus package	\$145,510	\$0	\$0	\$145,510	\$0	0.0
NP2 Annual fleet	23,623	0	0	23,623	0	0.0
NP1 COE Program financial restructure	6,239	1,931	185	4,123	0	0.0
NP3 OIT FY22 budget request package	(203,962)	(63,145)	(6,033)	(134,784)	0	0.0
TOTAL	(\$28,590)	(\$61,214)	(\$5,848)	\$38,472	\$0	0.0

INDIRECT COST ASSESSMENT: The request includes net adjustments to indirect costs across these Divisions.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

[INFORMATIONAL] 2020 SESSION BUDGET BALANCING ACTIONS: In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2020-21 appropriations to the Department by \$1.4 million. These adjustments contributed to the net decrease in the Department's General Fund and total funds budget for FY 2020-21.

CENTER FOR ORGANIZATIONAL EFFECTIVENESS: The Department of Personnel and Administration has requested a restructure and refinance of the Center for Organizational Effectiveness (COE), which would shift its funding from a fee-for-service model to an operating common policy.

OPERATING COMMON POLICIES – OVERVIEW AND REQUESTS: The Department of Personnel currently administers centralized budgeting policies described as Operating common policies. These policies refer to an array of statewide services, including Administrative Law Judge Services, Workers' Compensation, Payment to Risk Management and Property Funds, Capitol Complex Leased Space and Utilities, CORE Operations, Vehicle Lease Payments, and the Document Solutions Group.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2020.