



JOINT BUDGET COMMITTEE STAFF FY 2024-25 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Statewide Compensation and PERA

Statewide compensation refers to state employee salary and benefit costs. Compensation common policies are funded through a group of centrally appropriated line items generally found in each department's Executive Director's Office. The annual budget request for total compensation is driven by employee salaries, benefit elections, requested policy changes, and statutory contributions for PERA payments for the unfunded liability. The statewide FY 2023-24 appropriation for: the estimated salary base represents approximately 8.0 percent of statewide operating General Fund appropriations; standard PERA and Medicare represent approximately 1.1 percent of statewide operating General Fund appropriations; compensation common policies represents approximately 2.2 percent of statewide operating General Fund appropriations; and PERA payments for the unfunded liability (AED, SAED, and PERA Direct Distribution) represent approximately 0.9 percent of statewide operating General Fund appropriations.

FY 2023-24 APPROPRIATION AND FY 2024-25 REQUEST

SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA PAYROLL COMPONENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2023-24 Appropriation					
Base Salary Estimate	\$2,229,829,465	\$1,211,993,595	\$522,244,320	\$233,392,290	\$262,199,260
PERA	266,334,875	146,860,904	61,781,141	27,269,148	30,423,682
Medicare (FICA)	32,332,528	17,573,906	7,572,544	3,384,189	3,801,889
Shift Differential	19,391,198	15,890,683	808,361	1,837,586	854,568
Salary Survey	151,080,121	88,831,343	32,272,848	13,745,615	16,230,315
Merit Pay	0	0	0	0	0
Minimum Wage	67,610	22,943	9,636	0	35,031
Health, Life, Dental	407,609,085	226,124,623	95,010,681	38,932,342	47,541,439
Paid Family Leave and Medical Insurance	0	0	0	0	0
Short-term Disability	3,472,190	1,894,208	800,263	366,605	411,114
AED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
SAED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
PERA Direct Distribution	8,880,925	4,682,545	2,551,394	838,485	808,501
TOTAL	\$3,355,797,771	\$1,843,086,626	\$778,193,268	\$344,480,912	\$390,036,965
FY 2024-25 Request/Recommendation					
Base Salary Estimate	\$2,494,634,429	\$1,358,470,277	\$586,297,877	\$267,440,938	\$282,425,337
PERA	296,730,123	162,804,147	69,768,703	31,297,280	32,859,993
Medicare (FICA)	36,172,562	19,698,118	8,501,356	3,877,904	4,095,184
Shift Differential	33,231,000	27,981,403	1,932,384	2,262,289	1,054,924
Salary Survey	201,801,627	116,609,822	44,035,294	20,691,962	20,464,549
Merit Pay	0	0	0	0	0
Minimum Wage	114,807	15,321	89,605	4,352	5,529
Health, Life, Dental	448,523,033	249,032,811	106,722,686	42,610,045	50,157,491
Paid Family Leave and Medical Insurance	12,175,652	6,702,665	2,822,160	1,294,506	1,356,320
Short-term Disability	4,058,551	2,234,222	940,720	431,503	452,106
AED	135,285,015	74,474,059	31,357,327	14,383,404	15,070,225
SAED	135,285,015	74,474,059	31,357,327	14,383,404	15,070,225

SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA PAYROLL COMPONENTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
PERA Direct Distribution	59,096,974	32,842,128	16,989,181	7,225,771	2,039,894
TOTAL	\$3,857,108,787	\$2,125,339,031	\$900,814,619	\$405,903,359	\$425,051,777
Increase/(Decrease)	\$501,311,016	\$282,252,405	\$122,621,351	\$61,422,447	\$35,014,812
Percent Change	14.9%	15.3%	15.8%	17.8%	9.0%

FY 2024-25 TOTAL COMPENSATION REQUEST

The FY 2024-25 total compensation request is estimated to be \$3.86 billion total funds, including \$2.13 billion General Fund, an increase of \$501.3 million over the prior year appropriation, which represents a 14.9 percent increase in total compensation-related appropriations.

BASE SALARY, PERA, AND MEDICARE (FICA)

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2023-24 Appropriation					
Base Salary Estimate	\$2,229,829,465	\$1,211,993,595	\$522,244,320	\$233,392,290	\$262,199,260
PERA	266,334,875	146,860,904	61,781,141	27,269,148	30,423,682
Medicare (FICA)	32,332,528	17,573,906	7,572,544	3,384,189	3,801,889
TOTAL	\$2,528,496,869	\$1,376,428,405	\$591,598,005	\$264,045,627	\$296,424,831
FY 2024-25 Request/Recommendation					
Base Salary Estimate	\$2,494,634,429	\$1,358,470,277	\$586,297,877	\$267,440,938	\$282,425,337
PERA	296,730,123	162,804,147	69,768,703	31,297,280	32,859,993
Medicare (FICA)	36,172,562	19,698,118	8,501,356	3,877,904	4,095,184
TOTAL	\$2,827,537,114	\$1,540,972,542	\$664,567,936	\$302,616,122	\$319,380,514
Increase/(Decrease)	299,040,246	164,544,137	72,969,931	38,570,495	22,955,683
Percent Change	11.8%	12.0%	12.3%	14.6%	7.7%

BASE SALARY ESTIMATE: The request includes a base salary estimate of \$2.8 billion total funds, including \$1.5 billion General Fund, for FY 2024-25 employee salaries.

PERA: The request includes an estimate of \$296.7 million total funds, including \$162.8 million General Fund, for employer payroll-related contributions to PERA.

MEDICARE (FICA): The request includes an estimate of \$36.2 million total funds, including \$19.7 million General Fund, for employer payroll-related contributions to Medicare.

OTHER SALARY RELATED ADJUSTMENTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2023-24 Appropriation					
Shift Differential	\$19,391,198	\$15,890,683	\$808,361	\$1,837,586	\$854,568
Salary Survey	151,080,121	88,831,343	32,272,848	13,745,615	16,230,315
Minimum Wage	67,610	22,943	9,636	0	35,031
Merit Pay	0	0	0	0	0
TOTAL	\$170,538,929	\$104,744,969	\$33,090,845	\$15,583,201	\$17,119,914
FY 2024-25 Request/Recommendation					
Shift Differential	\$33,231,000	\$27,981,403	\$1,932,384	\$2,262,289	\$1,054,924
Salary Survey	201,801,627	116,609,822	44,035,294	20,691,962	20,464,549
Minimum Wage	114,807	15,321	89,605	4,352	5,529

OTHER SALARY RELATED ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Merit Pay	0	0	0	0	0
TOTAL	\$235,147,434	\$144,606,546	\$46,057,283	\$22,958,603	\$21,525,002
Increase/(Decrease)	64,608,505	39,861,577	12,966,438	7,375,402	4,405,088
Percent Change	37.9%	38.1%	39.2%	47.3%	25.7%

SHIFT DIFFERENTIAL: Shift differential funds are used for adjustments to some employee wages for work that is performed outside of standard 8:00 a.m. to 5:00 p.m. business hours. Shift differential is requested at 100 percent of prior year actual expenditures. The request includes \$33.2 million total funds, including \$28.0 million General Fund.

SALARY SURVEY: The request includes \$201.8 million total funds, including \$116.6 million General Fund. The request includes both a 3.0 percent across-the-board increase and the implementation of the Step Payment Plan as agreed upon in the COWINS Partnership Agreement.

MINIMUM WAGE: The request includes \$114,807 total funds, including \$15,321 General Fund, for adjustments to wages for those employees who earned less than \$16.22 per hour. This number is not a statutory minimum wage. Instead, it reflects a 3.0 percent increase from \$15.75 – the current minimum wage pursuant to the Colorado Overtime and Minimum Pay Standards Order (COMPS Order) #38 – in accordance with the Partnership Agreement.

MERIT PAY: The request does not include funding for merit pay increases for state employees.

INSURANCE BENEFITS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2023-24 Appropriation					
Health, Life, Dental	\$407,609,085	\$226,124,623	\$95,010,681	\$38,932,342	\$47,541,439
Paid Family Leave and Medical Insurance	0	0	0	0	0
Short-term Disability	3,472,190	1,894,208	800,263	366,605	411,114
TOTAL	\$411,081,275	\$228,018,831	\$95,810,944	\$39,298,947	\$47,952,553
FY 2024-25 Request/Recommendation					
Health, Life, Dental	\$448,523,033	\$249,032,811	\$106,722,686	\$42,610,045	\$50,157,491
Paid Family Leave and Medical Insurance	12,175,652	6,702,665	2,822,160	1,294,506	1,356,320
Short-term Disability	4,058,551	2,234,222	940,720	431,503	452,106
TOTAL	\$464,757,236	\$257,969,698	\$110,485,565	\$44,336,055	\$51,965,917
Increase/(Decrease)	53,675,960	29,950,868	14,674,621	5,037,108	4,013,364
Percent Change	13.1%	13.1%	15.3%	12.8%	8.4%

HEALTH, LIFE, DENTAL: The request includes \$448.5 million total funds, including \$249.0 million General Fund, for employee health, life, and dental benefits elected by employees as of July 2023. Additional adjustments may be included in a budget amendment based on new actuarial recommendations received in December. The base adjustment request reflects an increase of \$40.9 million total funds, including \$22.9 million General Fund, in FY 2024-25.

PAID FAMILY AND MEDICAL LEAVE INSURANCE: The request includes \$12.2 million total funds, including \$6.7 million General Fund for FY 2024-25. Pursuant to H.B. 22-1133 (Family and Medical Leave Insurance Fund), the State's portion of the insurance premium was to be prepaid until the balance in the Family and Medical Leave

Insurance (FAMLI) Fund reached zero. However, in the 2023 legislative session, the General Assembly passed S.B. 23-324, which transferred the remaining balance in the FAMLI Fund back to the Restoration Loss Cash Fund. The bill also ended the State prepayment of premiums at the end of FY 2023-24. As a result, starting July 1, 2024, departments and employees will begin paying the premiums for the FAMLI program. These premiums are 0.9 percent of wages per employee, split evenly between the state and employees.

SHORT-TERM DISABILITY: Short term disability (STD) is requested at a rate of 0.15 percent of revised base salaries. STD is estimated at \$4.06 million total funds, including \$2.23 million General Fund.

PERA PAYMENTS FOR UNFUNDED LIABILITY (NON-BENEFIT COMPONENTS)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2023-24 Appropriation					
AED	\$118,399,887	\$64,605,938	\$27,571,040	\$12,357,326	\$13,865,583
SAED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
PERA Direct Distribution	8,880,925	4,682,545	2,551,394	838,485	808,501
TOTAL	\$245,680,699	\$133,894,421	\$57,693,474	\$25,553,137	\$28,539,667
FY 2024-25 Request/Recommendation					
AED	\$135,285,015	\$74,474,059	\$31,357,327	\$14,383,404	\$15,070,225
SAED	135,285,015	74,474,059	31,357,327	14,383,404	15,070,225
PERA Direct Distribution	59,096,974	32,842,128	16,989,181	7,225,771	2,039,894
TOTAL	\$329,667,003	\$181,790,245	\$79,703,835	\$35,992,579	\$32,180,344
Increase/(Decrease)	83,986,304	47,895,824	22,010,361	10,439,442	3,640,677
Percent Change	34.2%	35.8%	38.2%	40.9%	12.8%

AED: Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent and is estimated to be \$135.3 million total funds, including \$74.5 million General Fund.

SAED: Supplemental Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent and is estimated to be \$135.3 million total funds, including \$74.5 million General Fund.

PERA DIRECT DISTRIBUTION: In FY 2019-20, a common policy allocation to state agencies was added for the state's \$225.0 million statutory PERA Direct Distribution payment. This allocation was added to common policies to charge cash and federal funds sources for what would otherwise be a General Fund payment. The PERA Direct Distribution totals \$59.1 million, including \$32.8 million General Fund in FY 2024-25.

The following table outlines all PERA payments included in total compensation.

ALL PERA PAYMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2023-24 Appropriation					
PERA (standard employer contrib.)	\$266,334,875	\$146,860,904	\$61,781,141	\$27,269,148	\$30,423,682
AED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
SAED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
PERA Direct Distribution	8,880,925	4,682,545	2,551,394	838,485	808,501
SUBTOTAL - Benefits	\$512,015,574	\$280,755,325	\$119,474,615	\$52,822,285	\$58,963,349
FY 2024-25 Request/Recommendation					
PERA (standard employer contrib.)	\$296,730,123	\$162,804,147	\$69,768,703	\$31,297,280	\$32,859,993
AED	135,285,015	74,474,059	31,357,327	14,383,404	15,070,225
SAED	135,285,015	74,474,059	31,357,327	14,383,404	15,070,225

ALL PERA PAYMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
PERA Direct Distribution	59,096,974	32,842,128	16,989,181	7,225,771	2,039,894
SUBTOTAL - Benefits	\$626,397,126	\$344,594,392	\$149,472,538	\$67,289,859	\$65,040,337
Increase/(Decrease)	114,381,552	63,839,067	29,997,923	14,467,574	6,076,988
Percent Change	22.3%	22.7%	25.1%	27.4%	10.3%

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

COWINS PARTNERSHIP AGREEMENT: The Colorado Partnership for Quality Jobs and Services Act requires the State to enter into a partnership agreement with certified employee organizations, defines the duties of the parties, and sets standards and procedure related to disputes. The current agreement is in effect until July 31, 2024. COWINS and the State are scheduled to start meeting again the week of January 8, 2024 to begin developing a negotiations schedule for a successor agreement.

PERA UPDATE: An informational PERA update based on PERA's 2022 Comprehensive Annual Financial Report and related documents. PERA experienced an investment return of negative 13.4 percent in 2022, compared with 16.1 percent in 2021. The net investment income of the plan in 2022 was negative \$9.9 billion. Member contributions totaled \$1.4 billion and employer contributions totaled \$2.2 billion.

PAY DATE SHIFT: The pay date shift is a budgeting and accounting mechanism that was originally employed by the General Assembly in 2003 as a way to save General Fund by shifting the payment date of all state employees on a monthly current pay schedule from June 30 to July 1, providing a fiscal savings of one month's worth of payroll.

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 2023.