



JOINT BUDGET COMMITTEE STAFF FY 2024-25 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Department of Personnel
(Including Operating Common Policies)

The Department of Personnel is responsible for administering the state personnel system, which includes approximately 28,000 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; 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 2023-24 appropriation represents approximately 0.7 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

FY 2023-24 APPROPRIATION AND FY 2024-25 REQUEST

DEPARTMENT OF PERSONNEL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
FY 2023-24 APPROPRIATION:						
S.B. 23-214 (Long Bill)	\$270,682,213	\$43,215,517	\$17,518,235	\$209,948,461	\$0	521.5
Other legislation	779,243	658,938	0	120,305	0	2.2
TOTAL	\$271,461,456	\$43,874,455	\$17,518,235	\$210,068,766	\$0	523.7
FY 2024-25 REQUESTED APPROPRIATION:						
FY 2023-24 Appropriation	\$271,461,456	\$43,874,455	\$17,518,235	\$210,068,766	\$0	523.7
R1 Central services common policies	1,461,169	(25,154,325)	(1,865,394)	28,480,888	0	9.2
R2 Central payroll staffing	1,147,961	1,147,961	0	0	0	8.0
R3 Skills-based hiring and training	325,514	325,514	0	0	0	3.0
R4 Centralized sustainability office	1,572,239	1,572,239	0	0	0	0.3
R5 CORE operating resources	425,000	0	0	425,000	0	0.0
R6 CDFC grant increases	14,100,000	0	14,100,000	0	0	1.3
R7 Annual fleet vehicle replacements	1,999,374	0	0	1,999,374	0	0.0
R8 SPEP help desk	114,824	114,824	0	0	0	0.0
Centrally appropriated line items	11,567,778	6,048,568	178,902	5,340,308	0	0.0
Risk management base adjustment	8,839,762	0	0	8,839,762	0	0.0
Technical adjustments	2,003,992	1,264,845	269,194	469,953	0	0.0
Non-prioritized requests	939,172	61,717	508,750	368,705	0	0.0
CORE operations base adjustment	292,519	0	1,907,639	(1,615,120)	0	0.0
Annualize prior year legislation	19,027	(88,571)	82,000	25,598	0	2.1
Procurement card rebate refinance	0	(376,394)	376,394	0	0	0.0
Annualize prior year budget actions	(19,411,693)	(11,894,534)	(410,897)	(7,106,262)	0	(25.1)
Indirect cost assessment	(310,091)	(35,057)	127,029	(402,063)	0	0.0
Capitol Complex Leased Space base adjustment	(11,097)	0	(2,177,521)	2,166,424	0	0.0
TOTAL	\$296,536,906	\$16,861,242	\$30,614,331	\$249,061,333	\$0	522.5
INCREASE/(DECREASE)	\$25,075,450	(\$27,013,213)	\$13,096,096	\$38,992,567	\$0	(1.2)
Percentage Change	9.2%	(61.6%)	74.8%	18.6%	n/a	(0.2%)

R1 CENTRAL SERVICES COMMON POLICES [REQUIRES LEGISLATION]: The request includes a department-specific increase of \$1.5 million total funds, including a decrease of \$25.2 million General Fund, a decrease of \$1.9 million cash funds, and an increase of \$28.5 million reappropriated funds, and 9.2 FTE in FY 2024-25 to:

- 1 create seven (7) new operating common policies for various services provided by the Department to other state agencies,
- 2 approve an automatic appropriations scaling for the new common policies and the Employee Benefits Unit in the Division of Human Resources, and
- 3 increase central services staffing for the Department.

The department-specific annualization of this request is \$1.5 million total funds, including a decrease of \$23.1 million General Fund, a decrease of \$1.9 million cash funds, and an increase of \$26.5 million reappropriated funds, and 10.0 FTE in FY 2025-26 and ongoing.

The statewide budgetary impact of the creation of the requested seven (7) new common policies, as their costs are allocated across the various state agencies, would be an increase of \$1.5 million total funds, including a decrease of \$12.0 million General Fund, an increase of \$8.4 million cash funds, an increase of \$2.7 million reappropriated funds, and an increase of \$2.3 million federal funds, and 9.2 FTE in FY 2024-25. The General Fund decrease reported in the statewide impact accounts for the General Fund reductions in the Department of Personnel because the funding source of the affected programs are shifted to reappropriated funds.

STATEWIDE COST ALLOCATIONS AND GENERAL FUND REQUIREMENTS OF NEW OPERATING COMMON POLICIES				
NEW POLICY	FY 2024-25		FY 2025-26	
	ALLOCATED COST	GENERAL FUND	ALLOCATED COST	GENERAL FUND
Financial Operations and Reporting	\$6,537,996	\$2,314,186	\$6,556,677	\$2,320,798
Labor Relations	6,234,798	2,155,841	4,058,988	1,403,500
State Agency Services	4,688,935	1,694,581	4,649,340	1,680,272
EDO Administration	3,868,056	1,436,626	3,877,280	1,440,051
State Purchasing and Contracts Office	3,316,575	1,144,132	3,331,813	1,149,388
Office of the State Architect	2,889,378	1,128,457	2,889,378	1,128,457
Statewide Training	945,154	341,579	1,104,072	399,012
Total	\$28,480,892	\$10,215,402	\$26,467,548	\$9,521,478

R2 CENTRAL PAYROLL STAFFING: The request includes an increase of \$1.1 million General Fund and 8.0 FTE in FY 2024-25 and ongoing to increase central payroll staffing to respond to increased workload from state employee remote work, implementation of a new time and leave solution, and the Partnership Agreement. The central payroll staff is responsible for setting each employee’s calculated payroll tax withholding and direct payment. With the increased number of state employees working remotely across various localities, the workload of the central payroll staff has increased. The request indicates the Department anticipates submitting a supplemental request for FY 2023-24 in January 2024.

R3 SKILLS-BASED HIRING AND TRAINING: The request includes an increase in \$325,514 General Fund and 3.0 FTE in FY 2024-25 to support statewide recruitment and work-based learning programs for skills-based hiring, apprenticeships, internships, and training current human resource state teams. The request would transition previously term-limited state employees to permanent employees across two programs:

- the Skills-Based Hiring Initiative, which is a partnership between the Department of Personnel and the Department of Labor and Employment; and

- the Health of HR Program within the Department of Personnel.

The request annualizes to \$484,432 General Fund and 4.5 FTE in FY 2025-26 and ongoing.

R4 CENTRALIZED SUSTAINABILITY OFFICE: The request includes an increase of \$1.6 million General Fund and 0.3 FTE in FY 2024-25 to support the newly created State Government Office of Sustainability, which is currently funded exclusively by a federal grant from the U.S. Environmental Protection Agency (U.S. EPA). The requested General Fund would be used to transition state operations to the use of clean vehicles, electric lawn and garden equipment, and energy efficient heating and cooling. The Department also requests that \$1.4 million of the funding be provided roll-forward spending authority through FY 2026-27. The request annualizes to \$156,155 General Fund and 1.0 FTE from FY 2025-26 through FY 2027-28.

R5 COLORADO OPERATIONS RESOURCE ENGINE (CORE) OPERATING RESOURCES: The request includes an increase of \$425,000 reappropriated funds in FY 2024-25 and ongoing to support CORE upgrades authorized in through an FY 2022-23 IT Capital Construction request. The funding increase will be used for professional services for the stabilization of the CORE Upgrade post-implementation, enabling new functionality in CORE, addressing emergent agency needs, and assisting with transition to quarterly software releases.

R6 COLORADO DISABILITY FUNDING COMMITTEE (CDFC) GRANT INCREASES: The request includes an increase of \$14.1 million cash funds, primarily from the Disability Support Fund created in Section 24-30-2205.5 (1), C.R.S., and 1.3 FTE in FY 2024-25 to increase the number and dollar amount of grants awarded by the Colorado Disability Funding Committee. The CDFC is tasked with the implementation of the Laura Hershey Disability Support Act, which provides education, direct assistance, and advocacy for people with disabilities eligible for Social Security Disability Insurance, Supplemental Security Income, and Long-term Medicaid. The request annualizes to \$7.1 million cash funds and 1.4 FTE in FY 2025-26 and ongoing.

R7 ANNUAL FLEET VEHICLE REPLACEMENTS: The request includes an increase of \$2.0 million reappropriated funds to replace 725 vehicles in the State’s fleet. Of the vehicles to be replaced, the Department has identified 534 as potential alternative fuel vehicles (AFV), of which 358 are electric vehicles. For individual state agencies, this request will require an increase of \$488,648 in total funds for the respective Vehicle Lease Payments line item appropriations, with an estimated \$303,197 increase in General Fund in FY 2024-25. The request also includes an adjustment to the Long Bill footnote attached to the Department’s Vehicle Replacement Lease/Purchase line item which authorizes the Department enter into lease-purchase agreements for fleet vehicles up to a maximum amount. The request also includes non-prioritized request affecting multiple departments statewide.

R8 STATE PROCUREMENT EQUITY PROGRAM (SPEP) HELP DESK: The request includes an increase of \$114,824 General Fund in FY 2024-25 for the implementation of the State Procurement Equity Program help desk, as authorized by S.B. 22-163 (Establish State Procurement Equity Program). The request annualizes to \$38,275 General Fund in FY 2025-26 and ongoing.

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
Payments to OIT	\$4,610,780	\$2,519,016	\$154,195	\$1,937,569	\$0	0.0
Salary survey	2,457,840	905,824	67,574	1,484,442	0	0.0
Capitol Complex leased space	1,708,790	1,617,183	(945)	92,552	0	0.0

CENTRALLY APPROPRIATED LINE ITEMS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Risk management & property	1,000,217	469,251	31,236	499,730	0	0.0
Health, life, and dental	612,053	436,541	(19,672)	195,184	0	0.0
PERA Direct Distribution	592,375	275,056	20,632	296,687	0	0.0
Legal services	245,909	(224,546)	(100,286)	570,741	0	0.0
Paid Family and Medical Leave Insurance	168,853	78,094	5,825	84,934	0	0.0
Workers' compensation	126,434	69,232	4,078	53,124	0	0.0
AED	60,394	(26,880)	10,002	77,272	0	0.0
SAED	60,394	(26,880)	10,002	77,272	0	0.0
Shift differential	39,185	0	0	39,185	0	0.0
Vehicle lease payments	34,050	0	304	33,746	0	0.0
Short-term disability	1,671	(1,091)	303	2,459	0	0.0
CORE	(151,167)	(42,232)	(4,346)	(104,589)	0	0.0
TOTAL	\$11,567,778	\$6,048,568	\$178,902	\$5,340,308	\$0	0.0

RISK MANAGEMENT BASE ADJUSTMENT: The request includes an increase of \$8.8 million reappropriated funds for adjustments to the Risk Management program for anticipated payments to be required by the liability, property, and workers' compensation components of the common policies. This increase is driven primarily by increases in property deductibles and payouts and liability legal services.

TECHNICAL ADJUSTMENTS: The request includes a net increase of \$2.0 million total funds, including \$1.3 million General Fund, for technical adjustments summarized in the following table.

TECHNICAL ADJUSTMENTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annual depreciation lease equiv. pay	\$1,946,997	\$1,677,803	\$269,194	\$0	\$0	0.0
CO State Archive digital storage	56,995	56,995	0	0	0	0.0
SWCAP GF/RF refinance	0	(469,953)	0	469,953	0	0.0
TOTAL	\$2,003,992	\$1,264,845	\$269,194	\$469,953	\$0	0.0

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

NON-PRIORITIZED REQUESTS

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP Central Services Omnibus Request	\$565,385	\$56,998	\$508,387	\$0	\$0	0.0
NP17 DPS EDO right-sizing	115,116	0	0	115,116	0	0.0
NP13 DPC CO team aware	65,568	0	0	65,568	0	0.0
NP8 DNR CPW wildlife mgmt	50,020	0	0	50,020	0	0.0
NP14 DPS Using forensics	27,108	0	0	27,108	0	0.0
NP18 CDA Ag emergency mgmt	23,636	0	0	23,636	0	0.0
NP19 CDA workforce	15,758	0	0	15,758	0	0.0
NP5 DNR CPW biodiversity	14,727	0	0	14,727	0	0.0
NP10 DNR CPW State Parks	14,327	0	0	14,327	0	0.0
NP CORE Operating Resources	12,028	4,719	363	6,946	0	0.0
NP6 DNR DWR	8,099	0	0	8,099	0	0.0
NP4 DNR SLB biodiversity	7,887	0	0	7,887	0	0.0
NP9 DNR CPW aquatics	5,326	0	0	5,326	0	0.0
NP16 Hist CO Adobe maint	4,387	0	0	4,387	0	0.0
NP15 Hist CO afford housing	3,678	0	0	3,678	0	0.0
NP12 DNR CPW admin	2,629	0	0	2,629	0	0.0
NP11 DNR CPW info and edu	1,847	0	0	1,847	0	0.0
NP7 DNR CPW dam safety	1,646	0	0	1,646	0	0.0
TOTAL	\$939,172	\$61,717	\$508,750	\$368,705	\$0	0.0

CORE OPERATIONS BASE ADJUSTMENT: The request includes an increase \$292,519 total funds, including an increase of \$1.9 million cash funds and a decrease of \$1.6 million reappropriated funds, for CORE operations base adjustments.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net increase of \$19,027 total funds to reflect the FY 2024-25 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 22-1337 Comp report	\$300,000	\$300,000	\$0	\$0	\$0	0.0
SB 23-105 Equal pay	118,953	118,953	0	0	0	1.8
SB 13-276 Disability support fund	82,000	0	82,000	0	0	0.0
SB 21-250 Elections and voting	50,000	0	0	50,000	0	0.0
SB 23-172 Protect workers	26,992	(51,324)	0	78,316	0	0.3
HB 23-1189 Home purchase tax credit	13,610	0	0	13,610	0	0.0
SB 23-016 GHG reduction	12,453	0	0	12,453	0	0.0
HB 23-1309 Film incent tax credit	1,927	0	0	1,927	0	0.0
HB 23-1112 EITC	762	0	0	762	0	0.0
HB 23-1057 Pub inclusive amenit	(450,000)	(450,000)	0	0	0	0.0
HB 23-1272 Decarb tax policy	(56,331)	0	0	(56,331)	0	0.0
HB 23-1260 Adv indust manuf incent	(32,642)	0	0	(32,642)	0	0.0
HB 22-1205 Senior housing tax credit	(16,662)	0	0	(16,662)	0	0.0
HB 23-1281 Clean hydrogen	(12,861)	0	0	(12,861)	0	0.0
SB 22-1091 Child care tax credit	(10,881)	0	0	(10,881)	0	0.0
SB 22-051 Reduce building emissions	(6,501)	(6,200)	0	(301)	0	0.0
HB 22-1010 ECE tax credit	(700)	0	0	(700)	0	0.0
HB 22-1007 Wildfire mitigation asst	(664)	0	0	(664)	0	0.0
HB 22-1083 CO homeless tax credit	(428)	0	0	(428)	0	0.0
TOTAL	\$19,027	(\$88,571)	\$82,000	\$25,598	\$0	2.1

PROCUREMENT CARD REBATE REFINANCE: The request includes a net-zero refinance of \$376,394 General Fund with an equivalent amount of cash funds from rebates anticipated from the state purchasing card program. The Procurement Card Program has realized an increase in rebate revenue, which is used to offset General Fund.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes a net decrease of \$19.4 million total funds, including \$11.9 million General Fund, 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 R2 Fleet telematics	\$141,707	\$0	\$0	\$141,707	\$0	0.0
FY 23-24 R3 Prof dev funding	(8,000,000)	(8,000,000)	0	0	0	(1.8)
FY 23-24 NPBA5 IT accessibility	(6,549,380)	(2,113,485)	(191,897)	(4,243,998)	0	(6.0)
FY 23-24 NPBA6 Medicaid redeterm	(2,980,235)	0	0	(2,980,235)	0	0.0
FY 23-24 R3 Temp staff comp analysis	(1,416,276)	(1,416,276)	0	0	0	(19.1)
FY 23-24 R11 Empl engage survey	(300,000)	(300,000)	0	0	0	0.0
FY 23-24 R9 OAC case management	(219,000)	0	(219,000)	0	0	0.0
FY 23-24 R2 Labor union support	(61,347)	(61,347)	0	0	0	1.1
FY 23-24 R6 CCLS staffing	(22,659)	0	0	(22,659)	0	0.7
FY 23-24 Salary survey	(4,503)	(3,426)	0	(1,077)	0	0.0
TOTAL	(\$19,411,693)	(\$11,894,534)	(\$410,897)	(\$7,106,262)	\$0	(25.1)

INDIRECT COST ASSESSMENT: The request includes a net decrease of \$310,091 total funds, including a decrease of \$35,057 General Fund, for adjustments to indirect costs across the Department.

CAPITOL COMPLEX LEASED SPACE BASE ADJUSTMENT: The request includes a decrease of \$11,097 total funds, including decrease of \$2.2 million cash funds and an increase of \$2.2 million reappropriated funds, for base adjustments to the Capitol Complex Leased Space common policy.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

ONE-TIME FUNDING AUTHORIZED IN RECENT LEGISLATIVE SESSIONS: During the 2021, 2022, and 2023 legislative sessions, the General Assembly allocated significant one-time funding to the Department of Personnel that included \$21.3 million originating as state General Fund and \$1.1 million originating as federal Coronavirus State Fiscal Recovery funds (ARPA funds).

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.

R1 CENTRAL SERVICES COMMON POLICIES: The Department of Personnel’s R1 (Central services common policies) requests 1) the creation of seven new operating common policies for various services provided by the Department to other state agencies, 2) the approval of automatic appropriations scaling for the new common policies and the Employee Benefits Unit in the Division of Human Resources, and 3) additional central services staffing for the Department. The department-specific budgetary impact of this request is an increase of \$1.5 million total funds, including a decrease of \$25.2 million General Fund, a decrease of \$1.9 million cash funds, and an increase of \$28.5 million reappropriated funds, and 9.2 FTE in FY 2024-25. The statewide budgetary impact of the creation of the requested seven new common policies, as their costs are allocated across the various state agencies, would be an increase of \$1.5 million total funds, including a decrease of \$12.0 million General Fund, an increase of \$8.4 million cash funds, an increase of \$2.7 million reappropriated funds, and an increase of \$2.3 million federal funds, and 9.2 FTE in FY 2024-25.

FOR MORE INFORMATION

JBC STAFF ANALYST: Tom Dermody
(303) 866-4963
Tom.dermody@coleg.gov

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.