

# JOINT BUDGET COMMITTEE



## JOINT BUDGET COMMITTEE FY 2022-23 OPERATING BUDGET REQUEST

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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## AGENCY OVERVIEW

As the General Assembly's permanent fiscal and budget review agency, the Joint Budget Committee (JBC) studies the management, operations, programs, and fiscal needs of the departments of Colorado state government<sup>1</sup>. The JBC holds hearings and reviews the budget requests from executive and judicial branch agencies, and introduces the annual general appropriation bill (called the Long Bill) to fund the operations of state government. The JBC also introduces “supplemental” appropriation bills when necessary to make mid-year adjustments to appropriations.

The six member JBC is comprised of two majority party members and one minority party member from each legislative chamber. Members serve two-year terms and are selected following the general election. A Senator serves as Chair and a Representative serves as Vice Chair in the first year following the general election, and then switch positions in the next year. The remaining four members are selected from the House and Senate Appropriations Committees' membership.

The JBC has a non-partisan, full-time professional staff of fourteen budget and policy analysts, two administrative staff, and one Staff Director. The Staff Director assigns each analyst one or more departments and programs of state government. JBC analysts review related budget requests, statutes, and other pertinent information, and meet with agency personnel and other individuals to learn about the operations of assigned departments and programs. Over the course of the budget cycle, JBC analysts:

- present departmental budget requests to the JBC and make recommendations for appropriations;
- may make recommendations concerning budget-related operational or policy issues;
- draft supplemental bills and the Long Bill based on JBC actions; and
- draft amendments to supplemental bills and the Long Bill, and enroll any amendments that are adopted.

In addition, JBC analysts prepare fiscal analyses of other legislation that is referred to the Appropriations Committees, draft appropriation clauses for such bills, and provide staff support for both Appropriations Committees. Finally, JBC analysts respond to research requests from other committees, individual legislators, the press, and the public.

## SUMMARY OF STAFF DIRECTOR RECOMMENDATIONS

Overall, staff recommends an increase of \$250,793 General Fund (10.4 percent) for FY 2022-23. This increase includes:

- \$128,731 for common policies related to employee salaries and benefits;
- \$84,190 to provide full year funding for the two staff positions that were added through legislation and budget actions in FY 2021-22;
- and
- \$37,872 related to three decision items.

The following table lists the recommended incremental changes.

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<sup>1</sup> See Sections 2-3-201 through 2-3-210, C.R.S.

JOINT BUDGET COMMITTEE OPERATING BUDGET: STAFF DIRECTOR RECOMMENDATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2021-22 Appropriation</b>	<b>\$2,405,887</b>	<b>\$2,405,887</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>17.3</b>
<b>CHANGES FROM FY 2021-22 APPROPRIATION</b>						
Centrally appropriated line items	\$75,486	\$75,486	\$0	\$0	\$0	0.0
Annualize prior year legislation (SB 21-284)	69,291	69,291	0	0	0	0.7
Salary survey	53,245	53,245	0	0	0	0.0
R1: Establish leave payout line item	30,000	30,000	0	0	0	0.0
Annualize prior year budget actions	14,899	14,899	0	0	0	0.0
R2: Project management software	4,032	4,032	0	0	0	0.0
R3: Adjust transportation stipend policy	3,840	3,840				
<b>TOTAL FY 2022-23 Appropriation</b>	<b>\$2,656,680</b>	<b>\$2,656,680</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>18.0</b>
\$ Change from prior year	\$250,793	\$250,793	\$0	\$0	\$0	0.7
% Change from prior year	10.4%	10.4%	n/a	n/a	n/a	4.0%

## DESCRIPTION OF INCREMENTAL CHANGES

**CENTRALLY APPROPRIATED LINE ITEMS:** Staff recommends an increase of \$75,486 General Fund for adjustments to centrally appropriated line items for the following: employer contributions for health, life, and dental insurance, short-term disability insurance, and paid family and medical leave insurance benefits; and employer contributions to the Public Employees' Retirement Association (PERA) pension fund, including supplemental payments related to the unfunded liability.

**ANNUALIZE PRIOR YEAR LEGISLATION (SB 21-284):** Staff recommends an increase of \$69,291 General Fund and 0.7 FTE for the second year of funding to implement S.B. 21-284 (Evidence-based evaluations for budget).

**SALARY SURVEY:** Staff recommends an increase of \$53,245 General Fund based on the JBC's common policy for a 3.0 percent salary survey.

**R1: ESTABLISH LEAVE PAYOUT LINE ITEM:** Staff recommends an increase of \$30,000 General Fund to establish a dedicated funding source for required leave payouts for departing and retiring employees.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** Staff recommends an increase of \$14,899 General Fund for the full year impact of adding 1.0 FTE Budget and Policy Analyst in FY 2021-22.

**R2: PROJECT MANAGEMENT SOFTWARE:** Staff recommends an increase of \$4,032 General Fund for the annual licensure costs for a project management software product that facilitates multiple office-wide projects and processes.

**R3: ADJUST TRANSPORTATION STIPEND POLICY:** Staff recommends an increase of \$3,840 General Fund to address an inequity in the transportation stipend policy that was initially established in FY 2020-21.

## DECISION ITEMS

### → R1 ESTABLISH LEAVE PAYOUT LINE ITEM

*RECOMMENDATION:* Staff recommends an increase of \$30,000 General Fund to establish a dedicated funding source for required leave payouts for departing and retiring employees.

In the last two fiscal years the office has expended a total of \$64,117 for leave payouts to six departing and retiring staff members. The office budget does not currently include a dedicated line item for these payouts, so these amounts were paid from funds that would otherwise be available for staff compensation and office operating expenses.

The paid leave policy for the JBC is consistent with other legislative agencies and the Department of Personnel rules for state classified employees:

- When an employee transfers to another state agency, the hiring agency must approve the transfer of *annual leave*. When an employee transfers to another state agency, compensatory time is not transferred. Departing and retiring employees are paid for their annual leave and compensatory time up to the maximum accrual amount allowed based on the employee's years of service with the JBC. The maximum accrual amount ranges from 30 to 42 days of annual leave.
- When an employee transfers to another state agency, the hiring agency must approve the transfer of any *sick leave*. All unused sick leave is forfeited upon termination of employment except for employees who meet the requirements for immediate retirement. A retiring employee is compensated for 25.0 percent of their accrued sick leave, up to the maximum accrual of 45 days.

Based on the above policies, leave payouts are significantly higher for employees who retire from a career at the JBC compared to other departing employees. Since the creation of the JBC in 1959, a total of 163 staff members have been employed by the office. Over the last 62 years the average tenure for all JBC employees has been 4.8 years, and only three employees have retired from the JBC with 20 or more years of service (in 2002, 2013, and 2019). For current JBC staff, the average tenure is 10.4 years, and three employees have tenures of 25 or more years.

Other legislative agencies have a dedicated line item in their budgets for leave payouts. Staff recommends establishing a leave payout line item for the JBC office to ensure that funding is available for required leave payouts. If this funding is not required for leave payouts it will simply revert to the Legislative Department Cash Fund.<sup>2</sup> The recommended amount is based on the estimated payout for one retiring employee with 25 years of experience. The establishment of this dedicated funding source will allow the remaining funding available for staff compensation to be used to pay salaries that are competitive and appropriate within each salary range based on individual staff responsibilities and performance.

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<sup>2</sup> Pursuant to Section 2-2-1601 (2.6), C.R.S.

## → R2 PROJECT MANAGEMENT SOFTWARE

*RECOMMENDATION:* Staff recommends an increase of \$4,032 General Fund for the annual licensure cost of Monday.com, a project management software product that facilitates multiple office-wide projects and processes.

In response to the public health concerns associated with the COVID pandemic, JBC staff quickly converted certain paper-based proofing processes to electronic processes. During the initial transition, due to a lack of planning time, staff struggled with a variety of quality control and efficiency issues. Over the last 18 months staff have continued to improve electronic proofing processes, and have experimented with different methods and software products to support these processes.

Last interim a small group of staff identified and experimented with several project management software products, and different ways of configuring projects within these products to meet office needs. This group recommended the use of Monday.com, and the office recently began utilizing this product for all office-wide proofing processes. The first year licensure costs are being covered by some of the one-time funding that was provided for the implementation of S.B. 21-284 (Evidence-based evaluations for budget). In addition to facilitating office-wide proofing processes, this product allows each staff person to track their own documents and their assigned tasks through the process, and it allows project coordinators to view the status of all documents. Several staff are also utilizing this product to manage group projects (e.g., decision item requests that are subject to the requirements of S.B. 21-284), and organize and track personal tasks.

Monday.com is providing an efficient and consistent platform for all office-wide proofing processes, and can be leveraged to support a variety of group projects and personal tasks. The product is licensed based on the number of users (“seats”), in increments of five. Staff recommends an increase of \$4,032 General Fund to cover the annual ongoing cost of licenses for 20 seats.

## → R3 ADJUST TRANSPORTATION STIPEND POLICY

*RECOMMENDATION:* Staff recommends an increase of \$3,840 General Fund to address an inequity in the transportation stipend policy that was initially established in FY 2020-21.

The budget recommendation for FY 2020-21 included funding to provide a monthly transportation stipend of \$200 for 12 staff members who do not have a year-round free parking spot in the Capitol Complex. The amount of the stipend was based on the cost of a monthly regional RTD pass, consistent with stipends received by all Legislative Council Staff. [At that time the Office of Legislative Legal Services and the Office of the State Auditor provided a transportation benefit through a combination of RTD eco passes and monthly stipends or parking reimbursements.]

Commuting to and parking around the Capitol was becoming increasingly challenging and expensive. This funding was intended to support JBC staff recruitment and retention. The JBC was the only non-partisan legislative agency that did not provide a transportation benefit, and the recommendation was generally consistent with transportation benefits provided by the other agencies.

The recommendation for the initial policy excluded staff who had access to the office's four free parking spots near the Capitol to provide somewhat consistent benefits for all staff members. However, this policy has resulted in an inequity as the free parking spaces are worth less than the monthly stipend. Staff recommends addressing this inequity by providing a partial transportation stipend for the staff who have access to the office's four free parking spots that is equal to the difference of the full stipend and the monthly cost of an uncovered parking spot in the Merrick Garage (this difference is currently \$80 per month). The recommendation thus includes an additional \$3,840 to pay a monthly stipend of \$80 to four staff members.

## LINE ITEM DETAIL – LEGISLATIVE APPROPRIATION BILL

### JOINT BUDGET COMMITTEE

This line item includes most funding to support office operations, including funding for:

- Salaries for 17.3 FTE;
- Associated costs of the employer contributions for PERA, Medicare, and short-term disability insurance;
- The employer share of health, life, and dental insurance benefits;
- Operating expenses; and
- Travel expenses.

*STATUTORY AUTHORITY:* Section 2-3-204, C.R.S.

*RECOMMENDATION:* Staff recommends an appropriation of \$2,436,587 General Fund for this line item. This amount is based on the common policies adopted by the JBC on January 28, 2022, and it includes the following:

- An increase of \$84,190 to provide full year funding for the two staff positions that were added through legislation and budget actions in FY 2021-22;
- An increase of \$75,486 for employee benefits based on JBC common policies;
- An increase of \$53,245 (3.0 percent) for salary increases;
- An increase of \$30,000 for leave payouts (R1);
- An increase of \$4,032 for project management software (R2);
- An increase of \$3,840 for transportation stipends (R3); and
- A continuation level of funding for remaining operating expenses and travel expenses.

*Staff requests permission to adjust elements in the above proposed budget in response to any changes in JBC common policies or Executive Committee actions on this budget request.*

### S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution for Public Employees' Retirement Association (PERA).

*STATUTORY AUTHORITY:* Section 24-51-411, C.R.S.

*RECOMMENDATION:* Staff recommends appropriating \$92,903 General Fund, which is consistent with Committee common policy.

### S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 06-235, this line item provides additional funding to increase the State contribution for PERA.

*STATUTORY AUTHORITY:* Section 24-51-411, C.R.S.

*RECOMMENDATION:* Staff recommends appropriating \$92,903 General Fund, which is consistent with Committee common policy.

### PERA DIRECT DISTRIBUTION

This line item is included as a common policy allocation payment for the state portion of the PERA Direct Distribution created in Section 24-51-414, C.R.S., enacted in S.B. 18-200.

*STATUTORY AUTHORITY:* Section 24-51-414 (2), C.R.S.

*RECOMMENDATION:* Staff recommends appropriating \$34,287 General Fund, which is consistent with Committee common policy.

The following table details the calculations for the above line item appropriation recommendations, along with comparable data for FY 2020-21 and FY 2021-22.



JOINT BUDGET COMMITTEE OPERATING BUDGET: STAFF DIRECTOR RECOMMENDATIONS TO JBC							
DESCRIPTION	FY 2020-21 ACTUAL		FY 2021-22 APPROPRIATION		FY 2022-23 RECOMMENDATION		% CHANGE
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE	
<b>PERSONAL SERVICES</b>							
<i>Salaries:</i>							
Staff Director		1.0		1.0		1.0	
Administrative Personnel		2.0		2.0		2.0	
Chief Legislative Budget and Policy Analyst		3.0		4.0		4.0	
Principal Legislative Budget and Policy Analyst		6.0		3.0		3.0	
Senior Legislative Budget and Policy Analyst		1.0		3.0		5.0	
Legislative Budget and Policy Analyst		3.0		4.3		3.0	
Subtotal - Salaries and Payouts	\$1,516,298	16.0	\$1,700,045	17.3	\$1,774,823	18.0	
Salary Survey					53,245		
Professional Services	3,967		0		0		
<b>Subtotal: Salaries</b>	<b>\$1,520,265</b>		<b>\$1,700,045</b>		<b>\$1,828,068</b>		<b>7.5%</b>
<i>Associated Costs:</i>							
PERA: Employer Share for Defined Contribution and Defined Benefit Plans	\$159,394		\$182,317		\$213,678		
Medicare Tax	22,224		24,142		27,485		
Short Term Disability Insurance	2,161		2,664		3,033		
Paid Family and Medical Leave Insurance	n/a		n/a		8,530		
Health, Life, and Dental Insurance	154,018		184,957		212,118		
Transportation Stipend	27,945		28,800		33,600		
<b>Subtotal - Associated Costs</b>	<b>\$365,743</b>		<b>\$422,880</b>		<b>\$498,444</b>		<b>17.9%</b>
<b>TOTAL PERSONAL SERVICES</b>	<b>\$1,886,008</b>	16.0	<b>\$2,122,925</b>	17.3	<b>\$2,326,512</b>	18.0	9.6%
<b>OPERATING EXPENSES</b>							
Equipment Maintenance	\$609		\$1,000		\$1,000		
IT Maintenance/ Noncapitalizable IT	4,365		7,640		8,120		
Rental of Equipment	3,888		4,300		4,300		
Advertising	275		200		200		
Communication Charges – OIT	8,861		10,360		10,900		
Printing and Reproduction Services	16		25		25		
Purchased Services	230		15,100		15,800		
Food and Food Services	3,185		4,300		4,300		
Books/Periodicals	176		158		158		
Office Supplies	858		5,000		5,600		
Postage	41		400		400		
Noncapitalizable Furniture and Office Systems	8,635		12,400		0		
Official Functions	0		200		200		
Registration Fees	59		3,060		3,460		
<b>Subtotal - Operating Expenses</b>	<b>\$31,200</b>		<b>\$64,143</b>		<b>\$54,463</b>		<b>-15.1%</b>
<b>TRAVEL</b>							
Rental/Motor Pool Mile Charge	\$0		\$700		\$700		
In-State Travel	0		4,300		4,300		
Out-of-State Travel/ Out of State Common Carrier	0		12,740		12,740		
<b>Subtotal – Travel</b>	<b>\$0</b>		<b>\$17,740</b>		<b>\$17,740</b>		<b>0.0%</b>
<b>R1: Establish leave payout line item</b>	n/a		n/a		<b>30,000</b>		
<b>R2: Project management software</b>	n/a		n/a		<b>4,032</b>		
<b>R3: Adjust transportation stipend policy</b>	n/a		n/a		<b>3,840</b>		
<b>TOTAL JBC Before Supplemental PERA Payments</b>	<b>\$1,917,208</b>		<b>\$2,204,808</b>		<b>\$2,436,587</b>		<b>10.5%</b>

JOINT BUDGET COMMITTEE OPERATING BUDGET: STAFF DIRECTOR RECOMMENDATIONS TO JBC							
DESCRIPTION	FY 2020-21 ACTUAL		FY 2021-22 APPROPRIATION		FY 2022-23 RECOMMENDATION		% CHANGE
	GENERAL FUND	FTE	GENERAL FUND	FTE	GENERAL FUND	FTE	
JBC PERA Amortization Equalization Disbursement (AED)	73,207		83,159		92,903		11.7%
JBC PERA Supplemental AED	73,207		83,159		92,903		11.7%
JBC PERA Direct Distribution	0		34,761		34,287		-1.4%
<b>GRAND TOTAL</b>	<b>\$2,063,622</b>	<b>16.0</b>	<b>\$2,405,887</b>	<b>17.3</b>	<b>\$2,656,680</b>	<b>18.0</b>	<b>10.4%</b>

### LINE ITEM DETAIL – LONG BILL

The annual Long Bill includes centrally appropriated amounts for the Legislative Department, including the Joint Budget Committee. These include:

- Workers’ Compensation
- Legal Services
- Payment to Risk Management and Property Funds
- Maintenance of Legislative Space
- Payments to OIT
- CORE Operations

Staff recommendation for the above line item appropriations, along with others that are included in the Long Bill, will be presented to the Committee on Wednesday, February 23, 2022.