

JOINT BUDGET COMMITTEE



JOINT BUDGET COMMITTEE FY 2024-25 OPERATING BUDGET REQUEST

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

PREPARED BY:
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CONTENTS

| | |
|--|---|
| Agency Overview | 1 |
| Summary of Staff Director Recommendations | 1 |
| Description of Incremental Changes..... | 2 |
| Decision Items | 3 |
| ➔ R1 Internship Program Extension | 3 |
| Line Item Detail – Legislative Appropriation Bill..... | 6 |
| Joint Budget Committee | 6 |
| S.B. 04-257 Amortization Equalization Disbursement..... | 6 |
| S.B. 06-235 Supplemental Amortization Equalization Disbursement..... | 7 |
| PERA Direct Distribution..... | 7 |
| Line Item Detail – Long Bill..... | 9 |

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 government¹. 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 fifteen 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 \$231,089 General Fund (7.8 percent) for FY 2024-25, as summarized in the table on the following page.

¹ 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 |
| FY 2023-24 Appropriation | \$2,935,832 | \$2,935,832 | \$0 | \$0 | \$0 | 20.1 |
| CHANGES FROM FY 2023-24 APPROPRIATION | | | | | | |
| R1: Internship program extension | \$22,229 | \$22,229 | \$0 | \$0 | \$0 | 0.4 |
| Employee compensation and benefits | 184,370 | 184,370 | 0 | 0 | 0 | 0.0 |
| Centrally appropriated line items | 16,628 | 16,628 | 0 | 0 | 0 | 0.0 |
| Annualize prior year funding | 7,862 | 7,862 | 0 | 0 | 0 | 0.2 |
| TOTAL FY 2024-25 Appropriation | \$3,166,921 | \$3,166,921 | \$0 | \$0 | \$0 | 20.7 |
| \$ Change from prior year | \$231,089 | \$231,089 | \$0 | \$0 | \$0 | 0.6 |
| % Change from prior year | 7.8% | 7.8% | n/a | n/a | n/a | 3.0% |

DESCRIPTION OF INCREMENTAL CHANGES

R1: INTERNSHIP PROGRAM EXTENSION: Staff recommends an increase of \$24,077 General Fund and 0.4 FTE for FY 2024-25 to extend the JBC staff internship/assistantship program through the 2025 legislative session (extending the program from the current 13 weeks to 34 weeks). The staff recommendation assumes that the increase will be ongoing in subsequent years. If approved, the recommendation would allow two JBC staff budget and policy assistants selected in the fall of 2024 to continue to serve through the 2025 Session rather than ending in December (with extension optional and dependent on performance in the fall). As with the existing program, the recommendation assumes 20 hours per week for each position throughout the program. The following table shows the components of the staff recommendation

| R1 Internship Program Extension (Incremental Cost) | | | | |
|---|-----------------|------------|-----------------|------------|
| | FY 2024-25 | | FY 2025-26 | |
| | General Fund | FTE | General Fund | FTE |
| JBC Office Budget | | | | |
| Personal Services (Salary, PERA, Medicare, FAMILI): | \$20,969 | 0.4 | \$20,969 | 0.4 |
| Transportation stipend (\$10 per day per position) | 1,260 | | 1,260 | |
| Subtotal - JBC Office Budget | \$22,229 | 0.4 | \$22,229 | 0.4 |
| Supplemental PERA payments (centrally appropriated) | 1,848 | | 1,848 | |
| TOTAL | \$24,077 | 0.4 | \$24,077 | 0.4 |

The office will continue to evaluate the success of the program as both an outreach and recruiting tool *and* as a means to provide additional support and analysis to the staff and the Committee through the budget season. However, based on the successful outcomes from the first year of the program, staff recommends authorizing the extension through the 2025 Session.

EMPLOYEE COMPENSATION AND BENEFITS: Staff recommends an increase of \$184,370 General Fund to cover the increased costs for employee salaries and benefits. This total includes \$136,956 for common policy salary increases based on the unanimous common policy decision from the Executive Committee on February 13, 2024, including: (1) \$60,324 for a 3.0 percent across-the-board increase; and (2) \$76,632 for the 3.7 percent “step-like” increase (to be allocated through the performance evaluation process). The remaining funds cover associated increases for Medicare, basic employer PERA contribution, short-term disability insurance, the employer contribution for Family Medical

Leave Insurance (new for FY 2024-25), and the employer share of health, life, and dental premium increases.

CENTRALLY APPROPRIATED LINE ITEMS: Staff recommends an increase of \$16,628 General Fund for adjustments to two centrally appropriated line items for the legislative branch: supplemental payments to the Public Employees' Retirement Association (PERA) pension fund, including amortization equalization disbursement (AED) and supplemental AED. Please note that the Committee's common policy for the Long Bill for FY 2024-25 consolidates these items into a single line item. Staff does not yet know whether the Executive Committee intends to consolidate those items in the Legislative Appropriation Bill.

ANNUALIZE PRIOR YEAR FUNDING: Staff recommends a net increase of \$7,862 General Fund and 0.2 FTE to annualize two decision items from FY 2023-24: (1) the creation of the initial internship program, which included a new analyst position in addition to the internships and (2) the addition of an administrative team as part of the Central Reception decision item.

DECISION ITEMS

→ R1 INTERNSHIP PROGRAM EXTENSION

RECOMMENDATION: Staff recommends an increase of \$24,077 General Fund and 0.4 FTE for FY 2024-25 to extend the JBC staff internship/assistantship program through the 2025 legislative session. The recommendation would extend the program from the current 13 weeks to a total of 34 weeks (from mid-September 2024 through the end of the 2025 Session). The recommendation assumes that the increase will be ongoing, although the office will continue to evaluate the program and assess the benefit of the extended program for the FY 2025-26 budget process.

If approved, the recommendation would allow two JBC staff assistants selected in the fall of 2024 to continue to serve through the Session. As with the existing program, the positions would each be half-time (20 hours per week) for the duration of the program. The incremental increase in the recommendation assumes:

- Continued pay of \$22 per hour, benchmarked to intern pay in the Office of the State Auditor.
- 20 hours per week for each assistant.
- A continued transportation stipend of \$10 per day for each day in the office (assumed to be three days per week).
- PERA, Medicare, FAMLI, and supplemental PERA payments associated with the positions.

| R1 INTERNSHIP PROGRAM EXTENSION (INCREMENTAL COST) | | | | |
|--|-----------------|------------|-----------------|------------|
| | FY 2024-25 | | FY 2025-26 | |
| | GENERAL FUND | FTE | GENERAL FUND | FTE |
| Personal Services (Salary, PERA, Medicare, FAMLI): | \$20,969 | 0.4 | \$20,969 | 0.4 |
| Transportation stipend (\$10 per day per position) | 1,260 | | 1,260 | |
| Subtotal - JBC Office Budget | \$22,229 | 0.4 | \$22,229 | 0.4 |
| Supplemental PERA payments | 1,848 | | 1,848 | |
| TOTAL | \$24,077 | 0.4 | \$24,077 | 0.4 |

ANALYSIS: In the fall of 2023, the JBC Staff initiated the first year of an internship/assistantship program, with two legislative budget and policy assistants working half-time over the course of 13 weeks from September through December. This initial phase allowed us to establish the program with a trial cohort of two interns, and to evaluate the potential for the program to expand.

GOALS

The goals of the program include the following outcomes for the office and for the interns:

- Increase and diversify our applicant pool for Legislative Budget and Policy Analyst positions.
- Establish a more proactive recruitment process through ongoing engagement with local universities, participating in recruitment activities throughout the year, and increasing awareness of legislative career opportunities.
- Increase our office research capacity, including evidence-based policy analysis, allowing for more analysis and information for the Committee’s consideration while mitigating workload impact on the existing analysts.
- Expand opportunities for staff to hire, train, supervise, and mentor.
- Offer an opportunity for individuals interested in public policy to gain non-partisan legislative experience and introduction to the process.
- Provide a high quality work-based learning experience for promising candidates to learn about the budget and legislative processes, and the work of the JBC staff.

FIRST-YEAR OUTCOMES

Based on feedback from staff and the assistants, the office was able to meet the following goals: increasing office research capacity; engaging with local universities; expanding opportunities for training, supervising and mentoring; and providing a high-quality non-partisan legislative work-based learning experience. The office would like to continue to focus on increasing and diversifying the applicant pool in the future and reducing the need for excessive staff overtime, as those areas have not yet been impacted. Staff believes an extension of the internship program will benefit the assistants *and* could help meet those goals for the office.

Assistant Feedback: The assistants reported having very positive experiences with the internship, and both stated they would have liked to continue through session if it had been an option. At the end of the internship, the assistants reported the following outcomes:

- Improved analytical skills.;
- Greater understanding of how State government works.
- Increased information visualization skills.
- Better understanding budgetary terms and processes.

Given the goals of the program *for the assistants*, staff agree that the experience of working through the session would improve the internship and add considerable value to the experience.

Staff Feedback: In addition to exit interviews and feedback from the assistants, the office surveyed *existing staff* for feedback on the program. Given the demands on JBC Staff during the session, the key question for staff’s consideration regarding the extension was whether the benefits of an extension *to the office and the Committee* would outweigh the additional workload necessary to support and supervise the assistants. Staff are supportive of the program and the requested extension, reporting that assistants’ research and products were useful and that continuing that work through the session would

be beneficial. For example, with respect to evidence-based policy, the assistants provided analyses of available evidence that staff would not have been able to complete. In addition, the briefing issues that the assistants produced and presented to the JBC will remain useful reference documents going forward. Given the quality and utility of the work from the 2023 assistants, staff believed both that there is sufficient work to warrant the extension and that the benefits to the office and the Committee warrant the additional effort.

PROGRAM OPERATIONS

For the next year, staff is proposing maintaining the same structure of the internship program from September through December, and then, based on performance in those first three months and the needs of the office, potentially integrating the assistants into the office through the end of the session.

The program will continue to be operated as follows:

- One Budget and Policy Analyst will serve as the Internship Program Coordinator, with support provided by the Staff Director and the administrative team. This individual will: solicit and review applications, develop a training schedule, complete orientation tasks, support evidence-based policy analysis, manage assistant time-sheets, coordinate internship tasks with supervising analysts and office, and complete internship wrap-up.
- On a voluntary basis, a group of Budget and Policy Analysts will act as supervisors and interview and select final candidates, work with assistants and the Coordinator to develop a schedule, continuously evaluate interns' capacity, ability, and interests, supervise assistants in researching, writing, and presenting briefing issues to the Committee, provide weekly supervision for the assistants, and act as reference for assistants in the future.
- Office-wide, staff will participate in recruitment efforts, assist in training interns, identify potential internship tasks and projects, involve interns in office activities and meetings, act as secondary supports for interns, and consider whether and how this program should be expanded in the future.

COSTS

The salary for two assistants is tagged to the Office of the State Auditor's internship program (continued at \$22.00/hour with no change from the current year). The budget assumes that assistants will work 20 hours/week for 34 weeks, from September to May. The office would be required to pay for PERA, Medicare, and FAMLII insurance, as well as make supplemental PERA payments based on the interns' wages. Assistants would not be eligible for health, life, and dental insurance, or short-term disability benefits.

- Other employee benefits include a \$10.00/day transportation stipend for the two assistants for days worked in the office, up to 102 days per assistant.
- Operating funding includes computer software and supplies for the assistants (with no increase required above the current year).
- Capital outlay included one-time funding to purchase two computers in FY 2023-24. Furniture is already in place as a result of the recent remodel project. As a result, the one-time costs associated with new positions are not necessary for FY 2024-25.

| INTERNSHIP PROGRAM COSTS | | | | |
|------------------------------|-----------------------------|----------------------------|---|--------------------------------------|
| | FY 2023-24 APPROPRIATION | FY 2024-25 CONTINUATION | FY 2024-25 REQUESTED INCREASED APPROPRIATION | FY 2024-25 TOTAL PROGRAM COSTS |
| Personal Services | \$12,922 | \$12,922 | \$20,969 | \$33,891 |
| FTE | 0.3 | 0.3 | 0.4 | 0.7 |
| Travel Stipend | 780 | 780 | 1,260 | 2,040 |
| Operating Expenses | 384 | 384 | 0 | 384 |
| Capital Outlay | 3,340 | 0 | 0 | 0 |
| Total (Office Budget) | \$17,426 | \$14,086 | \$22,229 | \$36,315 |
| AED/SAED | 1,144 | 1,144 | 1,848 | 2,992 |
| TOTAL | \$18,570 | \$15,230 | \$24,077 | \$39,307 |

LINE ITEM DETAIL – LEGISLATIVE APPROPRIATION BILL

JOINT BUDGET COMMITTEE

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

- Salaries for 20.1 FTE;
- Associated costs of the employer contributions for PERA, Medicare, and short-term disability insurance;
- The employer's 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 \$2,944,915 General Fund and 20.5 FTE for this line item. This amount is based on the common policies adopted by the JBC on January 29, 2024, and it includes the following:

- An increase of \$184,370 for employee compensation and benefits based on JBC and Executive Committee common policies;
- An increase of \$23,489 and 0.4 FTE for the extension of the internship program (R1); and
- An increase of \$7,862 and 0.2 FTE to reflect the FY 2024-25 impact of decision items adopted for FY 2023-24.
- 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 \$111,003 General Fund, which is consistent with Committee common policy. This amount includes the funding necessary for the additional intern compensation recommended in R1. If that recommendation is not approved by the JBC or Executive Committee, staff will adjust this amount accordingly.

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 \$111,003 General Fund, which is consistent with Committee common policy. This amount includes the funding necessary for the additional intern compensation recommended in R1. If that recommendation is not approved by the JBC or Executive Committee, staff will adjust this amount accordingly.

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: Prior to FY 2022-23, the Legislative Branch's PERA Direct Distribution payment was allocated among legislative agencies and included in the annual legislative appropriation bill. Starting in FY 2022-23, this amount is now appropriated in the annual Long Bill.

The following table details the calculations for the above line item appropriation recommendations, along with comparable data for FY 2021-22 and FY 2022-23.

| JOINT BUDGET COMMITTEE OPERATING BUDGET: STAFF DIRECTOR RECOMMENDATIONS TO JBC | | | | | | | |
|--|----------------------|------|-----------------------------|------|------------------------------|------|-------------|
| DESCRIPTION | FY 2022-23 ACTUAL | | FY 2023-24 APPROPRIATION | | FY 2024-25 RECOMMENDATION | | % CHANGE |
| | GENERAL FUND | FTE | GENERAL FUND | FTE | GENERAL FUND | FTE | |
| PERSONAL SERVICES | | | | | | | |
| <i>Salaries:</i> | | | | | | | |
| Staff Director | | 1.0 | | 1.0 | | 1.0 | |
| Administrative Personnel | | 2.0 | | 2.9 | | 3.0 | |
| Chief Legislative Budget and Policy Analyst | | 5.0 | | 4.0 | | 4.0 | |
| Principal Legislative Budget and Policy Analyst | | 2.0 | | 2.0 | | 2.0 | |
| Senior Legislative Budget and Policy Analyst | | 5.0 | | 5.0 | | 5.0 | |
| Legislative Budget and Policy Analyst | | 3.0 | | 4.9 | | 5.0 | |
| Interns/assistants | | 0.0 | | 0.3 | | 0.3 | |
| Subtotal - Salaries and Payouts | \$1,753,019 | 18.0 | \$2,053,746 | 20.1 | \$2,062,873 | 20.3 | |
| Salary Survey/Step-like increase | | | | | 136,956 | | |
| Professional Services | 3,179 | | 4,000 | | 4,000 | | |
| Subtotal: Salaries | \$1,756,198 | | \$2,057,746 | | \$2,203,829 | | 7.1% |

| JOINT BUDGET COMMITTEE OPERATING BUDGET: STAFF DIRECTOR RECOMMENDATIONS TO JBC | | | | | | | |
|--|----------------------|-------------|-----------------------------|-------------|------------------------------|-------------|--------------|
| DESCRIPTION | FY 2022-23 ACTUAL | | FY 2023-24 APPROPRIATION | | FY 2024-25 RECOMMENDATION | | % CHANGE |
| | GENERAL FUND | FTE | GENERAL FUND | FTE | GENERAL FUND | FTE | |
| <i>Associated Costs:</i> | | | | | | | |
| PERA: Employer Share for Defined Contribution and Defined Benefit Plans | \$197,416 | | \$237,544 | | \$253,387 | | |
| Medicare Tax | 25,307 | | 30,380 | | 32,523 | | |
| Short-term Disability Insurance | 2,592 | | 3,135 | | 3,358 | | |
| Paid Family and Medical Leave Insurance | n/a | | 0 | | 9,715 | | |
| Health, Life, and Dental Insurance | 183,656 | | 264,669 | | 287,874 | | |
| Transportation Stipend | 32,980 | | 43,540 | | 43,540 | | |
| RTD EcoPass (begun in FY 2023-24) | 0 | | 0 | | 1,700 | | |
| Subtotal - Associated Costs | \$441,951 | | \$579,268 | | \$632,097 | | 9.1% |
| TOTAL PERSONAL SERVICES | \$2,198,149 | 18.0 | \$2,637,014 | 20.1 | \$2,835,926 | 20.3 | 7.5% |
| OPERATING EXPENSES | | | | | | | |
| Equipment Maintenance | \$49 | | \$200 | | \$200 | | |
| IT Maintenance/ Noncapitalizable IT | 21,349 | | 19,552 | | 19,552 | | |
| Rental of Equipment | 1,178 | | 4,300 | | 4,300 | | |
| Advertising | 150 | | 200 | | 200 | | |
| Communication Charges - OIT | 8,314 | | 11,800 | | 11,800 | | |
| Printing and Reproduction Services | 33 | | 25 | | 25 | | |
| Purchased Construction Services | 1,200 | | 16,300 | | 16,300 | | |
| Food and Food Services | 4,748 | | 4,300 | | 4,300 | | |
| Books/Periodicals/Subscriptions | 6,408 | | 958 | | 958 | | |
| Office Supplies | 8,733 | | 6,725 | | 6,725 | | |
| Postage | 13 | | 400 | | 400 | | |
| Noncapitalizable Equipment | 0 | | 0 | | 0 | | |
| Noncapitalizable Furniture and Office Systems | 0 | | 0 | | 0 | | |
| Noncapitalizable Information Technology | 0 | | 6,680 | | 0 | | |
| Official Functions | 0 | | 200 | | 200 | | |
| Registration Fees/ Professional Development | 5,609 | | 3,560 | | 3,560 | | |
| Information Technology - Direct Purchases | 55,425 | | 0 | | 0 | | |
| Capital Project Services | 0 | | 0 | | 0 | | |
| Subtotal - Operating Expenses | \$113,209 | | \$75,200 | | \$68,520 | | -8.9% |
| TRAVEL | | | | | | | |
| Rental/Motor Pool Mile Charge | \$501 | | \$700 | | \$700 | | |
| In-State Travel | 1,004 | | 4,300 | | 4,300 | | |
| Out-of-State Travel/ Out of State Common Carrier | 1,869 | | 13,240 | | 13,240 | | |
| Subtotal - Travel | \$3,374 | | \$18,240 | | \$18,240 | | 0.0% |
| R1 Internship program extension (Office Only) | n/a | | n/a | | 22,229 | 0.4 | |
| TOTAL JBC Before Additional PERA Payments | \$2,314,732 | | \$2,730,354 | | \$2,944,815 | 0.4 | 7.9% |
| JBC PERA Amortization Equalization Disbursement (AED) | 85,916 | | 102,689 | | 111,003 | | 8.1% |
| JBC PERA Supplemental AED | 85,916 | | 102,689 | | 111,003 | | 8.1% |
| JBC PERA Direct Distribution | 0 | | 0 | | 0 | | n/a |
| GRAND TOTAL | \$2,486,565 | 18.0 | \$2,935,832 | 20.1 | \$3,166,921 | 20.7 | 7.9% |

LINE ITEM DETAIL – LONG BILL

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

- PERA Direct Distribution
- 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 Thursday, February 22, 2024.