



Colorado General Assembly
Joint Budget Committee

Joint Budget Committee Staff FY 2016-17 Budget Briefing Summary

Department of Personnel

*Including Department of Personnel Operating Common Policies,
Statewide Total Compensation Common Policies, and PERA*

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 2015-16 appropriation represents 0.7 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2015-16 Appropriation and FY 2016-17 Request

Department of Personnel						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$181,200,121	\$11,711,626	\$13,830,708	\$155,657,787	\$0	406.4
Other Legislation	<u>1,200</u>	<u>0</u>	<u>0</u>	<u>1,200</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$181,201,321	\$11,711,626	\$13,830,708	\$155,658,987	\$0	407.4
FY 2016-17 Requested Appropriation						
FY 2015-16 Appropriation	\$181,201,321	11,711,626	\$13,830,708	\$155,658,987	\$0	407.4
R1 Resources for Administrative Courts	311,804	0	0	311,804	0	4.5
R2 Fleet Re-alignment	0	0	0	0	0	0.0
R3 Annual Fleet Vehicle Request	766,084	0	0	766,084	0	0.0
Risk Management Base Adjustments	2,979,010	0	0	2,979,010	0	0.0
CORE Operations Base Adjustments	387,792	0	0	387,792	0	0.0
Capitol Complex Base Adjustments	250,273	0	7,285	242,988	0	0.0
NP1 Resources for Administrative Courts	743	0	743	0	0	0.0
NP2 Annual Fleet Vehicle Request	(12,430)	0	0	(12,430)	0	0.0
NP3-6 New Vehicle NP Requests	15,640	0	0	15,640	0	0.0
NP7 Secure Colorado	13,399	3,526	1,530	8,343	0	0.0
Centrally Appropriated Line Items	1,928,692	385,744	15,396	1,527,552	0	0.0
Annualize Prior Year Legislation	300,422	213,622	82,000	4,800	0	1.0
Annualize Prior Year Budget Actions	41,927	76,558	26,386	(61,017)	0	0.1

Department of Personnel						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Statewide Indirect Cost Assessment Adjustment	(1,423,680)	0	(262,866)	(1,160,814)	0	0.0
Fund Source Adjustment	<u>0</u>	<u>606,673</u>	<u>(268,090)</u>	<u>(338,583)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$186,760,997	\$12,997,749	\$13,433,092	\$160,330,156	\$0	413.0
Increase/(Decrease)	\$5,559,676	\$1,286,123	(\$397,616)	\$4,671,169	\$0	5.6
Percentage Change	3.1%	11.0%	(2.9%)	3.0%	0.0%	1.4%

Summary of Issues Presented to the Joint Budget Committee

Legislative Appropriations Authority and the R2 Fleet Re-alignment Request, IDS Postage Transfers, and Risk Management Overexpenditures: Among operating expense transfers referred to in the R2 Fleet Re-alignment request, transfers between the Integrated Document Solutions (IDS) operating expenses and postage line items, and overexpenditures of line items having continuous spending authority in risk management programs, the Department exhibits a pattern of using questionable authority to sidestep legislative appropriations authority and avoiding scrutiny of expenditures for program line items having continuous spending authority.

Total Comp Reversions and the State Employee Reserve Fund: In FY 2014-15, the Department or Personnel reverted \$632,000 General Fund, equal to 47.2 percent of its appropriation for Health, Life, and Dental, Short Term Disability, Amortization Equalization Disbursement (AED), and Supplemental Amortization Equalization Disbursement (SAED). General Fund reversions for AED and SAED, which are not employee compensation but rather debt payments for PERA's unfunded liability, and are appropriated based on rates set in statute, represent 70.4 and 70.0 percent of these line item appropriations, respectively. The State Employee Reserve Fund (SERF), created in H.B. 12-1321 (Modernization of the State Personnel System Act), requires the transfer of General Fund reversions to department sub-accounts within the fund, rather than reverting to the General Fund. The SERF may provide incentives for saving General Fund but may just as likely lead to abuses that may include gaming appropriations and expenditures in order to generate balances in the SERF.

CORE Operations Update: Beginning in FY 2015-16, the administrative responsibility for CORE was transferred from the Governor's Office of Information Technology (OIT) to the Department of Personnel. In addition to the transfer and restructuring of the Office of the State Controller to manage CORE Operations, the further development of CORE modules and their use by state agencies is ongoing. This issue provides an update on CORE Operations systems development and system adoption by state agencies.

Total Compensation Request Overview: The FY 2016-17 total compensation request includes no across-the-board increase and no merit pay increase for state employees although the annual compensation report identifies state employee compensation at 0.2 percent below market and projects a three percent increase in salary in the market over the next year. The State cannot indefinitely delay increases for state employee compensation during an ongoing period of economic growth and comply with the statutory requirement to provide prevailing compensation.

PERA Update – 2015 PERA Studies: Three statutory studies on PERA were reported in 2015. The first study compared the compensation value of PERA benefits for state employees to the market. The second study compared the cost-benefit value of PERA to other retirement plans. The third study conducted a sensitivity analysis of actuarial assumptions for meeting targets and achieving sustainability.

For More Information

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To read the entire briefing: http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2015-16/perbrf.pdf