

AGENDA

**DEPARTMENT OF PERSONNEL AND ADMINISTRATION
BUDGET HEARING
and
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA):
BUDGET HEARING**

**Monday, January 7, 2008
9:00 a.m. to 12:00 pm**

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

9:00 - 9:20 **EXECUTIVE DIRECTOR'S OFFICE**

(Questions 1 through 8 are common questions asked of all departments)

Departmental Goals and Objectives

1. What are your department's principal goals and objectives? What are the metrics by which you measure success or failure?
2. Given the change in the Administration, have there been any changes to your department's principal goals and objectives since last year?
3. What progress did you make during the last year in achieving your goals?
4. How is the additional money provided to your department in FY 2007-08 being used to achieve your goals? What improvements is your department making in its outputs?
5. Please identify your department's 3 most effective programs and your 3 least effective programs. Explain why you identified them as such. Explain how your most effective programs further the department's goals.
6. Are there programs that your department is required to perform that do not further your department's goals or have outlived their usefulness? If so, what are they and by whom are they required? Why don't they further your department's goals?

Costs and savings from complying with specific bills and orders

7. What are your department's anticipated costs, anticipated savings, and potential benefits from complying with Executive Order D 028 07, Authorizing Partnership Agreements with State Employees?

8. Provide an estimate of the costs your department will incur in FY 2007-08 in carrying out the provisions of H.B. 06S-1023. Provide an estimate of your department's savings in FY 2007-08 as a result of not providing services to individuals who are in the country illegally.

9:20 - 9:40 REQUEST FOR JBC TO SPONSOR DEPARTMENT LEGISLATION

9. Explain the Department's proposed legislation contained in the December 7, 2007, letter to Representative Buescher and the Joint Budget Committee.
10. Justify the need for continuous spending authority for funds on which the Joint Budget Committee has disagreed with the Department's management of the fund supported activities or has disagreed with the Department's calculation of spending authority need and fund balance need.
11. Explain how the Joint Budget Committee will maintain oversight of these funds activities if they become continuously appropriated.
12. Why does the Department find it problematic to request 1331 supplementals from the JBC?

9:40 - 10:40 DIVISION OF HUMAN RESOURCES

FTE Vacancies

13. The Joint Budget Committee requests that the Department coordinate with state agencies and fill out a personal services reconciliation report (see Appendix A-II from JBC staff briefing document. For additional clarification refer to JBC staff e-mail to OSPB staff and Department budget staff from November 30, 2007, titled "FY 07 Personal Services Object Codes by Agency, Division and Account") The reconciliation report should be modeled on the FY 2007 Report on Filled and Vacant FTE Positions contained in the OSPB response to Footnote 20 contained in S.B. 07-239. For each department, the report should show personal services appropriations by division and reconcile those with actual expenditures for personnel, state temporaries, sick/annual leave payout, and other personal services. Please provide each individual agency's filled template as well as a consolidated template showing totals for all agencies.

The report should list personal services expenditures by object code for FTE, temporaries, sick/annual leave payout, and other personal services. If the object codes provided in the template do not account for all personal services expenditures, agencies should include any additional object codes and explain why they are relevant.

14. FY 07 Report on Filled and Vacant FTE Positions, Personnel: What expenditures are contained in the "Other Personal Services" column?

15. FY 07 Report on Filled and Vacant FTE Positions, Personnel: In Central Services, what are the 53.27 FTE in Other Personnel Services?
16. FY 07 Report on Filled and Vacant FTE Positions, Personnel: How can you have 58.4 FTE in Other Personal Services?
17. FY 07 Report on Filled and Vacant FTE Positions, Personnel: Are the numbers on the FTE report numbers of bodies or FTEs? How were these calculated?
18. FY 07 Report on Filled and Vacant FTE Positions, Personnel: Did the Department plan for the 3.2 FTE worth of sick/annual leave payouts in FY 07? Is there a good way to budget for these expenditures?
19. Discuss how the Department can provide better information regarding the reconciliation of personal services lines funding with FTE funding. Will the report requested in Question 13 above help the JBC understand the large number of FTE vacancies reported in the FY 2007 Report on Filled and Vacant FTE Positions? Why or why not?
20. Is there a better way to report FTE vacancies than the report provided as a response to Footnote 20?
21. Is there a better process for appropriating personal services than the current FTE process? Please explain.
22. Does the department have the capability to provide a monthly variance report that shows actual personal services expenditures (that shows a breakdown by FTE, state temporaries, sick/annual leave payouts, and other personal services) compared to the appropriation?
23. Please explain how the personal services base reduction of (0.2) percent was calculated. Were departments asked to calculate an actual vacancy that translates into a funding amount? How did the Department calculate that it can only afford a (0.2) percent personal services base reduction?
24. Does the Department currently have a plan or estimate of budgetary implications as a result of retirements within the next five years? How many employees within the Department are currently eligible to retire within the next five years? Explain how Department defines "eligible to retire".
25. Explain how the Department would use turnover savings from an employee who retires or leaves state employment at the top of their salary range.
26. How much pots funds in total were used to support FTE salaries in FY 06 and FY 07? What particular pots were used to support these FTE?

27. Present the findings contained in the 2007 Workforce Report.

Total Compensation

28. Does the Department anticipate submitting an update to the August 1 total compensation recommendation? Why or why not?
29. Starting with FY 2008, the Department implemented a new "Achievement Pay and Bonus Plan". Please explain if this new methodology for rewarding performance at work has been successful during its first year.
30. How do departments allocate performance pay? Is it true that 99 percent of employees get 1 percent increase? Is the Department comfortable with the way employees are evaluated?
31. Explain why the request is building the FY 2007-08 SAED appropriation into the personal services line base for FY 2008-09 instead of budgeting for the total SAED within the SAED line?
32. During the FY 2007-08 request discussions, the Department had stated that the goal is to increase the contribution for FY 2008-09 to 90 percent of the prevailing market contribution and ultimately reach 100 percent. Why is the recommended state contribution for group benefits not increased to a higher percentage than 85 percent of prevailing market contributions?
33. Does the Department still support goal of achieving 100 percent for HLD? Does the Department have a revised plan to attain this goal?
34. On page 4 of JBC staff briefing document there is a table showing historical expenditures for state contributions to health, life, and dental insurance, salary awards, workers' compensation, and property and liability premiums. Explain why health, life, and dental, and salary awards costs have increased so much over five years?
35. Who are the current providers for health benefits? Has the department changed providers recently?

10:40 - 11:15 CENTRAL SERVICES

Greening of Government

36. Please present your energy management plan. Discuss how the plan proposes that energy consumption in state buildings will be reduced by 20 percent by 2012. How will this reduction occur within capitol complex buildings?
37. Describe the energy performance contracts that Capitol Complex currently has underway. How much did these contracts cost, and how much are they going to save over 10 years? How many more performance contracts is the Department considering for Capitol Complex

buildings?

38. Present the findings of the Transportation Efficiency Audit required by Executive Order D 11 07 and D 12 07. What are the particular steps that State Fleet will undertake within the next five years to reduce volumetric petroleum consumption.
39. Explain what assumptions the Department used to calculate the base years for electric consumption and petroleum use to be used as benchmarks in measuring success of the greening government goals?
40. Is ethanol a good substitute of petroleum for the state fleet? Does the Department have an estimate of how many gallons of petroleum it takes to produce one gallon of ethanol?
41. An October 15, 2007, Governor Ritter press release on sweeping efficiencies as part of government reform, states that there will be \$2.2 million in total estimated 5-year savings by reducing the state fleet, and another \$1.1 million in total estimated 5-year savings from capitalizing on fuel card account management tools. Please discuss how these savings will be achieved. Are any of these savings included with the FY 09 fleet vehicle replacement requests?
42. How much E-85 fuel are fleet vehicles currently using as compared to petroleum fuel? Does the department track this?
43. Will there be a sufficient supply of E-85 to fuel the vehicles requested by the department?
44. Is the State paying extra to buy E-85 vehicles? What is the net cost to replace regular vehicles with E-85 vehicles? Are E-85 vehicles less expensive or more expensive? How much would the replacement cost for E-85 vehicles be if they were replaced with regular gas vehicles? Provide similar analysis for hybrid vehicles.
45. How will maintenance costs differ between regular vehicles, E-85 vehicles, and Hybrid vehicles? Which type of vehicle is more expensive to maintain?
46. Please provide the Department's estimate of when it is more cost effective to utilize a state fleet vehicle than to reimburse employees for use of personal vehicle (calculate for 2 wheel drive as well as 4 wheel drive vehicles).

Capitol Complex Facilities

47. In Decision Item #3, the Department is requesting to merge the Grand Junction State Services Building line and the Camp George West line into the Capitol Complex Facilities line. When were these line items first included in the budget? Why were they appropriated separately in the first place? What are the advantages and disadvantages of appropriating these lines separately? What are the advantages and disadvantages of merging the lines into the Capitol Complex Facilities line?

11:15 - 11:20 DIVISION OF INFORMATION AND TECHNOLOGY

48. Regarding H.B. 06S-1015, was the \$93,750 General Fund appropriated to the Department spent? Provide breakdown of expenditures by category.

11:20 - 11:30 BREAK

11:30 - 12:00 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) HEARING

1. Please update your assessment of the funding status of PERA's trust funds as a result of S.B. 06-235. Explain how recent legislation, such as S.B. 06-235, addresses PERA's unfunded liability for the next thirty years?
2. The 2006 CAFR shows that even with AED and SAED, the State Division Trust Fund amortization period remains infinite. Please explain why that is. By when do you expect the amortization period to become finite?
3. The CAFR states that the Annual Required Contribution (ARC) necessary in 2006 so the State Division can have a finite amortization period is 17.23 percent. The report then states that the rate would need to increase to 18.45 percent. Please explain what the ARC measures and why it is going up?
4. The PERA 2006 annual return was 15.7 percent. Does PERA consider this a good investment year? What proportion of the funds' long-term financial viability depends on employer and employee contributions and what proportion depends on market performance?
5. How many years of 15.7 percent annual return does PERA need to get back to fully funded status?
6. What are the current amortization periods for the various PERA funds? Have the amortization periods changed since the 2006 CAFR publication? Explain why.
7. How much of last year's profit was from moneys invested in Sudan?
8. What is PERAs exposure to sub prime market? What steps have been taken to balance risk and returns necessary to achieve full funding? How are you posturing funding mix going forward?
9. What is PERA doing to prepare for 2008 and any investment issues that may arise, such the sub prime market that we are currently experiencing?
10. How will legislative mandates to divest from various countries impact PERAs portfolio?