

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Alfredo Kemm, JBC Staff (303.866.4549)
DATE February 17, 2017
SUBJECT Staff Comeback – Dept. of Personnel personal services reductions

At the Department of Personnel figure setting, staff recommended and the Committee approved reductions to several personal services and operating expenses line items across the Department. The Department requested that staff reconsider many of those line item reduction recommendations and provided additional information for staff's consideration.

Staff requested current year, year-to-date actual expenditures for line items the Department asked staff to reconsider. The Department provided year-to-date figures. However, their response suggested that the figures would not provide an accurate picture of full-year spending. They stated that decisions are made at the end of the year to use available funding/spending authority to pay for additional allowable expenditures. However, reaching the end of the fiscal year with all base program expenditures paid, with room for additional spending, suggests that the line item is adequately if not more-than-adequately appropriated. A year-to-date look should illustrate ongoing, monthly, base program expenditures without the extra expenditures saved for the end of the year.

The Department expressed a concern that staff had characterized the reductions as 4.7 percent department-wide, when actual line item reductions may have been as high as 18 percent. Staff only expressed the department-wide impact as an illustration of the greater extent of reductions that might be found in a targeted, line-by-line approach than by an arbitrary, across-the-board base reduction of 1.0 percent. The actual department-wide savings reflected in staff's table totaled 4.3 percent.

The Department expressed a concern that staff's calculations of savings were not on the FY 2017-18 requested appropriation but on the FY 2016-17 appropriation; and that doing so creates an even greater magnitude of change relative to the FY 2017-18 appropriation. However the comparison was based on request versus recommendation for FY 2017-18.

The Department also questioned the consistency of the methodology for deriving adjustments and suggested that staff's analysis may not have appropriately considered actual expenditures. Specifically, the Department suggested that staff may not be appropriately using object codes and POTS data included in budget schedules, which exclude some POTS allocations such as salary survey and merit pay. While not characterized in this way by the Department, the suggestion is that the budget schedules are complex, vague, and may be difficult to decipher, even for budget analysts.

Staff stands by the methodology and analysis presented in the figure setting document for each line item related to the extraction of actual expenditures on staff resources in personal services appropriations based on the information provided in the budget schedules.

Most of the Department's requested reconsiderations involve the re-allocation of previously unused appropriations for staff resources to support the Human Resources Information System (HRIS), which the Department anticipates rolling out in calendar year 2018. Due to the extensive re-

deployment of resources across multiple subdivisions in the Divisions of Human Resources and the Division of Accounts and Control, staff believes that this new use of previously appropriated funds intended for other purposes should be submitted as part of a plan and budget request for the intended purpose of supporting HRIS.

Staff makes no recommendations to make re-adjustments related to HRIS at this time.

However, in reconsideration, staff recommends the following adjustments:

→ 1. EXECUTIVE DIRECTOR'S OFFICE, STATEWIDE SPECIAL PURPOSE, COLORADO STATE ARCHIVES, PERSONAL SERVICES

From the figure setting document (pp. 23-24):

(3) COLORADO STATE ARCHIVES

The Colorado State Archives preserves and maintains historical documents pertaining to Colorado's history and provides state agencies and the general public access to these records for legal and research purposes. The State Archives is predominantly General Funded. Fee revenue from requests for information and research from state agencies and the general public provide a lesser amount of reappropriated funds and cash funds deposited in the State Archives and Public Records Cash Fund created in Section 24-80-102 (10) (a), C.R.S.

PERSONAL SERVICES

This line item funds the 12.0 FTE in State Archives consisting of archivists and technical and administrative staff.

REQUEST: The Department requests an appropriation of \$744,083 total funds including \$535,324 General Fund, \$179,688 cash funds, and \$29,071 reappropriated funds and 12.0 FTE. The request includes \$1,768 General Fund for the annualization of salary survey.

RECOMMENDATION: Staff recommends appropriating \$607,955 total funds including \$399,196 General Fund, \$179,688 cash funds, and \$29,071 reappropriated funds and reflecting 12.0 FTE.

JBC action: \$136,128 General Fund reduction

Department follow-up requested reduction: \$80,000 Cash Fund reduction

STAFF COMEBACK RECOMMENDATION: Staff recommends appropriating \$607,955 total funds including \$479,196 General Fund, \$99,688 cash funds, and \$29,071 reappropriated funds and 12.0 FTE. This recommendation replaces \$80,000 of the General Fund reduction with an \$80,000 cash funds reduction. Staff views this recommendation as a fund source rebalancing as State Archives cash funds revenue has decreased in recent years.

→ 2. CONSTITUTIONALLY INDEPENDENT ENTITIES, PERSONNEL BOARD, PERSONAL SERVICES

From the figure setting document (pp. 55-56):

(A) PERSONNEL BOARD

The State Personnel Board is authorized in Article XII, Sections 13 through 15, of the Colorado Constitution. Pursuant to Section 24-50-103, C.R.S., the Board has the authority to adopt by rule a uniform grievance procedure to be used by all departments and state agencies for classified employees in the state personnel system. The Board is responsible for the following: adjudicating employment disputes within the state classified system; promulgating rules to ensure that state employment is based on merit; conducting administrative hearings; promulgating rules under the authority of the State Administrative Procedures Act; and facilitating dispute resolution. The Personnel Board is funded by General Fund.

PERSONAL SERVICES

This line item funds 4.8 FTE in the Personnel Board. The Personnel Board is almost entirely funded with General Fund. Cash funds are from fees collected for copies and case documentation.

REQUEST: The Department requests a continuation appropriation of \$495,608 total funds including \$494,430 General Fund and \$1,178 cash funds and 4.8 FTE.

RECOMMENDATION: Staff recommends appropriating \$467,116 total funds including \$466,816 General Fund and \$300 cash funds and reflecting 4.8 FTE.

JBC action: \$27,614 General Fund reduction and \$878 cash funds reduction

Department follow-up requested reduction: \$0 General Fund reduction and \$1,178 cash funds reduction

STAFF COMEBACK RECOMMENDATION: Staff recommends appropriating \$494,430 General Fund, and reflecting 4.8 FTE. Staff recommends funding this line item at the requested General Fund amount and eliminating the cash funds appropriation. The Department states that in February 2016, the State Personnel Board addressed administrative law judge turnover and workload issues by increasing hours for the ALJs and reducing support staff hours. The Department reports that in the last 12 months, the Board has experienced higher quality work, timeliness, and stability with no ALJ turnover. Staff recommends funding this line item at the requested General Fund amount and eliminating the cash funds appropriation.