

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF FIGURE SETTING  
COMPENSATION COMMON POLICIES**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

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## TABLE OF CONTENTS

### Narrative

Overview .....	1
Continuation personal services.....	1
Salary and benefit increases .....	4
Compensation assumptions for new FTE.....	13
Long Bill Footnotes and Requests for Information.....	15

### Summary Tables

Base Salary Assumptions .....	16
Salary Survey .....	17
Merit Pay .....	18
Shift Differential.....	19
Amortization Equalization Disbursement .....	20
Supplemental Amortization Equalization Disbursement .....	21
Health, Life, and Dental .....	22
Short-term disability.....	23

# COMPENSATION COMMON POLICIES

## Overview

The General Assembly typically establishes common policies to budget for compensation consistently across departments. The compensation common policies address three issues:

1. Establish a standard method for calculating continuation personal services;
2. Determine the amounts, if any, for salary and benefit increases; and
3. Set assumptions for determining the cost of compensation for new FTE.

The common policies generally apply to a subset of all compensation that excludes the higher education institutions and the legislature. These agencies are traditionally excluded in the case of higher education due to the lump sum budgeting format and in the case of the legislature due to the budget following a different process than other state agencies. In addition, a large portion of positions at the higher education institutions and the legislature are exempt from the constitutionally created State Personnel System, and so the compensation for those positions is not bound by the same job classes and pay ranges. However, there are still a significant number of positions at the higher education institutions and in the legislature that are part of the State Personnel System. Also, many of the exempt positions use the same retirement and insurance benefits as the personnel system. So, while the common policies are not usually developed to apply to the higher education institutions or the legislature, it is important to consider that the common policy decisions will impact expenditures by the higher education institutions and the legislature.

All of the staff recommendations in this document are based on the objective of providing state employees with prevailing compensation, based on the statutory guidance in Section 24-50-104 (1), C.R.S.:

*It is the policy of the state to provide prevailing total compensation to officers and employees in the state personnel system to ensure the recruitment, motivation, and retention of a qualified and competent work force. For purposes of this section, "total compensation" includes, but is not limited to, salary, group benefit plans, retirement benefits, performance awards, incentives, premium pay practices, and leave.*

## (1) Continuation personal services

This common policy establishes a standard method for the JBC staff to calculate the continuation personal services for each line item that includes a personal services component. The JBC has generally followed the same method for calculating the continuation personal services, with minor variations, since FY 1995-96. This method is summarized in the table below. Note that adjustments that are added to the base can be negative.

Prior year Long Bill
+ Any other prior year appropriation bills
+ Supplemental bills recommended by the JBC in the current session
= Current year appropriation
+ Annualizations or prior year legislation that were delineated in a fiscal note
+ Annualizations of prior year budget decisions funded in the Long Bill
+ The line item's share of any prior year salary increases provided in a centralized appropriation
+ Technical adjustments, such as fund source adjustments
+ Base personal services reduction, if applicable
= Continuation funding
+ Staff recommendations on department change requests
+ Other staff recommended adjustments
= Staff recommendation

Prior to FY 1995-96 the JBC staff annually recalculated the personal services needs for each line item, based largely on self-reported data from departments about their expected staffing patterns. The JBC abandoned the annual recalculation for a variety of reasons, including concerns that departments could make promotions that would then be built into the base during the process without getting specific General Assembly approval for the pay increases.

By starting with the current year appropriation the JBC was attempting to limit promotions to those that maintain the distribution of salaries within a line item (i.e. promotions when there are vacancies), and to prevent broad-based promotions that would skew the distribution of salaries higher. The concept is that salary increases should be justified in a budget request, rather than buried in a technical and opaque annual recalculation of each personal services line item.

In the late 1990s and early 2000s the General Assembly experimented on a limited basis with zero-based budgeting, where selected departments on a rotating basis built the budget from the ground up. For personal services line items this theoretically meant justifying each position and pay grade, but in practice the level of analysis and the quality of the zero-based budgets submitted by departments varied dramatically. The zero-based budgeting process involved vast quantities of information and significant time commitments from both departments and the JBC, which had to be weighed against potentially small incremental differences in the final outcome. Legislatively-initiated zero-based budgets ended in approximately FY 2001-02. The executive branch continued to submit targeted base reviews for selected programs, which might be described as a variation of zero-based budgeting, for a few more years. In 2010 the General Assembly removed the zero-based budgeting process from statute and replaced it with the performance-based process in H.B. 10-1119, the State Measurements for Accountable, Responsive, and Transparent (SMART) Government Act. Due to the lead time required for a zero-based budget, it would be impractical to calculate personal services line items on this basis for the FY 2013-14 budget cycle.

**Request:** The Governor's request is consistent with the JBC's traditional method of calculating base continuation personal services, but it omits any base personal services reduction. No

specific explanation or justification was provided for omitting the base personal services reduction.

Although the budget requests from the Judicial Department and the elected officials are not overseen by the Office of State Planning and Budgeting (OSPB), those agencies attempted to calculate continuation personal services consistent with the OSPB budget instructions, including omitting the base personal services reduction.

**Recommendation:** Staff recommends that the Committee use the established calculation of base continuation personal services, described above, that has been in place since FY 1995-96, EXCEPT that staff recommends discontinuing the practice of applying a base personal services reduction. The base personal services reduction has traditionally been used to capture vacancy savings to help balance the budget. The rationale for discontinuing the base personal services reduction was described in detail in the FY 2013-14 Staff Budget Briefing on Compensation Common Policies, dated November 16, 2012.

The staff concerns with the base personal services reduction can be boiled down to the following:

1. Removing vacancy savings from line items undermines the ability of departments to provide prevailing compensation
2. A lack of standardized measurements of actual vacancy savings rates results in base reductions that appear arbitrary, rather than grounded in defensible analysis
3. Inconsistent application of the base personal services reductions creates a perception that the base reductions are capricious or political

Rather than trying to estimate an unknown vacancy savings rate and then capture the savings through an annual base personal services reduction, staff recommends that the Committee allow vacancy savings to be recycled into employee pay raises that maintain average employee compensation at the prevailing rate.

If the Committee would like to implement a base personal services reduction, staff estimates that each 1.0 percent reduction would save approximately \$8.9 million General Fund. This estimate was prepared using the same base salary assumptions as the request for salary and benefit increases. Typically when the JBC has approved a base personal services reduction it has been calculated on a line by line basis and the results may vary. Also, the estimate was prepared using the most common benefit rates, rather than making adjustments for unique judicial and trooper rates or the pay date shift. This estimate includes no exceptions, though the JBC has frequently exempted small line items and public safety agencies.

## Estimated Impact of a 1.0 Percent Base Personal Services Reduction

		TOTAL	General Fund	Cash Funds	Reappropriated	Federal Funds	Net GF
FY 2013-14 Base Regular Pay		1,430,709,734	740,331,351	363,818,252	161,484,290	165,075,841	756,836,869
Shift Differential		<u>12,564,462</u>	<u>10,260,908</u>	<u>534,891</u>	<u>1,720,757</u>	<u>47,906</u>	<u>11,038,908</u>
Base salary subtotal		1,443,274,196	750,592,259	364,353,143	163,205,047	165,123,747	767,875,777
Base salary reduction	-1.00%	(14,432,741)	(7,505,923)	(3,643,531)	(1,632,050)	(1,651,237)	(7,678,758)
PERA	10.15%	(1,464,923)	(761,851)	(369,818)	(165,653)	(167,601)	(779,394)
Medicare	1.45%	(209,275)	(108,836)	(52,831)	(23,665)	(23,943)	(111,342)
AED	3.60%	(519,579)	(270,213)	(131,167)	(58,754)	(59,445)	(276,435)
SAED	3.25%	(469,064)	(243,942)	(118,415)	(53,042)	(53,665)	(249,559)
Short-term disability	0.19%	<u>(27,422)</u>	<u>(14,261)</u>	<u>(6,923)</u>	<u>(3,101)</u>	<u>(3,137)</u>	<u>(14,589)</u>
TOTAL 1.0% reduction		(17,123,004)	(8,905,026)	(4,322,685)	(1,936,265)	(1,959,028)	(9,110,077)

## (2) Salary and benefit increases

### Base Salary Assumptions

Many of the requested salary and benefit adjustments are calculated as a percentage of base salaries, and so the assumptions about the salary base for each department play an important role in determining the fiscal impact of the compensation common policies. Estimating the base salaries is not as simple as adding up the appropriations, because funding for salaries is often buried in line items that include funding for other purposes, such as contract services.

**Request:** In order to estimate the salary base for each department, the Office of State Planning and Budgeting (OSPB) asked the Department of Personnel to pull actual filled positions and associated salaries for June 2012 and then annualized those salaries. Departments were responsible for allocating the salaries by fund source. This methodology should result in an estimated salary base that is already reduced for vacancy savings, if the vacancy rate in June is representative of the typical vacancy rate for the Department for the whole fiscal year.

The executive branch has used a similar one-month snap shot to estimate the salary base for centrally appropriated benefits for several years. Using actual salaries for the whole fiscal year might produce a more accurate estimate of the salary base with vacancy savings, because a longer time horizon would tend to smooth out anomalies in the staffing pattern. However, the snap shot approach provides position by position detail that is useful for analyzing policies with varying impacts for different positions.

Recognizing that June salaries might include anomalies, OSPB allowed departments to make adjustments for unusual variances in staffing patterns that may have made June unrepresentative for the upcoming fiscal year. These adjustments included additions and subtractions to annualize bills and budget decisions from prior years. Each adjustment had to be reviewed and approved by OSPB and the details of those adjustments were disclosed in work papers provided to the JBC staff. The following table summarizes the OSPB-approved adjustments to the June 2012 salary snap shot for departments under the oversight of OSPB:

<b>Department</b>	<b>Change in Total Annual Salary</b>	<b>Explanation</b>
Corrections	(1,556,184)	Eliminated positions associated with legislatively authorized facility closures and temporary positions
Education	713,594	Corrected technical errors in the data pull
Higher Education	41,096	Added a portion of the Lt. Governor's salary
Human Services	(2,709,793)	Removed non-appropriated, grant-funded positions
Local Affairs	(1,970,220)	Transfer of homeland security staff to Public Safety pursuant to HB 12-1283
Military & Veterans Affairs	(2,702,564)	Removed positions due to state reserve duty and added federally funded positions
Natural Resources	(5,769,569)	Several changes, primarily to adjust for seasonal staff and for the merger of Parks and Wildlife
Personnel	93,480	Annualize JBC budget action that added staff for Workers' Compensation
Public Health and Environment	(1,766,574)	Annualize legislation and JBC budget actions, and remove non-appropriated, grant-funded positions
Public Safety	10,726,898	Annualize legislation and JBC budget actions, including transfers of homeland security and Ports of Entry, and adjust for seasonal academy classes
Revenue	(4,469,614)	Transfer of Ports of Entry to State Patrol pursuant to HB 12-1019, and anomalies associated with Medical Marijuana enforcement
Transportation	<u>(161,940,792)</u>	Removed non-appropriated positions
<b>TOTAL</b>	<b>(171,310,242)</b>	
<i>Total without Transportation</i>	<i>(9,369,450)</i>	

The Judicial Department and the elected officials that are not under the oversight of OSPB generally followed the same OSPB methodology for establishing base salary assumptions.

**Recommendation:** Staff recommends using the same base salary assumptions as the request. Because these salary assumptions are based on a snapshot that includes only filled positions, they are already adjusted to account for vacancies, assuming that the June 2012 vacancy rate is representative of the average vacancy rate for the fiscal year.

### **Salary Increases**

The Governor's request includes three components:

1. Across-the-board increase
2. Merit pay increase
3. Revised pay ranges for selected job classifications

The requested across-the-board increase is 1.5 percent and it would apply to both employees in the classified system and employees who are exempt from the classified system.

The requested merit pay increase would provide raises for classified employees according to a formula that rewards performance, but also gives greater percentage increases to employees at the lower end of the pay range. The Department describes the weighted average increase for employees as 1.6 percent, but because the largest percentage increases are applied to salaries at the lowest end of the pay range, the total dollar increase on the base salary assumptions is 1.5 percent state-wide. For employees who are exempt from the classified system, the Governor requested an aggregate 1.6 percent increase with flexibility for each department to determine how to allocate the funds.

**Merit Pay Matrix**

Performance Rating	Income quartile of class range			
	Q1	Q2	Q3	Q4
3	2.4%	2.1%	2.1%	2.1%
2	1.8%	1.6%	1.1%	0.6%
1	0.0%	0.0%	0.0%	0.0%

The proposed revised pay ranges apply to selected positions to better match the prevailing market. If the combination of the across-the-board increase and the merit pay increase leave an employee's salary below the realigned range minimum for the employee's job class, then additional funding is requested to bring the employee's salary to the range minimum.

**Technical issues:**

- To the extent the proposed across-the-board increase would raise an employee's salary above the range maximum, the employee would not be eligible for the increase, unless the employee has a performance rating of 3, in which case the employee would receive an increase, but any amount above the range maximum would not be base-building.
- The merit increase for employees whose base salary is above the third income quartile is not base-building.
- The merit pay percentage increase determined by the merit pay grid is applied to the base salary plus the across-the-board increase, and so it compounds on the across-the-board increase.
- For information technology staff only, pay adjustments to reach the range minimum are applied before the across-the-board increase and the merit pay increase. This is because the revised pay ranges for information technology staff are part of a "system maintenance study" that is resulting in the creation, amendment, and abolishment of job classes and a subsequent reclassification of employees, rather than an inflationary increase in existing and unchanged job classes, and by rule of the Personnel Board any adjustment for a "system maintenance study" must be applied before salary increases.

The Governor's proposed formula for determining a classified employee's salary is as follows:  
 $((\text{base salary} + \text{system maintenance study}) * \text{across-the-board increase}) * \text{merit-pay increase} + \text{adjustment to reach range minimum} = \text{new pay}$

The Judicial Department and the elected officials not under the oversight of OSPB submitted requests similar to the Governor's request. There are some minor inconsistencies in the calculations, but these appear to be due to misunderstandings about the details of the Governor's request, rather than intentional policy differences. The Judicial Department and the Department of Law submitted requests to change the pay ranges for selected positions.

Proposed Salary Increases<sup>1</sup>

	Base Salaries	Across-the-board + class range realignment		Merit Pay		Total Increase	
		Salaries	%	Salaries	%	Salaries	%
Governor's agencies <sup>2</sup>	\$1,146,382,936	\$24,677,737	2.2%	\$16,586,621	1.4%	\$41,264,358	3.6%
Judicial	243,325,241	5,078,202	2.1%	3,903,140	1.6%	8,981,341	3.7%
Law	31,148,049	742,009	2.4%	477,765	1.5%	1,219,774	3.9%
State	8,026,841	123,895	1.5%	102,716	1.3%	226,611	2.8%
Treasury	<u>1,826,667</u>	<u>45,335</u>	2.5%	<u>32,269</u>	1.8%	<u>77,604</u>	4.2%
<b>TOTAL</b>	\$1,430,709,734	\$30,667,178	2.1%	\$21,102,511	1.5%	\$51,769,689	3.6%

<sup>1</sup> All figures include salaries ONLY, with no PERA, Medicare, AED, SAED, or STD

<sup>2</sup> Does not include the higher education institutions

The Governor requests centralized appropriations for each department for "Salary Survey" and "Merit Pay." The Salary Survey line item would include funding for both the across-the-board increase and the salary range realignment. In addition to salaries, these centralized appropriations would include the associated state contributions to PERA and Medicare. Associated funding for the other salary-based benefits, including the Amortization Equalization Disbursement (AED), Supplemental Amortization Equalization Disbursement (SAED), and short-term disability would be appropriated in their respective line items.

**Recommendation:** Staff recommends approval of the request, with an adjustment to account for the pay date shift. The Governor's request is based on the annual compensation survey. According to the survey, state salaries lag the market by 9.2 percent. The Department arrived at this figure by calculating the percent difference between the midpoint for each of the benchmark classes in the market with the state midpoint and then calculating a weighted average of the percent differences using the number of state employees in each class. However, staff believes it is more useful to look at the dollar change required for each job class to match the market and then weight that by the number of employees. Also, staff believes it is more descriptive to look at the average state and market salaries, rather than the range midpoints. The staff's analysis indicates that state appropriations for salaries lag the market by 6.7 percent. This number is lower than the Department's estimate because many of the largest percent differences between state and market salaries are among lower paying jobs where the actual dollars required to close the gap are relatively small.

The reason the staff recommendation is for the Governor's request, rather than 6.7 percent, is to account for the Supplemental Amortization Equalization Disbursement (SAED). The SAED is a payment to the Public Employee's Retirement Association (PERA) to reduce long-term liabilities and improve the amortization period. Section 24-51-411 (10), C.R.S., requires that the SAED come from money that would otherwise go to employees' pay raises. Rather than giving state employees pay raises and then increasing the required employee contribution to PERA, the legislature decided to pay the SAED on behalf of employees and take the money from funds the legislature would have spent on salaries. For purposes of comparing state salaries to the market, staff believes the SAED statute indicates that the SAED payment to PERA on behalf of employees should be considered part of employee salaries. If 3.25 percent is added to state salaries to account for the SAED, then the remaining difference from the market is 3.3 percent. The Governor's request for Salary Survey and Merit Pay combined would result in a 3.6 percent increase over the Base Salary Estimate. The Governor's request is very close to what staff estimates is required to match prevailing salaries, when the SAED is treated as part of employee salaries, as required by statute.

The table below summarizes the cost of the staff recommendation when fully-loaded with the associated salary-based benefits.

	Recommended Salary Increases					Net GF
	TOTAL	General Fund	Cash Funds	Reappropriated	Federal Funds	
<b>Salary Survey</b>	<b><u>\$35,144,765</u></b>	<b><u>\$15,296,514</u></b>	<b><u>\$12,065,860</u></b>	<b><u>\$4,039,198</u></b>	<b><u>\$3,743,193</u></b>	<b><u>\$15,796,916</u></b>
Salaries	29,495,623	12,887,122	10,056,928	3,399,594	3,151,979	13,308,904
PERA	3,184,026	1,350,083	1,159,353	350,979	323,611	1,392,894
Medicare	427,686	186,863	145,825	49,294	45,704	192,979
AED	1,044,481	448,466	360,159	122,385	113,471	463,650
SAED	936,907	399,494	324,487	110,487	102,439	413,202
Short-term Disability	56,042	24,486	19,108	6,459	5,989	25,287
<b>Merit Pay</b>	<b><u>\$23,943,076</u></b>	<b><u>\$12,302,474</u></b>	<b><u>\$5,917,717</u></b>	<b><u>\$2,976,659</u></b>	<b><u>\$2,746,226</u></b>	<b><u>\$12,673,190</u></b>
Salaries	20,159,884	10,368,879	4,969,076	2,507,977	2,313,952	10,681,350
PERA	2,093,300	1,072,763	528,962	255,755	235,820	1,104,479
Medicare	292,319	150,349	72,052	36,366	33,552	154,880
AED	716,119	364,619	177,911	90,287	83,302	375,868
SAED	643,150	326,163	160,275	81,509	75,203	336,318
Short-term Disability	38,304	19,701	9,441	4,765	4,397	20,295
<b>TOTAL</b>	<b><u>\$83,030,917</u></b>	<b><u>\$39,901,462</u></b>	<b><u>\$23,901,294</u></b>	<b><u>\$9,992,516</u></b>	<b><u>\$9,235,645</u></b>	<b><u>\$39,901,462</u></b>

### **Shift Differential**

The Shift Differential line item addresses the adjustment necessary to compensate employees for work performed outside of normal work schedules. These are second and third shift workers whose scheduled work hours fall outside of the regular Monday through Friday, 8:00 am to 5:00 pm work schedule. Typically, in order to sufficiently staff the second and third shifts, departments offer higher wages to employees willing to work non-traditional hours.

**Request:** The request is based on 80.0 percent of FY 2011-12 actual expenditures on shift, plus PERA and Medicare associated with the salaries.

**Recommendation:** Rather than funding 80.0 percent of the FY 2011-12 actual expenditures on shift, staff recommends funding 100.0 percent, plus PERA and Medicare associated with the salaries. Staff calculated the PERA adjustment to account for the pay date shift. The staff recommendation, plus the ripple effect on benefits that are calculated as a percentage of salaries, would result in appropriations that are approximately \$3.0 million higher than the request, including \$2.6 million net General Fund.

Several considerations contributed to the staff recommendation. First, shift differential is a legitimate expense of departments. Section 24-50-104, C.R.S., describes the policy of the state as providing prevailing total compensation to employees in the state personnel system. The prevailing total compensation includes higher pay for employees who work 2nd and 3rd shifts after the 8:00 am to 5:00 pm shift.

Second, staff can't find a logical reason for funding only 80.0 percent of the cost of paying for the shift differential in a centralized appropriation. The reason the Office of State Planning and Budgeting (OSPB) and the Department of Personnel provided for why the request is based on 80.0 percent of actual shift expenditures is that it has been done that way for as long as anyone at OSPB or the Department of Personnel can remember. Staff can't imagine a logical reason for providing 80.0 percent of the total cost in a centralized appropriation and 20.0 percent in the base personal services line items. Other expenditures are generally funded 100.0 percent in the base or 100.0 percent in a centralized appropriation.

Funding only 80.0 percent of the shift differential in a centralized appropriation means that departments need to come up with the other 20.0 percent from the base personal services appropriation. This would be fine, if the base personal services appropriation includes an appropriation to cover the remaining 20.0 percent, but otherwise it forces departments to cut other expenditures to make up the remaining 20.0 percent. It doesn't seem likely to staff that departments were provided funding in the base personal services line items for the remaining 20.0 percent.

Staff speculates that the 80.0 percent funding was a cost-cutting measure at some point in time many years ago, and this practice has been carried forward to the current year. If so, however, the effect has not been to reduce shift expenditures, because these are valid and necessary expenses of the departments, but rather to force departments to come up with the money from base personal services appropriations. Generally, this requires departments to hold vacancies, but in some cases departments may be able to make up a portion of the money by not recycling vacancy savings into pay raises for other employees, reducing contract services (if there are contract services appropriated in the line item), or reducing operating expenses (where personal services and operating expenses are combined in a program line item).

If the JBC's intent is to force base personal services reductions, it would be more transparent and broad-based to just reduce the personal services line items and associated FTE, rather than

funding 80.0 percent of shift differential. The staff recommendation will increase transparency, by more accurately reflecting the total cost of shift differential payments, rather than burying 20.0 percent of the cost in base personal services line items.

The staff-recommended increase benefits programs among the least well-positioned to manage the base personal services reductions implemented by the General Assembly in recent years. Shift differential expenses are primarily incurred by facilities that need supervision and care 24 hours per day, seven days per week. Ninety-three percent of the FY 2011-12 actual shift differential expenditures were by the 24/7 care facilities at the Department of Corrections and the Department of Human Services. It is difficult for these facilities to hold positions vacant without impacting the direct care staff to client ratios, which has ramifications for staff and client safety.

The staff recommendation will not directly impact state employee pay. Whether the JBC approves the staff recommendation or not, employees who work 2nd and 3rd shifts will still get shift differential. The staff recommendation will reduce pressure on department budgets that can lead to excessive vacancies and underutilization of the authorized FTE.

#### **Amortization Equalization Disbursement (AED)**

Pursuant to Section 24-51-411, C.R.S., the State contributes additional funds to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability. During the 2005 legislative session the General Assembly created a separate line item to provide funding for this commitment. By statute the AED rate increases 0.4 percent each calendar year until it reaches the maximum contribution rate of 5.0 percent for the calendar year 2017, except for judges where the state contribution remains constant at 2.2 percent.

**Request:** The request is based on a blended rate of 3.6 percent for the fiscal year (3.4 percent for calendar year 2013 and 3.8 percent for calendar year 2014) applied to the base salary assumptions plus shift differential and the salary survey and merit pay increases.

**Recommendation:** The staff recommendation is based on the statutory contribution rate and the salary recommendations described above. The staff recommendation differs from the request due to:

- A larger shift differential recommendation
- An adjustment to account for the pay date shift

As a result of the pay date shift, in FY 2013-14 the state will pay 7 months of AED at the calendar year 2013 rate and 5 months of AED at the calendar year 2014 rate on base salaries. For the salary survey and merit pay increases the state will pay 6 months of AED at the calendar year 2013 rate and 5 months of AED at the calendar year 2014 rate.

#### **Supplemental Amortization Equalization Disbursement (SAED)**

Similar to the Amortization Equalization Disbursement line item, the Supplemental Amortization Equalization Disbursement (SAED) line item increases contributions to PERA to amortize the unfunded liability. Although the payment is made by the employer, the funding is supposed to come from money that would have otherwise gone to State employees as part of salary increases,

pursuant to Section 24-51-411 (10), C.R.S. The SAED rate increases according to a statutory schedule by 0.5 percent each calendar year until it reaches the maximum contribution rate of 5.0 percent for the calendar year 2017, except for judges where the state contribution remains constant at 1.5 percent.

**Request:** The request is based on a blended rate of 3.25 percent for the fiscal year (3.0 percent for calendar year 2013 and 3.5 percent for calendar year 2014) applied to the base salary assumptions plus shift differential and the salary survey and merit pay increases.

**Recommendation:** The staff recommendation is based on the statutory contribution rate and the salary recommendations described above. The staff recommendation differs from the request due to:

- A larger shift differential recommendation
- An adjustment to account for the pay date shift

As a result of the pay date shift, in FY 2013-14 the state will pay 7 months of AED at the calendar year 2013 rate and 5 months of AED at the calendar year 2014 rate on base salaries. For the salary survey and merit pay increases the state will pay 6 months of AED at the calendar year 2013 rate and 5 months of AED at the calendar year 2014 rate.

### **Health, Life, and Dental**

This line item pays for the state contribution to health insurance, life insurance, and dental insurance. The state contributions for health insurance and dental insurance have four tiers based on employee, employee + children, employee + spouse, and employee + family. There are no tiers for the state contribution to life insurance. Employees may choose from four different health benefit packages and two different dental benefit packages. The health plans range from high deductible plans to minimal co-pay plans. The state contribution does not change based on the benefit package selected. If the employee chooses a richer benefit package, the employee pays the incremental difference in premiums. The vast majority of the appropriations are related to health insurance.

**Request:** The Governor requests an adjustment to health and dental rates so that the total employer contribution to total premiums matches the prevailing market, and an adjustment to life insurance rates based on total projected costs. According to the Department, the prevailing market total employer contribution to total health premiums is 78 percent. Once the targeted total employer contribution is determined, the Department sets the rates by tier with the triple goals of reaching the targeted total employer contribution, staying competitive with the market for each tier, and achieving balance in the employee cost for each plan relative to the benefits.

The Department has received new information since the November request about projected total premiums. The Department's latest projections are summarized in the table below. These projections are after accounting for a fund balance that the Department is using to "buy down" the premiums. The fund balance accumulated in years when the Department over-estimated the premiums necessary to cover the projected expenditures. Reserves now exceed what the Department's actuary estimates are necessary. To spend down the reserve the Department is

allocating a portion of the reserve to buy down the health premiums, but to avoid a "cliff effect" when the one-time reserve is gone, the Department is allocating relatively small amounts each year. This is the second year the Department will allocate approximately \$5 million to buy down premiums. Due to the flexibility provided by the reserve, the Department is likely to be able to maintain these rates regardless of the final outcome of negotiations with the Department's providers.

### TOTAL HEALTH PREMIUMS

FY 2013-14 Rates	Total Monthly Premium - Projected			
	UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	463.06	453.38	506.14	526.28
Employee + Children	851.96	850.78	960.92	1,002.80
Employee + Spouse	939.36	924.54	1,051.72	1,098.14
Employee + Family	1,343.40	1,331.42	1,516.64	1,576.64

Change from FY 2012-13	Total Monthly Premium			
	UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	24.40	23.96	26.08	28.90
Employee + Children	85.36	72.54	73.78	78.84
Employee + Spouse	18.44	27.24	20.78	28.74
Employee + Family	32.54	51.30	45.62	50.66

FY 2012-13 Rates	Total Monthly Premium			
	UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	438.66	429.42	480.06	497.38
Employee + Children	766.60	778.24	887.14	923.96
Employee + Spouse	920.92	897.30	1,030.94	1,069.40
Employee + Family	1,310.86	1,280.12	1,471.02	1,525.98

### EMPLOYER AND EMPLOYEE SHARES OF TOTAL HEALTH PREMIUMS

FY 2013-14 Health	Employer Contribution	Employee Share - Projected			
		UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	434.10	28.96	19.28	72.04	92.18
Employee + Children	795.66	56.30	55.12	165.26	207.14
Employee + Spouse	762.60	176.76	161.94	289.12	335.54
Employee + Family	1,080.90	262.50	250.52	435.74	495.74

Change from FY 2012-13	Employer Contribution	Employee Share			
		UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	36.30	(4.98)	(5.42)	(3.30)	(0.48)
Employee + Children	45.54	(5.10)	(17.92)	(16.68)	(11.62)

Employee + Spouse	109.82	(10.92)	(2.12)	(8.58)	(0.62)
Employee + Family	111.22	(22.64)	(3.88)	(9.56)	(4.52)

FY 2012-13 Health	Employer	Employee Share			
	Contribution	UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	404.72	33.94	24.70	75.34	92.66
Employee + Children	705.20	61.40	73.04	181.94	218.76
Employee + Spouse	733.24	187.68	164.06	297.70	336.16
Employee + Family	1,025.72	285.14	254.40	445.30	500.26

**Recommendation:** Staff recommends using the more recent information provided by the Department about projected health, life, and dental rates for the appropriation. Staff was able to use the information provided in the request to recalculate the totals for each department with the revised rates. However, staff did not prepare the initial spreadsheets, and the departments have not had a chance to review how they have been manipulated, and so there may be technical errors that need to be cleaned up later.

### Short-term Disability

The Short-term Disability appropriation is used to provide partial payment of an employee's salary in the event that an individual becomes disabled and cannot perform his or her work duties. The benefit is not optional for employees who are eligible, but state temporary employees are not eligible for the benefit.

**Request:** The request is based on a slight increase in the state contribution rate from 0.177 percent to 0.19 percent of employee salaries.

**Recommendation:** Staff recommends the requested amounts plus 0.19 percent on the staff recommendation for shift differential and an adjustment for the pay date shift. It appears that departments erroneously omitted the shift differential from the salary base used to calculate the short-term disability. The adjustment for the pay date shift applies to the short-term disability associated with the requested salary survey and merit pay increases.

## **3) Compensation assumptions for new FTE**

When estimating the funding required for new FTE the JBC staff generally uses the same assumptions as Legislative Council Staff Fiscal Notes, but for compensation the Legislative Council Staff Fiscal Note assumptions point to JBC policy for omitting certain costs. The key components of the Legislative Council Staff Fiscal Note assumptions for compensation for new FTE include:

1. Salaries at the *minimum* of the *current year* (FY 2012-13) range for the job class
  - a. The current year pay range is used even if new data becomes available during the legislative session so that all fiscal notes use the same assumptions through the entire process

- b. The beginning of the pay range is used pursuant to Section 24-50-104 (1) (f), C.R.S.: "Initial hiring shall typically be at the minimum rate in the pay grade."
2. Certain benefits and operating expenses are estimated, but excluded from the total cost identified in Fiscal Notes
  - a. Excluded items:
    - i. Health, life, and dental insurance
    - ii. Short-term disability
    - iii. Amortization equalization disbursement
    - iv. Supplemental amortization equalization disbursement
    - v. Leased space
    - vi. Indirect costs
  - b. These items are excluded "pursuant to a Joint Budget Committee policy"
  - c. An exception is provided for large increases ("at least 20.0 new FTE") in staff

**Request:** The Governor's request generally estimates salaries for new FTE at the minimum of the current year range for the job class, although there are exceptions with accompanying explanations and justifications. This part of the request is consistent with the LCS Fiscal Note assumptions. However, the Governor's request generally builds in the benefits and operating expenses that are excluded from the LCS Fiscal Notes.

**Recommendation:** Staff recommends using the LCS Fiscal Note assumptions when estimating compensation for new FTE. Although the JBC has not voted on a policy for this year, the Legislative Council Staff is following an established policy from prior years. If the current JBC would like to change the policy, staff would recommend changing it for the 2014 legislative session, so that all bills and decision items in the current legislative session are treated uniformly and not prejudiced based on a mid-year change to the JBC's policies.

Both providing funding for new FTE at the current year salary rates and excluding certain benefits and operating expenses results in less than full funding for new FTE, and staff believes this has been intentional on the part of previous JBCs. Departments frequently experience delays in hiring for new programs and initiatives. If a department does manage to start on the date they expect, then the compensation policies for new FTE require the department to dedicate some vacancy savings or efficiencies toward the new staff in the first year of operations. Through this lens the policy can be viewed as making sure departments are really committed to needing the new FTE.

In the second year of operations, all excluded benefits and operating expenses are built into a department's budget through the normal process, with the exception of leased space, which would require a decision item. Costs for health, life, and dental insurance are re-estimated every year based on current enrollment. Similarly, the base salary assumptions that drive expenditures for short-term disability, AED, and SAED are recalculated each year. Indirect costs are based on an annual analysis by the State Controller. So, to the extent that the common policy for compensation for new FTE leaves departments short for benefits, it is only for one year.

An argument can be made that salary shortages due to using the minimum of the current year range are also annualized in subsequent years, although the full impact may not occur

immediately. When a new position is added at the bottom of the pay range, and possibly below a revised new pay range, the overall average compensation for that job class will skew slightly lower. As a result, the annual compensation survey report will show a larger gap between state salaries and the market, and the cost identified as necessary to reach prevailing compensation will be larger. Assuming that cost is funded, a department will eventually receive money through centralized appropriations for the salary survey and merit pay to bring that new position to the middle of the pay range. While there is no direct annualization of funding for new positions, there is an indirect annualization that occurs through the annual compensation survey process.

## Long Bill Footnotes and Requests for Information

### REQUESTS FOR INFORMATION

Staff recommends the addition of the following request for information:

**N Department of Personnel and Administration** – The Department is requested to work with the Public Employee's Retirement Association to provide information within existing resources on how the state's retirement benefits compare to prevailing practice by November 1, 2013. In addition, the Department is requested to provide recommendations regarding: (1) the level of detail and analysis and the costs required to perform a reliable comparison of the state's retirement benefits to prevailing practice; and (2) how frequently the state would need to analyze retirement benefits to ensure that state compensation matches prevailing compensation, given that retirement benefits may change less frequently than other components of compensation.

Comment: Retirement benefits are a component of the statutory definition of compensation, but the instructions to the Department of Personnel in Section 24-50-104 (4), C.R.S., for how to perform the Annual Compensation Survey Report do not require an analysis of retirement benefits. The Department provided limited information in this year's Annual Compensation Survey Report on retirement benefits, but the data was inadequate to make a reliable comparison. For example, the Department compared the full PERA contribution rate to prevailing contributions to retirement plans, but portions of the PERA contribution are dedicated to long-term care, a survivor benefit, and a fund to help members pay health care costs. While the Department provided limited information about employer and employee contributions to retirement plans, it provided no information about the benefits received from those plans. Staff believes a periodic review of retirement benefits is necessary to ensure that total state compensation matches prevailing compensation. The staff recommendation is not aimed at making changes to the state's retirement benefit. There are constitutional, statutory, and long-term fiscal goals associated with the state retirement benefit that should not be changed hastily. However, if the state retirement benefit varies from market practices, staff believes adjustments should be made in other components of state compensation to ensure that total state compensation matches prevailing compensation. The request for information is aimed at gathering the necessary data to conduct an analysis.

## Base Salary Estimate

<b>FY 2013-14 Base Regular Pay</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	16,840,983	4,513,244	10,975,881	0	1,351,858	4,513,244
Corrections	307,105,868	297,087,153	10,018,715	0	0	297,087,153
Education	38,151,578	12,536,761	4,161,040	4,336,690	17,117,087	12,536,761
Governor's Office	72,477,114	3,950,220	3,133,331	61,985,327	3,408,236	3,950,220
Health Care Policy and Financing	21,725,580	7,391,643	1,523,049	432,339	12,378,549	7,391,643
Higher Education - Admin & Hist	9,760,245	0	6,626,930	1,773,870	1,359,445	0
Human Services	203,315,723	125,299,821	4,744,982	41,407,280	31,863,640	140,783,940
Judicial	243,325,241	199,496,865	43,828,376	0	0	199,496,865
Labor and Employment	53,930,757	0	25,146,887	0	28,783,870	0
Law	31,148,049	7,887,060	3,217,095	18,780,965	1,262,929	7,887,060
Local affairs	9,314,948	2,429,839	1,485,174	3,588,170	1,811,765	2,429,839
Military and Vetean Affairs	6,916,337	2,385,403	72,947	0	4,457,987	2,385,403
Natural Resources	101,532,664	15,540,894	69,040,384	2,937,543	14,013,843	15,540,894
Personnel and Administration	19,504,935	6,660,038	1,460,725	11,384,172	0	6,660,038
Public Health and Environment	83,020,223	6,389,824	28,186,805	8,073,476	40,370,118	7,411,223
Public Safety	94,206,801	19,288,635	63,882,604	4,443,165	6,592,397	19,288,635
Regulatory Agencies	34,453,028	1,156,726	31,061,472	1,930,713	304,117	1,156,726
Revenue	63,867,810	27,169,494	36,698,316	0	0	27,169,494
State	8,026,841	0	8,026,841	0	0	0
Transportation	10,258,342	0	9,847,762	410,580	0	0
Treasury	<u>1,826,667</u>	<u>1,147,731</u>	<u>678,936</u>	<u>0</u>	<u>0</u>	<u>1,147,731</u>
<b>SUBTOTAL</b>	<b>1,430,709,734</b>	<b>740,331,351</b>	<b>363,818,252</b>	<b>161,484,290</b>	<b>165,075,841</b>	<b>756,836,869</b>

## Salary Survey

<b>FY 2013-14 Salary Survey</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	457,276	142,719	284,890	0	29,667	142,719
Corrections	4,892,230	4,715,174	177,056	0	0	4,715,174
Education	758,613	224,260	101,339	83,710	349,304	224,260
Governor's Office	1,278,074	60,617	52,453	1,107,940	57,064	60,617
Health Care Policy and Financing	553,486	161,629	45,754	8,388	337,715	161,629
Higher Education - Admin & Hist	160,731	0	108,279	29,693	22,759	0
Human Services	4,874,349	2,880,972	132,157	1,099,147	762,073	3,335,031
Judicial	5,277,981	4,501,049	776,932	0	0	4,501,049
Labor and Employment	1,021,695	0	500,274	0	521,421	0
Law	828,111	189,545	71,437	524,638	25,231	206,775
Local affairs	208,118	49,251	29,046	84,970	44,851	49,251
Military and Vetean Affairs	268,575	86,958	3,242	0	178,375	86,958
Natural Resources	1,834,134	228,693	1,300,653	50,838	253,950	228,693
Personnel and Administration	559,180	102,451	75,560	381,169	0	102,451
Public Health and Environment	1,466,806	104,156	501,221	143,563	717,866	120,806
Public Safety	6,029,321	443,432	5,137,528	243,120	205,241	443,432
Regulatory Agencies	918,149	29,817	838,884	34,624	14,824	29,817
Revenue	1,236,082	454,062	782,020	0	0	454,062
State	138,267	0	138,267	0	0	0
Transportation	268,387	0	261,516	6,871	0	0
Treasury	<u>47,962</u>	<u>28,964</u>	<u>18,998</u>	<u>0</u>	<u>0</u>	<u>28,964</u>
<b>SUBTOTAL</b>	<b>33,060,267</b>	<b>14,403,749</b>	<b>11,337,506</b>	<b>3,798,671</b>	<b>3,520,341</b>	<b>14,891,688</b>

<b>Increase from FY 2012-13</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	457,276	142,719	284,890	0	29,667	142,719
Corrections	4,892,230	4,715,174	177,056	0	0	4,715,174
Education	758,613	224,260	101,339	83,710	349,304	224,260
Governor's Office	1,278,074	60,617	52,453	1,107,940	57,064	60,617
Health Care Policy and Financing	553,486	161,629	45,754	8,388	337,715	161,629
Higher Education - Admin & Hist	160,731	0	108,279	29,693	22,759	0
Human Services	4,874,349	2,880,972	132,157	1,099,147	762,073	3,335,031
Judicial	5,277,981	4,501,049	776,932	0	0	4,501,049
Labor and Employment	1,021,695	0	500,274	0	521,421	0
Law	810,851	189,545	71,437	524,638	25,231	206,775
Local affairs	208,118	49,251	29,046	84,970	44,851	49,251
Military and Vetean Affairs	268,575	86,958	3,242	0	178,375	86,958
Natural Resources	1,834,134	228,693	1,300,653	50,838	253,950	228,693
Personnel and Administration	559,180	102,451	75,560	381,169	0	102,451
Public Health and Environment	1,466,806	104,156	501,221	143,563	717,866	120,806
Public Safety	6,029,321	443,432	5,137,528	243,120	205,241	443,432
Regulatory Agencies	918,149	29,817	838,884	34,624	14,824	29,817
Revenue	1,236,082	454,062	782,020	0	0	454,062
State	138,267	0	138,267	0	0	0
Transportation	268,387	0	261,516	6,871	0	0
Treasury	<u>47,962</u>	<u>28,964</u>	<u>18,998</u>	<u>0</u>	<u>0</u>	<u>28,964</u>
<b>SUBTOTAL</b>	<b>33,060,267</b>	<b>14,403,749</b>	<b>11,337,506</b>	<b>3,798,671</b>	<b>3,520,341</b>	<b>14,891,688</b>

## Merit Pay

<b>FY 2013-14 Merit Pay</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	249,959	74,821	157,462	0	17,676	74,821
Corrections	4,550,598	4,402,970	147,628	0	0	4,402,970
Education	594,843	190,422	71,084	66,915	266,422	190,422
Governor's Office	1,235,501	65,376	51,594	1,061,720	56,811	65,376
Health Care Policy and Financing	373,165	119,442	28,429	9,889	215,405	119,442
Higher Education - Admin & Hist	174,977	0	119,653	31,161	24,163	0
Human Services	3,339,994	1,945,332	83,797	753,376	557,489	2,294,050
Judicial	4,060,856	3,478,951	581,905	0	0	3,478,951
Labor and Employment	773,319	0	336,691	0	436,628	0
Law	521,010	133,938	37,472	332,638	16,962	206,775
Local affairs	157,336	41,347	22,235	61,246	32,508	41,347
Military and Vetean Affairs	120,176	38,188	1,488	0	80,500	38,188
Natural Resources	1,549,189	254,746	1,025,018	54,729	214,696	254,746
Personnel and Administration	299,879	86,049	22,253	191,577	0	86,049
Public Health and Environment	1,176,396	83,534	401,985	115,140	575,737	83,534
Public Safety	1,611,966	267,241	1,182,984	78,884	82,857	267,241
Regulatory Agencies	515,057	18,413	455,781	35,392	5,471	18,413
Revenue	913,775	371,263	542,512	0	0	371,263
State	114,631	0	114,631	0	0	0
Transportation	178,678	0	171,247	7,431	0	0
Treasury	<u>34,197</u>	<u>19,956</u>	<u>14,241</u>	<u>0</u>	<u>0</u>	<u>19,956</u>
<b>SUBTOTAL</b>	<b>22,545,502</b>	<b>11,591,989</b>	<b>5,570,090</b>	<b>2,800,098</b>	<b>2,583,325</b>	<b>12,013,544</b>

<b>Increase from FY 2012-13</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	249,959	74,821	157,462	0	17,676	74,821
Corrections	4,550,598	4,402,970	147,628	0	0	4,402,970
Education	594,843	190,422	71,084	66,915	266,422	190,422
Governor's Office	1,235,501	65,376	51,594	1,061,720	56,811	65,376
Health Care Policy and Financing	373,165	119,442	28,429	9,889	215,405	119,442
Higher Education - Admin & Hist	174,977	0	119,653	31,161	24,163	0
Human Services	3,339,994	1,945,332	83,797	753,376	557,489	2,294,050
Judicial	4,060,856	3,478,951	581,905	0	0	3,478,951
Labor and Employment	773,319	0	336,691	0	436,628	0
Law	521,010	133,938	37,472	332,638	16,962	206,775
Local affairs	157,336	41,347	22,235	61,246	32,508	41,347
Military and Vetean Affairs	120,176	38,188	1,488	0	80,500	38,188
Natural Resources	1,549,189	254,746	1,025,018	54,729	214,696	254,746
Personnel and Administration	299,879	86,049	22,253	191,577	0	86,049
Public Health and Environment	1,176,396	83,534	401,985	115,140	575,737	83,534
Public Safety	1,611,966	267,241	1,182,984	78,884	82,857	267,241
Regulatory Agencies	515,057	18,413	455,781	35,392	5,471	18,413
Revenue	913,775	371,263	542,512	0	0	371,263
State	114,631	0	114,631	0	0	0
Transportation	178,678	0	171,247	7,431	0	0
Treasury	<u>34,197</u>	<u>19,956</u>	<u>14,241</u>	<u>0</u>	<u>0</u>	<u>19,956</u>
<b>SUBTOTAL</b>	<b>22,545,502</b>	<b>11,591,989</b>	<b>5,570,090</b>	<b>2,800,098</b>	<b>2,583,325</b>	<b>12,013,544</b>

## Shift Differential

<b>FY 2013-14 Shift Differential Pay</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	0	0	0	0	0	0
Corrections	7,080,786	7,053,403	27,384	0	0	7,053,403
Education	87,032	87,032	0	0	0	87,032
Governor's Office	81,671	0	0	81,671	0	0
Health Care Policy and Financing	0	0	0	0	0	0
Higher Education - Admin & Hist	0	0	0	0	0	0
Human Services	4,600,955	3,044,955	0	1,556,000	0	3,822,955
Judicial	0	0	0	0	0	0
Labor and Employment	11,035	0	0	0	11,035	0
Law	0	0	0	0	0	0
Local affairs	0	0	0	0	0	0
Military and Vetean Affairs	23,433	0	0	0	23,433	0
Natural Resources	28,614	0	28,614	0	0	0
Personnel and Administration	47,088	0	0	47,088	0	0
Public Health and Environment	18,408	368	4,602	0	13,438	368
Public Safety	516,481	71,408	409,322	35,752	0	71,408
Regulatory Agencies	0	0	0	0	0	0
Revenue	35,690	3,743	31,947	0	0	3,743
State	0	0	0	0	0	0
Transportation	33,269	0	33,022	247	0	0
Treasury	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>12,564,462</b>	<b>10,260,908</b>	<b>534,891</b>	<b>1,720,757</b>	<b>47,906</b>	<b>11,038,908</b>

<b>Increase from FY 2012-13</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	0	0	0	0	0	0
Corrections	1,023,126	1,008,928	14,199	0	0	1,008,928
Education	3,047	3,047	0	0	0	3,047
Governor's Office	5,690	0	0	5,690	0	0
Health Care Policy and Financing	0	0	0	0	0	0
Higher Education - Admin & Hist	0	0	0	0	0	0
Human Services	511,228	320,725	(6,158)	202,636	(5,975)	488,032
Judicial	0	0	0	0	0	0
Labor and Employment	(3,425)	0	0	0	(3,425)	0
Law	0	0	0	0	0	0
Local affairs	0	0	0	0	0	0
Military and Vetean Affairs	1,377	0	0	0	1,377	0
Natural Resources	(2,628)	0	(2,628)	0	0	0
Personnel and Administration	7,506	0	0	7,506	0	0
Public Health and Environment	13,840	319	83	0	13,438	319
Public Safety	64,299	3,445	55,876	4,979	0	3,445
Regulatory Agencies	0	0	0	0	0	0
Revenue	(4,820)	209	(5,029)	0	0	209
State	0	0	0	0	0	0
Transportation	8,816	0	8,836	(20)	0	0
Treasury	0	0	0	0	0	0
<b>SUBTOTAL</b>	<b>1,628,056</b>	<b>1,336,672</b>	<b>65,179</b>	<b>220,790</b>	<b>5,415</b>	<b>1,503,979</b>

## Amortization Equalization Disbursement (AED)

<b>FY 2013-14 AED</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	627,549	167,954	409,401	0	50,194	167,954
Corrections	11,512,461	11,140,328	372,133	0	0	11,140,328
Education	1,415,974	463,558	155,359	160,980	636,077	463,558
Governor's Office	2,691,862	144,935	116,156	2,304,401	126,370	144,935
Health Care Policy and Financing	809,503	272,656	57,223	16,154	463,470	272,656
Higher Education - Admin & Hist	362,198	0	245,922	65,822	50,454	0
Human Services	7,706,412	4,732,531	177,786	1,606,437	1,189,658	5,338,312
Judicial	8,459,071	6,900,434	1,558,637	0	0	6,900,434
Labor and Employment	1,999,808	0	932,287	0	1,067,521	0
Law	1,161,612	291,687	119,329	703,769	46,827	291,687
Local affairs	346,303	89,572	55,121	133,891	67,719	89,572
Military and Vetean Affairs	261,557	89,096	2,779	0	169,682	89,096
Natural Resources	3,760,087	569,808	2,561,506	109,157	519,616	569,808
Personnel and Administration	729,333	243,591	55,741	430,001	0	243,591
Public Health and Environment	3,072,494	233,941	1,044,026	298,990	1,495,537	270,905
Public Safety	3,645,056	713,038	2,514,080	171,437	246,501	713,038
Regulatory Agencies	1,286,148	42,805	1,159,976	71,764	11,603	42,805
Revenue	2,360,684	995,668	1,365,016	0	0	995,668
State	297,124	0	297,124	0	0	0
Transportation	384,919	0	369,668	15,251	0	0
Treasury	<u>68,020</u>	<u>42,506</u>	<u>25,514</u>	<u>0</u>	<u>0</u>	<u>42,506</u>
<b>SUBTOTAL</b>	<b>52,958,175</b>	<b>27,134,108</b>	<b>13,594,784</b>	<b>6,088,054</b>	<b>6,141,229</b>	<b>27,776,853</b>

<b>Increase from FY 2012-13</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	170,340	36,372	114,582	0	19,386	36,372
Corrections	1,767,448	1,693,897	73,551	0	0	1,693,897
Education	333,782	87,247	50,754	32,248	163,533	87,247
Governor's Office	297,165	(105,655)	23,113	345,214	34,493	(105,655)
Health Care Policy and Financing	78,870	(10,485)	3,755	(21,420)	107,020	(10,485)
Higher Education - Admin & Hist	69,284	0	56,757	5,776	6,751	0
Human Services	896,533	900,701	(155,694)	18,448	133,078	809,665
Judicial	1,557,534	1,132,451	425,083	0	0	1,132,451
Labor and Employment	115,820	0	167,150	0	(51,330)	0
Law	196,102	19,956	25,732	144,101	6,313	19,956
Local affairs	63,844	(8,629)	9,621	46,415	16,437	(8,629)
Military and Vetean Affairs	42,631	17,560	491	0	24,580	17,560
Natural Resources	574,511	96,424	403,540	6,212	68,335	96,424
Personnel and Administration	94,015	20,466	7,550	65,999	0	20,466
Public Health and Environment	1,703,985	44,239	146,503	17,706	1,495,537	45,753
Public Safety	685,850	192,070	449,502	(52,154)	96,432	192,070
Regulatory Agencies	212,903	8,178	195,672	9,723	(670)	8,178
Revenue	270,951	95,102	175,849	0	0	95,102
State	52,171	0	52,171	0	0	0
Transportation	(20,138)	0	(18,871)	(1,267)	0	0
Treasury	<u>8,811</u>	<u>5,769</u>	<u>3,042</u>	<u>0</u>	<u>0</u>	<u>5,769</u>
<b>SUBTOTAL</b>	<b>9,172,412</b>	<b>4,225,663</b>	<b>2,209,853</b>	<b>617,001</b>	<b>2,119,895</b>	<b>4,136,141</b>

## Supplemental Amortization Equalization Disbursement (SAED)

<b>FY 2013-14 SAED</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	566,003	151,091	369,598	0	45,314	151,091
Corrections	10,357,477	10,021,523	335,954	0	0	10,021,523
Education	1,276,825	417,005	140,255	145,329	574,236	417,005
Governor's Office	2,429,689	130,380	104,863	2,080,362	114,084	130,380
Health Care Policy and Financing	729,930	245,277	51,659	14,583	418,411	245,277
Higher Education - Admin & Hist	326,984	0	222,013	59,423	45,548	0
Human Services	6,942,049	4,257,296	160,501	1,450,256	1,073,996	4,802,254
Judicial	7,428,098	6,042,824	1,385,274	0	0	6,042,824
Labor and Employment	1,805,383	0	841,648	0	963,735	0
Law	1,047,746	262,398	107,727	635,347	42,274	262,398
Local affairs	312,348	80,577	49,762	120,874	61,135	80,577
Military and Vetean Affairs	235,845	80,151	2,509	0	153,185	80,151
Natural Resources	3,392,696	512,584	2,312,470	98,544	469,098	512,584
Personnel and Administration	657,644	219,127	50,322	388,195	0	219,127
Public Health and Environment	2,773,030	210,446	942,524	269,922	1,350,138	243,697
Public Safety	3,288,396	641,435	2,269,655	154,770	222,536	641,435
Regulatory Agencies	1,160,969	38,506	1,047,201	64,787	10,475	38,506
Revenue	2,127,981	895,675	1,232,306	0	0	895,675
State	268,237	0	268,237	0	0	0
Transportation	347,496	0	333,728	13,768	0	0
Treasury	<u>61,271</u>	<u>38,238</u>	<u>23,033</u>	<u>0</u>	<u>0</u>	<u>38,238</u>
<b>SUBTOTAL</b>	<b>47,536,097</b>	<b>24,244,533</b>	<b>12,251,239</b>	<b>5,496,160</b>	<b>5,544,165</b>	<b>24,822,742</b>

<b>Increase from FY 2012-13</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	173,629	38,553	116,238	0	18,838	38,553
Corrections	2,036,780	1,957,420	79,360	0	0	1,957,420
Education	348,364	95,160	50,360	34,700	168,144	95,160
Governor's Office	372,599	(267,365)	24,902	579,935	35,127	(267,365)
Health Care Policy and Financing	102,217	3,117	5,710	(18,697)	112,087	3,117
Higher Education - Admin & Hist	75,261	0	59,449	7,821	7,991	0
Human Services	1,101,182	961,893	(116,454)	89,027	166,716	910,889
Judicial	1,675,796	1,239,033	436,763	0	0	1,239,033
Labor and Employment	186,331	0	184,108	0	2,223	0
Law	219,128	29,996	27,292	154,383	7,457	29,996
Local affairs	73,473	(3,411)	10,661	46,622	19,601	(3,411)
Military and Vetean Affairs	48,000	18,969	543	0	28,488	18,969
Natural Resources	657,037	107,716	457,967	10,075	81,279	107,716
Personnel and Administration	112,585	28,297	8,908	75,380	0	28,297
Public Health and Environment	1,597,748	48,201	171,215	28,194	1,350,138	51,133
Public Safety	743,829	194,955	491,213	(33,431)	91,092	194,955
Regulatory Agencies	238,792	8,891	218,502	11,471	(72)	8,891
Revenue	337,013	127,298	209,715	0	0	127,298
State	57,730	0	57,730	0	0	0
Transportation	(600)	0	(173)	(427)	0	0
Treasury	<u>10,539</u>	<u>6,818</u>	<u>3,721</u>	<u>0</u>	<u>0</u>	<u>6,818</u>
<b>SUBTOTAL</b>	<b>10,167,433</b>	<b>4,595,541</b>	<b>2,497,730</b>	<b>985,053</b>	<b>2,089,109</b>	<b>4,547,469</b>

## Health, Life, and Dental (HLD)

<b>FY 2013-14 HLD</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	2,054,944	518,245	1,441,357	0	95,342	518,245
Corrections	45,068,047	43,552,655	1,515,393	0	0	43,552,655
Education	4,139,408	1,658,677	424,638	469,931	1,586,162	1,658,677
Governor	7,641,374	417,135	312,056	6,521,162	391,020	417,135
Health Care Policy and Financing	2,198,266	748,152	166,566	72,376	1,211,171	748,152
Higher Education - Admin & Hist	924,518	0	844,052	2,733	77,733	0
Human Services	29,210,780	17,762,973	607,548	6,922,490	3,917,769	20,985,622
Judicial	29,956,377	27,897,423	2,058,953	0	0	27,897,423
Labor and Employment	6,688,297	0	3,020,480	0	3,667,817	0
Law	2,850,112	736,387	288,097	1,697,754	127,874	736,387
Local affairs	1,078,803	301,777	175,120	385,161	216,746	301,777
Military and Vetean Affairs	765,825	224,839	15,836	0	525,151	224,839
Natural Resources	11,086,422	1,925,473	7,237,104	335,525	1,588,320	1,925,473
Personnel and Administration	2,481,671	650,977	155,633	1,675,061	0	650,977
Public Health and Environment	8,748,710	689,576	3,003,080	776,244	4,279,810	788,665
Public Safety	11,829,478	2,097,049	8,429,097	568,967	734,365	2,097,049
Regulatory Agencies	3,716,293	133,384	3,360,040	178,707	44,163	133,384
Revenue	8,697,950	3,407,570	5,290,380	0	0	3,407,570
State	873,433	0	873,433	0	0	0
Transportation	1,139,087	0	1,083,198	55,889	0	0
Treasury	<u>205,040</u>	<u>95,536</u>	<u>109,504</u>	<u>0</u>	<u>0</u>	<u>95,536</u>
<b>TOTAL</b>	<b>181,354,834</b>	<b>102,817,826</b>	<b>40,411,565</b>	<b>19,661,999</b>	<b>18,463,444</b>	<b>106,139,565</b>

<b>Increase from FY 2012-13</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	179,004	89,875	73,107	0	16,022	89,875
Corrections	2,780,142	2,535,591	244,552	0	0	2,535,591
Education	733,017	216,265	92,564	143,513	280,675	216,265
Governor's Office	514,175	(86,252)	89,682	442,888	67,856	(86,252)
Health Care Policy and Financing	(18,527)	(48,327)	(8,086)	(39,445)	77,330	(48,327)
Higher Education - Admin & Hist	(198,648)	0	75,933	(194,450)	(80,131)	0
Human Services	2,326,490	1,697,929	108,867	91,784	427,910	1,987,458
Judicial	2,192,554	1,993,405	199,148	0	0	1,993,405
Labor and Employment	(61,470)	0	264,629	0	(326,099)	0
Law	229,749	24,029	(19,149)	199,861	25,008	24,029
Local affairs	48,612	(120,033)	(2,324)	193,476	(22,506)	(120,033)
Military and Vetean Affairs	(41,418)	28,199	(2,454)	0	(67,162)	28,199
Natural Resources	1,079,213	961,896	1,021,775	(733,653)	(170,805)	961,896
Personnel and Administration	158,511	6,894	(13,897)	165,514	0	6,894
Public Health and Environment	4,503,205	93,916	143,598	(14,119)	4,279,810	93,220
Public Safety	978,819	433,062	488,531	(111,138)	168,364	433,062
Regulatory Agencies	458,745	18,374	429,109	17,037	(5,774)	18,374
Revenue	679,433	286,918	392,515	0	0	286,918
State	9,964	0	9,964	0	0	0
Transportation	(68,477)	0	(65,709)	(2,768)	0	0
Treasury	<u>16,570</u>	<u>(2,532)</u>	<u>19,102</u>	<u>0</u>	<u>0</u>	<u>(2,532)</u>
<b>SUBTOTAL</b>	<b>16,499,662</b>	<b>8,129,207</b>	<b>3,541,457</b>	<b>158,499</b>	<b>4,670,499</b>	<b>8,418,041</b>

FY 2013-14 Health	Employer	Employee Share - Projected			
	Contribution	UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	434.10	28.96	19.28	72.04	92.18
Employee + Children	795.66	56.30	55.12	165.26	207.14
Employee + Spouse	762.60	176.76	161.94	289.12	335.54
Employee + Family	1,080.90	262.50	250.52	435.74	495.74

Change from FY 2012-13	Employer	Employee Share			
	Contribution	UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	36.30	(4.98)	(5.42)	(3.30)	(0.48)
Employee + Children	45.54	(5.10)	(17.92)	(16.68)	(11.62)
Employee + Spouse	109.82	(10.92)	(2.12)	(8.58)	(0.62)
Employee + Family	111.22	(22.64)	(3.88)	(9.56)	(4.52)

FY 2012-13 Health	Employer	Employee Share			
	Contribution	UHC - HDHP	Kaiser - HDHP	UHC - CoPay	Kaiser - HMO
Employee Only	404.72	33.94	24.70	75.34	92.66
Employee + Children	705.20	61.40	73.04	181.94	218.76
Employee + Spouse	733.24	187.68	164.06	297.70	336.16
Employee + Family	1,025.72	285.14	254.40	445.30	500.26

FY 2013-14 Dental Rates	State	Employee Share - Projected		Life	State
	Contribution	Basic	Basic-Plus		Contribution
Employee Only	25.92	4.28	18.37	FY 2013-14	8.76
Employee + Children	46.44	15.76	43.92	Change	(0.42)
Employee + Spouse	42.62	14.75	44.32	FY 2012-13	9.18
Employee + Family	62.22	27.14	70.79		

Change from FY 2012-13	State	Employee Share - Projected	
	Contribution	Basic	Basic-Plus
Employee Only	2.18	(0.74)	(0.07)
Employee + Children	7.10	(3.18)	(3.18)
Employee + Spouse	4.32	(2.55)	0.22
Employee + Family	11.04	(6.79)	(4.71)

FY 2012-13 Dental Rates	State	Employee Share - Projected	
	Contribution	Basic	Basic-Plus
Employee Only	23.74	5.02	18.44
Employee + Children	39.34	18.94	47.10
Employee + Spouse	38.30	17.30	44.10
Employee + Family	51.18	33.92	75.50

### Short-term Disability (STD)

<b>FY 2013-14 STD</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	28,993	7,745	18,918	0	2,330	7,745
Corrections	612,753	593,104	19,649	0	0	593,104
Education	68,032	22,423	7,409	7,722	30,478	22,423
Governor's Office	141,022	7,659	6,091	120,646	6,625	7,659
Health Care Policy and Financing	40,076	13,606	2,813	798	22,859	13,606
Higher Education - Admin & Hist	18,880	0	12,934	3,340	2,606	0
Human Services	407,694	251,365	9,328	84,359	62,641	283,164
Judicial	370,436	300,569	69,867	0	0	300,569
Labor and Employment	105,550	0	49,206	0	56,344	0
Law	57,712	14,576	5,966	34,828	2,342	14,576
Local affairs	18,320	4,769	2,923	7,062	3,566	4,769
Military and Vetean Affairs	13,206	4,527	139	0	8,541	4,527
Natural Resources	176,714	29,966	116,073	5,731	24,943	29,966
Personnel and Administration	38,154	12,978	2,853	22,323	0	12,978
Public Health and Environment	158,502	12,171	53,821	15,413	77,098	14,086
Public Safety	203,723	41,560	138,333	9,635	14,195	41,560
Regulatory Agencies	67,413	2,257	60,783	3,778	595	2,257
Revenue	124,093	52,694	71,399	0	0	52,694
State	15,275	0	15,275	0	0	0
Transportation	20,316	0	19,505	811	0	0
Treasury	<u>3,610</u>	<u>2,265</u>	<u>1,345</u>	<u>0</u>	<u>0</u>	<u>2,265</u>
<b>SUBTOTAL</b>	<b>2,690,475</b>	<b>1,374,236</b>	<b>684,630</b>	<b>316,447</b>	<b>315,162</b>	<b>1,407,950</b>

<b>Increase from FY 2012-13</b>	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated</b>	<b>Federal Funds</b>	<b>Net GF</b>
Agriculture	5,597	2,358	2,611	0	628	2,358
Corrections	76,893	72,745	4,148	0	0	72,745
Education	16,978	2,710	1,623	2,485	10,160	2,710
Governor's Office	21,881	(2,329)	1,916	20,750	1,543	(2,329)
Health Care Policy and Financing	6,579	1,272	310	(511)	5,508	1,272
Higher Education - Admin & Hist	4,760	0	3,124	833	803	0
Human Services	45,786	33,496	2,726	2,977	6,586	26,617
Judicial	(52,460)	(60,762)	8,302	0	0	(60,762)
Labor and Employment	2,220	0	6,884	0	(4,664)	0
Law	8,516	1,568	1,509	4,701	738	1,568
Local affairs	5,420	1,085	406	2,130	1,799	1,085
Military and Vetean Affairs	1,782	529	13	0	1,241	529
Natural Resources	21,221	3,825	14,030	237	3,128	3,825
Personnel and Administration	4,569	748	534	3,287	0	748
Public Health and Environment	87,820	1,568	8,210	945	77,098	1,565
Public Safety	40,516	12,440	24,204	(2,679)	6,551	12,440
Regulatory Agencies	12,777	340	11,892	346	199	340
Revenue	7,513	2,616	4,897	0	0	2,616
State	1,475	0	1,475	0	0	0
Transportation	200	0	211	(11)	0	0
Treasury	<u>385</u>	<u>267</u>	<u>118</u>	<u>0</u>	<u>0</u>	<u>267</u>
<b>SUBTOTAL</b>	<b>320,429</b>	<b>74,478</b>	<b>99,143</b>	<b>35,491</b>	<b>111,317</b>	<b>67,596</b>