



# JOINT BUDGET COMMITTEE STAFF FY 2023-24 BUDGET BRIEFING SUMMARY

Colorado General Assembly  
Joint Budget Committee

## *Statewide Compensation and PERA*

Statewide compensation refers to state employee salary and benefit costs. Compensation common policies are funded through a group of centrally appropriated line items generally found in each department's Executive Director's Office. The annual budget request for total compensation is driven by employee salaries, benefit elections, requested policy changes, and statutory contributions for PERA payments for the unfunded liability. The statewide FY 2022-23 appropriation for: the estimated salary base represents approximately 9.5 percent of statewide operating General Fund appropriations; standard PERA and Medicare represent approximately 1.3 percent of statewide operating General Fund appropriations; compensation common policies represents approximately 2.0 percent of statewide operating General Fund appropriations; and PERA payments for the unfunded liability (AED, SAED, and PERA Direct Distribution) represent approximately 1.2 percent of statewide operating General Fund appropriations.

### FY 2022-23 APPROPRIATION AND FY 2023-24 REQUEST

SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA PAYROLL COMPONENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2022-23 Appropriation</b>					
Base Salary Estimate	\$2,098,366,201	\$1,181,558,215	\$466,652,996	\$218,627,953	\$231,527,037
PERA	253,282,261	143,252,350	56,558,972	26,040,759	27,430,180
Medicare (FICA)	31,663,002	17,880,862	7,006,935	3,293,516	3,481,689
Shift Differential	16,049,041	12,699,428	742,385	1,755,688	851,540
Salary Survey	66,265,624	36,666,318	15,146,039	6,720,421	7,732,846
Merit Pay	0	0	0	0	0
Minimum Wage	859,716	123,613	695,742	35,051	5,310
Health, Life, Dental	347,941,052	199,586,005	78,344,196	33,312,313	36,698,538
Paid Family Leave and Medical Insurance	0	0	0	0	0
Short-term Disability	3,401,364	1,926,738	743,502	356,031	375,093
AED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
SAED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
PERA Direct Distribution	58,129,321	31,013,021	16,237,771	5,389,913	5,488,616
<b>TOTAL</b>	<b>\$3,093,826,116</b>	<b>\$1,747,525,783</b>	<b>\$690,452,253</b>	<b>\$318,245,555</b>	<b>\$337,602,524</b>
<b>FY 2023-24 Request</b>					
Base Salary Estimate	\$2,229,829,465	\$1,211,993,595	\$522,244,320	\$233,392,290	\$262,199,260
PERA	283,295,009	156,983,976	65,243,195	28,889,045	32,178,793
Medicare (FICA)	34,425,292	18,797,948	8,006,426	3,598,769	4,022,149
Shift Differential	17,269,238	14,176,471	711,215	1,625,431	756,121
Salary Survey	118,810,307	65,539,704	28,374,706	10,591,644	14,304,253
Merit Pay	0	0	0	0	0
Minimum Wage	59,822	20,300	8,526	0	30,996
Health, Life, Dental	389,008,233	215,858,831	90,556,302	37,193,519	45,399,581
Paid Family Leave and Medical Insurance	0	0	0	0	0
Short-term Disability	3,472,063	1,894,189	800,163	366,601	411,110

SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA PAYROLL COMPONENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
AED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
SAED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
PERA Direct Distribution	8,880,925	4,682,545	2,551,394	838,485	808,501
<b>TOTAL</b>	<b>\$3,321,850,128</b>	<b>\$1,819,159,435</b>	<b>\$773,638,327</b>	<b>\$341,210,436</b>	<b>\$387,841,930</b>
<b>Increase/(Decrease)</b>	\$228,024,012	\$71,633,652	\$83,186,074	\$22,964,881	\$50,239,406
Percent Change	7.4%	4.1%	12.0%	7.2%	14.9%

### FY 2023-24 TOTAL COMPENSATION REQUEST

The FY 2023-24 total compensation request is estimated to be \$3.32 billion total funds, including \$1.82 billion General Fund, an increase of \$228.02 million over the prior year appropriation, which represents a 7.4 percent increase in total compensation-related appropriations.

BASE SALARY, PERA, AND MEDICARE (FICA)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2022-23 Appropriation</b>					
Base Salary Estimate	\$2,098,366,201	\$1,181,558,215	\$466,652,996	\$218,627,953	\$231,527,037
PERA	253,282,261	143,252,350	56,558,972	26,040,759	27,430,180
Medicare (FICA)	31,663,002	17,880,862	7,006,935	3,293,516	3,481,689
<b>TOTAL</b>	<b>\$2,383,311,464</b>	<b>\$1,342,691,427</b>	<b>\$530,218,903</b>	<b>\$247,962,228</b>	<b>\$262,438,906</b>
<b>FY 2023-24 Request</b>					
Base Salary Estimate	\$2,229,829,465	\$1,211,993,595	\$522,244,320	\$233,392,290	\$262,199,260
PERA	283,295,009	156,983,976	65,243,195	28,889,045	32,178,793
Medicare (FICA)	34,425,292	18,797,948	8,006,426	3,598,769	4,022,149
<b>TOTAL</b>	<b>\$2,547,549,766</b>	<b>\$1,387,775,519</b>	<b>\$595,493,941</b>	<b>\$265,880,104</b>	<b>\$298,400,202</b>
<b>Increase/(Decrease)</b>	\$164,238,302	\$45,084,092	\$65,275,038	\$17,917,876	\$35,961,296
Percent Change	6.9%	3.4%	12.3%	7.2%	13.7%

**BASE SALARY ESTIMATE:** The request includes a base salary estimate of \$2.2 billion total funds, including \$1.2 billion General Fund, for FY 2023-24 employee salaries.

**PERA:** The request includes an estimate of \$283.3 million total funds, including \$157.0 million General Fund, for employer payroll-related contributions to PERA.

**MEDICARE (FICA):** The request includes an estimate of \$34.4 million total funds, including \$18.8 million General Fund, for employer payroll-related contributions to Medicare.

OTHER SALARY RELATED ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2022-23 Appropriation</b>					
Shift Differential	\$16,049,041	\$12,699,428	\$742,385	\$1,755,688	\$851,540
Salary Survey	66,265,624	36,666,318	15,146,039	6,720,421	7,732,846
Merit Pay	0	0	0	0	0
Minimum Wage	859,716	123,613	695,742	35,051	5,310
<b>SUBTOTAL - Salary</b>	<b>\$83,174,381</b>	<b>\$49,489,359</b>	<b>\$16,584,166</b>	<b>\$8,511,160</b>	<b>\$8,589,696</b>
<b>FY 2023-24 Request</b>					

OTHER SALARY RELATED ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Shift Differential	\$17,269,238	\$14,176,471	\$711,215	\$1,625,431	\$756,121
Salary Survey	118,810,307	65,539,704	28,374,706	10,591,644	14,304,253
Merit Pay	0	0	0	0	0
Minimum Wage	59,822	20,300	8,526	0	30,996
<b>SUBTOTAL - Salary</b>	<b>\$136,139,367</b>	<b>\$79,736,475</b>	<b>\$29,094,447</b>	<b>\$12,217,075</b>	<b>\$15,091,370</b>
<b>Increase/(Decrease)</b>	<b>\$52,964,986</b>	<b>\$30,247,116</b>	<b>\$12,510,281</b>	<b>\$3,705,915</b>	<b>\$6,501,674</b>
Percent Change	63.7%	61.1%	75.4%	43.5%	75.7%

**SHIFT DIFFERENTIAL:** Shift differential funds are used for adjustments to some employee wages for work that is performed outside of standard 8:00 a.m. to 5:00 p.m. business hours. Shift differential is requested at 100 percent of prior year actual expenditures. The request includes \$17.3 million total funds, including \$14.2 million General Fund.

**SALARY SURVEY:** The request, based on the modified Partnership Agreement, includes \$118.8 million total funds, including \$65.5 million General Fund, for a 5.0 percent across-the-board increase for state employees.

**MERIT PAY:** The request does not include funding for merit pay increases for state employees.

**MINIMUM WAGE:** The request includes \$59,822 total funds, including \$20,300 General Fund, for adjustments to wages for those employees who earned less than \$15.75 per hour.

INSURANCE BENEFITS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2022-23 Appropriation</b>					
Health, Life, Dental	\$347,941,052	\$199,586,005	\$78,344,196	\$33,312,313	\$36,698,538
Paid Family Leave and Medical Insurance	0	0	0	0	0
Short-term Disability	3,401,364	1,926,738	743,502	356,031	375,093
<b>SUBTOTAL - Benefits</b>	<b>\$351,342,416</b>	<b>\$201,512,743</b>	<b>\$79,087,698</b>	<b>\$33,668,344</b>	<b>\$37,073,631</b>
<b>FY 2023-24 Request</b>					
Health, Life, Dental	\$389,008,233	\$215,858,831	\$90,556,302	\$37,193,519	\$45,399,581
Paid Family Leave and Medical Insurance	0	0	0	0	0
Short-term Disability	1,926,739	1,894,189	800,163	366,601	411,110
<b>SUBTOTAL - Benefits</b>	<b>\$392,480,296</b>	<b>\$217,753,020</b>	<b>\$91,356,465</b>	<b>\$37,560,120</b>	<b>\$45,810,691</b>
<b>Increase/(Decrease)</b>	<b>\$41,137,880</b>	<b>\$16,240,277</b>	<b>\$12,268,766</b>	<b>\$3,891,776</b>	<b>\$8,737,060</b>
Percent Change	11.7%	8.1%	15.5%	11.6%	23.6%

**HEALTH, LIFE, DENTAL:** The request includes \$389.0 million total funds, including \$215.9 million General Fund, for employee health, life, and dental benefits elected by employees as of July 2022. Additional adjustments may be included in a budget amendment based on new actuarial recommendations received in December. The base adjustment request reflects an increase of \$41.1 million total funds, including \$16.2 million General Fund, in FY 2023-24.

**PAID FAMILY AND MEDICAL LEAVE INSURANCE:** The request does not include an appropriation for FY 2023-24. Pursuant to H.B. 22-1133 (Family and Medical Leave Insurance Fund), the State's portion of the insurance premium is prepaid until the balance in the Family and Medical Leave Insurance Fund reaches zero. JBC staff estimates that

the balance in the Fund would last nearly twice as long if statute were amended to state that the “amount otherwise paid from the General Fund” is attributed to the Fund and not the entire amount of the State’s premium. The total estimated cost of the insurance premium is \$4.3 million in FY 2022-23 and \$9.0 million in FY 2023-24. Proposition 118, approved by voters in November 2020, requires employers and employees in Colorado to pay a payroll premium (.90 percent with a minimum of half paid by the employer) to finance paid family and medical leave insurance benefits beginning January 1, 2023 in order to finance up to 12 weeks of paid family medical leave to eligible employees beginning January 1, 2024.

**STD:** Short term disability is requested at a rate of 0.15 percent of revised base salaries. STD is estimated at \$1.92 million total funds, including \$1.89 million General Fund.

PERA PAYMENTS FOR UNFUNDED LIABILITY (NON-BENEFIT COMPONENTS)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2022-23 Appropriation</b>					
AED	\$108,934,267	\$61,409,617	\$24,161,857	\$11,356,955	\$12,005,838
SAED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
PERA Direct Distribution	58,129,321	31,013,021	16,237,771	5,389,913	5,488,616
<b>TOTAL</b>	<b>\$275,997,855</b>	<b>\$153,832,255</b>	<b>\$64,561,485</b>	<b>\$28,103,823</b>	<b>\$29,500,292</b>
<b>FY 2023-24 Request</b>					
AED	\$118,399,887	\$64,605,938	\$27,571,040	\$12,357,326	\$13,865,583
SAED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
PERA Direct Distribution	8,880,925	4,682,545	2,551,394	838,485	808,501
<b>TOTAL</b>	<b>\$245,680,699</b>	<b>\$133,894,421</b>	<b>\$57,693,474</b>	<b>\$25,553,137</b>	<b>\$28,539,667</b>
<b>Increase/(Decrease)</b>	(30,317,156)	(19,937,834)	(6,868,011)	(2,550,686)	(960,625)
Percent Change	(11.0%)	(13.0%)	(10.6%)	(9.1%)	(3.3%)

**AED:** Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent and is estimated to be \$118.4 million total funds, including \$64.6 million General Fund.

**SAED:** Supplemental Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent and is estimated to be \$118.4 million total funds, including \$64.6 million General Fund.

**PERA DIRECT DISTRIBUTION:** In FY 2019-20, a common policy allocation to state agencies was added for the state's \$225.0 million statutory PERA Direct Distribution payment. This allocation was added to common policies to charge cash and federal funds sources for what would otherwise be a General Fund payment. The PERA Direct Distribution totals \$8.9 million, including \$4.7 million General Fund in FY 2023-24.

The following table outlines all PERA payments included in total compensation.

ALL PERA PAYMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
<b>FY 2022-23 Appropriation</b>					
PERA (standard employer contrib.)	\$253,282,261	\$143,252,350	\$56,558,972	\$26,040,759	\$27,430,180
AED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
SAED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
PERA Direct Distribution	58,129,321	31,013,021	16,237,771	5,389,913	5,488,616
<b>SUBTOTAL - Benefits</b>	<b>\$529,280,116</b>	<b>\$297,084,605</b>	<b>\$121,120,457</b>	<b>\$54,144,582</b>	<b>\$56,930,472</b>
<b>FY 2023-24 Request</b>					
PERA (standard employer contrib.)	\$283,295,009	\$156,983,976	\$65,243,195	\$28,889,045	\$32,178,793

ALL PERA PAYMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
AED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
SAED	118,399,887	64,605,938	27,571,040	12,357,326	13,865,583
PERA Direct Distribution	8,880,925	4,682,545	2,551,394	838,485	808,501
<b>SUBTOTAL - Benefits</b>	<b>\$528,975,708</b>	<b>\$290,878,397</b>	<b>\$122,936,669</b>	<b>\$54,442,182</b>	<b>\$60,718,460</b>
<b>Increase/(Decrease)</b>	(304,408)	(6,206,208)	1,816,212	297,600	3,787,988
Percent Change	(0.1%)	(2.1%)	1.5%	0.5%	6.7%

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**COWINS PARTNERSHIP AGREEMENT:** The Colorado Partnership for Quality Jobs and Services Act requires the State to enter into a partnership agreement with certified employee organizations, defines the duties of the parties, and sets standards and procedure related to disputes. While the fiscal note for the Act identifies the need for additional human resources staff in some departments, it does not identify the fiscal impact of implementing certain provisions of the Partnership Agreement.

**PERA UPDATE:** An informational PERA update based on PERA's 2021 Comprehensive Annual Financial Report and related documents. PERA experienced an investment return of 16.1 percent in 2021, compared with a 17.4 percent in 2020. The net investment income of the plan in 2021 was \$10.2 billion. Member contributions totaled \$1.3 billion and employer contributions totaled \$2.1 billion.

## FOR MORE INFORMATION

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**TO READ THE ENTIRE BRIEFING:** Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2022.