

The following file contains two documents:

- March 1, 2007, FY 2007-08 JBC Staff Figure Setting for Department of Personnel.
- March 15, 2007, JBC Staff Technical Comeback on Health Insurance Portability and Accountability Act of 1996 - Security Remediation line item.

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2007-08 STAFF FIGURE SETTING:

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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March 1, 2007**

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**FY 2007-08 Department of Personnel and Administration
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	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request

DEPARTMENT OF PERSONNEL AND ADMINISTRATION Executive Director: Rich Gonzales

(1) EXECUTIVE OFFICE

This division provides policy direction to and manages the fiscal and budgetary affairs of all divisions within the Department. It also reviews all statewide contracts, investigates and resolves appeals made to the Personnel Director regarding agency actions, and promotes statewide affirmative action and equal opportunity programs. The primary source of cash funds and cash funds exempt are from indirect cost recoveries from other divisions throughout the Department and from user fees from other state agencies.

Personal Services	1,513,518	1,547,222	1,601,479	1,653,565	1,648,595
FTE	<u>24.3</u>	<u>19.3</u>	<u>21.5</u>	<u>21.5</u>	<u>21.5</u>
General Fund	0	0	0	0	0
Cash Funds Exempt	1,513,518	1,547,222	1,601,479	1,653,565	1,648,595
Health, Life, and Dental	<u>779,704</u>	<u>1,100,248</u>	<u>1,736,246</u>	<u>2,317,726</u>	<u>2,317,727</u>
General Fund	0	317,014	479,246	631,542	631,543
Cash Funds	21,716	0	9,096	7,810	67,089
Cash Funds Exempt	757,988	783,234	1,247,904	1,678,374	1,619,095
Short-term Disability	<u>25,759</u>	<u>37,728</u>	<u>33,579</u>	<u>41,579</u>	<u>39,612</u>
General Fund	0	7,283	6,832	13,738	4,279
Cash Funds	1,498	596	1,411	235	1,662
Cash Funds Exempt	24,261	29,849	25,336	27,606	33,671
S.B. 04-257 Amortization Equalization Disbursement	<u>0</u>	<u>59,404</u>	<u>220,352</u>	<u>383,802</u>	<u>364,552</u>
General Fund	0	12,562	42,825	126,810	38,404
Cash Funds	0	1,657	9,368	2,168	15,339
Cash Funds Exempt	0	45,185	168,159	254,824	310,809
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>0</u>	<u>0</u>	<u>0</u>	<u>79,959</u>	<u>74,808</u>
General Fund	0	0	0	26,419	6,858
Cash Funds	0	0	0	452	3,196
Cash Funds Exempt	0	0	0	53,088	64,754

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Salary Survey and Senior Executive Service	<u>546,591</u>	<u>903,959</u>	<u>848,161</u>	<u>1,236,594</u>	<u>1,013,184</u>	
General Fund	189,145	306,953	284,213	423,968	351,591	
Cash Funds	16,376	0	4,537	7,266	26,548	
Cash Funds Exempt	341,070	597,006	559,411	805,360	635,045	
Performance-based Pay	<u>260,669</u>	<u>0</u>	<u>0</u>	<u>291,210</u>	<u>452,094</u>	
General Fund	160,604	0	0	96,426	147,659	
Cash Funds	3,548	0	0	1,649	12,622	
Cash Funds Exempt	96,517	0	0	193,135	291,813	
Shift Differential - Cash Funds Exempt	51,941	36,064	68,319	77,436	77,436	
Workers' Compensation	<u>265,721</u>	<u>235,128</u>	<u>285,476</u> S/	<u>394,580</u>	Pending	Statewide BA #3
General Fund	98,582	60,484	73,435	101,501		
Cash Funds	2,392	1,301	1,579	2,183		
Cash Funds Exempt	164,747	173,343	210,462	290,896		
Operating Expenses	<u>103,043</u>	<u>99,841</u>	<u>99,842</u>	<u>99,842</u>	<u>99,842</u>	
General Fund	0	0	0	0	0	
Cash Funds Exempt	103,043	99,841	99,842	99,842	99,842	
Legal Services	232,097	192,345	232,587	232,587	Pending	
Hours	<u>3,770</u>	<u>2,984</u>	<u>3,432</u>	<u>3,432</u>	<u>3,432</u>	
General Fund	186,664	167,552	202,196	202,196		
Cash Funds	19,568	0	0	0		
Cash Funds Exempt	25,865	24,793	30,391	30,391		
Administrative Law Judge Services - Cash Funds Exempt	<u>1,781</u>	<u>2,440</u>	<u>582</u> S/	<u>609</u>	Pending	
General Fund	1,781	2,440	0	0		
Cash Funds Exempt	0	0	582	609		
Purchase of Services from Computer Center	<u>1,270,753</u>	<u>1,090,908</u>	<u>3,857,882</u> S/	<u>2,271,661</u>	Pending	
General Fund	1,198,320	1,019,111	2,995,195	1,822,851		
Cash Funds Exempt	72,433	71,797	862,687	448,810		
Multiuse Network Payments - Cash Funds Exempt	123,101	89,936	36,257 S/	41,407	Pending	Statewide DI #1: MNT

	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>		<u>FY 2007-08</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Appropriation</u>	<u>Request</u>	<u>Recommend</u>	<u>Change Request</u>
Payment to Risk Management and Property Funds	<u>400,957</u>	<u>395,721</u>	<u>1,068,603</u>	S/	<u>917,687</u>	Pending Statewide BA #3
General Fund	137,608	101,795	274,885		236,064	
Cash Funds	3,889	2,189	5,910		5,076	
Cash Funds Exempt	259,460	291,737	787,808		676,547	
Vehicle Lease Payments	<u>98,317</u>	<u>110,215</u>	<u>133,507</u>	S/	<u>212,970</u>	Pending Statewide DI #2: Vehicle Replacements
General Fund	3,480	272	2,910		2,910	
Cash Funds Exempt	94,837	109,943	130,597		210,060	
Leased Space	<u>910,654</u>	<u>1,159,374</u>	<u>1,189,814</u>		<u>1,453,054</u>	<u>1,453,054</u>
General Fund	281,583	447,765	459,521		482,497	482,497
Cash Funds	0	15,928	16,346		17,163	17,163
Cash Funds Exempt	629,071	695,681	713,947		953,394	953,394 DI # 2: IDF Realignment
Capitol Complex Leased Space	<u>1,247,662</u>	<u>1,037,901</u>	<u>1,153,035</u>		<u>1,186,435</u>	Pending Statewide BA #2
General Fund	560,199	484,085	539,826		567,088	
Cash Funds	7,485	0	0		0	
Cash Funds Exempt	679,978	553,816	613,209		619,347	
Communications Services Payments	<u>390</u>	<u>4,881</u>	<u>1,151</u>	S/	<u>1,397</u>	Pending
General Fund	0	1,541	1,151		1,397	
Cash Funds Exempt	390	3,340	0		0	
Test Facility Lease - General Fund	116,350	116,475	119,842		119,842	119,842
Employment Security Contract Payment	<u>17,400</u>	<u>17,400</u>	<u>17,400</u>		<u>17,400</u>	<u>17,400</u>
General Fund	10,889	10,889	10,889		10,889	10,889
Cash Funds Exempt	6,511	6,511	6,511		6,511	6,511
Employees Emeritus Retirement - General Fund	9,629	9,918	11,370		11,370	11,370
HIPAA - Security Remediation	437,365	182,030	210,824		189,631	177,235
FTE	<u>1.6</u>	<u>2.0</u>	<u>2.0</u>		<u>2.0</u>	<u>2.0</u>
General Fund	96,145	63,542	67,509		71,496	71,247
Cash Funds Exempt	341,220	118,488	143,315		118,135	105,988

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	Request	FY 2007-08 Recommend	Change Request
Governor's Transition - General Fund	0	0	10,000	0	0	Request vs. Appropriation
TOTAL - (1) EXECUTIVE OFFICE	8,413,402	8,429,138	12,936,308	13,232,343	7,866,751	2.3%
FTE	<u>25.9</u>	<u>21.3</u>	<u>23.5</u>	<u>23.5</u>	<u>23.5</u>	<u>0.0</u>
General Fund	3,050,979	3,129,681	5,581,845	4,949,004	1,876,179	-11.3%
Cash Funds	76,472	21,671	48,247	44,002	143,619	-8.8%
Cash Funds Exempt	5,285,951	5,277,786	7,306,216	8,239,337	5,846,953	12.8%

S/ Includes the following supplemental adjustments in total funds pursuant to S.B. 07-173: (a) a \$29,697 increase for Workers' Compensation; (b) a (\$1,934) reduction for Administrative Law Judge Services; (c) a \$2,750,824 increase for Purchase of Services from Computer Center; (d) a (\$52,865) reduction for Multiuse Network Payments; (e) a \$508,456 increase for Payment to Risk Management and Property Funds; (f) a (\$48,764) reduction for Vehicle Lease Payments; (g) a (\$4,045) reduction for Communications Services Payments.

(2) DIVISION OF HUMAN RESOURCES

This division is responsible for the administration of the statewide classified personnel system, which includes approximately 27,700 employees, excluding the Department of Higher Education. It also administers the employee benefits programs (such as group health and dental benefits), manages statewide systems for payroll and basic employee information, and operates the statewide risk management program, including the procurement of property, casualty, and workers' compensation insurance policies. The primary sources of cash funds include the Deferred Compensation Fund, the Defined Contribution Fund, and payments from state enterprises for risk management services. The primary sources of cash funds exempt include the Risk Management Fund, the Self-Insured Property Fund, the Benefits Administration Fund, transfers from other state agencies, and indirect cost recoveries from other divisions within the Department.

(A) Human Resource Services

(1) State Agency Services

Personal Services	1,801,758	1,761,261	1,924,013	1,970,273	1,964,350
FTE	<u>23.5</u>	<u>22.1</u>	<u>27.2</u>	<u>27.2</u>	<u>27.2</u>
Cash Funds Exempt	1,801,758	1,761,261	1,924,013	1,970,273	1,964,350
Operating Expenses	<u>85,287</u>	<u>88,458</u>	<u>88,462</u>	<u>88,462</u>	<u>88,462</u>
General Fund	0	0	0	0	0
Cash Funds Exempt	85,287	88,458	88,462	88,462	88,462
(2) Training Services					
Personal Services	19,194	16,580	62,122	61,998	61,811
FTE	<u>3.0</u>	<u>0.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Cash Funds	5,862	6,824	25,572	25,521	25,444	
Cash Funds Exempt	13,332	9,756	36,550	36,477	36,367	
Operating Expenses - Cash Funds Exempt	14,690	10,523	17,169	17,169	17,169	
Indirect Cost Assessment - Cash Funds Exempt	33,476	30,868	31,309	35,034	35,034	
(3) Colorado State Employees Assistance Program						
Personal Services - Cash Funds Exempt	272,616	278,995	288,733	299,374	298,474	
FTE	4.4	4.4	4.5	4.5	4.5	
Operating Expenses - Cash Funds Exempt	32,963	37,050	37,233	37,233	37,233	
Indirect Cost Assessment - Cash Funds Exempt	68,475	55,592	50,698	63,788	63,788	
						Request vs. Appropriation
(2) DIVISION OF HUMAN RESOURCES						
Subtotal - (A) Human Resource Services Section	2,328,459	2,279,327	2,499,739	2,573,331	2,566,321	2.9%
FTE	<u>30.9</u>	<u>26.5</u>	<u>32.7</u>	<u>32.7</u>	<u>32.7</u>	<u>0.0</u>
Cash Funds	5,862	6,824	25,572	25,521	25,444	-0.2%
Cash Funds Exempt	2,322,597	2,272,503	2,474,167	2,547,810	2,540,877	3.0%
(2) DIVISION OF HUMAN RESOURCES						
(B) Employee Benefits Services						
Personal Services	724,520	824,436	910,052	908,232	905,502	
FTE	<u>8.4</u>	<u>11.0</u>	<u>12.0</u>	<u>12.0</u>	<u>12.0</u>	
Cash Funds	39,866	0	0	0	0	
Cash Funds Exempt	684,654	824,436	910,052	908,232	905,502	
Operating Expenses	<u>47,432</u>	<u>42,624</u>	<u>52,225</u>	<u>52,225</u>	<u>52,225</u>	
Cash Funds	2,576	0	0	0	0	
Cash Funds Exempt	44,856	42,624	52,225	52,225	52,225	
Utilization Review - Cash Funds Exempt	30,743	26,478	40,000	40,000	40,000	

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Deferred Compensation Plans	<u>182,695</u>	<u>52,029</u>	<u>84,500</u>	<u>84,500</u>	<u>84,500</u>	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt	182,695	52,029	84,500	84,500	84,500	
Deferred Compensation Administration (TPA) - Cash Funds Exempt	0	614,309	682,000	682,000	682,000	
Defined Contribution Plans	<u>6,316</u>	<u>10,110</u>	<u>11,226</u>	<u>11,226</u>	<u>11,226</u>	
Cash Funds	90	0	0	0	0	
Cash Funds Exempt	6,226	10,110	11,226	11,226	11,226	
Deferred Compensation Plan and Defined Contribution Plans						
Performance Audits - CFE	0	0	0	160,000	160,000	BA #4
Indirect Cost Assessment	<u>141,154</u>	<u>101,576</u>	<u>119,766</u>	<u>98,315</u>	<u>98,315</u>	
Cash Funds	0	0	0	0	0	
Cash Funds Exempt	141,154	101,576	119,766	98,315	98,315	
						Request vs. Appropriation
(2) DIVISION OF HUMAN RESOURCES						
Subtotal - (B) Employee Benefits Services	1,132,860	1,671,562	1,899,769	2,036,498	2,033,768	7.2%
FTE	<u>8.4</u>	<u>11.0</u>	<u>12.0</u>	<u>12.0</u>	<u>12.0</u>	<u>0.0</u>
Cash Funds	42,532	0	0	0	0	n/a
Cash Funds Exempt	1,090,328	1,671,562	1,899,769	2,036,498	2,033,768	7.2%
(2) DIVISION OF HUMAN RESOURCES						
(C) Risk Management Services						
Personal Services - Cash Funds Exempt	491,728	568,438	579,219	607,800	605,973	
FTE	6.0	8.2	9.0	9.0	9.0	
Operating Expenses - Cash Funds Exempt	50,360	49,989	57,104	57,104	57,104	
Audit Expense - Cash Funds Exempt	9,206	0	0	63,120	63,120	
Legal Services - Cash Funds Exempt	2,167,842	2,459,639	2,159,152	2,159,152	Pending	
Hours	35,209	38,164	31,860	31,860	31,860	

	FY 2004-05	FY 2005-06	FY 2006-07			FY 2007-08	
	Actual	Actual	Appropriation	Request		Recommend	Change Request
Liability Premiums	<u>5,436,926</u>	<u>5,271,058</u>	<u>8,345,546</u>	S/	<u>8,345,546</u>	<u>8,345,546</u>	Statewide BA #3
Cash Funds	636,652	357,275	565,666		565,666	565,666	
Cash Funds Exempt	4,800,274	4,913,783	7,779,880		7,779,880	7,779,880	
Property Premiums	<u>6,751,128</u>	<u>5,818,914</u>	<u>8,805,849</u>	S/	<u>8,585,311</u>	<u>8,585,311</u>	Statewide BA #3
Cash Funds	336,827	446,206	675,249		658,338	658,338	
Cash Funds Exempt	6,414,301	5,372,708	8,130,600		7,926,973	7,926,973	
Workers' Compensation Premiums	<u>27,478,224</u>	<u>26,517,136</u>	<u>30,305,844</u>	S/	<u>30,305,844</u>	<u>30,305,844</u>	Statewide BA #3
Cash Funds	2,423,940	3,229,716	3,691,170		3,691,170	3,691,170	
Cash Funds Exempt	25,054,284	23,287,420	26,614,674		26,614,674	26,614,674	
Indirect Cost Assessment - Cash Funds Exempt	172,154	111,768	139,450		137,080	137,080	Request vs. Appropriation
(2) DIVISION OF HUMAN RESOURCES							
Subtotal - (C) Risk Management Services	42,557,568	40,796,942	50,392,164		50,260,957	48,099,978	-0.3%
FTE	<u>6.0</u>	<u>8.2</u>	<u>9.0</u>		<u>9.0</u>	<u>9.0</u>	<u>0.0</u>
Cash Funds	3,397,419	4,033,197	4,932,085		4,915,174	4,915,174	-0.3%
Cash Funds Exempt	39,160,149	36,763,745	45,460,079		45,345,783	43,184,804	-0.3%
TOTAL - (2) DIVISION OF HUMAN RESOURCES							
FTE	<u>45.3</u>	<u>45.7</u>	<u>53.7</u>		<u>53.7</u>	<u>53.7</u>	<u>0.0</u>
Cash Funds	3,445,813	4,040,021	4,957,657		4,940,695	4,940,618	-0.3%
Cash Funds Exempt	42,573,074	40,707,810	49,834,015		49,930,091	47,759,449	0.2%

S/ Includes the following supplemental adjustments in total funds pursuant to S.B. 07-173: (a) a \$2,174,577 increase for Liability Premiums; (b) a \$2,959,843 increase for Property Premiums; (c) a \$230,148 increase for Workers' Compensation Premiums.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	Request	FY 2007-08 Recommend	Change Request
(3) PERSONNEL BOARD						
This division provides staff support for the five-member State Personnel Board authorized in Article XII, Sections 13 through 15, of the Colorado Constitution. The Board has the authority to adopt by rule a uniform grievance procedure to be used by all principal departments and agencies for classified employees in the state personnel system. The Board provides guidance in achieving and maintaining a sound, comprehensive, and uniform system of human resource management. The cash fund source is from revenue for copies of information and case documentation. The cash fund exempt source is from indirect cost recoveries and revenue from other state agencies for copies of information and case documentation.						
Personal Services	384,739	400,948	427,810	438,672	437,357	
FTE	<u>4.5</u>	<u>4.7</u>	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>	
General Fund	194,837	230,922	20,586	32,262	227,902	
Cash Funds	554	680	1,198	1,196	1,196	
Cash Funds Exempt	189,348	169,346	406,026	405,214	208,259	
Operating Expenses	<u>27,573</u>	<u>29,032</u>	<u>29,033</u>	<u>29,033</u>	<u>29,033</u>	
General Fund	27,573	29,032	0	0	0	
Cash Funds Exempt	0	0	29,033	29,033	29,033	
TOTAL - (3) PERSONNEL BOARD	412,312	429,980	456,843	467,705	466,390	2.4%
FTE	<u>4.5</u>	<u>4.7</u>	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>	<u>0.0</u>
General Fund	222,410	259,954	20,586	32,262	227,902	56.7%
Cash Funds	554	680	1,198	1,196	1,196	-0.2%
Cash Funds Exempt	189,348	169,346	435,059	434,247	237,292	-0.2%

(4) CENTRAL SERVICES

This division is responsible for reducing costs to other state agencies for commonly-used support services, such as mail services, collections, travel, printing, copying, and document reproduction and data entry. It administers the statewide Fleet Management Program that provides vehicles to and monitors the maintenance costs of other state agencies. The Division also oversees the maintenance of buildings and grounds of the Capitol Complex, the Grand Junction State Services Building, and Camp George West as a part of the Facilities Maintenance program.

(A) Administration

Personal Services - CFE	625,080	618,692	680,479	697,588	695,491	
FTE	9.3	8.5	10.0	10.0	10.0	

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Operating Expenses	61,090	77,410	77,427	77,427	77,427	
Indirect Cost Assessment	1,800,334	120,130	118,539	84,219	84,219	Request vs. Appropriation
(4) CENTRAL SERVICES						
Subtotal - (A) Administration	2,486,504	816,232	876,445	859,234	857,137	-2.0%
FTE	<u>9.3</u>	<u>8.5</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>0.0</u>
Cash Funds	26,445	42,773	42,782	42,782	42,782	0.0%
Cash Funds Exempt	2,460,059	773,459	833,663	816,452	814,355	-2.1%
(4) CENTRAL SERVICES						
(B) Integrated Document Factory						
(1) Reprographic Services						
Personal Services	1,078,725	1,129,722	1,164,275	1,183,506	1,179,949	
FTE	22.4	22.8	24.6	24.6	24.6	
Operating Expenses	2,026,875	2,202,283	2,304,752	2,404,752	2,404,752	DI #2: Realignment of IDF Resources
Indirect Cost Assessment	0	183,917	237,079	232,704	232,704	Request vs. Appropriation
(4) CENTRAL SERVICES						
Subtotal - (B) Integrated Document Factory (1) Reprographics Services						
	3,105,600	3,515,922	3,706,106	3,820,962	3,817,405	3.1%
FTE	<u>22.4</u>	<u>22.8</u>	<u>24.6</u>	<u>24.6</u>	<u>24.6</u>	<u>0.0</u>
Cash Funds	297,551	292,101	305,456	305,456	305,456	0.0%
Cash Funds Exempt	2,808,049	3,223,821	3,400,650	3,515,506	3,511,949	3.4%
(2) Document Solutions Group^{al}						
Personal Services	2,839,837	2,376,810	2,708,250 S/	2,637,109	2,587,841	DI #2: Realignment of IDF Resources
FTE	45.9	46.7	46.7	60.0	46.7	Non-prioritized DI #1: Data Entry Costs
Operating Expenses	355,749	319,750	319,846	404,846	404,846	DI #2: Realignment of IDF Resources
Utilities	12,969	19,936	31,745	58,800	58,800	DI #2: Realignment of

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	Request	FY 2007-08 Recommend	Change Request
Indirect Cost Assessment	471,582	158,898	197,566	169,477	169,477	IDF Resources Request vs. Appropriation
(4) CENTRAL SERVICES						
Subtotal - (B) Integrated Document Factory (2) Document Solutions Group						
	3,680,137	2,875,394	3,257,407	3,270,232	3,220,964	0.4%
FTE	<u>45.9</u>	<u>46.7</u>	<u>46.7</u>	<u>60.0</u>	<u>46.7</u>	<u>13.3</u>
Cash Funds	35,917	35,906	35,917	35,917	35,917	0.0%
Cash Funds Exempt	3,644,220	2,839,488	3,221,490	3,234,315	3,185,047	0.4%
S/ Includes the following supplemental adjustment in total funds pursuant to S.B. 07-173: (a) a \$274,560 increase for Personal Services.						
(3) Mail Services						
Personal Services	1,085,593	1,127,079	1,127,967	1,235,381	1,230,252	DI #2: Realignment of IDF Resources
FTE	28.0	28.5	31.0	36.0	36.0	
Operating Expenses	5,371,433	6,026,247	7,329,529	6,788,394	6,788,394	DI #2: Realignment of IDF Resources
Indirect Cost Assessment	0	315,413	355,618	276,199	276,199	Request vs. Appropriation
(4) CENTRAL SERVICES						
Subtotal - (B) Integrated Document Factory (3) Mail Services						
	6,457,026	7,468,739	8,813,114	8,299,974	8,294,845	-5.8%
FTE	<u>28.0</u>	<u>28.5</u>	<u>31.0</u>	<u>36.0</u>	<u>36.0</u>	<u>5.0</u>
Cash Funds	697,515	579,156	697,515	697,515	697,515	0.0%
Cash Funds Exempt	5,759,511	6,889,583	8,115,599	7,602,459	7,597,330	-6.3%
Request vs. Appropriation						
(4) CENTRAL SERVICES						
Subtotal - (B) Integrated Document Factory						
	13,242,763	13,860,055	15,776,627	15,391,168	15,333,214	-2.4%
FTE	<u>96.3</u>	<u>98.0</u>	<u>102.3</u>	<u>120.6</u>	<u>107.3</u>	<u>18.3</u>
Cash Funds	1,030,983	907,163	1,038,888	1,038,888	1,038,888	0.0%
Cash Funds Exempt	12,211,780	12,952,892	14,737,739	14,352,280	14,294,326	-2.6%

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	Request	FY 2007-08 Recommend	Change Request
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a/ Prior to FY 2003-04, the Document Solutions Group was named the Imaging and Microfilm Unit. A department reorganization moved the Pueblo Data Entry Center from the Division of Information Technology to Central Services and combined it with the Imaging and Microfilm Unit.

(4) CENTRAL SERVICES

(C) Fleet Management and Motor Pool Services

Personal Services	739,054	761,898	777,714	801,973	799,562	
FTE	14.4	15.0	16.0	16.0	16.0	
Operating Expenses	14,858,755	16,792,626 S/	18,139,386 S/	18,985,691	18,515,691	Statewide BA #1
Vehicle Replacement Lease, Purchase or Lease/Purchase	12,617,351	11,504,611	12,460,951 S/	14,775,559	Pending	Statewide DI #2: Fleet Vehicle Replacements
Indirect Cost Assessment	0	610,215	632,210	430,448	430,448	Request vs. Appropriation

(4) CENTRAL SERVICES

Subtotal - (C) Fleet Management and Motor Pool Services	28,215,160	29,669,350	32,010,261	34,993,671	19,745,701	9.3%
FTE	<u>14.4</u>	<u>15.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>
Cash Funds	1,625,888	1,691,364	1,847,561	1,948,015	1,948,015	5.4%
Cash Funds Exempt	26,589,272	27,977,986	30,162,700	33,045,656	17,797,686	9.6%

S/ Includes the following supplemental adjustments in total funds pursuant to S.B. 07-173: (a) a \$637,439 increase for Operating Expenses in FY 2005-06 (\$224,144 for a June 2006 Emergency Supplemental and \$413,295 for a line item overexpenditure); (b) a \$2,534,047 increase for Operating Expenses in FY 2006-07 (\$1,711,547 from S.B. 07-173 and \$822,500 from S.B. 06-15); (c) a (\$1,189,376) reduction for Vehicle Replacement Lease, Purchase or Lease/Purchase.

(4) CENTRAL SERVICES

(D) Facilities Maintenance

(1) Capitol Complex Facilities

Personal Services	2,421,020	2,496,457	2,562,661	2,609,461	2,601,617	
FTE	50.5	52.3	53.2	53.2	53.2	
Operating Expenses	1,614,357	1,637,396	1,637,466	1,637,466	1,637,466	
Capitol Complex Repairs	56,520	56,520	56,520	56,520	56,520	

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Capitol Complex Security	433,036	260,379	260,379	273,138	Pending	
Utilities	3,060,325	3,199,683	3,742,802	3,742,802	3,742,802	
Indirect Cost Assessment	0	311,204	434,644	377,456	377,456	Request vs. Appropriation
(4) CENTRAL SERVICES						
Subtotal - (D) Facilities Maintenance (1) Capitol Complex Facilities						
Cash Funds Exempt	7,585,258	7,961,639	8,694,472	8,696,843	8,415,861	0.0%
FTE	50.5	52.3	53.2	53.2	53.2	0.0
(2) Grand Junction State Services Building						
Personal Services	41,601	41,942	44,697	45,473	45,336	
FTE	1.0	1.0	1.0	1.0	1.0	
Operating Expenses	74,338	75,692	76,873	76,873	76,873	
Utilities	68,177	85,758	87,554	87,554	87,554	Request vs. Appropriation
(4) CENTRAL SERVICES						
Subtotal - (D) Facilities Maintenance (2) Grand Junction State						
Services Building	184,116	203,392	209,124	209,900	209,763	0.4%
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>0.0</u>
Cash Funds	5,130	5,051	5,130	5,130	5,130	0.0%
Cash Funds Exempt	178,986	198,341	203,994	204,770	204,633	0.4%
(3) Camp George West						
Personal Services	57,836	59,733	61,572	64,759	64,565	
FTE	1.0	1.0	1.0	1.0	1.0	
Operating Expenses	121,279	163,978	166,281	122,102	122,102	

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Utilities	361,322	409,079	434,350	434,350	434,350	Request vs. Appropriation
(4) CENTRAL SERVICES						
Subtotal - (D) Facilities Maintenance (3) Camp George West	540,437	632,790	662,203	621,211	621,017	-6.2%
FTE	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>0.0</u>
Cash Funds	0	46,843	48,950	48,950	48,950	0.0%
Cash Funds Exempt	540,437	585,947	613,253	572,261	572,067	-6.7%
Request vs. Appropriation						
(4) CENTRAL SERVICES						
Subtotal - (D) Facilities Maintenance	8,309,811	8,797,821	9,565,799	9,527,954	9,246,641	-0.4%
FTE	<u>52.5</u>	<u>54.3</u>	<u>55.2</u>	<u>55.2</u>	<u>55.2</u>	<u>0.0</u>
Cash Funds	5,130	51,894	54,080	54,080	54,080	0.0%
Cash Funds Exempt	8,304,681	8,745,927	9,511,719	9,473,874	9,192,561	-0.4%
Request vs. Appropriation						
TOTAL - (4) CENTRAL SERVICES						
	52,254,238	53,143,458	58,229,132	60,772,027	45,182,693	4.4%
FTE	<u>172.5</u>	<u>175.8</u>	<u>183.5</u>	<u>201.8</u>	<u>188.5</u>	<u>18.3</u>
Cash Funds	2,688,446	2,693,194	2,983,311	3,083,765	3,083,765	3.4%
Cash Funds Exempt	49,565,792	50,450,264	55,245,821	57,688,262	42,098,928	4.4%

(5) FINANCE AND PROCUREMENT

This division manages the financial affairs of all departments through the State Controller's Office. This includes statewide financial reporting, policy and procedural guidance, contract management, and the development of a statewide indirect cost allocation plan. The cash fund source is the Supplier Database Cash Fund pursuant to Section 24-102-202.5, C.R.S. The division also receives cash exempt funds from rebates associated with the Procurement Card Program.

(A) State Controller's Office and Procurement Services

Personal Services	2,703,092	2,685,433	2,916,278	2,970,131	2,961,203
FTE	<u>33.9</u>	<u>34.2</u>	<u>35.5</u>	<u>35.5</u>	<u>35.5</u>

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
General Fund	397,448	736,943	70,650	130,194	710,689	
Cash Funds	0	0	409,082	408,264	407,037	
Cash Funds Exempt	2,305,644	1,948,490	2,436,546	2,431,673	1,843,477	
Operating Expenses	<u>125,335</u>	<u>137,351</u>	<u>142,176</u>	<u>142,176</u>	<u>142,176</u>	
General Fund	0	137,351	0	0	142,176	
Cash Funds	0	0	142,176	142,176	0	
Cash Funds Exempt	125,335	0	0	0	0	
						Request vs. Appropriation
(5) FINANCE AND PROCUREMENT						
Subtotal - (A) State Controller's Office and Procurement Service:	2,828,427	2,822,784	3,058,454	3,112,307	3,103,379	1.8%
FTE	<u>33.9</u>	<u>34.2</u>	<u>35.5</u>	<u>35.5</u>	<u>35.5</u>	<u>0.0</u>
General Fund	397,448	874,294	70,650	130,194	852,865	84.3%
Cash Funds	0	0	551,258	550,440	407,037	-0.1%
Cash Funds Exempt	2,430,979	1,948,490	2,436,546	2,431,673	1,843,477	-0.2%
(5) FINANCE AND PROCUREMENT						
(B) Supplier Database						
Personal Services - Cash Funds	164,123	168,863	178,716	182,886	182,337	
FTE	2.9	2.5	3.0	3.0	3.0	
Operating Expenses - Cash Funds	48,407	43,239	43,382	43,382	43,382	
						Request vs. Appropriation
(5) FINANCE AND PROCUREMENT						
Subtotal - (B) Supplier Database - Cash Funds	212,530	212,102	222,098	226,268	225,719	1.9%
FTE	2.9	2.5	3.0	3.0	3.0	0.0
(5) FINANCE AND PROCUREMENT						
(C) Collections Services						
Personal Services	732,858	751,960	771,949	877,150	874,777	DI #4: Additional Collectors Staff
FTE	15.1	15.4	17.0	20.0	20.0	

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Operating Expenses	347,585	329,557	347,585	358,100	358,100	DI #4: Additional Collectors Staff
Collection of Debts Due to the State	16,341	20,702	20,702	20,702	20,702	
Private Collection Agency Fees	0	869,469	875,000	1,200,000	1,200,000	DI #6: Private Collection Entity and Legal Costs
Indirect Cost Assessment	0	165,820	172,089	208,569	208,569	Request vs. Appropriation
(5) FINANCE AND PROCUREMENT						
Subtotal - (C) Collections Services	1,096,784	2,137,508	2,187,325	2,664,521	2,662,148	21.8%
FTE	<u>15.1</u>	<u>15.4</u>	<u>17.0</u>	<u>20.0</u>	<u>20.0</u>	<u>3.0</u>
Cash Funds	670,900	1,125,539	1,126,017	1,323,490	1,323,490	17.5%
Cash Funds Exempt	425,884	1,011,969	1,061,308	1,341,031	1,338,658	26.4%
(5) FINANCE AND PROCUREMENT						
(D) Real Estate Services Program						
Coordination of Capital Construction, Controlled Maintenance Requests, and Building Lease Review	479,925	492,913	505,504	515,851	514,170	
FTE	<u>5.9</u>	<u>5.8</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	
General Fund	479,925	492,913	248,748	259,477	514,170	
Cash Funds	0	0	134,673	134,404	0	
Cash Funds Exempt	0	0	122,083	121,970	0	
Request vs. Appropriation						
(5) FINANCE AND PROCUREMENT						
Subtotal - (D) Real Estate Services Program	479,925	492,913	505,504	515,851	514,170	<u>2.0%</u>
FTE	<u>5.9</u>	<u>5.8</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	0.0
General Fund	479,925	492,913	248,748	259,477	514,170	4.3%
Cash Funds	0	0	134,673	134,404	0	-0.2%
Cash Funds Exempt	0	0	122,083	121,970	0	-0.1%
Request vs. Appropriation						
TOTAL - (5) FINANCE AND PROCUREMENT	4,617,666	5,665,307	5,973,381	6,518,947	6,505,416	9.1%

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
FTE	57.8	57.9	61.5	64.5	64.5	3.0
General Fund	877,373	1,367,207	319,398	389,671	1,367,035	22.0%
Cash Funds	883,430	1,337,641	2,034,046	2,234,602	1,956,246	9.9%
Cash Funds Exempt	2,856,863	2,960,459	3,619,937	3,894,674	3,182,135	7.6%

(6) DIVISION OF INFORMATION TECHNOLOGY

This division is responsible for the State's computer center, telecommunications network (which includes public safety and voice systems and the multi-use network) and supports all software applications that are used on a statewide basis for financial and human resources purposes and supports all departmental information technology applications including desktop and software support. It also manages the State's archival and historical records activities and manages the State's home page on the World Wide Web.

(A) Administration

Personal Services	358,066	377,995	390,675	401,690	400,483	
FTE	6.0	5.9	6.0	6.0	6.0	
Operating Expenses	6,396	6,270	6,450	6,450	6,450	
						Request vs. Appropriation

(6) DIVISION OF INFORMATION TECHNOLOGY						
Subtotal - (A) Administration - Cash Fund Exempt	364,462	384,265	397,125	408,140	406,933	2.8%
FTE	6.0	5.9	6.0	6.0	6.0	0.0

(6) DIVISION OF INFORMATION TECHNOLOGY

(B) Customer Services

Personal Services	827,581	848,472	872,264	890,909	888,231	
FTE	11.8	11.0	12.0	12.0	12.0	
Operating Expenses	13,430	11,108	14,625	14,625	14,625	
						Request vs. Appropriation

(6) DIVISION OF INFORMATION TECHNOLOGY						
Subtotal - (B) Customer Services - Cash Fund Exempt	841,011	859,580	886,889	905,534	902,856	2.1%
FTE	11.8	11.0	12.0	12.0	12.0	0.0

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	Request	FY 2007-08 Recommend	Change Request
(6) DIVISION OF INFORMATION TECHNOLOGY						
(C) Order Billing						
Personal Services	483,047	597,105	630,972	642,957	641,024	
FTE	8.1	9.7	10.0	10.0	10.0	
Operating Expenses	1,762	8,459	10,750	10,750	10,750	Request vs. Appropriation
(6) DIVISION OF INFORMATION TECHNOLOGY						
Subtotal - (C) Order Billing - Cash Fund Exempt						
	484,809	605,564	641,722	653,707	651,774	1.9%
FTE	8.1	9.7	10.0	10.0	10.0	0.0
(6) DIVISION OF INFORMATION TECHNOLOGY						
(D) Communications Services						
Personal Services	2,974,942	3,279,699	3,412,978	3,472,268	3,461,830	
FTE	37.7	40.5	46.0	46.0	46.0	
Operating Expenses	126,268	134,203	134,631	134,631	134,631	
Training	21,922	22,000	22,000	22,000	22,000	
Utilities	140,704	163,883	165,002	165,002	165,002	
Snowcat Replacement	0	243,787	230,520	230,520	230,520	
Local Systems Development	124,817	136,408	121,000	121,000	121,000	
Indirect Cost Assessment	363,451	300,166	342,402	433,320	433,320	
		4,280,146				Request vs. Appropriation
(6) DIVISION OF INFORMATION TECHNOLOGY						
Subtotal - (D) Communications Services						
	3,752,104	4,280,146	4,428,533	4,578,741	4,568,303	3.4%
FTE	<u>37.7</u>	<u>40.5</u>	<u>46.0</u>	<u>46.0</u>	<u>46.0</u>	<u>0.0</u>
General Fund	369,361	0	0	0	0	n/a
Cash Funds	287,859	442,622	449,248	448,350	448,350	-0.2%

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Cash Funds Exempt	2,970,067	3,701,116	3,858,285	4,009,391	3,998,953	3.9%
Federal Funds	124,817	136,408	121,000	121,000	121,000	0.0%

(6) DIVISION OF INFORMATION TECHNOLOGY

(E) Network Services

Personal Services	1,361,112	1,399,745	1,437,446	1,472,585	1,468,158	
FTE	17.5	16.5	17.0	17.0	17.0	
Operating Expenses	14,852,646	13,699,799	15,657,556	17,264,710	16,200,371	Statewide DI #1: MNT Adjustments
Toll-free Telephone Access to Members of the General Assembly	25,000	25,000	25,000	25,000	25,000	
Indirect Cost Assessment	0	444,707	0	46,410	46,410	Request vs. Appropriation

(6) DIVISION OF INFORMATION TECHNOLOGY

Subtotal - (E) Network Services

Subtotal - (E) Network Services	16,238,758	15,569,251	17,120,002	18,808,705	17,739,939	9.9%
FTE	<u>17.5</u>	<u>16.5</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>0.0</u>
Cash Funds	1,289,670	1,618,933	1,849,939	1,892,146	1,864,215	2.3%
Cash Funds Exempt	14,949,088	13,950,318	15,270,063	16,916,559	15,875,724	10.8%

(6) DIVISION OF INFORMATION TECHNOLOGY

(F) Computer Services

Personal Services	2,440,174	2,531,420	2,600,164	3,162,993	2,655,746	DI #1: DoIT Security Staff
FTE	<u>37.0</u>	<u>37.6</u>	<u>40.8</u>	<u>48.8</u>	<u>40.8</u>	Statewide DI #NP 1: E-mail Consolidation (DI #NP 1 Withdrawn)
General Fund	0	0	0	0	0	
Cash Funds Exempt	2,440,174	2,531,420	2,600,164	3,162,993	2,655,746	
Operating Expenses	<u>6,386,902</u>	<u>6,016,908</u>	<u>6,181,350</u>	<u>6,209,390</u>	<u>6,181,350</u>	DI #1: DoIT Security Staff
General Fund	0	0	0	0	0	Statewide DI #NP 1: E-mail Consolidation (DI #NP 1 Withdrawn)
Cash Funds Exempt	6,386,902	6,016,908	6,181,350	6,209,390	6,181,350	
Rental, Lease, or Lease/Purchase of Central Processing Unit	336,034	336,034	336,034	336,034	336,034	

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Indirect Cost Assessment	701,326	595,768	467,949	566,864	566,864	Request vs. Appropriation
(6) DIVISION OF INFORMATION TECHNOLOGY						
Subtotal - (F) Computer Services	9,864,436	9,480,130	9,585,497	10,275,281	9,739,994	7.2%
FTE	<u>37.0</u>	<u>37.6</u>	<u>40.8</u>	<u>48.8</u>	<u>40.8</u>	<u>8.0</u>
Cash Funds	22,198	127,766	127,742	127,487	127,487	-0.2%
Cash Funds Exempt	9,842,238	9,352,364	9,457,755	10,147,794	9,612,507	7.3%
(6) DIVISION OF INFORMATION TECHNOLOGY						
(G) - Information and Archival Services						
Personal Services	443,624	462,321	474,800	487,151	485,687	DI #3: Preservation of Archival Records (Withdrawn) Request vs. Appropriation
FTE	8.0	8.1	9.0	9.0	9.0	
Operating Expenses	48,064	56,723	56,794	56,794	56,794	
(6) DIVISION OF INFORMATION TECHNOLOGY						
(G) Information and Archival Services						
Subtotal - (G) Information and Archival Services	491,688	519,044	531,594	543,945	542,481	2.3%
FTE	<u>8.0</u>	<u>8.1</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>0.0</u>
General Fund	388,277	425,281	408,256	420,853	419,759	3.1%
Cash Funds	89,024	80,594	79,064	78,906	78,669	-0.2%
Cash Funds Exempt	14,387	13,169	44,274	44,186	44,053	-0.2%
(6) DIVISION OF INFORMATION TECHNOLOGY						
(H) - Technology Management Unit						
Personal Services	2,557,211	2,673,549	2,840,235	2,819,222	2,810,279	Request vs. Appropriation
FTE	<u>33.9</u>	<u>34.1</u>	<u>34.5</u>	<u>34.5</u>	<u>34.5</u>	
General Fund	2,557,211	2,673,549	2,840,235 a/	2,819,222	2,810,279	
Operating Expenses - General Fund	293,391	292,906	295,871	295,871	295,871	
(6) DIVISION OF INFORMATION TECHNOLOGY						

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
Subtotal - (H) Technology Management Unit	2,850,602	2,966,455	3,136,106	3,115,093	3,106,150	-0.7%
FTE	<u>33.9</u>	<u>34.1</u>	<u>34.5</u>	<u>34.5</u>	<u>34.5</u>	0.0
Subtotal - General Fund	2,850,602	2,966,455	3,136,106	3,115,093	3,106,150	-0.7%

a/ Includes a one-time appropriation of \$93,750 for the implementation of HB 06S-1015.

						Request vs. Appropriation
TOTAL - (6) DIVISION OF INFORMATION TECHNOLOGY	34,887,870	34,664,435	36,727,468	39,289,146	37,658,430	7.0%
FTE	<u>160.0</u>	<u>163.4</u>	<u>175.3</u>	<u>183.3</u>	<u>175.3</u>	<u>8.0</u>
General Fund	3,608,240	3,391,736	3,544,362	3,535,946	3,525,909	-0.2%
Cash Funds	1,688,751	2,269,915	2,505,993	2,546,889	2,518,721	1.6%
Cash Funds Exempt	29,466,062	28,866,376	30,556,113	33,085,311	31,492,800	8.3%
Federal Funds	124,817	136,408	121,000	121,000	121,000	0.0%

(7) ADMINISTRATIVE COURTS

This division provides an independent administrative law adjudication system for state agencies in order to resolve cases that deal with worker's compensation, human services, and regulatory law. The Division offers a full range of alternative dispute resolution options, including evidentiary hearings, settlement conferences, and mediation. The source of exempt cash funds is user fees from state agencies.

Personal Services	2,781,970	2,871,379	2,945,676	3,017,278	3,008,208	
FTE	<u>35.4</u>	<u>35.6</u>	<u>39.0</u>	<u>39.0</u>	<u>39.0</u>	
Cash Funds	0	28,745	28,689	28,632	28,546	
Cash Funds Exempt	2,781,970	2,842,634	2,916,987	2,988,646	2,979,662	
Operating Expenses - Cash Funds Exempt	251,664	144,860	137,042	151,367	151,367	DI #5: Legal Files Maintenance and Support
Indirect Cost Assessment - Cash Funds Exempt	240,866	235,049	290,513	215,330	215,330	Request vs. Appropriation
TOTAL - (7) ADMINISTRATIVE COURTS	3,274,500	3,251,288	3,373,231	3,383,975	3,374,905	0.3%
FTE	<u>35.4</u>	<u>35.6</u>	<u>39.0</u>	<u>39.0</u>	<u>39.0</u>	<u>0.0</u>
Cash Funds	0	28,745	28,689	28,632	28,546	-0.2%
Cash Funds Exempt	3,274,500	3,222,543	3,344,542	3,355,343	3,346,359	0.3%

	FY 2004-05	FY 2005-06	FY 2006-07		FY 2007-08	
	Actual	Actual	Appropriation	Request	Recommend	Change Request
TOTAL - DEPARTMENT OF PERSONNEL AND ADMINISTRATION	149,878,875	150,331,437	172,488,035	178,534,929	153,754,652	3.5%
FTE	<u>501.4</u>	<u>504.4</u>	<u>541.3</u>	<u>570.6</u>	<u>549.3</u>	<u>29.3</u>
General Fund	7,759,002	8,148,578	9,466,191	8,906,883	6,997,025	-5.9%
Cash Funds	8,783,466	10,391,867	12,559,141	12,879,781	12,672,711	2.6%
Cash Funds Exempt	133,211,590	131,654,584	150,341,703	156,627,265	133,963,916	4.2%
Federal Funds	124,817	136,408	121,000	121,000	121,000	0.0%

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

(1) EXECUTIVE OFFICE

This division provides policy direction to the department and manages the fiscal and budgetary affairs of its divisions. It also reviews all departmental contracts, investigates and resolves appeals made to the State Personnel Director concerning agency actions, and promotes statewide affirmative action and equal opportunity programs. The department has organized this division into five separate programs. It also contains the appropriation for the department's workload associated with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) - security rule.

- Executive Director - Provides departmental leadership and direction for human resources, communications, legislative affairs, financial services, and other operational matters. It consists of 3.0 FTE.
- Financial Services Unit - Provides financial oversight and reporting, performs accounting internal payroll processing and auditing, performs fiscal analysis of legislation, and prepares budget submissions to the Office of State Planning and Budgeting and the Joint Budget Committee. It also performs contracting and procurement functions for the department. It consists of 12.0 FTE.
- Information Technology Unit - This unit is budgetarily located within the Division of Information Technology, Technology Management Unit. It develops applications and information systems and provides desktop support for the internal business units of DPA under the direction of the Department CIO who resides in the Executive Office.
- Human Resources - Administers the internal personnel functions that include job evaluation, compensation, employee relations, orientation, and training coordination. It consists of 5.5 FTE.
- Government and Public Relations Unit - Communicates relevant information to all state employees through various publications, serves as the main point of contact for all open records requests and media inquiries, and is the main point of contact with the General Assembly. It consists of 1.0 FTE.
- Health Insurance Portability and Accountability Act of 1996 - Insures department compliance with the HIPAA security rule which became effective April 2005. Develops and manages the operation of legal compliance and policy related to the rule and its affect on the department. Develops policy to insure department information technology systems are

compliant with the rule. It consists of 2.0 FTE.

(1) Executive Office - Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Executive Director	1.0	1.0	1.0	1.0
Deputy Director	0.0	1.0	1.0	1.0
General Professionals/Management	7.4	6.5	8.0	8.0
Accounting/Budget	6.9	9.0	7.5	7.5
Support/Clerical	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Total	19.3	21.5	21.5	21.5

PERSONAL SERVICES

The Department has requested an appropriation of \$1,653,565 cash funds exempt (indirect cost recoveries) and 21.5 FTE.

FUNDING FOR THE EXECUTIVE OFFICE

The Executive Office receives its funding from indirect costs that are earned in other divisions as agreed to in the Statewide Indirect Cost Allocation Plan. The office would be funded through General Fund if these indirect cost recoveries were not available. For FY 2007-08, total indirect costs available in the plan that are earned by the Department of Personnel and Administration are \$214,619 less than those available in FY 2006-07, thus additional General Fund will be required if base reductions are not taken or other funding sources are not found. The department identifies its indirect cost allocations in the following manner.

Department of Personnel and Administration Indirect Cost Recoveries by Program				
Program	FY 2006-07	FY 2007-08	Difference	Percentage
Training Services	31,309	35,034	3,725	11.90%
C-SEAP	50,698	63,788	13,090	25.82%
Employee Benefits	119,766	98,315	(21,451)	-17.91%
Risk Management	139,450	137,080	(2,370)	-1.70%
Central Services - Administration	1,778,090	1,401,026	(377,064)	-21.21%
Central Services - DSG	197,566	169,477	(28,089)	-14.22%
Finance & Procurement - Collections	172,089	208,569	36,480	21.20%
Information Tech. Comm Services	342,402	433,320	90,918	26.55%

Department of Personnel and Administration Indirect Cost Recoveries by Program				
Program	FY 2006-07	FY 2007-08	Difference	Percentage
Information Tech. Network Services	0	46,410	46,410	-100.00%
Information Tech. Computer Services	467,949	566,864	98,915	21.14%
Administrative Hearings	<u>290,513</u>	<u>215,330</u>	<u>(75,183)</u>	<u>-25.88%</u>
TOTAL	3,589,832	3,375,213	(214,619)	-5.98%

The table below summarizes what line items in the Department are used in FY 2007-08 to apply the indirect costs from the table above:

Department of Personnel and Administration FY 08 Applied Indirect Cost Recoveries		
Line Item	Available	Applied
EDO - Personal Services		\$1,648,595
EDO - Short Term Disability		1,937
EDO - Amortization Equalization Disbursement		17,884
EDO - Supplemental Amortization Equalization Disbursement		3,726
EDO - Operating Expenses		99,842
DHR - State Agency Services - Personal Services		1,603,229
TOTAL	\$3,375,213	\$3,375,213

The table below indicates additional indirect costs from other State agencies that are going to have to be applied in the Department of Personnel. If not applied, these additional indirect costs will have to be funded by General Funds. The additional indirect costs are from the Department of Transportation, the Department of Labor and Employment and Department of State.

In FY 2006-07, the Department took indirect costs from the Department of Transportation, Department of Labor and Employment, Department of State and the Department of Higher Education totaling \$2,230,847. The two main reasons for the increase in statewide indirect costs during FY 2006-07 were that the State's Digital Trunked Radio (DTR) system was included as part of the Indirect Costs Plan and a Department of Higher Education move toward enterprise status for one of its programs. These departments did not have enough General Fund to offset in FY 2006-07, so the remainder of their statewide indirect costs were offset in the Department of Personnel.

For FY 2007-08, staff's initial analysis shows that there are fewer statewide indirect costs from the Departments of Labor and Employment and State that will be offset in the Department of Personnel. These indirects total \$714,671. This amount is \$1,516,176 less than FY 2006-07, this means that the Department will need additional General Fund because of the decrease in indirect costs from other departments.

Department of Personnel and Administration FY 08 Additional Indirect Costs From Other State Agencies		
Line Item	Available	Applied
DHR - State Agency Services - Personal Services		\$361,121
DHR - State Agency Services - Short-term Disability		2,287
DHR - State Agency Services - Amortization Equalization Disbursement		21,111
DHR - State Agency Services - Supplemental Amortization Equalization Disbursement		4,398
DHR - State Agency Services - Operating Expenses		88,462
Personnel Board - Personal Services		208,259
Personnel Board - Operating Expenses		29,033
TOTAL	\$714,671	\$714,671

Staff recommends the Committee approve the application of the additional indirect costs from other departments in the manner described above. Staff notes that the final number for the additional indirect costs summarized above are subject to change as staff coordinates the final amounts that other departments are able to apply.

Staff Recommendation for the Executive Office:

Staff recommends the Committee approve an appropriation of \$1,648,595 and 21.5 FTE for the personal services line item in the Executive Office. This recommendation is consistent with common policy.

Summary of Personal Services Recommendation				
(1) Executive Director's Office — Department of Personnel and Administration				
	Total	GF	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	1,601,479	0	1,601,479	21.5
FY 2006-07 Salary Survey	55,400	55,400	0	0.0

Summary of Personal Services Recommendation				
(1) Executive Director's Office — Department of Personnel and Administration				
FY 2006-07 Performance-based Pay	0	0	0	0.0
Base Reduction (-0.5 percent)	(8,284)	(277)	(8,007)	0.0
FTE Accounting Reduction	0	0	0	0.0
Staff Initiated Reduction	0	0	0	0.0
Fund Mix Adjustment	0	(55,123)	55,123	0.0
Total Recommendation	1,648,595	0	1,648,595	21.5

HEALTH, LIFE, AND DENTAL

The Department's November 1 request was for \$2,317,726 (\$631,542 General Fund, \$7810 cash funds, and \$1,678,374 cash funds exempt) for health, life, and dental insurance for FY 2007-08. Committee common policy for health, life, and dental approved this request, based on January 2007 updated enrollment data. The request aims to bring the State contribution rate to 85 percent of prevailing market levels for FY 2007-08. **Based on this policy, and on January 2007 updated enrollment data staff recommends the Committee approve the Department's request for an appropriation of \$2,317,726. The Department's January update to enrollment data changed the funding splits. Based on the update, staff recommendation includes \$631,543 General Fund, \$67,089 cash funds, and \$1,619,095 cash funds exempt (transfers from other state agencies deposited into various cash funds).**

SHORT-TERM DISABILITY

This line item is used to purchase short-term disability (STD) coverage. Pursuant to Section 24-50-603 (13), C.R.S., STD coverage provides for a partial payment of an employee's salary if an individual becomes disabled and cannot perform his or her duties. This benefit is available to all employees, which is paid entirely by the State. The State purchases this insurance coverage from Standard Insurance Company. The coverage provides for a 30-day waiting period, and it will pay 60.0 percent of an employee's salary for a maximum of 5 months. The Long Bill head notes prohibit appropriations made for short-term disability from being used for other purposes.

The department requests \$41,579, including \$13,738 General Fund for short-term disability in FY 2007-08. Pursuant to OSPB common policy, the department applied a 0.13 percent factor to base salary to arrive at its request. The contract for provision of short-term disability is currently awarded to Standard Insurance Company. Under the contract, the State is paying Standard Insurance Company a premium of 0.113 percent in year for FY 2006-07, and 0.13 percent for FY 2007-08 and FY 2008-09, to shift the entire risk of claims costs to the insurer (an indemnity policy). Pursuant to Committee common policy for FY 2007-08, staff has applied a factor of 0.13 percent to base salaries. Using Committee approved policy for short-term disability, staff computed the FY 2007-08 appropriation to be \$39,612. **Staff's recommendation is for an appropriation of \$39,612, including \$4,279 General Fund, \$1,662 cash funds, and \$33,671 cash funds exempt.** The cash funds are from the Supplier Database Cash Fund and transfers from other state agencies. The cash funds exempt are from transfers from other state agencies deposited in various funds operated by the

department and indirect cost recoveries.

S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT

This line item funds the Amortization Equalization Disbursement to the Public Employees' Retirement Association. FY 2007-08 represents the third year when this payment is due and the rate is 1.0 percent of base salary for July 2007 through December 2007 and 1.4 percent of base salary for January 2008 through June 2008. The preceding formula is applied when calculating funding from cash funds, cash funds exempt and federal funds sources. When calculating for the General Fund, the 1.0 percent rate is applied for seven months and the 1.4 percent rate is applied for five months. This difference is due to the pay-date shift, pursuant to S.B. 03-197. The Committee established this line item pursuant to statute as amended in S.B. 04-257 (Owen / Young).

The department requests \$383,802 including \$126,810 General Fund. **Pursuant to Committee common policy, staff recommends the Committee approve an appropriation of \$364,552 including \$38,404 General Fund.**

S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT

This line item funds a Supplemental Amortization Equalization Disbursement to the Public Employees' Retirement Association. In the 2006 session, the General Assembly passed S.B. 06-235 (Sandoval / Marshal) which, made changes to public employees' retirement benefit plans. Among other changes, the bill provides a Supplemental Amortization Equalization Disbursement (SAED) of 0.5 percent of total payroll beginning January 1, 2008, and increasing 0.5 percent per year for a total of 3 percent by 2013. The SAED is to be funded from money otherwise available for use but not yet awarded as salary increases. Together, AED and SAED will contribute an additional 6 percent of total payroll to PERA by 2013.

The Committee adopted the following policy with regards to SAED:

- Creating a new line item in each Executive Director's Office titled: **S.B. 06-235 Supplemental Amortization Equalization Disbursement.**
- Calculating SAED on base salaries using different formulas depending on the fund source in question (this is similar to the AED calculation discussed above).
- The statutory language on SAED, as well as Committee decision, mandate that SAED be taken out of any salary increases approved by the Legislature for the upcoming year. This means that the SAED amount will reduce any salary increases by the full amount of the SAED calculation.

The department requests \$79,959 including \$26,419 General Fund. **Pursuant to Committee common policy, staff recommends the Committee approve an appropriation of \$74,808 including \$6,858 General Fund. This amount will be taken out from the salary survey amount calculated for the department.**

SALARY SURVEY AND SENIOR EXECUTIVE SERVICE

The department uses this line item to pay for annual increases for salary survey and senior executive

service (SES) positions. The Department November 1, 2006 request for FY 2007-08 was \$1,236,594 which consists of \$423,968 General Fund, \$7,266 cash funds (Supplier Database Cash Fund and user fees from non-state agencies), and \$805,360 cash funds exempt (user fees from state agencies).

The Committee has adopted a common policy for salary survey and senior executive service based on an updated Department recommendation from December 2006, the Committee adopted policy will fund average increases of 3.7 percent based on midpoint movements of each occupational group. The Office of State Planning and Budgeting submitted re-calculated figures for departments based on Committee common policy starting on February 20, 2007. The new calculation for the Department of Personnel and Administration shows a request of \$1,087,992 including \$358,449 General Fund. **Staff recommends the Committee approve \$1,013,184 (this amount is made up of the Department's recalculated request of \$1,087,992 minus the staff calculation for SAED of \$74,808), including \$351,591 General Fund (this amount is made up of the Department's recalculated request of \$358,449 minus the staff calculation for SAED of \$6,858), \$26,548 cash funds (this amount is made up of the Department's recalculated request of \$29,744 minus the staff calculation for SAED of \$3,196) and \$635,045 cash funds exempt (this amount is made up of the Department's recalculated request of \$699,799 minus the staff calculation for SAED of \$64,754).** This recommendation is consistent with Committee common policy.

PERFORMANCE-BASED PAY AWARDS

The performance-based pay awards line item funds awards relating to employee performance and evaluations. The Department's November 1, 2006 request was for 0.92 percent performance-based pay increase of \$291,210, including \$96,426 General Fund, \$1,649 cash funds (Supplier Database and user fees from non-state agencies), and \$193,135 cash funds exempt (user fees from state agencies). The Committee has adopted a common policy for performance-based pay which funds 1.37 percent in performance-based pay increases. The Office of State Planning and Budgeting submitted updated figures based on Committee common policy on February 20, 2007 showing its calculations for the Department of Personnel and Administration. This submission shows a request of 452,094 including \$147,659 General Fund. **Staff recommends the Committee approve this request for \$452,094, including \$147,659 General Fund.** This recommendation is consistent with Committee common policy for performance-based pay.

SHIFT DIFFERENTIAL

This line item is used to pay for the adjustment to compensate employees for work performed outside the regular Monday through Friday 8:00 a.m. to 5:00 p.m. work schedule. Currently, the State pays percentage increases for shift differential (7.5 percent for second shift and 10.0 percent for third shift). Unlike the other awards, the entire base budget and any increases have historically been included in the centrally-appropriated budget line at 80.0 percent of the total estimated costs. The Office of State Planning and Budgeting (OSP) has submitted its request to fund shift differential at 80.0 percent of estimated need.

The department uses its shift differential to ensure that the state's mainframe computer is operational after business hours, to provide building maintenance after hours, and to provide mail and

reprographics services, which often requires work to be performed in the evenings and on weekends. It requests \$77,436 cash funds exempt (user fees from other state agencies). The latest actual fiscal year information available is for FY 2005-06, the Department has requested 80 percent of its FY 2005-06 actual shift expenditures. **Staff recommends the Committee approve the Department's request for \$77,436 cash funds exempt for shift differential.** This figure is the same as was approved by the Committee during its consideration of common policy for shift differential on January 26, 2007.

WORKERS' COMPENSATION

This line item is used to pay the department's estimated share for inclusion in the state's Workers' Compensation Program. The Workers' Compensation Program, which is run by the department's Risk Management Section, is used to pay workers' compensation benefits to state employees. The state is self-insured for workers' compensation claims. The Department of Personnel and Administration November 1, 2006 request was for a total appropriation of \$394,580 (\$101,501 General Fund, \$2,183 cash funds, and \$290,896 cash funds exempt). Staff notes that the Department had a statewide supplemental request for FY 2006-07 for this line item in order to adjust billings to state agencies based on revised prospective loss estimates and updated program overhead costs. The Department's FY 2006-07 supplemental increase for this line item totaled \$29,697, including \$7,639 General Fund. The Department also submitted a corresponding statewide budget amendment #3 in order to adjust statewide billings for FY 2007-08. **Staff's recommendation for workers' compensation is pending a Committee common policy for workers' compensation.**

OPERATING EXPENSES

The department is requesting an appropriation of \$99,842 cash funds exempt. This line item is usually funded from indirect cost recoveries (cash funds exempt). Staff has calculated that there are available indirect costs to allow for this line item to be funded from indirect cost recoveries for FY 2007-08.

Staff recommends the Committee approve \$99,842 cash funds exempt for operating expenses. This recommendation is for \$99,842 cash funds exempt (indirect cost recoveries).

LEGAL SERVICES

The department requests a continuation level of 3,432 hours of legal services. The department is implementing a management scheme that will assist it in administering to the appropriation. All legal services requests are reviewed by the applicable division director and by the deputy executive director. The department believes that this internal control will ensure that only the most appropriate cases are submitted as requests to the Department of Law. Large users of the department's legal services include the Division of Finance and Procurement, the State Personnel Board, and the Executive Office. **Staff recommends the Committee approve a continuation level of legal services hours (3,432 hours) for FY 2007-08. Funding recommendations are pending the Committee's approval of a blended legal services rate in the Department of Law.**

ADMINISTRATIVE LAW JUDGE SERVICES

This line item is used to pay the Administrative Hearings Division the Department of Personnel and Administration's share of statewide administrative law judge services. During the supplemental process for FY 2006-07, the Committee approved a reduction of \$1,934 for this line item associated with the Personnel Board's use of ALJs. This appropriation is consistent with the historical cost allocation methodology. The department requests an appropriation of \$609 in FY 2007-08 for administrative law judges. **The staff recommendation on this line is pending Committee common policy for administrative law judge services.**

PURCHASE OF SERVICES FROM COMPUTER CENTER

This line item is used to pay the Computer Services program in the Division of Information Technology for the Department of Personnel and Administration's share of statewide computer assistance and usage. In FY 2002-03 the Joint Budget Committee consolidated this line. Prior to FY 2002-03, payments to GGCC were spread among various line items.

The Department is requesting \$2,271,661 for its share of payments to GGCC. Of this amount, \$1,822,851 is General Fund and \$448,810 is cash funds exempt (user fees from other state agencies). Staff notes that the Committee approved a supplemental for this line item which increase the Department's appropriation for this line item for FY 2006-07 by \$2.8 million, including \$2.0 million General Fund. The main reason for the Department's increase had to do with a new billing methodology the Department developed which assessed higher costs to some agencies and lower costs to others. Because the Committee has not determined a common policy for "Purchase of Service from Computer Center" line items, **the staff recommendation for this line is pending.**

MULTIUSE NETWORK PAYMENTS

This line item is used to pay the Department of Personnel and Administration's share of the statewide multiuse network. The Committee established this line item in FY 2002-03 as a means of tracking the costs of the multiuse network. The department is requesting an appropriation of \$41,407 cash funds exempt (user fees from other state agencies). This includes requests related to a statewide decision item #1. The supplemental request, as well as the decision item request are reducing the Department's costs for multiuse network payments as a result of an update to agencies' circuit inventories and recoverable costs.

Statewide Decision Item #1 - Multiuse Network Payments (Telecommunications Truth-in-Rates initiative)

Request: The Department is requesting to update individual agencies' circuit inventories and recoverable costs. The Department notes that agency circuits have increased by nearly \$2.1 since last fiscal year. As a result, the Department is stating that it is unable to provide MNT for FY 2007-08 within the current appropriated spending authority. The Department lists the following notable increases to agencies' allocations: Department of State increase related to HAVA and eFORT; Department of Transportation increase in network circuit usage and costs; and Department of Revenue additional circuits and circuit bandwidth.

The staff recommendation on this line is pending. Staff will present a recommendation to the Committee after funding decisions are made on Network Services.

PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS

The "Payments to Risk Management and Property Funds" line item is used by the Department of Personnel and Administration to pay for its share of the statewide costs for two programs operated by the Risk Management Section: (1) the liability program, and (2) the property program. The state's liability program is used to pay liability claims and expenses brought against the state. The property program provides insurance coverage for state buildings and their contents. The department requests \$917,687 for risk management and property. The request includes \$236,064 General Fund. Staff notes that the Department submitted a supplemental and a corresponding statewide budget amendment #3 to adjust billings to state agencies based on updated agency overhead and an increase to the funding reserve for the property program. Staff notes that the Department had submitted a supplemental request for FY 2006-07 to increase the property program's reserve funding from 5 percent to 16.5 percent. The Committee voted for an increase to the funding reserve for the property program totaling 10 percent. **The staff recommendation for this line item is pending a common policy approved by the Committee for this line item.**

Vehicle Lease Payments

This line item is used to pay for motor vehicles, which must be acquired through the Department of Personnel and Administration pursuant to Section 24-30-1117, C.R.S.

❑ Statewide Decision Item #2 - Vehicle Replacements

Request: The Department requests the replacement of 23 vehicles in its fleet for FY 2007-08. Vehicles requested for replacement in FY 2007-08 do contain a General Fund component. All vehicles, except one, are projected to have between 101,000 and 160,000 mile on them by March 1, 2008.

Staff recommends the Committee approve the request for 23 vehicle replacements in FY 2007-08. According to staff calculations and by applying Committee policy, all the requested vehicles are projected to have between 101,000 and 160,000 miles on them by March 1, 2008.

The staff recommendation on funding the vehicle lease payment line item is pending a Committee policy for the line, which is generally established at the end of figure setting.

LEASED SPACE

This line item is used by the Department of Personnel and Administration to pay for the department's leases of private office space. The department requests a total of \$1,453,054 for its leased space needs in FY 2007-08. Of this amount, \$482,497 is General Fund, \$17,163 cash funds, and \$953,394 is cash funds exempt. The cash funds exempt amount includes a Department request for \$203,750 as part of a multi-item decision item #2 to rent additional space for the Department's print and mail

services operations in Pueblo. Excluding the decision item cost, the Department's request is 5 percent higher than the appropriation for FY 2006-07.

❑ **Decision Item #2 - Integrated Document Factory Realignment of Resources**

The Department Decision Item #2 request contains several components as presented in the table below. Due to the fact that the decision item affects several line items in several divisions, staff will only discuss the portion of the decision item that affects the executive office, leased space line item at this point.

Appropriation/Line Item	CFE Adjustment	FTE
Mail Service, Operating Expenses	(\$541,135)	
Reprographics, Operating Expenses	100,000	
DSG, Operating Expenses (Includes Custodial Expenses for Pueblo Lease)	85,000	
DSG, Personal Services (Converting Temporary Positions to FTE)	40,426	13.3
Mail Services, Personal Services (Increased Business Operations)	84,904	5.0
Executive Office, Leased Space	203,750	
DSG, Utilities (Pueblo Leased Space)	27,055	
Total Increase/(Decrease) in Appropriations	\$0	18.3

Problem Definition: The Department requests an increase to its Leased Space line item by \$203,750 cash funds exempt in order to re-locate to a new and larger warehouse for its document solutions group in Pueblo. **This request is part of a larger decision item #2, in this part of the request staff will only discuss the lease component related to the Leased Space line item.**

The Document Solutions Group in Pueblo (currently named the Integrated Document Solutions Pueblo) is a functional unit of the Division of Central Services that provides electronic document conversion, data manipulation, document preservation and content management services for numerous State agencies and counties, including micrographic, data entry, digital imaging, optical character recognition, on-line forms development and indexing for database retrieval. The Department states that based on recent business assimilations and efficiencies within the Department, much of the Denver mail services and delivery functions have also been moved to Pueblo.

Flash flooding, caused by heavy rains, occurred in parts of Pueblo over the July 4, 2006 weekend. A warehouse at 401 Main Street, where certain document and mail operations were located, sustained damage. The Department states that water damage was extensive and air quality was compromised by mold and mildew. Given health concerns and production

deadlines, the document and mail operations located at 401 Main Street were relocated to a facility located at 2 Jetway Court.

Document Solutions Group - Pueblo Lease Agreements			
Location	Square Feet	Cost/Square Foot	Lease Period
Court St.	5,859	Free*	10/01/97 - 09/30/07
Court St.	3,500	\$9.26	04/01/04 - 06/30/09
Main St.	10,000	\$6.00	11/01/05 - 05/30/06
Main St.	10,000	\$8.50	06/01/06 - 08/31/06**
2 Jetway Ct.	<u>15,000</u>	\$5.00	08/01/06 - 06/30/07
Total Square Feet	44,359		

* This space is subsidized by the City of Pueblo.

** This lease was terminated in early July 2006, prior to the end of the lease, after flash flooding damaged the building.

Request: The Department is currently in a short-term lease contract for 15,000 square feet at 2 Jetway Ct., which is owned by the Pueblo Economic Development Corporation (PEDCO). The Department requests that \$203,750 cash funds exempt be transferred from the Central Services, Integrated Document Factory, Mail Services, Operating Expenses line item (staff notes that this line item reverted \$1.2 million in FY 2005-06) to the Executive Office, Leased Space line item in order to sign a two-year lease contract for 2 Jetway Ct. The Department has not completed formal negotiations for the 2 Jetway Ct. lease. The Department's lease request is made up of several components:

1. Request that the lease space for 2 Jetway Ct. be increased from 15,000 square feet to 30,000 square feet. The Department states that there will be streamline efficiencies to consolidating its Pueblo mail services operations into one facility. If the request is approved, the Department will negotiate a build-out of the facility to the Department's specifications. The Department assumes that if construction begins by July 2007, the facility should be ready for full operations by October 2007;
2. Associated higher utilities costs for a larger facility;
3. Increased costs for custodial services.

The table below summarizes the Department's estimates for the lease costs at 2 Jetway Ct. for FY 2007-08:

Document Solutions Group - FY 08 Pueblo Lease Costs for 2 Jetway Ct.			
	Square Feet	Cost/Square Feet	Annual Costs
Estimated Lease Costs at 2 Jetway Ct. During Buildout Phase (July 2007 - September 2007)	15,000	\$5*	\$18,750
Estimated Lease Costs at Jetway After Buildout Completed (October 2007 - June 2008)	30,000	\$10**	\$225,000
Estimated Offset-Continued Subsidy from the City of Pueblo			(\$40,000)***
Net Transfer/Appropriation Request****			\$203,750

* At this time, the Department is not sure if lease rates beyond FY 2006-07 would remain at the rate of \$5.00 per square foot.

** The Department estimates that the cost of the lease will be \$10.00 per square foot beginning in October 2007, escalating for inflation each October thereafter. The Department has not discussed or negotiated this price with the facility owner, per the Department the price is subject to change.

*** The City of Pueblo has expressed an interest in ongoing lease subsidization, as in the arrangement at Court Street, provided the State continues to provide stable employment opportunities for the city.

**** The total transfer out of Mail Services, Operating Expenses line item to the Executive Office, Leased Space line item will be \$203,750. Of this amount, Mail Services is already covering \$75,000 lease costs for FY 2006-07, the increased costs to the State for FY 2007-08 will be 128,750.

Staff recommends the Committee approve the Department's request for Decision Item #2 related to the lease for 2 Jetway Ct. in Pueblo and increase the Executive Office, Leased Space line item by \$203,750 cash funds exempt.

In September 2004, the Department of Personnel and Administration signed a lease agreement to relocate many of its offices in the downtown area to 633 17th Street effective on July 1, 2005.

The department negotiated a 10 year lease beginning on July 1, 2005 for 62,993 square feet located at 633 17th St. in Denver. The rate for the first year of the lease was \$15.00 per square foot, the appropriation for FY 2006-07 was \$15.40 per square foot, the request for FY 2007-08 is \$16.17 per square foot. This amount represents a 5 percent increase. The department has stated that it does not expect the lease to increase more than \$2.00 per square foot over the life of the 10-year lease.

Staff recommends the Committee approve an appropriation of \$1,453,054 for the Department of Personnel and Administration's leased space appropriation for FY 2007-08. Staff notes that this recommendation includes \$203,750 from Decision Item #2 above. This recommendation is based on the costs that are delineated in the table below.

Leased Space for Department of Personnel and Administration, FY 2007-08		
Division	Location	Annual Cost
Executive Office	633 17 th Street, Denver	253,392

Leased Space for Department of Personnel and Administration, FY 2007-08		
Division	Location	Annual Cost
Human Resources	633 17 th Street, Denver	12,126
Human Resources	Storage	807
Personnel Board	633 17 th Street, Denver	42,038
Central Services	633 17 th Street, Denver	16,168
Central Services	701 Court St., Pueblo	34,878
Central Services	2 Jetway Ct., Pueblo	203,750
Finance and Procurement	633 17 th Street, Denver	298,923
Information Technology	633 17 th Street, Denver	16,168
Information Technology	2452 West 2 nd Ave	89,383
Information Technology	Various	76,163
Administrative Hearings	633 17 th Street, Denver	379,683
Administrative Hearings	1259 Lake Plaza Drive, Colorado Springs	29,575
TOTAL		1,453,054

Based on the above, staff recommends the Committee approve fund splits of \$482,497 General Fund, \$17,163 cash funds, and \$953,394 cash funds exempt. The staff recommendation for fund splits is based on the following allocations:

Staff Recommendations for Lease Space Fund Splits, FY 2007-08				
Division	General Fund	Cash Funds	Cash Funds Exempt	TOTAL
Executive Office	253,392	0	0	253,392
Human Resources	807	0	12,126	12,933
Personnel Board	42,038	0	0	42,038
Central Services	0	0	254,796	254,796
Finance & Procurement	186,260	17,163	95,500	298,923
Information Technology	0	0	181,714	181,714
Administrative Hearings	<u>0</u>	<u>0</u>	<u>409,258</u>	<u>409,258</u>
TOTAL	482,497	17,163	953,394	1,453,054

CAPITOL COMPLEX LEASED SPACE

This line item is used to pay the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the capitol complex. These buildings include those that are in downtown Denver, on the North Campus, in Lakewood (Pierce Street), and in Grand Junction. The Department of Personnel and Administration does not occupy space at Camp George West or at the Pierce Street location in Lakewood. Its request for capitol complex leased space is for \$1,186,435 including \$567,088 General Fund. The request includes funding for statewide budget amendment #2. Staff notes that the Department had submitted a FY 2006-07 statewide supplemental, which the Committee did not approve. **The staff recommendation for this line item is pending Committee approval of a common policy for capitol complex leased space.**

DEPARTMENT OF PERSONNEL - Capitol Complex Leased Space			
	FY 2007-08 Recommendation		
	Square Footage	Rate	Total
Capitol Complex	82,734	TBD	TBD
North Campus	32,807	TBD	TBD
Grand Junction	2,990	TBD	TBD
TOTAL	118,531		PENDING
General Fund			Pending
Cash Funds			Pending
Cash Funds Exempt			Pending

COMMUNICATIONS SERVICES PAYMENTS

This line item is used to pay for the department's share of the costs associated with operating the public safety communications infrastructure. The department requests \$1,397 General Fund for FY 2007-08. **The staff recommendation on this line items is pending a Committee common policy for communications services.** This will occur at the end of figure setting.

TEST FACILITY LEASE

The appropriation to this line item supports a lease payment to the State Land Board for a Federal Railroad Commission testing facility in Pueblo, Colorado. In 1970, the State under the Love Administration agreed to lease 33,492 acres of land free of charge for 150 years to the U.S. Transportation Department, Federal Railroad Commission (FRC), for a high speed train test site in order to boost economic development in that region. The site presently employs approximately 450 people.

The land is leased from the State Land Board to the Department of Personnel and Administration and is sub-leased to the Federal Railroad Commission free of charge. The lease cost \$116,351

General Fund in FY 2004-05. The original 50-year lease agreement will expire on August 1, 2020. In FY 2001-02, the JBC approved an inflationary increase that brought the appropriation to a level of \$116,351. The contract subjects the lease to a five year review beginning in August of 1970. The last lease review was in August 2005. For FY 2006-07, the Department requested an inflationary increase of \$3,491, which the Committee approved.

Staff recommends the Committee approve an appropriation of \$119,842 General Fund pursuant to the five year review and revision of the contract. This appropriation should remain in effect until the next review period - scheduled for FY 2010-11.

EMPLOYMENT SECURITY CONTRACT PAYMENT

This appropriation supports a contract with a private company (Gibbens Company) that is responsible for reviewing and challenging unemployment insurance claims filed against the State, excluding the Department of Higher Education.

The Department has requested a continuation appropriation of \$17,400. In FY 1998-99, the Department re-negotiated the contract to a lower rate (from \$19,400 to \$17,400). **Staff recommends the Committee approve a continuation appropriation for FY 2007-08 of \$17,400 (\$10,889 General Fund and \$6,511 cash funds exempt - transfers from other state agencies).**

EMPLOYEES EMERITUS RETIREMENT

This appropriation supports payments to retired state workers under a program that expired. According to the Department, there are 6 former state employees who are eligible to receive this payment in FY 2007-08. Currently, there is no statutory authority for this program. As summarized below, the program was created in 1967, amended in 1975, amended in 1980, and repealed in 1987.

- ❑ *Senate Bill 67-120.* This bill created the program which allowed for monthly retirement benefits to be paid to former state employees who had retired from state service for superannuation on a full annuity or disability by July 1, 1967. The original act required eligible employees to apply for benefits by July 1, 1968. The act allowed for recipients to receive \$125 per month, less any pension or retirement funds supported in part by the State. The original act also called for payments to be prorated on an equal monthly basis within the limits of the appropriations made.
- ❑ *House Bill 75-1254.* This bill changed the required retirement date from July 1, 1967 to July 1, 1975. It changed the enrollment date from July 1, 1968 to July 1, 1976. The bill increased the maximum monthly payment from \$125 to \$200. It authorized the maximum monthly payment to increase by 3.0 percent each year. The provision for payments to be prorated on an equal monthly basis within the limits of the appropriations made was not changed by the bill.
- ❑ *Senate Bill 80-48.* This bill increased the maximum monthly payment in FY 1980-81 by 8.0 percent *or* the average salary survey, whichever was higher. For subsequent fiscal years, the bill added a provision allowing the maximum monthly payment to be increased by an amount

equal to the average salary survey. The provision for payments to be prorated on an equal monthly basis within the limits of the appropriations made was not changed by the bill.

- ❑ *Senate Bill 87-143.* This bill, which was endorsed by the Public Employees Retirement Association (PERA), repealed the program. According to the legislative liaison for PERA, PERA did not believe that this bill would stop retirement benefits from being paid for employee emeritus retirements. PERA assumed that the statutory provisions would not be required to continue the program for existing participants because the program was not available to new participants.

There are currently six retirees paid from this line item. Another employee in the program is paid from the Judicial Department's budget. The department requests \$11,370 General Fund for the Employees Emeritus Retirement line item; this represents a continuation appropriation from the FY 2006-07 appropriation.

Staff recommends that the Committee approve an appropriation of \$11,370 General Fund. Employees who participate in the program are anticipating these retirement benefits. If they are not provided, it may create a hardship for these individuals. Furthermore, it was legislation drafted by PERA that eliminated the statutory language for these retirees. It was not PERA's intent to discontinue their benefits.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 - SECURITY REMEDIATION

This line item was created in FY 2004-05 to address the needs of the Department of Personnel and Administration's compliance with the Health Insurance Portability and Accountability Act of 1996's (HIPAA) security rule. The Department of Personnel and Administration is considered a hybrid entity under HIPAA as it is responsible for the administration of employee health benefits.

(1) Executive Office - HIPAA - Staff Summary				
	FY 2004-05 Actual	FY 2005-06 Actual	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional	0.7	1.0	1.0	1.0
IT Professional	0.9	1.0	1.0	1.0
Total	1.6	2.0	2.0	2.0

As part of the FY 2005-06 supplemental process, the Department submitted a supplemental request (DPA Supplemental #1) associated with additional recurring expenses ongoing maintenance and software licenses. The request was for \$31,337 of additional spending authority. The Committee approved the supplemental request.

Together with the supplemental, the Department submitted a budget amendment request (DPA

Budget Amendment #1) associated with the additional spending authority necessary to continue the recurring expenses and additional funds to perform a required bi-annual risk assessment. The total additional funds for FY 2006-07 total \$56,337. For FY 2007-08 the Department is reducing its request by \$25,000 which was used to fund a biannual risk assessment of CSEAP and Employee Benefits Services.

The department requests \$189,631 and 2.0 FTE for FY 2007-08. The request includes \$71,496 General Fund and \$118,135 cash funds exempt. The cash funds exempt represent transfers from other state agencies through their use of Computer Services' centralized functions.

HIPAA Calculation for FY 2007-08	Request	Staff Recommendation
Personal Services	144,316	131,920
Operating Expenses	45,315	45,315
TOTAL	189,631	177,235

The staff recommendation differs from the department request because staff followed Committee common policy by building the Department's personal services request by starting with last year's personal services appropriation.

Staff recommends the Committee approve \$177,235 and 2.0 FTE for HIPAA security compliance. Of the recommended amount, \$71,247 is General Fund and \$105,988 is cash funds exempt (transfers from other state agencies deposited into the Computer Services Revolving Fund).

GOVERNOR'S TRANSITION

Pursuant to Section 24-8-105, C.R.S., in every year that there is an election to elect a new governor, the General Assembly shall appropriate a sum of not less than ten thousand dollars to pay the necessary expenses of the governor-elect incurred between the general election and the inauguration, including, but not limited to, office supplies, postage, actual and necessary travel expenses, and compensation of administrative, secretarial, and clerical personnel. Any unexpended balance of such appropriation remaining after the payment of such expenses is to revert to the general fund.

The Department requested \$10,000 General Fund for Governor's Transition for FY 2006-07. **Staff recommends that this line item not be included in the FY 2007-08 Department long bill.**

(2) DIVISION OF HUMAN RESOURCES

This division is responsible for the administration of the State's classified personnel system, which includes approximately 29,055 FTE appropriated by the General Assembly (excluding the Department of Higher Education). It also administers the employee benefits programs (such as group health, life, and dental plans), manages statewide systems for payroll and employee databases, and operates the statewide risk management program, including the procurement of property,

casualty, and workers' compensation insurance policies.

(A) HUMAN RESOURCE SERVICES

(1) State Agency Services

This section provides interpretation of applicable rules and regulations and handles appeals to the State Personnel Director from employees. It provides policy guidance for state benefits which include the Performance Based Pay Plan and the annual Total Compensation Survey. The section creates and maintains the job evaluation systems, develops compensation and annual leave policies. Furthermore, this section provides direct human resources services to the following non-decentralized state agencies: Office of the Governor, Department of Treasury, and certain colleges in the Department of Higher Education.

(2) Division of Human Resources (A) Human Resource Services (1) State Agency Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Director/Management	1.7	1.0	1.0	1.0
General Professional	15.9	20.2	21.0	21.0
Accounting/Budget	0.0	0.0	1.0	1.0
Support/Clerical	4.4	6.0	4.2	4.2
Total	22.0	27.2	27.2	27.2

PERSONAL SERVICES

The personal services line item for State Agency Services pays for salary, PERA contributions of the state, and Medicare taxes for the program's staff. In previous years, it also funded contractual services. The Department is requesting an appropriation of \$1,970,273 cash funds exempt and 27.2 FTE. The cash funds exempt request represents indirect cost recoveries available to offset the need for General Fund in this division.

Staff Recommendation: Staff recommends the Committee approve an appropriation of \$1,964,350 cash funds exempt (indirect cost recoveries) and 27.2 FTE. The staff recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation (2) Human Resource Services Division (A) Human Resource Services (1) State Agency Services — Department of Personnel and Administration			
	Total	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	1,924,013	1,924,013	27.2
FY 2005-06 Salary Survey	50,208	50,208	0.0
Base Reduction (-0.5 Percent)	(9,871)	(9,871)	0.0

Summary of Personal Services Recommendation			
(2) Human Resource Services Division (A) Human Resource Services			
(1) State Agency Services — Department of Personnel and Administration			
	Total	CFE	FTE
Total Recommendation	1,964,350	1,964,350	27.2

* The source of cash funds exempt is from indirect cost recoveries.

OPERATING EXPENSES

The Department is requesting a continuing appropriation of \$88,462, cash funds exempt. **Staff recommends the Committee approve an appropriation of \$88,462 cash funds exempt (indirect cost recoveries).**

(A) HUMAN RESOURCE SERVICES

(2) Training Services

This program provides training courses on supervision, program management, leadership, diversity, contract management, procurement procedures, legislative testimony, violence prevention, and performance management to state employees.

(2) Human Resource Services Division (A) Human Resource Services Section				
(2) Training Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional	0.0	1.0	1.0	1.0
Total	0.0	1.0	1.0	1.0

PERSONAL SERVICES

The personal services line item for Training Services pays for salary, PERA contributions of the state, and Medicare taxes for the program's staff. The appropriation also contains funding for contracted professional services. The department requests an appropriation of \$61,998 and 1.0 FTE.

Staff Recommendation:

The number of enrollees in programs offered by the program has decreased since FY 2002-03 by 61 percent and the number of training hours has decreased by 49 percent.

During FY 2006-07 figure setting, the department had indicated to staff that it does not anticipate a change in workload in FY 2006-07 compared to FY 2005-06. However, workload has decreased since FY 2002-03. The Department is also indicating that they do not anticipate any reduction in workload in FY 2006-07 compared to FY 2005-06. In addition to this, the Department has kept the 1.0 FTE position open in FY 2005-06, only spending \$16,580 on contract services

In FY 2006-07, A Colorado Financial Records System (COFRS) report from February 17, 2007 (58

percent of the fiscal year), shows that of the appropriated \$62,122 for personal services, the Department has only spent \$10,619 and encumbered another \$8,872.

The Department has stated that its current method for providing training is through a partnership with Colorado State University. Under this arrangement, Training Services (the Professional Development Center) designs and delivers State specific training programs and will assist CSU with designing general State employee training programs. Training programs are offered based on the business needs of State government as expressed by employees, supervisors and managers, as well as the governor and the legislature. Under the new model, training is available through five sources:

1. Professional Development Center. Courses are developed and delivered by DHR staff and are specific to state government on topics that external providers are unlikely to be able to deliver. Examples include state system hiring, state purchasing, government contracting, state rule application, progressive discipline, and performance management.

2. CSU through an interagency agreement. Courses are developed and delivered by CSU and are of a more general nature but tailored to state government. Examples include software applications, communication, conflict management, customer service, supervision, leadership, and technical skills.

3. Market vendors. Courses are purchased through a third party where the subject matter is highly specific or the need is limited. Examples include technical software training specific to a department's internal systems, courses limited to a single department, or a one-time need.

4. E-Learning vendors. CSU has an extensive on line class inventory that is currently available for enrollment by state employees. These courses are listed and described on the DPA website. In addition, other public and private sector vendors are available by contract to provide needed on line training programs.

5. Colorado Training Network collaboration. Trainers in state agencies around Colorado provide advice and information to the PDC on state training needs and are available to exchange and share training resources at low or no cost on a space available basis.

The Committee adjusted this line item in FY 2006-07 figure setting process. The line item was reduced by \$72,443 and 1.0 FTE. The Department has told staff that the program was re-evaluated during FY 2004-05. As a result of the reevaluation, the Department has focused its efforts on working with CSU, and administering certain components of the programs described above. **Staff recommends the Committee approve an appropriation of \$61,811 and 1.0 FTE for Training Services, Personal Services.** The recommendation includes \$25,444 cash funds and \$36,367 cash funds exempt.

Summary of Personal Services Recommendation				
(2) Human Resource Services Division (A) Human Resource Services (2) Training Services Program — Department of Personnel and Administration				
	Total	Cash Funds	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	62,122	25,572	36,550	1.0
Base Reduction (-0.5 percent)	(311)	(128)	(183)	0.0
Total Recommendation	61,811	25,444	36,367	1.0
* The cash funds are from the sale of job reference manuals and training revenue from state enterprises and non-state agencies. The cash exempt funds are from training revenues received from state agencies.				

OPERATING EXPENSES

The Department is requesting an appropriation of \$17,169 cash funds exempt (training revenues from state agencies). This represents a continuation of the current fiscal year's appropriation.

Staff recommends the Committee approve an appropriation of \$17,169 cash funds exempt for this operating expenses line item.

INDIRECT COST RECOVERIES

Pursuant to the Committee approval of the statewide indirect cost recovery plan, **staff recommends approval of the Department's request for an appropriation of \$35,034 cash funds exempt (training revenues received from state agencies).** This amount will be used to offset the need for a General Fund appropriation in the Executive Director's Office and elsewhere in the department.

(A) HUMAN RESOURCE SERVICES

(3) Colorado State Employees Assistance Program

Pursuant to Section 24-50-604 (1) (k) (I), C.R.S., this program offers counseling to employees on workplace issues such as absenteeism, sexual harassment, substance abuse, time management, violence in the workplace, and any emotional, mental, or personal problem, which may be affecting an employee's ability to function at work. The program also provides guidance to program managers to address these workplace issues. Funding for the program, beginning in FY 2003-04, is from the Group Benefits Plan Reserve Fund, the Risk Management Fund, and any interest earned from these funds. This funding stream is established pursuant to Section 24-50-604 (1) (k) (IV), C.R.S. However, staff notes that statute does not limit funding to these three sources.

(2) Human Resource Services Division (A) Human Resource Services (3) Colorado State Employee Assistance Program — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Support/Clerical	0.8	0.8	0.9	0.9
General Professional	3.6	3.7	3.6	3.6
Total	4.4	4.5	4.5	4.5

PERSONAL SERVICES

The Department is requesting an appropriation of \$299,374 cash funds exempt and 4.5 FTE. **Staff recommends the Committee approve an appropriation of \$298,474 cash funds exempt and 4.5 FTE.** The recommendation is consistent with Committee common policy, which includes the application of a 0.5 percent base reduction.

Summary of Personal Services Recommendation		
(2) Human Resource Services Division (A) Human Resource Services (3) Colorado State Employee Assistance Program — Department of Personnel		
	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	288,733	4.5
FY 2006-07 Salary Survey	11,241	0.0
Base Reduction (-0.5 Percent)	<u>(1,500)</u>	<u>0.0</u>
Total Recommendation	298,474	4.5

OPERATING EXPENSES

The Department has requested an appropriation of \$37,233 cash funds exempt. The request represents a continuation of the FY 2006-07 appropriation. **Staff recommends the Committee approve the department's request for FY 2007-08.**

INDIRECT COST RECOVERIES

The Department requests an appropriation of \$63,788 pursuant to the statewide indirect cost recovery plan. **Staff recommends the Committee approve the department's request, which is pursuant to established common policy.**

(B) EMPLOYEE BENEFITS SERVICES

This section administers and oversees the state's employee benefits program, the Deferred Compensation Plan, and the Defined Contribution Plan. It provides the initial design of these programs as well as the subsequent contractual, administrative, and financial management of these programs. The programs include the following: (1) three dental plans (effective July 1, 2005); (2) six medical plans (as of July 1, 2006); (3) one optional life and accidental death and disability plan; (4) one short-term disability plan; (5) one long-term disability plan; (6) two Section 125 Flexible Spending Account Programs; (7) the 457 Deferred Compensation Program; and (8) the Defined Contribution Plan for select non-classified staff. The State is currently operating four self-insured medical plans.

(2) Human Resource Services				
(B) Employee Benefits Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional	6.8	8.0	8.0	8.0
Accounting	1.3	1.0	1.0	1.0

(2) Human Resource Services (B) Employee Benefits Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Support / Clerical	<u>2.7</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total	10.8	12.0	12.0	12.0

PERSONAL SERVICES

The Department is requesting an appropriation of \$908,232 cash funds exempt (Deferred Compensation Administration Fund and the Defined Contribution Plan Administration Fund) and 12.0 FTE.

Staff recommends the Committee approve an appropriation of \$905,502 cash funds exempt and 12.0 FTE.

Summary of Personal Services Recommendation (2) Human Resource Services Division (B) Employee Benefits Section — Department of Personnel and Administration				
	Total	CF	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	910,052	0	910,052	12.0
Base Reduction (-0.5 Percent)	(4,550)	0	(4,550)	0.0
Total Recommendation	905,502	905,514	12	12.0

OPERATING EXPENSES

The Department is requesting an appropriation of \$52,225. The request includes funding for a base continuation level of funding. **Staff recommends the Committee approve the department's request for operating expenses.**

UTILIZATION REVIEW

This appropriation supports the audits of benefits plans administered by the State to ensure that they are financial sound and accurate. The Department has requested a continuation level of funding for FY 2007-08.

Staff recommends the request for a continuation level of funding and an appropriation of \$40,000 cash funds exempt. The department has indicated that it plans expenditures from this line item for two purposes; both associated with the group benefits program. It plans \$12,500 to pay for dues associated with membership in the Colorado Business Group on Health. This organization is a non-profit company that represents large purchasers of health care services in the state. It plans to use \$27,500 on contractual services for utilization of the plan and financial analysis. Work includes determining unit costs and trends and cost drivers such as medical procedures and demographics. Financial analysis is needed to ensure premiums are adequate to meet claims and

reserves are at adequate levels.

DEFERRED COMPENSATION PLANS

The Deferred Compensation Plan administers the state employees' 457 Deferred Compensation Plan. The plan is established in Section 24-52-102 and the State Personnel Director shall manage the plan. Appropriations for the plan support mailings, dues and memberships, registration fees, and contracted services. In FY 2003-04 and FY 2004-05 the state contracted with Great-West Life to market the plan to eligible employees in the Higher Education system; the contract was for \$98,477. The contract ended in FY 2004-05, thus the department requests an appropriation similar to that of FY 2002-03 which was \$84,500.

Staff recommends the Committee approve an appropriation of \$84,500 cash funds exempt (Deferred Compensation Administration Fund) for FY 2007-08.

DEFERRED COMPENSATION ADMINISTRATION (TPA)

The department is requesting a continuation of the Deferred Compensation Administration (TPA) line for FY 2007-08. The request is for \$682,000 cash funds exempt (Deferred Compensation Administration Fund). Any contract entered into by the state will be for three years with two one-year optional renewals at the discretion of the state. Thus, the state will either submit another RFP for 2008, 2009, or 2010.

Staff recommends the Committee approve the Department's request for FY 2007-08 for \$682,000 cash funds exempt (Deferred Compensation Administration Fund). This recommendation follows the Committee's decision to add this line item during FY 2005-06 figure setting.

DEFINED CONTRIBUTION PLANS

The Department is requesting a continuation of appropriation for this line item for FY 2007-08 in the amount of \$11,226 cash funds exempt (Defined Contribution Plan Administration Fund).

Staff recommends the Committee approve the Department's request for this line item in the amount of \$11,226 cash funds exempt (Defined Contribution Plan Administration Fund).

DEFERRED COMPENSATION PLAN AND DEFINED CONTRIBUTION PLANS PERFORMANCE AUDITS - CFE

The Department submitted a budget amendment on January 24, 2007, to add this line item to the FY 2007-08 Long Bill. The Department requests \$160,000 cash funds exempt for this line item

☐ Budget Amendment #4 - Division of Human Resources, 457 Deferred Compensation Plan

On behalf of the Deferred Compensation Committee, the Department requests \$80,000 cash funds exempt increased spending authority for the State of Colorado 457 Deferred Compensation Plan (457 Plan) and \$80,000 cash funds exempt increased spending authority for the Defined Contribution

Plans for the Public Officials' and Employees' Defined Contribution Retirement Plan (State DC Plan for FY 2007-08. The requested increased appropriations will be paid proportionately from the Defferd Compensation Administrative Fund (457 Plan), Section 24-52-102(5)(a), C.R.S., and the Defined Contribution Plan Administrative Fund (State DC Plan), Section 24-52-203(9)(a), C.R.S. By statute, these administrative funds were created for wach Plan to hold fees assessed to participants and bundled providers to cover the costs of administration. At the end of a fiscal year, all unexpended and unencumbered mones remain in these funds and are not transferred to the General Fund.

In January, 1999, the State DC Plan became available to approximately 500 appointed and elected officials. In July 2004, the passage of S.B. 04-257 provided an expansion of the eligibility to all new hires effective January 1, 2006, with the exception of those employed by higher education institutions. New cotracts were initiated on July 1, 2005 between the State and Great-West Retirement Services, The Hartford and ICMA-RC to provide a retirement choice alternative to all eligible employees. With the implementation of retirement choice to all new hires, the Deferred Compensation Committee wants to assure that all processes provided by the bundled providers and all procedures directed in state statutes and federal regulations are accurately reflected in administration of the State DC Plan. Based upon discussions with the State Auditor, the Department believes that the most effective audit of these plans can be completed through an independent contractor who specializes in the area of retirement plan administration.

Staff recommends the Committee approve the Department's request and create a line item in the Department of Personnel and Administration FY 2007-08 Long Bill titled "Deferred Compensation Plan and Defined Contribution Plans Performance Audits - CFE". Staff recommends that the Committee fund \$160,000 for this line item to be funded proportionately from the Defferd Compensation Administrative Fund and the Defined Contribution Plan Administrative Fund.

INDIRECT COST RECOVERIES

The Department requests an appropriation of \$98,315 pursuant to the statewide indirect cost recovery plan. **Staff recommends the Committee approve the department's request, which is pursuant to established common policy.**

(C) RISK MANAGEMENT SERVICES

This office protects the state's human resource and property assets through the administration of liability, property, workers' compensation, and loss control programs. Services include accident investigation, legal defense, safety training, hazard mitigation, building inspection, insurance procurement, claim evaluation, and data collection. Pursuant to Section 24-30-1504 (1) (g), C.R.S., the Department is "to establish and administer a program to reduce property and liability losses incurred by each state agency".

(2) Human Resource Services Division (C) Risk Management Section — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional	4.5	3.0	6.0	6.0
Insurance Specialist	0.8	3.0	0.0	0.0
Accounting	0.6	1.0	0.0	0.0
Support/Clerical	<u>2.2</u>	<u>2.0</u>	<u>3.0</u>	<u>3.0</u>
Total	8.1	9.0	9.0	9.0

PERSONAL SERVICES

The Department is requesting an appropriation of \$607,800 cash funds exempt (Risk Management Fund, Self-Insured Property Fund, and the State Employee Workers' Compensation Account) and 9.0 FTE. **Staff recommends the Committee approve \$605,973 cash funds exempt and 9.0 FTE.** This recommendation is calculated consistent with Committee common policy.

Summary of Personal Services Recommendation (2) Human Resource Services Division (C) Risk Management — Department of Personnel and Administration		
	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	579,219	9.0
FY 2006-07 Salary Survey	29,799	0.0
Base Reduction (-0.5 Percent)	<u>(3,045)</u>	<u>0.0</u>
Total Recommendation	605,973	9.0
** The cash exempt funds are from various funds supporting the Risk Management program.		

OPERATING EXPENSES

The Department is requesting an appropriation of \$57,104 cash funds exempt (Risk Management Fund, Self-Insured Property Fund, and the State Employee Workers' Compensation Account). **Staff recommends the Committee approve the department's request for operating expenses.**

AUDIT EXPENSES

In FY 2000-01, the General Assembly created this line item for an appropriation related to the periodic audit of the self-insured or self-administered risk management programs pursuant to Section 24-30-1513, C.R.S. This line item is funded from reserves in the Risk Management Fund, the Self-Insured Property Fund, and the Workers' Compensation Fund. The audit is performed via contract with the State Auditor's Office to review the underwriting techniques, funding procedures, loss reserves, claims procedures, and accounting practices are being followed in the workers' compensation, property and liability programs. The department is requesting an appropriation for

this line item in FY 2007-08 in the amount of \$63,120 cash funds exempt. **Staff recommends the Committee approve the Department's request for this line item and create a line item in the FY 2007-08 Department of Personnel, Division of Human Resources, Risk Management Services, Audit Expense.**

LEGAL SERVICES

This line item is used by the Risk Management Division to pay for legal expenses associated with the Liability Program in the Risk Management Services Section. The statutory authority for this line item is found in Section 24-30-1507, C.R.S. Funds in the Liability Program are continuously appropriated for this line item pursuant to Section 24-30-1510 (1) and Section 24-30-1510 (3) (a), C.R.S. Funds in the State Employee Workers' Compensation Account are subject to annual appropriation by the General Assembly.

Staff notes that for the past four years the Department has been appropriated a steady level of 31,860 legal services hours. The Department is requesting a continuation funding level for this line item.

Staff recommends the Committee approve an appropriation for 31,860 hours of legal services for FY 2007-08, which represents a continuation level of hours from FY 2007-08. The recommended appropriation is pending a common policy for a legal services hourly rate. Staff also recommends funds be appropriated from the Risk Management Fund.

☐ Statewide Budget Amendment #3 - Risk Management and Workers Compensation Allocations

Request: This statewide budget amendment is for technical changes to the risk management program (property and liability) and the workers' compensation program for FY 2007-08. The request contains requested appropriations for statewide allocations. The analysis of any statewide allocations is pending Committee decisions on funding for personal services, operating expenses, indirect cost allocations, and legal services in the Risk Management Program and the Colorado State Employee Assistance Program.

This portion of the request is for premiums in the Liability Program, the Property Program, and the Workers' Compensation Program. The department requests this budget amendment for a variety of reasons. Reasons specific to the premiums for liability, property, and workers' compensation are:

Updated agency overhead. The Department is reallocating the costs for administering the Risk Management Program. It has provided information on what it believes the source of funding should be for the program. It bases this on total premiums for each program and applies the percentages to overhead (personal services, operating, centrally appropriated lines like salary survey and amortization equalization disbursement (AED)). For FY 2006-07 total program overhead is \$906,965 and

the Department's request allocates the overhead as follows:

- Workers' Compensation - \$633,096 (64.2 percent);
- Liability - \$174,340 (17.7 percent); and
- Property - \$179,349 (18.2 percent).

2. Modified reserve funding levels for the Workers' Compensation Account, the Risk Management Fund, and the Self-Insured Property Fund. The Department is revising its methodology for determining appropriate reserve levels in these funds. During FY 2006-07 supplemental process, the Department recommended the following reserve level percentages:

- Workers' Compensation - 5 percent;
- Liability - 16.5 percent;
- Property - 16.5 percent (11.5 percent increase). **The Committee voted to cap the Property Program reserve for FY 2006-07 at 10 percent.**

The Department of Personnel and Administration now recommends the following reserve levels for FY 2007-08:

- Workers' Compensation - \$1,572,042 which is consistent with a 5.0 percent reserve level of other self-funded insurance programs (Group Benefit Plans specifically);
- Liability - \$1,762,041 which is consistent with S.B. 98-194 provisions calling for a 16.5 percent reserve balance; and
- Property - \$1,446,169. **This request is for an increase of the reserve balance from 5 percent to 16.5 percent. Staff notes that the Committee voted to cap the Property Program reserve for FY 2006-07 at 10 percent.**

The Department's rationale for recommending changes in reserve levels varies with the program. First, the Department believes that there are mechanisms for controlling extraordinary claim levels for Workers' Compensation and Property programs. The Department states that the Colorado Department of Labor and Employment requires self-funded employers providing workers' compensation insurance to purchase excess insurance as additional financial protection in the event of a catastrophic claim or claims. For the Property Program, the general policies have an aggregate deductible level of \$1.25 million for each policy year; the Terrorism policy has a per-event deductible level of \$100,000.

Second, for the Liability and Property programs the Department is stating that it has experienced a high degree of strain on fund balance. For this reason, the Department is requesting that the reserve for the Property Program be increased from the current 5 percent to 16.5 percent, as is the reserve for the Liability Program. As a result of the lower than expected fund balance, the Department was forced to take out a loan for the Treasury totaling \$1.0 million. The Department has built the loan into the program for FY 2006-07 and anticipates to pay it back by the end of FY 2006-07.

The Department lists several factors, which occurred during the prior fiscal year that lead to the shortfall in operating cash for the Property Program:

(1) The University of Northern Colorado (UNC) opted out from the Property (July 1, 2005), Liability (July 1, 2006) and Workers' Compensation (July 1, 2006) programs, as a result its share of premiums were not collected;

(2) The fund experience large, extraordinary claims just as the fiscal year drew to a close. The Department states that it is possible for the fund to experience large, extraordinary claims and that there is no way to predict when and how large such claims may be. For this reason, the Department recommends increasing the available reserve;

(3) Calculation of the actual and estimated residual deductible amounts is complicated by the fact that policies renew in September each year. This means that the Department has to take into consideration that the aggregate deductible level for one policy period may overlap fiscal years. In addition, the policy effective September, 2006, only begins to satisfy deductible levels after the first \$10,000 in payouts (per claim/incident). Previously, claims began to count against deductible levels after the first \$1,000.

(4) The Department believes that due to the different methodology for calculating the fund reserve between JBC staff and the Department, the reserve was not adequately funded in the past two budget cycles. This stems from the fact that the Property Fund is outside the scope of S.B. 98-194 as a result staff has been calculating the reserve based only on premium line expenditures and not on all program expenditures, like cash funds covered by S.B. 98-194.

Staff Analysis: Staff Recommends the following:

For liability premiums staff recommends a statewide premium of \$8,345,546 which is consistent with the department's request.

For property premiums staff recommends a statewide premium \$8,585,311 which is consistent with the department's request.

For worker's compensation premiums staff recommends a statewide premium of \$30,531,747 which is consistent with the department's request.

The Department's requested reserve funding levels are as follows:

Liability program at 16.5 percent

Property program at 16.5 percent

Workers' Compensation program at 5 percent

The Department's request is the same as last year's for the liability and workers' compensation programs. For the property program, the Department requested a 16.5 percent reserve during the FY 2006-07 supplemental process, this was an increase from the previously 5 percent reserve. The Committee voted for a 10 percent reserve for the property program for FY 2006-07.

Staff recommends these reserve levels for the programs: (1) 16.5 percent for liability; (2) 10 percent for property; (3) 5 percent for workers' compensation. However, staff recommends that these levels be applied only to anticipated claims, not to total expenditures as the department is requesting. The staff recommended reserves are as follows: Liability program - \$1,377,015; Property program - \$858,531; Workers' compensation program - \$1,515,292.

Staff recommends this for the following reasons. Applying the reserve level to expenditures is not consistent with how the department calculates its reserves for self insured health and dental plans. Under that scenario, the department has calculated a 5.0 percent premium stabilization reserve on claims incurred, *not on expenses incurred*.

Additionally, staff believes that a reserve balance should only be calculated on claims as this component is the premium. Administrative fees and department administration do not belong in this calculation as they have no capacity to fluctuate above the level appropriated by the General Assembly. The department disagrees with this as it believes this view point is not consistent with the provisions of S.B. 98-194 which calculate reserve levels on expenditures.

Staff notes that these funds are not subject to the provisions of S.B. 98-194. Section 24-75-402 (5) (e), C.R.S., states that cash funds with reserve requirements based on actuarial requirements are exempted. Reserve balances for items such as personal services and operating expenses may be warranted for programs that bring in revenue seasonally, for example, but the Risk Management program and the Colorado State Employee Assistance Program have a dedicated source of revenue that does not fluctuate as revenues are appropriated in the Long Bill through agency allocations. Furthermore, the reserve level, or targeted reserve as defined in statute, is a maximum reserve level not a minimum reserve level. For these reasons, staff's recommendation differs from the department's request.

LIABILITY PREMIUMS

The liability program is used to pay liability claims and expenses brought against the state. The program provides coverage to state agencies and employees for tort and federal claims, including those arising out of the scope of employment. The state is self insured for the Liability Program. Judgements for liabilities that do not involve federal law are limited by the Governmental Immunity Act pursuant to Section 24-10-114, C.R.S. This act limits judgements to \$150,000 per person and \$600,000 per occurrence. This act does *not* apply to liabilities that pertain to federal law (Americans with Disabilities Act, age discrimination, gender discrimination, racial discrimination, etc.). Therefore, there is no damage limit for these awards. The Liability Program is funded by

appropriations from the Risk Management Fund, created pursuant to Section 24-30-1510, C.R.S. The Risk Management Fund receives revenues from two primary sources: payments from state agencies and interest. The General Assembly appropriates spending authority for program costs in the Long Bill. However, payments from the "Liability Premiums" line item are continuously appropriated pursuant to Section 24-30-1510 (1), C.R.S.

The department requests an appropriation of \$8,345,546 (\$565,666 cash funds and \$7,779,880 cash funds exempt) for FY 2007-08. Both the cash funds and the cash funds exempt represents transfers from non-state and other state agencies, respectively, that are deposited in the Risk Management Fund. **Staff recommends the Committee approve the Department's request for an appropriation of \$8,345,546 for liability premiums which is consistent with the staff recommendation for statewide budget amendment #3 described above.** This recommendation includes \$565,666 cash funds and \$7,779,880 cash funds exempt (Risk Management Fund). The cash and cash funds exempt revenue in the Risk Management Fund are transfers from non-state agencies and state agencies, respectively. Funds in the Risk Management Fund are continuously appropriated for purposes other than the direct and indirect administrative costs of operating the risk management system.

PROPERTY PREMIUMS

The property program pays for commercial insurance and associated deductibles for insurance coverage of state properties. The program provides property loss coverage for state assets, including building and content value. The Property Program is funded by appropriations from the Self-Insured Property Fund created pursuant to Section 24-30-1510.5, C.R.S. The Property Fund receive revenues from two primary sources: payments from state agencies and interest. The General Assembly appropriates spending authority for program costs in the Long Bill. However, payments made from the "Property Premiums" line item for property premiums, deductibles, and claims are continuously appropriated pursuant to Section 24-30-1510.5 (1), C.R.S.

The department requests an appropriation of \$8,585,311 (\$658,338 cash funds and \$7,926,973 cash funds exempt) for FY 2007-08. Both the cash funds and the cash funds exempt represents transfers from non-state and other state agencies, respectively, that are deposited in the Risk Management Fund. **Staff recommends the Committee approve an appropriation of \$8,585,311 for property premiums which is consistent with the staff recommendation for statewide budget amendment #3 described above.** This recommendation includes \$658,338 cash funds and \$7,926,973 cash funds exempt (Self-Insured Property Fund). The cash and cash funds exempt revenue in the Self-Insured Property Fund are transfers from non-state agencies and state agencies, respectively. Funds in the Self-Insured Property Fund are continuously appropriated for purposes other than the direct and indirect administrative costs of operating the risk management system.

WORKERS' COMPENSATION PREMIUMS

The workers' compensation program is used to pay workers' compensation benefits to state employees. Like the liability program, the state is self-insured for workers' compensation claims. Unlike the liability program, the Governmental Immunity Act does not apply to workers'

compensation claims. There are two broad categories of workers' compensation payments: medical payments and indemnity payments. Indemnity benefits include settlements for permanent injuries and lost wages. The maximum workers' compensation benefits for lost wages are established by the Department of Labor and Employment pursuant to Section 8-47-106, C.R.S. There is no maximum for medical benefits. The state's ultimate liability for any one claim could be significant if a severely injured employee lives for a long period of time.

The Workers' Compensation Program is funded by appropriations from the State Employee Workers' Compensation Account, a separate account within the Risk Management Fund pursuant to Section 24-30-1510.7, C.R.S. Similar to the Liability Program, the fund receives revenue from payments from State agencies and interest. Moneys in the State Workers' Compensation Account are subject to annual appropriation by the General Assembly for the purposes of paying workers' compensation benefits to state employees in accordance with articles 40 to 47 of Title 8, C.R.S. (Section 24-30-1510.7 (2), C.R.S.).

The department requests an appropriation of \$30,305,844 (\$3,691,170 cash funds and \$26,614,674 cash funds exempt) for FY 6007-08. Both the cash funds and the cash funds exempt represents transfers from non-state and other state agencies, respectively, that are deposited in the Workers' Compensation Account. **Staff recommends the Committee approve an appropriation of \$30,305,844 for workers' compensation premiums.** This recommendation includes \$3,691,170 cash funds and \$26,614,674 cash funds exempt (State Employees Workers' Compensation Account). The cash and cash funds exempt revenue in the State Employees Workers' Compensation Account are transfers from non-state agencies and state agencies, respectively. Funds in the State Employees Workers' Compensation Account are specifically appropriated for all purposes.

INDIRECT COST ASSESSMENT

Pursuant to the Committee approval of the statewide indirect cost recovery plan, **staff recommends approval of the Department's request for an appropriation of \$137,080 cash funds exempt (transfers from state agencies).** This amount will be used to offset the need for a General Fund appropriation in the Executive Director's Office.

(3) PERSONNEL BOARD

This division provides staff support for the five-member State Personnel Board 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 adjudicates employment disputes within the state classified system and is responsible for promulgating rules to ensure that state employment is based on merit. The board conducts administrative hearings, promulgates rules under the authority of the State Administrative Procedures Act, and facilitates dispute resolution. The board processes approximately 300 cases per year. Because employees trigger the adjudicatory process, the board cannot directly control the number

of cases filed. The Board also provides guidance in achieving and maintaining a sound, comprehensive, and uniform system of human resource management.

(3) State Personnel Board — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Director / General Professional	2.0	1.0	2.0	2.0
Administrative Law Judge	1.7	1.8	1.8	1.8
Legal Assistant	0.0	1.0	0.0	0.0
Support / Clerical	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total	4.7	4.8	4.8	4.8

PERSONAL SERVICES

The department requests an appropriation of \$438,672 and 4.8 FTE. The request includes \$32,262 General Fund, \$1,196 cash funds (receipts received for copies of information and case documentation), and \$405,214 cash funds exempt (indirect cost recoveries and receipts received for copies of information and case documentation). In the last few years, the Personnel Board has experienced a significant fluctuation in cases.

Due to the decrease in indirect costs to Personnel for FY 2007-08, the personnel board will not be entirely funded by cash funds exempt, this year the board will need additional general funds.

Staff recommends the Committee approve an appropriation of \$437,353 and 4.8 FTE. The recommendation contains \$227,902 General Fund, \$1,192 cash funds (receipts collected for copies of information and case documentation), and \$208,259 cash funds exempt (\$800 from receipts collected for copies of information and case documentation and \$207,459 from indirect cost recoveries).

Summary of Personal Services Recommendation					
(3) State Personnel Board — Department of Personnel and Administration					
	Total	General Fund	Cash Funds	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	427,810	20,586	1,198	406,026	4.8
FY 2006-07 Salary Survey	11,741	11,741	0	0	0.0
Base Reduction (-0.5 Percent)	(2,198)	(162)	(6)	(2,030)	0.0
General Fund related to Indirect Costs	<u>0</u>	<u>195,737</u>	<u>0</u>	<u>(195,737)</u>	<u>0.0</u>
Total Recommendation	437,353	227,902	1,192	208,259	4.8

OPERATING EXPENSES

The Department has requested an appropriation of \$29,033 General Fund. **Staff recommends the Committee approve an appropriation of \$29,033 cash funds exempt.** This recommendation is

related to the additional indirect costs discussed above.

(4) CENTRAL SERVICES

This division is responsible for reducing costs to other State agencies for commonly-used support services, such as mail services, collections, travel, printing, copying, and imaging documents. It is responsible for the oversight of property management for the Capitol Complex, the Grand Junction State Services Building, and Camp George West. It also administers the statewide Fleet Management Program that provides vehicles to and monitors the related automotive maintenance costs of other State agencies.

(A) ADMINISTRATION

This section provides divisional support to the centralized services provided to all State agencies, including marketing, human resources, accounting, and management. It also includes the State Travel Management program, which coordinates and oversees state employee travel.

(4) Central Services (A) Administration — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Director / Management	1.1	2.0	2.0	2.0
Accounting / Budgeting	2.0	3.0	3.0	3.0
General Professional	2.4	2.0	2.0	2.0
IT Professional	0.0	0.0	0.0	0.0
Support / Clerical	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total	8.5	10.0	10.0	10.0

PERSONAL SERVICES

Personal services for Central Services Administration is used for staff salaries, state contributions to PERA and Medicare taxes. This section of the division is responsible for overall management of Central Services and includes accounting functions and general policy management for the division. The department requests an appropriation of \$697,588 and 10.0 FTE for FY 2007-08.

Staff recommends the Committee approve an appropriation of \$695,491 cash funds exempt and 10.0 FTE. This recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation				
(4) Central Services, (A) Administration — Department of Personnel and Administration				
	Total	CF	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	680,479	0	680,479	10.0
FY 2006-07 Salary Survey	18,507	0	18,507	0.0

Summary of Personal Services Recommendation				
(4) Central Services, (A) Administration — Department of Personnel and Administration				
	Total	CF	CFE	FTE
Base Reduction (-0.5 Percent)	(3,495)	0	(3,495)	0.0
Total Personal Services Recommendation	\$ 695,491	\$ 0	\$ 695,491	10.0

OPERATING EXPENSES

The department is requesting a continuation level of funding of \$77,427 for this line item. It represents a continuation of the FY 2006-07 appropriation. **Staff recommends the Committee approve an appropriation of \$77,427.**

INDIRECT COST ASSESSMENT

The department requests an appropriation of \$84,219 cash funds exempt for this division's indirect cost assessment.

Staff recommends the Committee approve an appropriation of \$84,219 for the Central Services, Administration indirect cost assessment line item, which is consistent with the Statewide Indirect Cost Allocation Plan.

(B) INTEGRATED DOCUMENT FACTORY

The Integrated Document Factory contains three programs operated in Central Services: (1) Reprographics Services; (2) Document Solutions Group; and (3) Mail Services. The three programs are grouped into the Integrated Document Factory due to similarities in the programs.

(B) Integrated Document Factory

(1) Reprographics Services

This section specializes in comprehensive commercial and graphic art services, offset printing, and high volume digitalized copying. It also manages the rental of office copiers for low volume operations to other State agencies. Reprographics Services performs its duties pursuant to Section 24-30-1104, C.R.S.

(4) Central Services (B) Integrated Document Factory				
(1) Reprographics Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Production	14.6	15.0	15.0	15.0
Arts Professional	3.8	4.0	4.0	4.0
IT Technician	0.1	0.3	0.3	0.3
General Professional / Manager	1.0	1.3	1.3	1.3

Support / Clerical	3.3	4.0	4.0	4.0
Total	22.8	24.6	24.6	24.6

PERSONAL SERVICES

The department requests an appropriation of \$1,183,506 cash funds exempt and 24.6 FTE. The cash funds exempt represent transfers from other state agencies that are deposited into the Department of Personnel Revolving Fund (Section 24-30-1108 (1), C.R.S.).

Staff recommends the Committee approve an appropriation of \$1,179,949 and 24.6 FTE. The staff recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation				
(4) Central Services, (B) Integrated Document Factory, (1) Reprographics Services — Department of Personnel and Administration				
	Total	Cash Funds	Cash Funds Exempt	FTE
FY 2006-07 Long Bill (S.B. 05-209)	1,164,275	0	1,164,275	24.6
FY 2006-07 Salary Survey	21,603	0	21,603	0.0
Base Reduction (-0.5 Percent)	(5,929)	0	(5,929)	0.0
Total Personal Services Recommendation	\$ 1,179,949	\$ 0	\$ 1,179,949	24.6

OPERATING EXPENSES

The department is requesting an appropriation of \$2,404,752 that includes \$305,456 cash funds and \$2,099,296 cash funds exempt. The Department is also requesting an increase to the cash funds exempt spending authority by \$100,000 as discussed in the Decision Item #2 below.

Decision Item #2 - Integrated Document Factory Realignment of Resources

The Department Decision Item #2 request contains several components as presented in the table below. Due to the fact that the decision item affects several line items in several divisions, staff will only discuss the portion of the decision item that affects the reprographics, operating expense line item at this point.

Appropriation/Line Item	CFE Adjustment	FTE
Mail Service, Operating Expenses	(\$541,135)	
Reprographics, Operating Expenses	100,000	
DSG, Operating Expenses (Includes Custodial Expenses for Pueblo Lease)	85,000	
DSG, Personal Services (Converting Temporary Positions to FTE)	40,426	13.3
Mail Services, Personal Services (Increased Business Operations)	84,904	5.0
Executive Office, Leased Space	203,750	

DSG, Utilities (Pueblo Leased Space)	27,055
Total Increase/(Decrease) in Appropriations	\$0 18.3

The Department states that in recent years it has noted several trends of Reprographics Services and the Document Solutions Group. These are: continued industry transition to digital printing, increase in customer demand for special mail stops and on-demand mail delivery, and efficiencies realized by taking advantage of lower operational costs in Pueblo.

As an illustration of the increased workload the Department provided staff with workflow data for reprographics showing that quick copy digital printing is projected to increase by almost 20 percent between FY 2005-06 and FY 2006-07. Staff also notes that the Department reverted \$296,756 in FY 2004-05 and \$100,692 in FY 2005-06 from its spending authority in its operating line item. This trend shows that this division is experiencing a higher level of demand for its services.

Staff recommends the Committee approve the Department's DI #2 request for this line item for \$2,404,752 including \$305,456 cash funds and \$2,099,296 cash funds exempt for Reprographics Services' operation expenses line item for FY 2007-08.

INDIRECT COST ASSESSMENT

Staff recommends the Committee approve the Department request for \$232,704 indirect costs consistent with common policies.

(B) Integrated Document Factory

(2) Document Solutions Group

This section offers state agencies a full range of micrographic and document imaging services and data entry operations. These services include document conversion, data manipulation, document preservation and image storage. The department maintains that its scanning costs are up to 60.0 percent lower than those provided by private entities.

(4) Central Services (B) Integrated Document Factory (2) Document Solutions Group — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Production	8.4	9.0	9.0	9.0
Information Tech.	7.6	8.7	8.7	8.7
General Professional/ Management	1.0	0.0	0.0	0.0
Data Entry	28.6	28.0	41.3	28.0
Support /Clerical	1.1	1.0	1.0	1.0

(4) Central Services (B) Integrated Document Factory (2) Document Solutions Group — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Total	46.7	46.7	60.0	46.7

PERSONAL SERVICES

The department is requesting \$2,637,109 cash funds exempt and 60 FTE for Document Solutions Group's personal services line item. The source of cash funds exempt is transfer payments from other state agencies deposited in the Department of Personnel Revolving Fund (Section 24-30-1108 (1), C.R.S.)

This request contains two additional requests, one is a department decision item #2 discussed below, which would use currently appropriated resources for temporary employees in addition to \$40,426 extra funds to convert 13.25 FTE equivalent part-time employees into full time FTE. The second request is the a department non-prioritized decision item #1 to increase the personal services line for temporary employees by \$112,040 cash funds exempt for increased data entry services requests coming from the Department of Revenue.

❑ Decision Item #2 - Integrated Document Factory Realignment of Resources

The Department Decision Item #2 request contains several components as presented in the table below. Due to the fact that the decision item affects several line items in several divisions, staff will only discuss the portion of the decision item that affects the document solutions group, personal services line item at this point.

Appropriation/Line Item	CFE Adjustment	FTE
Mail Service, Operating Expenses	(\$541,135)	
Reprographics, Operating Expenses	100,000	
DSG, Operating Expenses (Includes Custodial Expenses for Pueblo Lease)	85,000	
DSG, Personal Services (Converting Temporary Positions to FTE)	40,426	13.3
Mail Services, Personal Services (Increased Business Operations)	84,904	5.0
Executive Office, Leased Space	203,750	
DSG, Utilities (Pueblo Leased Space)	27,055	
Total Increase/(Decrease) in Appropriations	\$0	18.3

The Department has not listed this request as a high priority request, it is alternative number 3 on its list of recommendations. The department would like to use funds it currently spends

on temporary data entry specialists to convert 13.25 FTE equivalents into permanent state employees. The Department states that although some of the tasks it uses temporaries are repetitive other projects require instruction in data entry systems and a significant amount of hands on training. Moreover, the department has some projects that are long term in nature, require quick, accurate and secure and confidential entry of data. Employees on some of these projects also require substance abuse and background checks. Some of these projects are: (1) Department of Revenue - business taxes, income taxes, DMV; (2) Public Health - out of state death and birth certificates; (3) CBMS - personal health information handling; (4) CBI - identification unit, must view colorado criminal history; automated fingerprint identification system data entry; (5) Colorado State Patrol - updating the database for truckers.

The Department expended \$1,016,239 in FY 2004-05 and \$829,020 in FY 2005-06 on temporary employees. These numbers show that the majority of the data entry in this division is undertaken by temporary employees. Although there are sensitive and more technical projects, the department currently has 28 FTE state permanent data entry employees. Another note is that the data entry is cyclical and demands that the department have the flexibility to be able to hire a number of employees at a very short notice to fill an order and then to be able to release the same employees at a short notice.

Staff recommends the Committee does not approve the Department's request to convert 13.25 temporary FTE into permanent positions for the reasons stated above.

❑ *Non-prioritized Decision Item #1 - Department of Revenue Increase in Data Entry Costs*

The Department of Revenue had a decision item for additional funds to account for an increase in the cost of data netry services provided by the Department of Personnel, an increase in the number of scanned documents and need to capture more data fields in tax documents for FY 2007-08.

Staff notes that the JBC staff analyst for the Department of Revenue recommended this increase in funding to the Department of Revenue.

Staff is not aware if the Committee approved the Department of Revenue request related to this non-prioritized decision item #1. Staff recommends that the Committee approve this request if the Committee had also approved the Department of Revenue decision item. Staff notes that the Department of Personnel had a reversion of \$1 from this line item in FY 2005-06. Staff does not believe the Department of Personnel will have extra spending authority to undertake the additional tasks from Revenue if this request is not approved.

Staff recommends the Committee approve \$2,587,841 cash funds exempt and 46.7 FTE. This recommendation incorporates staff's recommendations from the two decision items above. Of the amount \$2,475,801 is for the continuation funding for personal services and \$112,040 is for the Department of Revenue decision item.

OPERATING EXPENSES

The department requests an appropriation of \$404,846 (\$35,917 cash funds and \$368,929 cash funds exempt). The source of cash funds exempt is transfer payments from other state agencies deposited in the Department of Personnel Revolving Fund (Section 24-30-1108 (1), C.R.S.) The number in this request includes a component from the department decision item #2 in the amount of \$85,000 cash funds exempt.

☐ Decision Item #2 - Integrated Document Factory Realignment of Resources

The Department Decision Item #2 request contains several components as presented in the table below. Due to the fact that the decision item affects several line items in several divisions, staff will only discuss the portion of the decision item that affects the document solutions group, operating expenses line item at this point.

Appropriation/Line Item	CFE Adjustment	FTE
Mail Service, Operating Expenses	(\$541,135)	
Reprographics, Operating Expenses	100,000	
DSG, Operating Expenses (Includes Custodial Expenses for Pueblo Lease)	85,000	
DSG, Personal Services (Converting Temporary Positions to FTE)	40,426	13.3
Mail Services, Personal Services (Increased Business Operations)	84,904	5.0
Executive Office, Leased Space	203,750	
DSG, Utilities (Pueblo Leased Space)	27,055	
Total Increase/(Decrease) in Appropriations	\$0	18.3

This component of the decision item #2 has two sub components: the department is asking for an increased spending authority in its operating expenses line item in the amount of \$55,000 due to an increase in workload within the document solutions group and another increase of \$30,000 for an increase in custodial costs related to the Executive Office, Leased Space decision item discussed earlier and shown in the table above.

Staff notes that in relation to the first component, the Department did not have reversions in its operating line item for FY 2004-05 and reverted only \$96 in FY 2005-06. Staff believes that the department needs the additional spending authority in this line item in order to be able to undertake additional work from its clients as it comes due.

In relation to the second component, staff recommended the Committee fund the increased leased space costs related to the larger facility in Pueblo, staff believes that there will be increased custodial needs as a result of the larger building.

Staff recommends the Committee approve the Department's request to move \$85,000 from the Mail services, Operating Expenses line item to the Document Solutions Group, Operating Expenses line item.

Staff recommends the Committee approve an appropriation of \$404,846, including \$35,917 cash funds and \$368,929 cash funds exempt.

UTILITIES

This line pays for the utility costs of the Pueblo Data Entry Center, or Document Solutions Group - Pueblo. The department is requesting a Decision Item #2 with which to increase the utilities line item from \$31,745 to \$58,800.

☐ Decision Item #2 - Integrated Document Factory Realignment of Resources

The Department Decision Item #2 request contains several components as presented in the table below. Due to the fact that the decision item affects several line items in several divisions, staff will only discuss the portion of the decision item that affects the document solutions group, utilities line item at this point.

Appropriation/Line Item	CFE Adjustment	FTE
Mail Service, Operating Expenses	(\$541,135)	
Reprographics, Operating Expenses	100,000	
DSG, Operating Expenses (Includes Custodial Expenses for Pueblo Lease)	85,000	
DSG, Personal Services (Converting Temporary Positions to FTE)	40,426	13.3
Mail Services, Personal Services (Increased Business Operations)	84,904	5.0
Executive Office, Leased Space	203,750	
DSG, Utilities (Pueblo Leased Space)	27,055	
Total Increase/(Decrease) in Appropriations	\$0	18.3

Staff recommended the Committee fund the increased leased space costs related to the larger facility in Pueblo, staff believes that there will be increased utilities costs as a result of the larger building. The Department is requesting \$27,055 cash funds exempt be transferred to its document solutions group, utilities line item to cover the extra utility costs.

Staff recommends the Committee approve the Department's request to move \$27,055 from the Mail services, Operating Expenses line item to the Document Solutions Group, Utilities line item.

Staff recommends the Committee approve the Department's request and appropriate

increased \$58,800 cash funds exempt.

INDIRECT COST ASSESSMENT

The Department is requesting an appropriation of \$169,477 cash funds exempt that represents transfers from other state agencies that are deposited into the Department of Personnel Revolving Fund (Section 24-30-1108 (1), C.R.S.). **Staff recommends the Committee approve the department's request of \$169,477, which is consistent with Committee common policy concerning the statewide indirect cost recovery plan.**

(B) Integrated Document Factory

(3) Mail Services

This section provides full mail services to other State agencies in the Capitol Complex, including mail processing and shipping services.

(4) Central Services (B) Integrated Document Factory (3) Mail Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Equipment Operator	8.0	9.0	13.0	9.0
Arts Technician	0.0	0.2	0.2	0.2
Manager	2.5	2.5	2.5	2.5
General Professional	0.5	0.5	0.5	0.5
Electrical Trades	0.0	1.0	1.0	1.0
Production	0.0	2.4	2.4	2.4
Support /Clerical	17.5	15.4	16.4	15.4
Staff Initiated Reduction	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	28.5	31.0	36.0	31.0

PERSONAL SERVICES

The department requests \$1,235,381 cash funds exempt and 36.0 FTE. The cash funds exempt represents transfers from other state agencies that are deposited into the Department of Personnel Revolving Fund (Section 24-30-1108 (1), C.R.S.). This request includes a base request of \$1,150,477 and 31.0 FTE and a decision item #2 request of \$84,904 and 5.0 FTE.

❑ Decision Item #2 - Integrated Document Factory Realignment of Resources

The Department Decision Item #2 request contains several components as presented in the table below. Due to the fact that the decision item affects several line items in several divisions, staff will only discuss the portion of the decision item that affects the mail services,

personal services line item at this point.

Appropriation/Line Item	CFE Adjustment	FTE
Mail Service, Operating Expenses	(\$541,135)	
Reprographics, Operating Expenses	100,000	
DSG, Operating Expenses (Includes Custodial Expenses for Pueblo Lease)	85,000	
DSG, Personal Services (Converting Temporary Positions to FTE)	40,426	13.3
Mail Services, Personal Services (Increased Business Operations)	84,904	5.0
Executive Office, Leased Space	203,750	
DSG, Utilities (Pueblo Leased Space)	27,055	
Total Increase/(Decrease) in Appropriations	\$0	18.3

The Department's Document Solutions Group and Mail Services are trying to increase their business presence in the Pueblo area. The request for 5.0 additional FTE, 4.0 of which are for Equipment Operator I (Driver) and 1.0 FTE is requested under the category Materials Handler I. The Department states that it currently has several runs out of Pueblo and can utilize four vehicles.

	Cargo Van	Truck
Denver/Pueblo	0	1
Pueblo/Colorado Springs/Canyon City	2	0
Pueblo Area Special Runs	1	0

The Department states that these runs covered 9,000 miles in November 2006 with over 800 stops. The Department states that this increase has represented new business for the Department in the form of a growing customer base. A portion of the increase can be attributed to the Department bringing routes in-house that were previously contracted out. With an increase in leased space and consolidation of operations in one facility, the Department is anticipating an increase need for deliveries.

Currently, the Department has hired two temporary employees. These employees are restricted to six months employment in any twelve month period. Therefore, the Department pays for drug tests, CBI background check and instruction every six months as a new state temporary employee is processed and trained. The drivers are also required to possess a Commercial Drivers' License and pass a drug test.

The Department projects that it will expand its services into Northern Colorado as well. The

Department states that it has compiled a waiting list of agencies in the Northern region of the State until funds and resources are available.

Job Classification	Annual Salary	FTE	Total Salaries	PERA and MEDICARE	Total Spending Authority
Equipment Operator I	\$22,692	4.0	\$90,768	\$10,529	\$101,297
Materials Handler I	\$24,480	1.0	\$24,480	\$2,840	\$27,320
Offset for Current Temp. Drivers					(\$45,384)
Total JBC Staff Calculation		5.0	\$115,248	\$13,369	\$83,233

Staff recommends the Committee approve the Department's request for 5.0 FTE. Staff recommendation for the funding amount for FY 2007-08 for these FTE is \$83,233 cash funds exempt.

Staff recommends the Committee fund \$1,230,252 cash funds exempt and 36.0 FTE. Of this amount, \$1,147,019 and 31.0 FTE is staff's calculation of the base continuation and \$83,233 and 5.0 FTE is staff's calculation for the decision item request.

Summary of <u>Personal Services</u> Recommendation				
(4) Central Services, (B) Integrated Document Factory, (3) Mail Services — Department of Personnel and Administration				
	Total	CF	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	1,127,967	0	1,127,967	31.0
FY 2006-07 Salary Survey	24,816	0	24,816	0.0
Base Reduction (-0.5 Percent)	(5,764)	0	(5,764)	0.0
Decision Item #2 Mail Svcs., Personal Svcs.	83,233	0	83,233	5.0
Total Personal Services Recommendation	\$ 1,230,252	\$ 0	\$ 1,230,252	36.0

OPERATING EXPENSES

The Department has requested \$6,788,394 (\$697,515 cash funds and \$6,090,879 cash funds exempt) for operating expenses. This includes a decrease of \$541,135 cash funds exempt associated with decision item #2.

☐ Decision Item #2 - Integrated Document Factory Realignment of Resources

The Department Decision Item #2 request contains several components as presented in the table below. Due to the fact that the decision item affects several line items in several divisions, staff will only discuss the portion of the decision item that affects the mail services, operating line item at this point.

Appropriation/Line Item	CFE Adjustment	FTE
Mail Service, Operating Expenses	(\$541,135)	
Reprographics, Operating Expenses	100,000	
DSG, Operating Expenses (Includes Custodial Expenses for Pueblo Lease)	85,000	
DSG, Personal Services (Converting Temporary Positions to FTE)	40,426	13.3
Mail Services, Personal Services (Increased Business Operations)	84,904	5.0
Executive Office, Leased Space	203,750	
DSG, Utilities (Pueblo Leased Space)	27,055	
Total Increase/(Decrease) in Appropriations	\$0	18.3

The Department has to earn its operating expenses appropriation for within the mail services division. If there is not enough revenue earned during the year, the Department reverts the unearned and unexpended portion of its appropriation. For the past several years, the Department has been reverting large amounts from its mail services operating line item: in FY 2003-04, the reversion was \$839,628; in FY 2004-05, the reversion was \$566,546; in FY 2005-06, the reversion was \$1,231,551.

The Department requests for a reduction of the line item by \$541,135. According to FY 2005-06 total reversions, the Department still has an excess of \$690,416. If all things remain equal, this decision item reduces the operating expenses line to historical levels, in other words, the Department will be revertin about half a million a year. The Department argues that this cushion leaves room for the Department to respond to an increase in demand for its services. If the line item is reduced by a greater amount than the Department request, if there is a surge in demand for the mail services division and the Department reaches its appropriation limit, it will have to come before the Committee and request a supplemental.

Staff recommends the Committee approve the Department's request for decision item #2 relating to a \$541,135 reduction to the mail services, operating expenses line item.

Staff recommends the Committee approve the department's request for operating expenses in FY 2007-08 in the amount of \$6,788,394, including \$697,515 cash funds and 6,090,879 cash funds exempt.

INDIRECT COST ASSESSMENT

The Department is requesting an appropriation of \$276,199 cash funds exempt. **Staff recommends the Committee approve the department's request of \$276,199, which is consistent with Committee common policy concerning the statewide indirect cost recovery plan.**

(C) FLEET MANAGEMENT AND MOTOR POOL SERVICES

This section provides light duty vehicles to all state agencies - except for the Department of Agriculture's Brand Board - on a long-term basis, establishes a statewide network of service providers (including maintenance, repairs, and fuel) and manages a self-insured accident fund for comprehensive/collision damages. It competitively acquires private-sector funding for vehicle acquisition. It also manages a centralized information system for state fleet assets. The central coordination of statewide vehicles began on January 1, 1993.

As of January 2007, the state's fleet had 5,370 vehicles. There are two areas that fund the costs associated with operating the State Fleet Program.

- **Fixed Costs (Vehicle Lease Payments line items).** This pays for the vehicle lease costs and the administration overhead costs for this statewide program. Funds are appropriated in each department budget by fund type (*i.e.* General Fund or cash funds) and transferred to the Department of Personnel for payment. The Department of Personnel and Administration selects private companies to finance and procure state vehicles for between 36 and 72 months (with 60 months being the standard term). The Department of Public Safety, however, almost exclusively leases vehicles for 36 month terms. In general, vehicles are only purchased in March. This results in an annualized cost during the next and subsequent fiscal years that is usually twice the amount appropriated in the first year.

- **Variable Costs (Operating Expenses, Program, or Special Purpose line items).** This pays for the operating expenses of each vehicle, including insurance (physical damage), maintenance costs, and fuel. This rate is applied per mile driven by body type and department. It is typically charged to the operating expense budget of the program using the vehicle.

(4) Central Services (C) Fleet Management Program and Motor Pool Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional	1.0	1.0	1.0	1.0
Information Technology	2.1	2.0	2.0	2.0
Customer Support	2.1	3.0	3.0	3.0
Equipment Mech.	2.4	3.0	3.0	3.0
Accounting / Support / Clerical	7.4	7.0	7.0	7.0
Total	15.0	16.0	16.0	16.0

PERSONAL SERVICES

The department is requesting \$801,973 cash funds exempt and 16.0 FTE. The cash funds exempt represents transfers from other state agencies that are deposited into the Motor Fleet Management

Fund (Section 24-30-1115, C.R.S.). **Staff recommends the Committee approve an appropriation of \$799,562 and 16.0 FTE.** This recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation			
(4) Central Services, (C) Fleet Management Program and Motor Pool Services — Department of Personnel			
	Total	Cash Funds Exempt	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	777,714	777,714	16.0
FY 2006-07 Salary Survey	25,866	25,866	0.0
Base Reduction (-0.5 Percent)	<u>(4,018)</u>	<u>(4,018)</u>	<u>0.0</u>
Total Personal Services Recommendation	\$ 799,562	\$ 799,562	16.0

OPERATING EXPENSES

The department requests \$18,985,691 cash funds exempt (Motor Fleet Management Fund) for Fleet Management operating expenses in FY 2007-08. The request includes funding for the department's statewide budget amendment #1 item that would increase the operating expenses line item by \$1,580,352 cash funds exempt.

Statewide Budget Amendment #1 - Fleet Management Operating Increase

Request: The department requests an increase of \$1,580,352 cash funds exempt (Motor Fleet Management Fund) to address increases in the cost of fuel, maintenance of the fleet, increase in the number of fleet vehicles as a result of S.B. 06-15 and other business operating costs. The appropriation to the Fleet Management Program will not be sufficient to handle these increased costs. Agencies are billed for fuel use and maintenance in their operating expenses line items which have a level of flexibility in them to handle unanticipated costs. In FY 2005-06 the Department had appeared in front of the Committee several times for supplementals, including an emergency supplemental in June 2006. The Department over-expended the line item for FY 2005-06 by \$413,295. As a result, the Department appeared before the Committee in January 2007 to request for a supplemental appropriation for the FY 2005-06 overexpenditure and FY 2006-07 underfunding of the operating line. This request is in line with rationale previously presented to the Committee regarding the need to increase the program's operating expenses.

The department has built its request with the following assumptions.

1. The department assumes that mileage driven by the fleet will be 71.5 million and is based on FY 2006-07 projection into FY 2007-08.
2. Assumptions for fuel include an average of 17.0 miles per gallon and the price for a gallon of fuel will be \$2.20.

3. The maintenance of the fleet will cost \$0.092 per mile.
4. Accident expenses will be \$0.0105 per mile.

Staff is using similar assumptions as the Department to calculate the total amount for the appropriation except that staff is updating the estimated costs from SB 06 - 15 based on latest information from the Department. During the supplemental process the Department told staff that its latest estimate for additional vehicles as a result of S.B. 06 -15 is 470 vehicles at a cost of \$3,500 per vehicles, instead of the earlier estimated cost of \$4,500 per vehicle.

Staff Recommendation:

Staff recommends the Committee not approve this decision item. Staff recommends the Committee approve \$18,515,691 (Motor Fleet Management Fund) for this budget amendment.

Staff Recommendation - Fleet Operating Expenses	
FY 2006-07 Long Bill Appropriation	18,139,386
Fuel Expenditure	9,252,941
Maintenance Expenditure	6,578,000
Accident Expenditure	750,750
Auction	115,000
Other Operating	174,000
S.B. 06 - 15 Additional Vehicles	<u>1,645,000</u>
TOTAL Estimated Expense	18,515,691
Difference	376,305

Based on the above, **staff recommends the Committee approve an appropriation of \$18,515,691 for Fleet Management Program operating expenses**

VEHICLE REPLACEMENT LEASE, PURCHASE, OR LEASE/PURCHASE

The Department of Personnel and Administration is responsible for the lease payments of all vehicles in the state's fleet. Typically, leases are for 60 months, although the Colorado State Patrol uses 36 month leases for those vehicles. Once the term of the lease is over, vehicles no longer receive appropriations for the lease, however, the department does charge a management fee on all vehicles. The management fee is currently at \$20 per vehicle per month, this fee increased from \$14.5 per vehicle as institutions of higher education began to exempt themselves from the centralized fleet program pursuant to H.B. 04-1009.

The department requests \$14,775,559 (\$1,948,015 cash funds and \$12,827,544 cash funds exempt). Cash funds represent transfers from non-state agencies and cash funds exempt represent transfers from other state agencies and includes statewide decision item #2: Fleet Vehicle Replacements. **The staff recommendation on this line item is pending Committee decisions on statewide vehicle replacements and decision items which require the purchase of new vehicles.** This typically occurs at the end of figure setting.

INDIRECT COST ASSESSMENT

The Department is requesting an appropriation of \$430,448 cash funds exempt. **Staff recommends the Committee approve the department's request of \$430,448, which is consistent with Committee common policy concerning the statewide indirect cost recovery plan.**

(D) FACILITIES MAINTENANCE

This section is responsible for all buildings, grounds, and infrastructure maintenance of state owned property. Maintenance activities include HVAC, plumbing, electrical, elevators, lights, general maintenance, and custodial services. There are three campuses in the Facilities Maintenance program: Capitol Complex, Grand Junction State Services Building, and Camp George West.

(D) Facilities Maintenance

(1) Capitol Complex Facilities

This division performs asset and property management functions for the state. It maintains the grounds and buildings in the Capitol Complex encompassing approximately 1.2 million square feet of office space serving over 6,500 State employees. This section is responsible for providing housekeeping, grounds, and property management for the Capitol Complex, the State Capitol Building, 1881 Pierce Street, and the North Campus (North Washington St.) as well as various parking facilities.

(4) Central Services (D) Facilities Maintenance (1) Capitol Complex Facilities — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional / Manager	3.7	3.0	3.0	3.0
Accounting	1.0	1.0	1.0	1.0
Architect	2.0	2.0	2.0	2.0
Custodian	12.6	13.0	13.0	13.0
Electrician	3.0	3.0	3.0	3.0
Structural / Pipe Trades / Material	18.2	18.2	18.2	18.2
Grounds and Nursery	4.2	5.0	5.0	5.0
Support / Clerical	7.5	8.0	8.0	8.0

(4) Central Services (D) Facilities Maintenance (1) Capitol Complex Facilities — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Staff Initiated Reduction	0.0	0.0	0.0	0.0
Total	52.2	53.2	53.2	53.2

PERSONAL SERVICES

The department is requesting \$2,609,461 cash funds exempt and 53.2 FTE for this program's personal services line item. It represents a continuation level of appropriation from FY 2006-07. **Staff recommends the Committee approve an appropriation of \$2,601,617 cash funds exempt and 53.2 FTE.** The cash funds exempt originate as user fees transferred from other state agencies into the Department of Personnel Revolving Fund.

Summary of <u>Personal Services</u> Recommendation (4) Central Services, (D) Facilities Maintenance and Planning, (1) Capitol Complex Facilities — Department of Personnel and Administration			
	Total	Cash Funds Exempt	FTE
FY 2005-06 Long Bill (S.B. 05-209)	2,562,661	2,562,661	53.2
FY 2005-06 Salary Survey	52,029	52,029	0.0
Base Reduction (-0.2 Percent)	(13,073)	(13,073)	0.0
Total Personal Services Recommendation	\$ 2,601,617	\$ 2,601,617	53.2

OPERATING EXPENSES

This line item provides operating funds for the Capitol Complex facilities. The department has requested \$1,637,446 cash funds exempt, which represents a continuation of the FY 2006-07 appropriation. **Staff recommends the Committee approve the department's request for an appropriation of \$1,637,466 cash funds exempt.**

CAPITOL COMPLEX REPAIRS

This appropriation supports Capitol Complex repairs not funded in the base operating expenses appropriation. In FY 1999-00, the General Assembly created a separate line and appropriated additional base funding for routine HVAC repairs in the Capitol Complex. The department has requested a continuation level of funding of \$56,520 cash funds exempt. The cash funds exempt represents lease payments transferred from other State agencies located in the Capitol Complex that are deposited into the Department of Personnel Revolving Fund. **Staff recommends that the Committee approve a total appropriation of \$56,520 cash fund exempt spending authority.**

CAPITOL COMPLEX SECURITY

This is line item pays for a portion of the security related to the Capitol Complex. The department collects funds through the rental rate it charges agencies in the Denver Campus of Capitol Complex. These funds are then transferred to the Department of Public Safety which is the department responsible for security. The Department of Personnel and Administration is requesting \$273,138 cash funds exempt for FY 2007-08. **Staff's recommendation is pending for this line item.** Since the Department of Public Safety is responsible for providing the security, staff feels that the appropriation in the Department of Personnel and Administration should match the needs of the Department of Public Safety.

UTILITIES

The department requests \$3,742,802 cash funds exempt (transfers from other state agencies into the Department of Personnel Revolving Fund). The request is a continuation from the appropriation from the previous year.

Staff recommends the Committee approve the Department's request for FY 2007-08.

INDIRECT COST ASSESSMENT

The Department is requesting an appropriation of \$377,456 cash funds exempt. **Staff recommends the Committee approve the department's request of \$377,456, which is consistent with Committee common policy concerning the statewide indirect cost recovery plan.**

(D) Facilities Maintenance

(2) Grand Junction State Services Building

This section provides property and building management at the State Services Building in Grand Junction, Colorado. The building contains 34,499 square feet and will have nine tenants for FY 2007-08. It is staffed by 1.0 FTE responsible for building maintenance. Other functions, including some building maintenance, custodial services, and grounds maintenance are contracted to private vendors.

(4) Central Services (D) Facilities Maintenance (2) Grand Junction State Services Building — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Pipe/Mech. Trades	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total	1.0	1.0	1.0	1.0

PERSONAL SERVICES

The department requests \$45,473 cash funds exempt and 1.0 FTE for this line item. It represents a continuation level of appropriation from FY 2006-07. The cash funds exempt are transfers from other state agencies that are deposited into the Department of Personnel Revolving Fund. **Staff recommends the Committee approve \$45,336 and 1.0 FTE.** The staff recommendation is

calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation				
(4) Central Services, (D) Facilities Maintenance and Planning, (2) Grand Junction State Services Building — Department of Personnel and Administration				
	Total	Cash Funds	Cash Funds Exempt	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	44,697	0	44,697	1.0
FY 2006-07 Salary Survey	867	0	867	0.0
Base Reduction (-0.5 Percent)	(228)	0	(228)	0.0
Total Personal Services Recommendation	\$ 45,336	\$ 0	\$ 45,336	1.0

OPERATING EXPENSES

The department requests \$76,873 (\$5,130 cash funds and \$71,743 cash funds exempt) for the program's operating expenses line item. These fund sources originate as transfers from non-state and other state agencies, respectively, that are deposited into the Department of Personnel Revolving Fund.

Staff recommends the Committee approve the department's request for operating expenses in FY 2007-08. This recommendation represents a continuation of FY the 2007-08 appropriation as there has not been significant reversions in the program's spending authority in recent fiscal years.

UTILITIES

This appropriation supports utilities costs at the State Services Building in Grand Junction, Colorado. The department requests \$87,554 for FY 2007-08. **Staff recommends the Committee approve an appropriation of \$87,554 cash funds exempt.**

(D) Facilities Maintenance

(3) Camp George West

This section provides property and building management at Camp George West, located in Golden, Colorado. The land which was deeded to the State on July 1, 1999 and Department of Personnel and Administration has the authority to manage the property. The campus contains 285,755 square feet and will have seven tenants for FY 2007-08. It is staffed by 1.0 FTE responsible for building maintenance. Other functions, including some building maintenance, custodial services, snow removal, lot and road repair, trash disposal and grounds maintenance.

(4) Central Services (D) Facilities Maintenance (3) Camp George West — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional	0.1	0.1	0.1	0.1
Grounds/Nursery	0.2	0.2	0.2	0.2
LTC Operator	0.1	0.2	0.2	0.2

(4) Central Services (D) Facilities Maintenance (3) Camp George West — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Structural Trades	0.1	0.0	0.0	0.0
Pipe/Mech Trades	0.5	0.5	0.5	0.5
Total	1.0	1.0	1.0	1.0

PERSONAL SERVICES

The Department requests a continuation level of funding for this program in FY 2007-08; this amounts to \$64,759 cash funds exempt and 1.0 FTE. The fund source is transfers from other state agencies that are deposited into the Department of Personnel Revolving Fund. **Staff recommends that the Committee approve an appropriation of \$64,565 and 1.0 FTE.**

Summary of Personal Services Recommendation (4) Central Services, (D) Facilities Maintenance and Planning, (3) Camp George West — Department of Personnel and Administration				
	Total	Cash Funds	Cash Funds Exempt	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	61,572	0	61,572	1.0
FY 2006-07 Salary Survey	3,317	0	3,317	0.0
Base Reduction (-0.5 Percent)	(324)	0	(324)	0.0
Total Personal Services Recommendation	\$ 64,565	\$ 0	\$ 64,565	1.0

The staff recommendation is calculated pursuant to Committee common policy.

OPERATING EXPENSES

The request for operating expenses is for \$122,102 cash funds exempt for FY 2007-08. The request contains a reduction of \$44,179 for a FY 2006-07 one time decision item on noxious weed remediation at Camp George West.

Staff recommends the Committee approve an appropriation of \$122,102 for operating expenses in FY 2007-08.

UTILITIES

This appropriation supports utilities costs at Camp George West, located in Golden. The department requests \$434,350 for FY 2007-08. **Staff recommends the Committee approve an appropriation of \$434,350 cash funds exempt.**

(5) FINANCE AND PROCUREMENT

This division was created in the 2000 Long Bill (H.B. 00-1451) by combining the Accounts and

Control Division with the procurement functions from the Purchasing and State Buildings Division. This division administers a statewide procurement program through the Bid Information and Distribution System (BIDS) and meets the product and service needs of state agencies by negotiating contracts for acceptable goods and services in order to maximize the purchasing power of the State. It manages the financial affairs of all department through the State Controller's Office by using the Colorado Financial Reporting Systems (COFRS). This includes statewide financial reporting, policy and procedural guidance, contract management, and the development of a statewide indirect cost allocation plan. Prior to FY 2000-01, the division managed the State's Privatization Program. The department transferred these responsibilities to the Human Resource Services Division. In FY 2001-02, the payroll office was transferred from the Human Resource Services Division to the State Controller's. This resulted in 5.0 FTE being transferred into this division.

(A) STATE CONTROLLER'S OFFICE AND PROCUREMENT SERVICES

The State Controller is statutorily charged (Section 24-30-201 through 24-30-207, C.R.S.) with managing the financial operations of the State of Colorado. This includes statewide financial reporting and policy and procedural guidance for the financial administration and control of all state agencies. Additionally, the State Controller's Office develops the Statewide Indirect Cost Allocation Plan (SWICAP), operates the state's payroll system, issues warrants, and provides specialized accounting services to other state agencies.

(5) Finance and Procurement Division (A) State Controller's Office and Procurement Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
State Controller	1.0	1.0	1.0	1.0
Auditing	1.0	1.0	1.0	1.0
Accounting/ Controllers	17.9	21.0	21.0	21.0
General Professional/ Management	11.5	11.5	11.5	11.5
Information Tech.	0.1	0.0	0.0	0.0
Support / Clerical	2.7	1.0	1.0	1.0
Staff Initiated Reduction	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	34.2	35.5	35.5	35.5

FY 2007-08 Funding

The division is funded primarily from cash funds exempt sources, though prior to FY 2003-04, it was primarily a General Fund agency. Now, there are various sources of cash funds exempt used to offset the need for a General Fund appropriation. Some of these sources are one-time and others will fluctuate from year to year depending on actions taken in other departments. In FY 2006-07, there were additional statewide indirect costs that were used to offset General Fund in the State

Controller's Office, however, staff calculations show that these funds are not available this year. For this reason, this division will need additional General Fund dollars for FY 2007-08. Last year, indirect costs were able to offset \$610,111 in General Fund.

PERSONAL SERVICES

Staff recommends the Committee approve \$2,961,203 including \$710,689 General Fund, \$407,037 cash funds, and \$1,843,477 cash funds exempt.

Summary of Personal Services Recommendation (5) Finance and Procurement Division (A) State Controller's Office and Procurement Services — Department of Personnel and Administration					
	Total	General Fund	CF	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	2,916,278	70,650	409,082	2,436,546	35.5
FY 2006-07 Salary Survey	59,805	59,805	0	0	0.0
Base Reduction (-0.5 Percent)	(14,880)	(652)	(2,045)	(12,183)	0.0
Additional GF need for FY 2007-08	580,886	580,886	0	0	0.0
Fund Mix Adjustment	(580,886)	0	0	(580,886)	0.0
Total Recommendation	2,961,203	710,689	407,037	1,843,477	35.5

OPERATING EXPENSES

The Department is requesting an appropriation of \$142,176 cash funds. **Staff recommends that the Committee approve an appropriation of \$142,176 General Fund.** Staff notes that these funds were cash funds from indirect costs from insitutions of Higher Education for FY 2006-07. Per the Higher Education JBC staff analyst, there are not going to be extra funds transferred to the Department this year.

(B) SUPPLIER DATABASE

This program supports the Bids Information and Distribution System (BIDS) that allows registered vendors to identify opportunities to conduct business with the State (Section 24-102-202.5 (2), C.R.S.). The department's centralized database includes a listing of all businesses which are interested in providing goods and services to the state. Whenever the state issues requests for proposals (RFPs) or invitations for bids for goods or services, the department notifies the businesses in the database that provides those goods or services.

The Supplier Database Program is funded with appropriations from the Supplier Database Cash Fund (Section 24-102-202.5 (2), C.R.S.). This fund receives revenues from annual registration fees paid by vendors to access the statewide database.

Supplier Database Fees	
Time Period	Fee
1995 to September 1997*	\$25 - \$85
September 1997 to July 1998	\$75
July 1998 to January 2000	\$50
January 2000 to Present	\$30
* Prior to Sept. 1997, the program charged \$25 for in-state vendors and \$85 for out-of-state vendors.	

In the 2000 Long Bill, the Committee approved the department's request to create a new section of the Long Bill for 2.5 FTE that were funded by a \$94,462 appropriation from the Supplier Database Cash Fund. Prior to 2000 Long Bill, these FTE had been supported by the General Fund. The new section was intended to reduce the impact of the program on the General Fund for maintaining the BIDS database.

(5) Finance and Procurement Division (B) Supplier Database — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional/ Management	0.5	0.9	0.9	0.9
Support / Clerical	1.0	1.0	1.0	1.0
IT Professional	1.0	1.1	1.1	1.1
Staff Initiated Reduction	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	2.5	3.0	3.0	3.0

PERSONAL SERVICES

The Department is requesting an appropriation of \$182,886 cash funds (Supplier Database Cash Fund) and 3.0 FTE. This represents a continuation level of funding from FY 2006-07. **Staff recommends the Committee approve \$182,337 cash funds (Supplier Database Cash Fund) and 3.0 FTE for FY 2007-08.** The staff recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation		
(5) Finance and Procurement Division		
(B) Supplier Database — Department of Personnel and Administration		
	Cash Funds	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	178,716	3.0
FY 2006-07 Salary Survey	4,537	0.0
Base reduction (-0.5 Percent)	(916)	0.0
Total Recommendation	182,337	3.0
* The source of cash funds is Supplier Database Cash Fund (Section 24-102-202.5 (2), C.R.S.).		

OPERATING EXPENSES

The Department is requesting an appropriation of \$43,382 cash funds (Supplier Database Cash Fund created pursuant to Section 24-102-202.5 (2), C.R.S.). This request represents a continuation level of funding from FY 2006-07.

Staff recommends the Committee approve an appropriation of \$43,382 cash funds (Supplier Database Cash Fund) for FY 2007-08.

(C) COLLECTIONS SERVICES

Collections Services is statutorily responsible (Section 24-30-202.4, C.R.S.) for providing debt collection services for all of the state's agencies, as well as political subdivisions. It utilizes tools such as income tax interception vendor interception and employment information not available to private collection agencies to collect on referred debt. Debt is referred to Collections Services after 30 days. Collections Services then has up until 120 days to collection or the debt again gets referred; this time to private agencies.

In FY 2002-03 the Committee approved the budgetary reorganization of this program and moved it from the Division of Central Services to the Division of Finance and Procurement. The program is not structurally part of the Finance and Procurement Division. Under Section 24-30-202.4 C.R.S., the collection service of the state is to be the responsibility of the state controller.

(5) Finance and Procurement Division (C) Collection Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Accounting	3.0	3.0	3.0	3.0
General Professional	2.1	3.0	3.0	3.0
Collections Rep	5.3	6.0	6.0	6.0
Information Tech.	1.0	1.0	1.0	1.0
Support/Clerical	4.0	4.0	4.0	4.0

Total	15.4	17.0	17.0	17.0
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PERSONAL SERVICES

The Department has requested \$877,150 of which \$789,365 is cash funds and \$87,785 is cash funds exempt. Both cash funds and cash funds exempt are from the Debt Collection Fund (Section 24-30-202.4 (3) (e), C.R.S.). The Department's request for FY 2007-08 includes a decision item #4 which requests \$87,785 cash funds exempt and 3.0 FTE additional staff collectors.

❑ *Decision Item #4 - Additional Collectors Staff to Increase Net Collections.*

The Department states that the Central Collections Services (CCS) Unit has been the subject of several reviews and related scrutiny in recent years, including an internal audit, a state performance audit, and task force review, and internal management restructuring, and a legislative change. The Department states that these reviews have concluded that the Department is understaffed given the portfolio of delinquent accounts managed by Central Collections. On average, each collector staff at CCS is assigned about 9,000 accounts, while industry average for private collection agency firms is between 1,000 and 2,000 accounts per collector.

The Department is requesting the collections representatives at one level above entry level for this position. The Department's reasoning is that a Collections Rep I is an entry level position requiring significant training in order to become an experienced collector, which would then necessitate to promote the individual after they have been trained in order to retain them. Also, the Department states that given the resource and personnel challenges in such a small office, training an inexperienced collector would require an experienced collector to train rather than to actively collect on debtor accounts.

Collections Rep II	FY 2007-08
Base Annual Salary	26,220
PERA and Medicare	<u>3,042</u>
Subtotal	<u>29,262</u>
Total Cost for 3.0 FTE	87,785

Staff recommends the Committee approve the Department's request for \$87,785 and 3.0 additional collections reps.

Staff recommends the Committee approve the Department's request. Staff recommends the Committee fund \$874,777 and 20.0 FTE for Collections Services. Of this amount, staff recommends the Committee fund \$128,536 from cash fund sources and \$746,241 from cash funds exempt.

OPERATING EXPENSES

This line item provides operating funds for the state-operated collections agency. The department has requested funding of \$358,100. The Department's request for FY 2007-08 includes a decision item #4 which requests \$10,515 in additional operating expenses related to the additional 3.0 FTE collections reps.

☐ *Decision Item #4 - Additional Collectors Staff to Increase Net Collections.*

The extra costs are related to purchasing office furniture \$2,021; office supplies \$500; and software \$984 during FY 2007-08. In the out years, the Department is requesting \$1,500 continuation for office supplies.

Staff recommends the Committee fund the Department's request on decision item #4.

Staff recommends the Committee fund the Departments request for \$358,100 for Operating Expenses in FY 2007-08.

COLLECTIONS OF DEBT DUE TO THE STATE

This budget line supports a program that collects taxes and fees from individuals who owe the state money. This money is transferred to the Department of Revenue to offset tax debt. The department has requested a continuation level of funding of 20,702 cash fund exempt spending authority. **Staff recommends that the Committee approve an appropriation of \$20,702 cash fund exempt spending authority as requested.**

PRIVATE COLLECTION AGENCY FEES

This line was added to the Department's budget through the FY 2005-06 supplemental process. The Department had requested this be done in order to reflect more accurately payment of private collection agency fees and out of pocket legal expenses incurred in collection of debts owed to the State.

The Department requests funding for this line item at \$1,200,000 for FY 2007-08. The request includes decision item #6 that this line item be increased by \$325,000, including \$169,542 cash funds, and \$155,458 cash funds exempt.

☐ *Decision Item #4 - Additional Collectors Staff to Increase Net Collections.*

The Department requests that the line item be increased by \$325,000, including \$169,542 cash funds, and \$155,458 cash funds exempt. This incremental increase in spending authority would explicitly denote the payment of private collection agency fees and out-of-pocket legal expenses incurred in the collection of debts owed to the State. This line item will not require new State funding because private collection entities and the contracted law firm already remit gross debtor collections to CCS, and CCS remits fees back to these entities. The Department states that this request would further increase the accountability, transparency, and control of

these expenses in COFRS and show the expense in the Long Bill.

Staff recommends the Committee approve the Department's decision item #6 request.

Staff recommends the Committee approve the Department's request that \$1,200,000 be appropriated to this line item for FY 2007-08.

INDIRECT COST ASSESSMENT

The Department is requesting an appropriation of \$208,569 cash funds exempt. **Staff recommends the Committee approve the department's request of \$208,569, which is consistent with Committee common policy concerning the statewide indirect cost recovery plan.**

(D) REAL ESTATE SERVICES PROGRAM

COORDINATION OF CAPITOL CONSTRUCTION, CONTROLLED MAINTENANCE REQUESTS, AND BUILDING LEASE REVIEW

The Real Estate Services Program establishes policies and procedures for the state's capital construction process, (including controlled maintenance) at each state agency and institutions of higher education. These policies and procedures include project administrative services related to design and management to state agencies. The Real Estate Services Program establishes policies and procedures for the state's capital construction process, (including controlled maintenance) at each state agency and institutions of higher education that do not have the. It also provides the same services for lease review.

(5) Finance and Procurement Division (D) Real Estate Services Program — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional/ Manager	2.8	2.0	2.0	2.0
Architect/Engineer	2.0	2.0	2.0	2.0
Support/Clerical	1.0	2.0	2.0	2.0
Staff Initiated Reduction	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	5.8	6.0	6.0	6.0

PROGRAM FUNDING

The department is requesting an appropriation of \$515,851 for this program, including \$450,479 and 6.0 FTE associated with personal services, \$65,372 associated with operating expenses. The Department is requesting funding splits based on last year's indirect costs that were applied to this line item. There are no additional statewide indirect costs to be applied to this line item for FY

2007-08, so the funding will consist entirely of General Fund for FY 2007-08.

Staff recommends the Committee fund this line item at \$514,170 General Fund and 6.0 FTE.

(6) DIVISION OF INFORMATION TECHNOLOGY

This division is responsible for the state's computer center, telecommunications networks (which include public safety, voice, data, and video systems), and it supports all software applications that are used on a statewide basis for financial and human resources purposes. It also manages the State's archival and historical records, and operates Colorado's home page on the Internet.

(A) ADMINISTRATION

This program coordinates the division's administrative functions, including budgeting, accounting, rate setting, and human resources. It is responsible for daily administrative functions for division management and staff. This unit was established in the Long Bill during a FY 2002-03 department reorganization.

(6) Division of Information Technology (A) Administration — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Management	1.0	1.0	1.0	1.0
General Professional	1.5	1.5	1.5	1.5
IT Professional	1.0	1.0	1.0	1.0
Support/Clerical	<u>2.4</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
Total	5.9	6.0	6.0	6.0

PERSONAL SERVICES

The department is requesting an appropriation of \$401,690 cash funds exempt and 6.0 FTE. **Staff recommends the Committee approve \$400,483 and 6.0 FTE.** Staff's recommendation is calculated pursuant to Committee common policy and is summarized below.

Summary of <u>Personal Services</u> Recommendation			
(6) Division of Information Technology, (A) Administration — Department of Personnel and Administration			
	Total	Cash Funds Exempt	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	390,675	390,675	6.0
FY 2006-07 Salary Survey	11,820	11,820	0.0
Base Reduction (-0.5 Percent)	<u>(2,012)</u>	<u>(2,012)</u>	<u>0.0</u>
Total Personal Services Recommendation	\$ 400,483	\$ 400,483	6.0

OPERATING EXPENSES

The Department is requesting an appropriation of \$6,450 cash funds exempt for this line item. The department's recommendation represents a continuation of the FY 2006-07 appropriation. **Staff recommends the Committee approve a continuation appropriation of \$6,450 cash funds exempt (user fees from state agencies).**

(B) CUSTOMER SERVICES

This program offers help to the customers of the division's programs including MNT and GGCC, and telecommunications systems. Duties include data center scheduling, network monitoring and providing tier 1 assistance for desktops in the data center. The program is staffed to provide coverage 24 hours a day. After hours support is for the Department of Transportation and the Department of Natural Resources. Scheduling ensures job requests are properly queued into the system.

(6) Division of Information Technology (B) Customer Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Customer Support	9.0	10.0	10.0	10.0
General Professional	1.0	1.0	1.0	1.0
IT Professional	1.0	1.0	1.0	1.0
Staff Initiated Reduction	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	11.0	12.0	12.0	12.0

PERSONAL SERVICES

The department is requesting a continuation of its FY 2006-07 appropriation, which amounts to \$890,909 cash funds exempt and 12.0 FTE. **Staff recommends the Committee approve an appropriation of \$888,231 cash funds exempt and 12.0 FTE.** The staff recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation			
(6) Division of Information Technology, (B) Customer Services — Department of Personnel and Administration			
	Total	Cash Funds Exempt	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	872,264	872,264	12.0
FY 2006-07 Salary Survey	20,430	20,430	0.0
Base Reduction (-0.5 Percent)	(4,463)	(4,463)	0.0
Total Personal Services Recommendation	\$ 888,231	\$ 888,231	12.0

OPERATING EXPENSES

The Department is requesting \$14,625 cash funds exempt for operating expenses in FY 2007-08. The request represents a continuation level of appropriation. **Staff recommends the Committee approve a continuation appropriation of \$14,625 cash funds exempt (user fees from state agencies).**

(C) ORDER BILLING

This program manages orders and changes to telecommunications and MNT billings. The orders include new and change orders to MNT and the state's telephone systems (voice mail, long distance, and local service).

(6) Division of Information Technology (C) Order Billing — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Customer Support	1.1	1.0	1.0	1.0
General Professional	0.3	1.0	1.0	1.0
Accounting	4.0	2.0	2.0	2.0
IT Professional	4.1	3.0	3.0	3.0
Support/Clerical	<u>0.2</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total	9.7	10.0	10.0	10.0

PERSONAL SERVICES

The department is requesting a continuation of its FY 2006-07 appropriation, which amounts to \$642,957 cash funds exempt and 10.0 FTE. **Staff recommends the Committee approve \$641,024 and 10.0 FTE.** The staff recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation			
(6) Division of Information Technology, (C) Order Billing — Department of Personnel and Administration			
	Total	Cash Funds Exempt	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	630,972	630,972	10.0
FY 2006-07 Salary Survey	13,273	13,273	0.0
Base Reduction (-0.5 Percent)	<u>(3,221)</u>	<u>(3,221)</u>	<u>0.0</u>
Total Personal Services Recommendation	\$ 641,024	\$ 641,024	10.0

OPERATING EXPENSES

The Department is requesting an appropriation for this line item of \$10,750 cash funds exempt (user fees from state agencies), which represents a continuation of the FY 2006-07 appropriation. **Staff recommends the Committee approve a continuation appropriation of \$10,750 cash funds**

exempt (user fees from state agencies).

(D) COMMUNICATIONS SERVICES

This section is statutorily responsible for the Statewide Public Safety Network and is in the process of completing the Digital Thunked Radio Project. It plans, coordinates, and integrates the public safety networks for the Departments of Public Safety, Transportation, Corrections, and Natural Resources. Local agencies also use this network. These networks operate through land-based, mobile, and microwave technology.

(6) Division of Information Technology (D) Communications Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Engineers	11.5	8.0	8.0	8.0
Electronics Specialists	22.5	31.0	31.0	31.0
IT Technician	2.9	4.0	4.0	4.0
Support/Clerical	2.5	2.0	2.0	2.0
Budget / Policy Analyst	1.1	1.0	1.0	1.0
Staff Initiated Reduction	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	40.5	46.0	46.0	46.0

PERSONAL SERVICES

The Department is requesting funding of \$3,472,268 (\$448,350 cash funds, and \$3,023,918 cash funds exempt from various sources) and 46.0 FTE. The cash funds exempt represent, in part, unexpended moneys in the Emergency Medical Services Account within the Highway Users Tax Fund that are not distributed pursuant to Section 25-3.5-603(3)(c)(I), C.R.S., and include transfers from other state agencies and the reserve balance of the Public Safety Communications Trust Fund. The request is a continuation of the FY 2006-07 appropriation.

Staff recommends the Committee approve an appropriation of \$3,461,830 and 46.0 FTE. The staff recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation (6) Division of Information Technology (D) Communication Services — Department of Personnel and Administration					
	Total	GF	CF	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	3,412,978	0	449,248	2,963,730	46.0

Summary of Personal Services Recommendation					
(6) Division of Information Technology					
(D) Communication Services — Department of Personnel and Administration					
	Total	GF	CF	CFE	FTE
FY 2005-06 Salary Survey	66,248	0	0	66,248	0.0
Base Reduction (-0.2 Percent)	(17,396)	0	(2,246)	(15,150)	0.0
Total Personal Services Recommendation	\$ 3,461,830	\$ 0	\$447,002	\$3,014,828	46.0

OPERATING EXPENSES

This line item provides operating funds for the State's communication centers and microwave towers located throughout Colorado. The Department is requesting funding of \$134,631 cash funds exempt (transfers from other state agencies). **Staff recommends the Committee approve an appropriation of \$134,631 cash funds exempt.**

TRAINING

This line item is responsible for the on-going training of telecommunications staff and to comply with OSHA regulations. This line item was approved by the Committee in FY 2001-02 and has three more subsequent years of follow-up training. The training involves winter survival training and Sno-Cat maintenance. The department is requesting \$22,000 cash funds exempt (reserve balance of the Public Safety Communications Trust Fund). **Staff recommends the Committee approve funding this line item for \$22,000 cash funds exempt (Public Safety Communications Trust Fund) for FY 2007-08.**

UTILITIES

This appropriation supports utilities and generators at telecommunication sites located throughout Colorado. The department has requested \$165,002 cash funds exempt.

Staff recommends the Committee approve the request of \$165,002 cash funds exempt.

SNOWCAT REPLACEMENT

The Department's request is to continue replacing its fleet of Snowcats, this will be the third year of replacing two Snowcats per year. So far, the Department has replaced four of the oldest machines, the two oldest machines were over forty years old when replaced. The Department has a fleet of 10 Snowcats, the "youngest" of which is 14 years old. **Staff recommends the Committee appropriate \$230,520 cash funds exempt.**

LOCAL SYSTEMS DEVELOPMENT

This appropriation supports local governments, state agencies, and the Federal Government for access to microwave communication towers. The department has requested a continuation level of funding of \$121,000 federal funds. The federal funds are anticipated to be received from the National Oceanic and Atmospheric Administration (NOAA) for use of these towers.

Staff recommends the Committee approve funding for \$121,000 federal funds.

INDIRECT COST ASSESSMENT

The department requests an appropriation of \$433,320 for indirect cost assessments associated with the Communications Services Program in FY 2007-08. **Staff recommends the Committee approve the department's request, which is consistent with Committee common policy and with the Statewide Indirect Cost Allocation Plan.**

(E) NETWORK SERVICES

This section plans, coordinates, and integrates the telecommunication capabilities of State government. It provides voice and data communication infrastructure, and provides a long-distance telephone contract to be used by all other State agencies.

(6) Division of Information Technology (E) Network Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
IT Professionals	11.9	12.0	12.0	12.0
Budget / Policy Analyst	1.5	1.0	1.0	1.0
General Professional	0.6	0.0	0.0	0.0
Electronics Professionals	2.5	4.0	4.0	4.0
Total	16.5	17.0	17.0	17.0

PERSONAL SERVICES

The Department is requesting a continuation appropriation of \$1,472,585 cash funds exempt and 17.0 FTE.

Staff recommends that the Committee approve an appropriation of \$1,468,158 cash funds exempt. Staff recommends the Committee appropriate 17.0 FTE for Network Services in FY 2007-08.

Summary of <u>Personal Services</u> Recommendation (6) Division of Information Technology (E) Network Services — Department of Personnel and Administration				
	Total	CF	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	1,437,446	0	1,437,446	18.0
FY 2006-07 Salary Survey	38,090	0	38,090	0.0
Base reduction (-0.5 Percent)	(7,378)	0	(7,378)	0.0
Total Personal Services Recommendation	\$ 1,468,158	\$ 0	\$ 1,468,158	18.0

Staff's recommendation is calculated pursuant to Committee common policy.

OPERATING EXPENSES

This line item provides operating funds for the network services of the state's telecommunications services. The department requests \$17,264,710 (\$1,849,939 cash funds and \$15,372,564 cash funds exempt). The request includes a Statewide Decision Item #1 for \$1,607,154. This decision item is related to an increase in billings to the multiuse network.

☐ *Statewide Decision Item #1 - Multi-use Network Adjustment to Recoverable Costs*

The Department is requesting an increase to its operating expenses line item as a result of an increase in all recoverable costs, including a large increase in total circuits for FY 2007-08. The Department had submitted this decision item together with the November 1, 2006 budget request. Since then, the Department had submitted a supplemental appropriation for MNT in January of 2007.

The Department's analysis prepared before the FY 2006-07 supplemental request, shows an increase in total MNT recoverable costs between FY 2006-07 and FY 2007-08 of \$2,507,154 million. The Department's estimates show that there is approximately \$900,000 in cash funds exempt spending authority that can be leveraged from the current base Network Services Operating Expenses line item and reallocated to MNT, thus reducing the need for spending authority to \$1,607,154.

Using the Department's analysis and the updated MNT recoverable costs based on the FY 2006-07 supplemental request, staff has calculated in the table below, that the estimated increase in total MNT recoverable costs between FY 2006-07 and FY 2007-08 is \$1,442,815. If this number is offset by \$900,000 excess spending authority, then the need for an increase in spending authority would be \$543,825.

MNT Recoverable Costs			
	FY 2006-07 Supplemental	FY 2007-08 Estimate	Difference
Operating Expenses			
Existing MNT Circuits	7,438,500	8,787,000	1,348,500
ANAP Fees	365,004	365,004	0
Non-Qwest Aggregation costs	780,000	780,000	0
Network Monitoring	396,000	396,000	0
Equipment Maintenance	500,000	500,000	0
LATA Crossing	156,000	156,000	0

MNT Recoverable Costs			
	FY 2006-07 Supplemental	FY 2007-08 Estimate	Difference
Front Range Gigapop	120,000	120,000	0
Personal Services	798,341	845,365	47,024
POTS	91,369	91,417	48
Central Appropriations	183,035	183,441	406
Overhead	410,195	429,026	18,831
Indirect Costs	0	28,006	
Total MNT Program Costs	\$11,238,444	\$12,681,259	\$1,442,815
Amount from NSA	1,080,000	1,080,000	0
Amount from State Agencies	\$10,158,444	\$11,601,259	\$1,442,815

Staff recommends the Committee approve an increase to the Department's Network Services, Operating Expenses line item by \$542,815.

Staff recommends the Committee approve an appropriation of \$16,200,371, including \$1,864,215 cash funds and \$14,336,156 cash funds exempt.

TOLL-FREE TELEPHONE ACCESS TO MEMBERS OF THE GENERAL ASSEMBLY

This appropriation supports toll-free access by private citizens outside the metropolitan area to the General Assembly. The Department has requested a continuation level of funding. These are General Fund dollars that are transferred from the Legislative Department. **Staff recommends that the Committee approve a continuation appropriation of \$25,000 cash funds exempt transfer from the Legislative Department.**

INDIRECT COST ASSESSMENT

The Department's request for indirect costs in FY 2007-08 is \$46,410, which is consistent with the Statewide Indirect Cost Allocation Plan. **Staff recommends the Committee approve the Department's request for indirect costs.**

(F) COMPUTER SERVICES

This section plans, manages, operates, and delivers the computing infrastructure for all State agencies. This includes database servers for several departments as well as the mainframe computer, tape, disk, and printing resources used by all State agencies.

(6) Division of Information Technology (F) Computer Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
IT Professional	23.4	24.3	24.3	24.3
Trainer	0.3	1.0	1.0	1.0
Computer Operator	12.8	14.5	14.5	14.5
Materials Handler	1.0	1.0	1.0	1.0
Staff Initiated Reduction	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	37.5	40.8	40.8	40.8

PERSONAL SERVICES

The Department has requested funding of \$3,162,993 cash funds exempt (Computer Services Revolving Fund) and 48.8FTE. The cash funds are from fees charged to non-state agencies and the cash funds exempt are from fees charged to other state agencies. This request includes the Department's Decision Item #1 for additional IT staff.

Decision Item #1 - Additional DoIT FTE to Address Increasing Information Security Needs.

The Department is requesting 8.0 FTE and \$499,240 cash funds exempt (Computer Services Revolving Fund) to address increased work-load in the Information Security Operations Center (ISOC).

The Department created the ISOC approximately 18 months ago as an effort to implement a solid cyber-security program. As a result DPA redirected FTE and existing resources to implement an Information Security Operations Center. The Department claims that since the inception of the ISOC, there has been an increase in new policies and procedures relating to cyber security. As an example the Department mentions H.B. 06-1157, among other things authorized the Governor to appoint a chief information security officer (CISO) and grant him with broad duties and responsibilities related to the development of information security policies, standards and guidelines, as well as the ability to promulgate rules.

The ISOC is currently staffed by 7.0 FTE, with the deputy director of the Division of Information Technology as acting director. The ISOC is currently shares space with the chief information security officer at 1600 Broadway.

Staff analysis:

Staff has several concerns with this request listed below.

- According to OSPB budget request instructions, a department is directed to use a decision item

to request budgetary changes needed to continue providing the current level of service, expand an existing service, or provide a new service. Among other things, decision items are also required for changes in the long bill format, including combining line items, or changing the title and content of line items, even if they do not result in a need for additional funding. The Department waited 188 months before informing the JBC that it is using its appropriated resources for a new program/initiative.

- The Department states that there is going to be an increased need to implement new policies and procedures. However, there is no authority for the ISOC. The Department states in its narrative that CISO has informed the Department that substantial amount of work and rework will be required due to the requirements of H.B. 06-1157. However, the exact amount of effort required is unclear at this time since the policies have not yet been published nor the requirements to comply.
- Since the chief information security officer has been given the lead on statewide information security policy development and implementation, will the CISO 's office have its own information security center? Does the new administration have a policy which is considering the role of the ISOC?
- The Department has stated that funding for the ISOC could be recovered through a common policy mechanism, however, currently the Department does not have a concrete funding mechanism for the ISOC.

Based on the concerns above, staff recommends the Committee does not fund the Department request for Decision Item #1.

Staff recommends that the Committee approve a continuation appropriation for the Department of \$2,655,746, (\$127,487 cash funds and \$2,528,259 cash funds exempt) and 40.8 FTE. The staff recommendation is calculated pursuant to Committee common policy.

Summary of Personal Services Recommendation				
(6) Division of Information Technology				
(F) Computer Services — Department of Personnel and Administration				
	Total	Cash Funds	Cash Funds Exempt	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	2,600,164	0	2,600,164	40.8
FY 2006-07 Salary Survey	68,927	0	68,927	0.0
Base Reduction (-0.5 Percent)	(13,345)	0	(13,345)	0.0
Fund Mix Adjustment	0	127,487	(127,487)	0.0
Total Personal Services Recommendation	\$ 2,655,746	\$127,487	\$ 2,528,259	40.8

The staff recommendation includes \$33,529 cash funds and \$2,566,635 cash funds exempt. Cash funds originate as user fees from non-state agencies and cash funds exempt originate as user fees from other state agencies that are transferred into the Computer Services Revolving Fund.

OPERATING EXPENSES

This line item provides operating funds for computer services, also known as the General Government Computer Center (GGCC). The Department is requesting \$6,209,390 cash funds exempt for FY 2007-08. The request includes \$28,040 in operating expenses related to the Department's Decision Item #1 above. **Staff recommends the Committee does not fund the Department request for Decision Item #1.**

Staff recommends the Committee approve a continuation operating expense line item in the amount of \$6,181,350 cash funds exempt.

RENTAL, LEASE, OR LEASE/PURCHASE OF CENTRAL PROCESSING UNIT

This appropriation supports the mainframe located at 690 Kipling Street in Lakewood, Colorado. The Department has requested a continuation level of funding of \$336,034 cash funds exempt. The cash funds exempt are transfer payments received from other State agencies. **Staff recommends the Committee approve an appropriation of \$336,034.**

INDIRECT COST ASSESSMENT

The Department is requesting an appropriation of \$566,864 cash funds exempt as a part of the statewide indirect cost recovery plan. **Staff recommends the Committee approve this request for \$566,864, which is consistent with the Committee common policy regarding statewide indirect cost recoveries.**

(G) INFORMATION AND ARCHIVAL SERVICES

This section manages the state's homepage on the Internet and sets forth the standard records retention policies for state government. It also preserves and maintains historical documents pertaining to Colorado territorial and State history.

(6) Division of Information Technology (G) Information and Archival Services — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional	2.0	2.0	2.0	2.0
Archivist	5.1	6.0	6.0	6.0
Support/Clerical	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total	8.1	9.0	9.0	9.0

PERSONAL SERVICES

The Department is requesting \$487,151 (\$364,059 General Fund, \$78,906 cash funds, and \$44,185 cash funds exempt) and 9.0 FTE. **Staff recommends that the Committee approve the the \$487,687 (\$362,965 General Fund, \$78,669 cash funds, \$44,053 cash funds exempt) and 9.0 FTE.**

Summary of Personal Services Recommendation					
(6) Division of Information Technology					
(G) Informational/Archival Services — Department of Personnel and Administration					
	Total	General Fund	Cash Funds	CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	474,800	351,462	79,064	44,274	9.0
FY 2006-07 Salary Survey	13,327	13,327	0	0	0.0
Base Reduction (-0.5 Percent)	(2,440)	(1,824)	(395)	(221)	0.0
Total Personal Services Recommendation	\$ 485,687	\$ 362,965	\$ 78,669	\$ 44,053	9.0

The staff recommendation is calculated pursuant to Committee common policy.

OPERATING EXPENSES

This line item provides operating funds for the State's archival services and records management. The Department requests funding of \$56,794 General Fund for this line item. The request represents a continuation of the FY 2006-07 appropriation. **Staff recommends the Committee approve an appropriation of \$56,794.**

(H) TECHNOLOGY MANAGEMENT UNIT

This section supports all software applications that are used on a statewide basis. These applications include the State's financial system (COFRS), human resources systems (EMPL), and billing programs for the State's payroll system (CPPS). It also operates the State's fleet management software (CARS) and the State's contract systems (BIDS).

(6) Division of Information Technology (H) Technology Management Unit — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
General Professional	1.6	1.0	1.0	1.0
IT Professional	26.4	29.0	29.0	29.0
Electronics Specialist	0.7	0.5	0.5	0.5
Customer Support	1.8	1.0	1.0	1.0
Support / Clerical	0.6	0.0	0.0	0.0
Controller	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total	34.1	34.5	34.5	34.5

PERSONAL SERVICES

The Department has requested funding of \$2,819,222 General Fund and 34.5 FTE. This request includes a continuation of the FY 2006-07 appropriation.

Staff recommends the Committee approve \$2,810,279 General Fund and 34.5 FTE. Staff recommendation is consistent with Committee common policy.

Summary of <u>Personal Services</u> Recommendation			
(6) Technology Management Unit, (H) Technology Management Unit Services — Department of Personnel and Administration			
	Total	General Fund	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	2,746,485	2,746,485	34.5
H.B. 06S-1015	93,750	93,750	0.0
FY 2006-07 Salary Survey	78,387	78,387	0.0
Base Reduction (-0.2 Percent)	(14,593)	(14,593)	0.0
Staff Reduction	(93,750)	(93,750)	0.0
Total Personal Services Recommendation	\$ 2,810,279	\$ 2,810,279	34.5

The staff recommendation is calculated pursuant to Committee common policy.

OPERATING EXPENSES

The Department requests a continuation level of funding of \$295,871 General Fund. It represents a continuation of the FY 2006-07 appropriation. **Staff recommends the Committee approve a continuation level of funding, which is \$295,871 General Fund.**

(7) OFFICE OF ADMINISTRATIVE COURTS

This division provides an independent administrative law adjudication system for State agencies in order to resolve cases that concern worker's compensation, human services, and regulatory law. It offers a full range of alternative dispute resolution options, including evidentiary hearings, settlement conferences, and mediation. The division conducts workers' compensation merit hearings for the entire state, public benefits cases that include food stamps, Colorado Works, and Medicaid, all professional licensing board work that involves the denial, revocation, suspension, and other disciplinary matters, and cases involving the Fair Campaign Practices Act among others.

(7) Office of Administrative Courts — Staff Summary				
	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Request	FY 2007-08 Recommend.
Division Director	1.0	1.0	1.0	1.0
Administrative Law Judges	17.7	19.4	19.4	19.4
General Professional	4.0	4.0	4.0	4.0

Safety Security Officer	1.0	1.0	1.0	1.0
Support/Clerical	7.6	2.0	2.0	2.0
Technician	<u>4.3</u>	<u>11.6</u>	<u>11.6</u>	<u>11.6</u>
Total	35.6	39.0	39.0	39.0

PERSONAL SERVICES

The personal services line item provides funding for the division's salaries, state PERA contributions, and Medicare taxes. In previous years, it has also provided the division with contractual services; these have been curtailed beginning in FY 2003-04. The Department is requesting an appropriation of \$3,017,278 and 39.0 FTE. The request includes \$28,632 cash funds and \$2,988,646 cash funds exempt. These funding sources represent transfers from non-state agencies and other state agencies that are deposited into the internal service fund established for this division.

Staff recommends the Committee approve an appropriation of \$3,008,208 and 39.0 FTE. The recommendation includes \$28,546 cash funds and 2,979,662 cash funds exempt. This recommendation is consistent with Committee common policy.

Summary of Personal Services Recommendation (7) Office of Administrative Courts — Department of Personnel				
	Total	Total - CF	Total - CFE	FTE
FY 2006-07 Long Bill (H.B. 06-1385)	2,945,676	28,689	2,916,987	39.0
FY 2006-07 Salary Survey	77,648		77,648	0.0
Base Reduction (-0.5 Percent)	<u>(15,116)</u>	<u>(143)</u>	<u>(14,973)</u>	<u>0.0</u>
Total Recommendation	3,008,208	28,546	2,979,662	39.0

OPERATING EXPENSES

Operating expenses for the division supply the program with general office needs. The FY 2007-08 request is made up of the Department's continuation request of \$137,042 as well as a Decision Item #5 for Legal Files system maintenance and support in the amount of \$14,325. The total Department request is \$151,367 cash funds exempt (Administrative Hearings Fund).

Decision Item #5 - Legal Files Maintenance and Support

This decision item seeks an additional \$14,325 cash funds exempt appropriation to the operating expenses line item for ongoing maintenance and support of the Legal Files case management system. Staff notes that the Department will be requesting these funds in following years as well.

The Legal Files maintenance system was initially implemented as a result of a FY 2004-05 approved change request to address severe limitations and inefficiencies inherent in the

previously existing database, and to provide the Division with the automated tools and management data necessary to manage the adjudicatory process effectively. The Legal Files system maintenance and support was provided by the vendor under warranty until end of FY 2005-06. For FY 2006-07, the Department is only obligated to pay half of the maintenance and support costs. Beginning with FY 2007-08, the Department will have to pay the entire cost.

The Legal Files system vendor provides software support based on the number of users on the system. The \$14,325 is based on a fee of \$7,576 and a per user fee on 59 licensees on the system. The nature of support is system upgrades that are released multiple times per year that provide fixes to existing software problems as well as system enhancements.

Funding for this request, if approved, would be recovered through the annual common policy for Administrative Law Judge Services (ALJ).

Staff recommends the Committee approve the Departments request for Decision Item #5.

Staff recommends the Committee approve an appropriation of \$151,367 cash funds exempt, which is the department's request.

INDIRECT COST ASSESSMENT

The department requests \$215,330 cash funds exempt for this division's indirect cost assessment. **Staff recommends approval of the requested \$215,330 of indirect cost recoveries, which is consistent with the Statewide Indirect Cost Plan.**

Statewide billing rates for Administrative Law Judges are *pending*. These amounts cannot be determined until all common policies are established, including but not limited to Legal Services and Capitol Complex Leased Space. At that time staff will recommend fund sources (cash funds from non-state agencies and cash funds exempt from other state agencies).

FOOTNOTE RECOMMENDATIONS:

Staff recommends the Committee eliminate the following footnotes from the FY 2006-07 Long Bill:

100a Department of Personnel and Administration, Central Services, Fleet Management Program and Motor Pool Services, Vehicle Replacement Lease, Purchase or Lease/Purchase -- It is the intent of the General Assembly that the Department make every effort possible to purchase or lease/purchase flex fuel or hybrid vehicles, whenever possible.

Comment: This footnote has been vetoed by the Governor. In addition, Section 24-30-1104(2)(c)(II), C.R.S., and Section 24-30-1104(2)(c)(IV)(A), C.R.S., refer to measure the Personnel director is supposed to take in order to purchase alternative fuel vehicles as well as use alternative fuels. For this reason, **staff recommends the Committee discontinue this footnote in FY 2007-08.**

Staff recommends the Committee continue the following footnotes in the FY 2007-08 Long Bill, with amendments in small caps and struck text:

14 Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Personnel, Human Resource Services -- The Department shall comply with the statutory provisions of Section 24-50-110 (1)(d), C.R.S., and is requested to provide other state departments with the information necessary to comply with this statute. The Office of State Planning and Budgeting and the Department of Personnel are requested to work with the departments to improve the timeliness and accuracy of information about state personnel. Improvements, at a minimum, should include: updating personnel information on a centralized computerized data base; accurate reporting of filled FTE positions; number of reclassifications that are approved, turnover rates by agency; tracking of FTE positions funded to FTE positions filled; an accurate count of part-time and temporary FTE positions; and elimination of unused FTE positions. The Department and the Office of State Planning and Budgeting are requested to submit a consolidated statewide personnel report to the General Assembly by ~~September 1, 2006~~. SEPTEMBER 1, 2007. This report should include, by line item and Department, a summary of vacant positions, the length of time each position has been vacant, and the number of reclassifications that were approved in ~~FY 2005-06~~. FY 2006-07.

Comment: Although this footnote has been vetoed by the Governor, staff believes that it provides valuable information to the Committee regarding FTE in the state. For this reason, **staff recommends the Committee continue this footnote in FY 2007-08.**

101 Department of Personnel and Administration, Central Services, Capitol Complex Facilities, Utilities; Grand Junction State Services Building, Utilities; Camp George West, Utilities; Finance and Procurement, Real Estate Services Program, Coordination of Capital Construction, Controlled Maintenance Requests, and Building Lease Review --

The Department of Personnel and Administration is requested to coordinate a statewide review and summary of utility costs contained in the budget. This review should include, but not necessarily be limited to, information on the steps taken in ~~FY 2005-06 and FY 2006-07~~ FY 2006-07 AND FY 2007-08 to address efficiencies in utility programs, areas where the state can save money on utility expenditures through efficiencies, where available, and a report on all utility cost savings contracts negotiated through the statutory authority granted in Section 24-30-2003, C.R.S. This report should contain information on contracts entered into since FY 2004-05, by department, the scope of the contract, including length and work performed, and the cost savings that will be achieved as a result. The General Assembly requests this information be submitted on ~~November 1, 2006~~. November 1, 2007.

Comment: Although this footnote has been vetoed by the Governor, staff believes that it provides valuable information to the Committee regarding efficiencies in utility programs. For this reason, **staff recommends the Committee continue this footnote in FY 2007-08.**

MEMORANDUM

TO: Joint Budget Committee

FROM: Viktor Bojilov, JBC staff

SUBJECT: Department of Personnel and Administration, Executive Director's Office, Health Insurance Portability and Accountability Act of 1996 - Security Remediation.
Staff Technical Comeback.

DATE: March 15, 2007

(1) EXECUTIVE DIRECTOR'S OFFICE

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 - SECURITY REMEDIATION

This line item was created in FY 2004-05 to address the needs of the Department of Personnel and Administration's compliance with the Health Insurance Portability and Accountability Act of 1996's (HIPAA) security rule. The Department of Personnel and Administration is considered a hybrid entity under HIPAA as it is responsible for the administration of employee health benefits.

During the Department's figure setting on March 1, 2007, the Department had requested \$189,631 (\$71,496 General Fund and \$118,135 cash funds exempt) and 2.0 FTE. Staff recommended funding \$177,235 (\$71,247 General Fund and \$105,988 cash funds exempt) and 2.0 FTE for this program line. The Department had a FY 2005-06 supplemental in the amount of \$31,337 associated with the development of applications and provision of information systems maintenance and support and a one-time budget amendment for FY 2006-07 in the amount of \$25,000 for a bi-annual required risk assessment mandated by federal HIPAA rules. In calculating the FY 2007-08 staff reduced the line by more than the \$25,000 one-time risk assessment cost. As a result staff recommended funding the line at \$12,022 less than continuation funding.

HIPAA Calculation for FY 2007-08	Request	Staff Recommendation (March 1, 2007)	Staff Recommendation (March 15, 2007)
Personal Services	144,316	131,920	131,920
Operating Expenses	45,315	45,315	57,337
TOTAL	189,631	177,235	189,257

Staff recommends the Committee approve \$189,257 (\$71,247 General Fund and \$118,010 cash funds exempt) funding for the HIPAA line for FY 2007-08. Staff notes that this technical error results in \$12,022 cash funds exempt increase to staff's March 1 recommendation.