

**DEPARTMENT OF PERSONNEL AND ADMINISTRATION
AND
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)**

FY 2010-11 JOINT BUDGET COMMITTEE HEARING AGENDA

**Thursday, December 17, 2009
1:30 pm – 3:30 pm**

1:30-1:40 INTRODUCTIONS AND OPENING COMMENTS

1:40-1:50 GENERAL DEPARTMENT

1. Please break out the sources of the reappropriated funds by fund split, particularly how much of the money originates as General Fund in other departments.
2. For the chart on page 4 of staff's briefing document, the total appropriated FTE are 31,000 but the actual FTE are 29,000. What accounts for the difference?
3. *Background information: During furlough weeks, salaried employees are considered hourly employees, and cannot work more than 28 hours.* How much does it cost the Department, and the State as a whole, to monitor personnel during furlough days/weeks?
 - a. How much does it cost to ensure that employees don't work more than the allotted number of hours during a certain day or week?
 - b. How much does it cost to implement any other changes to the personnel system, such as adjusting the payroll system accordingly?

1:50 – 2:25 TOTAL COMPENSATION

4. Please summarize the Department's response to the May, 2009 audit and the steps the Department has taken to deal with the issue.
5. Did the May, 2009 audit reflect whether employees were at the midrange of salaries?

Salary Survey

6. Does the Department use salary surveys from the public or private sector, or from other states? How does the Department choose what it compares itself to, and who gathers the data?
7. How are the State and employee contributions changing for Health, Life, and Dental benefits for the FY 2010-11 request? How much will the total premium change? Do the amounts vary based on geographical location in the State, and if so, how is this calculated into the overall rates?

Hiring

8. Why don't the majority of departments hire at the minimum salary amount? Is the issue that the minimums are too low or is it that agencies are inflating the scale to make it easier to hire people?
9. Are departments hiring employees at a higher grade than necessary because they cannot get qualified individuals within the grade due to salary constraints? Does this pollute the whole system?

Data

9. Given that the department has not recently requested any additional funds for the total compensation survey, why does it cite a lack of funds as the reason it can't fully adopt the audit recommendations for data collection?
10. Why isn't the department using the type of data that the audits suggest they should?
11. Please explain why the department has not responded to the issues found in audits around data collection (as discussed on page 27 of the staff briefing document).

2:25 – 3:00 COMMUTING

12. What is DPA's role with regards to the state commuting program?
13. Pursuant to Section 24-30-1113 (4) (a), C.R.S., "any individual who has received the state agency executive director's authorization to use a state-owned motor vehicle for commuting purposes shall reimburse the state for such use at a rate computed by the division. This rate shall approximate the benefit derived from the use of the vehicle."
 - a. Do employees reimburse the state for commuting as required by statute?
 - b. How much is the reimbursement?
 - c. Do all commuters have to pay this reimbursement?
 - d. Who determines if the employee must pay a reimbursement and is it consistently applied to all employees who commute?
 - e. What is the difference between reimbursement rate and the state's cost of the vehicle?
14. Does DPA have rules for commuting, and if so, what are they? Please attach the language of the State's rule(s), and a copy of the current commuting authorization form, to the hearing responses.
15. Are Executive Directors allowed to make subjective decisions about who commutes?
16. What documentation is maintained on individual commuters?
17. What type of personnel and job functions are permitted to commute? Why?
18. Can we get a list, by department, of the titles for employees who are permitted to commute?

19. What is DPA's role in deciding who does and doesn't commute? Does DPA approve commuters, and if not, should it be required to do so?
20. Does every state have a commuters program?
21. Does DPA agree with the State Auditor's recommendation that the commuting program should be discontinued? What happens if the General Assembly just eliminates it?
22. Does anyone use a State vehicle solely for the purpose of commuting? If so, under what circumstances?
23. Are the state's rules for commuting in compliance with IRS regulations? Are the current rules the only approach the State can take to remain in compliance with the IRS?

3:00 – 3:15 INTEGRATED DOCUMENT SOLUTIONS

24. Why has the outsourcing of print and impressions increased in the past few years? What is the difference between the outsourced impressions versus the outsourced print? Can any of this be done electronically instead of on paper? (page 9, staff briefing document)
25. Why have delivery miles driven increased over the past several years? How do these miles relate to mail routes and mail stops? (page 10, staff briefing document)

3:15 – 3:30 VEHICLES

26. How many Prius does the Department of Corrections have, and how many are specifically within Parole?
27. Why is such a large a portion of the fleet four wheel drive?
28. Has there been any discussion about the use of all-wheel drive vs four-wheel drive vehicles? Can we replace some of the four-wheel drives with front-wheel drive?
29. Please explain why 4.0 percent of the fleet is hybrid but these vehicles represent only 2.0 percent of the miles.
30. Can we negotiate a lock in price for gas?

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

Thursday, December 17, 2009

3:30 pm - 5:00 pm

3:30 – 3:35 INTRODUCTIONS AND OPENING COMMENTS

3:35 – 3:55 GENERAL QUESTIONS

1. Can we give PERA greater flexibility to change its investment formulas so that it's better able to adjust to the market?
 - a. What does PERA see as the benefits and the drawbacks to this strategy?
 - b. Has the General Assembly tied PERAs hands by making the investing formulas too inflexible?
 - c. If this flexibility is provided will PERA be able to invest its way out of the problem?
 - d. Could PERA benefit by being able invest more in real estate?
 - e. How does PERA compare to other pension funds across the country, both private and public?
 - f. Are there any examples of any pension funds that did well recently? What did they do to have success? Why didn't PERA do this?
2. How many tiers of retirees are there? Are any categories of retirees treated differently, and if so, how many categories of these retirees exist?
 - a. What causes these tiers?
 - b. Were they driven by a legislative change, a regulatory change, the age of retirement, or does something else cause these differences?
3. Please describe the difference between partially vested and fully vested.
4. What is PERA's position on the Governor's request to change the ratio of employee verse employer contributions?
5. What is the status of incorporating the Denver schools into PERA? How will Denver schools interrelate to the PERA?
6. Please provide an historical number, by year, of the number of employees who buy service credits and how many were bought on average.
 - a. Has this changed over the years?
 - b. How has it changed?
 - c. When did it change?
 - d. Why did it change?
 - e. Who makes the decision to change how these credits can be purchased?
7. When was the last performance audit done for PERA? Who performed it? Please provide a copy of the audit.

3:55 – 4:20 COST OF LIVING ADJUSTMENT (COLA)

8. Do we have a statutory or regulatory definition of the cost of living adjustment (COLA)? If so, what is that definition?
9. How does this decision get made for the COLA? Did PERA request the change to the PERA COLA in the late 90s? Did they oppose it?
10. Why can the State increase the COLA, but not decrease it?
 - a. When was the last time the state increased the COLA, and why was it increased at that time?
11. Is the document that employees receive while they are working (which describes their contributions and benefits) legally binding?
12. Will the cost of living adjustment (COLA) change based on inflation or will it be based on the actuarial soundness of the fund?
13. If we move to the current estimate of fund, rather than using December 2008 (which was the lowest point), would it change what PERA needs?
14. Does PERA have a legal opinion as to whether their proposal meets the requirements as stated in the 2004 Attorney General's opinion (page 3)?

4:20 – 4:50 PERA'S 2010 LEGISLATIVE PACKAGE

15. Is there something in the proposal that would allow for changes to the nature of the automatic AED/SAED increases if conditions changed? If so, what is the trigger and how does it impact the AED/SAED?
16. If a retired employee comes back into the employ of the state, can he or she receive both a retirement benefit and a salary under this proposal? If so, under what conditions? How will this differ from the current system?
17. Do certain provisions of the plan allow employees to be grandfathered out of the legislative proposal, and if so, which provisions? Please be specific.
18. Are there legal issues with changing any portions of the retirement plan for any employees?
19. How are Denver public schools handled under the PERA legislative proposal?
20. How does the Governor's plan (to supplant a portion of the State's funding percentage with employee funds) interact with PERA's legislative request?
21. It is my understanding that proposal does not have any proposals to change the governance structure of PERA itself. Why not?

4:50 – 5:00 DEFINED CONTRIBUTION PLAN

22. How did the merger of the State's defined contribution (DC) plan into PERA go?
23. What percentage of new employees take advantage of the defined contribution plan?
24. How much would it cost to move all state employees to a defined contribution plan? Please include the costs for the unfunded liability.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

Please attach written responses to the common hearing questions here. Please note that the Department does not need to verbally review these questions at the hearing, unless requested to do so by a member.