



COLORADO

Department of Personnel
& Administration

November 2, 2020

Long-Range Financial Plan



FY 2020-21



COLORADO
Department of Personnel
& Administration

November 2, 2020

Honorable Jared Polis
Governor of Colorado
136 State Capitol Building
Denver, Colorado 80203

Honorable Representative Daneya Esgar
Chair, Joint Budget Committee
Colorado General Assembly
200 East 14th Avenue
Denver, CO 80203

Dear Governor Polis and Representative Esgar,

Pursuant to HB18-1430 (§2-3-209, C.R.S.), each state agency is required to submit an annual long-range financial plan beginning November 1, 2019. The statutory elements required in these plans include:

- Statement of the agency's mission
- Description of the agency's major functions
- Description of the agency's performance goals
- Performance evaluation of the agency's major programs with recommendations to improve performance
- Description of anticipated trends, conditions, or events affecting the agency
- Description of any programs funded by federal funds or gifts, grants, and donations that may decrease in the future.

Respectfully submitted,

Kara Veitch

Executive Director of the Colorado Department of Personnel & Administration and State Personnel Director

Cc: Joint Budget Committee Members, Cabinet Members, Carolyn Kampman, Alfredo Kemm, Tom Dermody



About this Report:

The Department of Personnel & Administration's FY 2020-21 Long-Range Financial Plan provides context to the Department's strategic financial direction from the current fiscal year, FY 2020-21, through FY 2024-25.

This report aligns with the Department's Performance Plan, which focuses on key Departmental Wildly Important Goals to:

- 1) Make Colorado an Employer of Choice by strengthening our equity, diversity and inclusion (EDI) mindset as an employer;
- 2) Strengthen our statewide contract management practices; and
- 3) Increase the utilization of renewable energy in Colorado.

The report reviews the financial structure of the Department from FY 2016-17 through FY 2020-21, including capital expenditure appropriations and Department ongoing obligations. A review of the financial structure resulted in a baseline financial forecasted growth rate of three percent for cash funds and four and one-half percent for reappropriated funds year-over-year through FY 2024-25.

Adjustments to the baseline forecast are assumed through key agency budget drivers, which include Department-specific, total compensation, and operating common policy drivers. The Department forecasts additional major expenses, funding decreases, scenario evaluations of an economic downturn, specific contingencies, and potential emerging trends. This analysis is required by statute to provide a long-range financial plan for the Department, and includes relevant elements for developing future organizational and financial structures of the Department.

The plan is not a policy document but rather a management tool to support effective planning and resource allocation. As such, it does not reflect the impact of policy proposals. In addition, given the November 1 statutory deadline for the plans, they were developed prior to the finalization of the Governor's FY 2021-22 budget request, and thus may not reflect all technical changes prepared for the budget.

The information gathered and presented in the plan aligns with the Governor's Office of State Planning and Budgeting instructions for submission and does not represent the totality of information included in the Department's November 2 Budget Submission and material differences between the two documents are intentional and not due to mistakes or omissions.

The Office of State Planning and Budgeting (OSPB) has developed a statewide overview of the long-range plan submissions, which can be viewed on OSPB's website at: <https://www.colorado.gov/ospb>.

Long Range Financial Plan

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Section 1 - Introduction

Department Mission, Vision, and Values

The Department of Personnel & Administration (DPA) provides state government agencies and institutions the ability to focus their limited resources on their mission and the delivery of services to Colorado citizens. DPA performs core functions that provide the infrastructure, processes, services, guidance, and tools necessary to alleviate redundancy in state government and minimize costs. The Department seeks to be the state's leader in service excellence by offering quality services that enhance the success of Colorado state government. The expansive knowledge base and values of service, teamwork, integrity, responsiveness, and transparency guide DPA's day-to-day operations and ensure its staff is equipped to "do the right thing."

The Department collaborates with employees, agencies, institutions, vendors, and citizens to develop innovative ways to provide cost-effective solutions that further the state's ability to conduct its business. These solutions lessen the burden and complexity of doing business, and allow the Department to engage its customers and exceed their expectations at every step.

Department Mission

The Department of Personnel & Administration is the foundation for dependable state government, leading with responsiveness, integrity, and teamwork. We provide services to other government agencies and all Coloradans by taking bold initiative toward a government with engaged employees, innovative solutions, and constructive partnerships. Good government starts here.

Department Vision

Building successful state government through initiative and collaboration.

Department Values

DPA employees proposed and the Department adopted the following values:

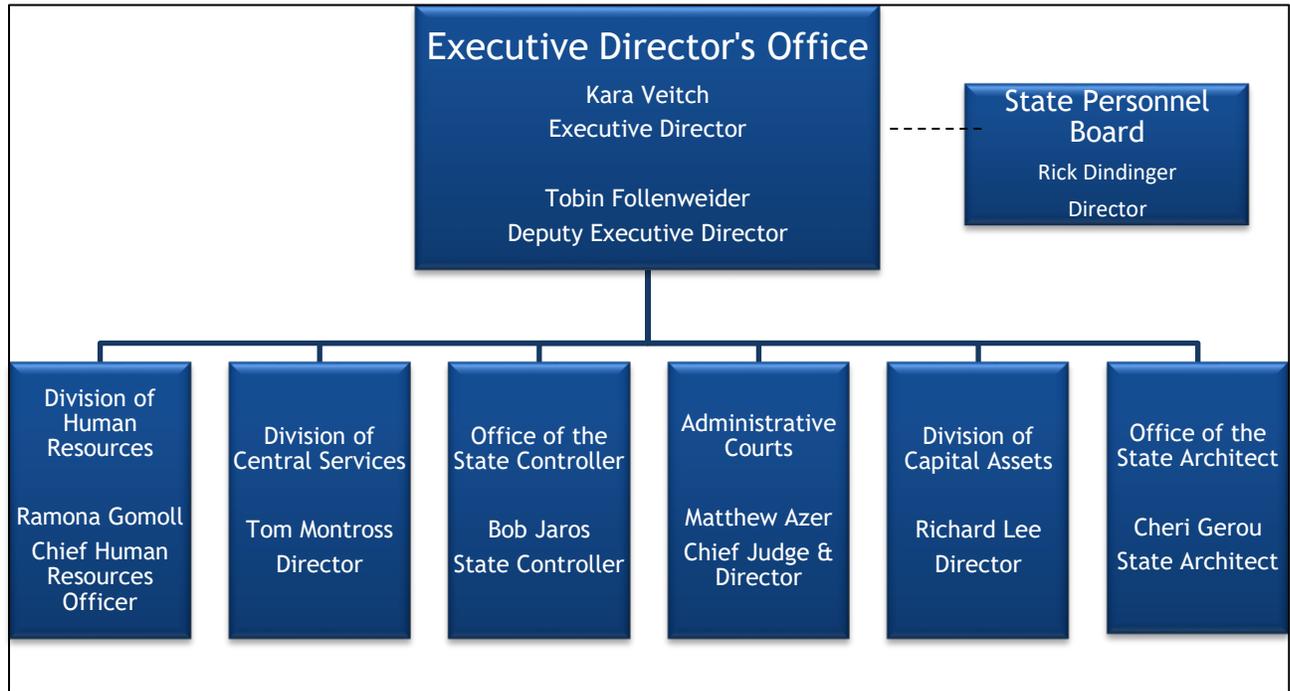
- **Service** – Being helpful, useful, timely, and efficient in our actions, results, and communications
- **Teamwork** – Collaborating with and empowering each other to achieve success
- **Integrity** – Being honest and fair in our work and relationships
- **Responsiveness** – Engaging and following through in a way that promotes respect, energy, creativity, and adaptability
- **Transparency** – Operating with accountability, clarity, and ethics in a way that builds and sustains trust

Overview of Performance Goals

The Department has three overall performance goals for FY 2020-21 that align with the Governor’s Wildly Important Goals.

Wildly Important Goals	Outcome Measure
<p>Make Colorado an Employer of Choice To strengthen our equity, diversity and inclusion (EDI) mindset as a State employer.</p>	<p>Increase the employee engagement pulse survey response to “I see leadership support of equity, diversity and inclusion” from 50.7% favorable to 55.7% favorable by June 30, 2021.</p> <p>Increase the percent of employees trained in the statewide approved EDI course from 0% of employees to 50% of employees by June 30, 2021.</p> <p>Increase the percent of leadership trained in the statewide equity, diversity and inclusion for leaders course from 0% of leaders to 50% of leaders by June 30, 2021.</p>
<p>Innovation and Efficiencies Strengthen our statewide contract management practices.</p>	<p>Ensure the State effectively manages its contracts, contractors, and fulfills its own contractual responsibilities, DPA will design and deliver contract management training.</p> <p>Increase percent of contract managers of high risk contracts certified in DPA contract management training from 0% to 75% by June 30, 2021.</p>
<p>Energy & Renewables To increase the utilization of renewable energy in Colorado</p>	<p>Increase number of DPA solar gardens from 0 to at least 1 solar garden with a signed contract signed by June 30, 2021.</p> <p>Assess State properties for solar garden suitability, increasing the number of properties assessed from 0 to 15 by June 30, 2021.</p>

Department Organizational Chart



Department Overview

The Department of Personnel & Administration (the Department) provides the infrastructure needed for Colorado State government to perform in a consistent, productive and cost-conscious manner. The Department operates much like a business within State government, providing such centralized services as: human resource management and oversight; risk management; training; procurement management and oversight; financial assistance and guidance; graphic design, printing, scanning, and copying services; fleet vehicle management; and adjudication services for agencies and programs throughout State government. The Department's success depends upon offering quality and value to customers and stakeholders by providing economically-efficient and sound services while adhering to the highest standards of personal and professional integrity. The Department's customer base is three-fold. The Department serves: 1) government entities, including State departments, the General Assembly, Institutions of Higher Education, and local municipalities; 2) State employees; and 3) the public.

Executive Director's Office

The Executive Director's Office (EDO) is responsible for essential duties that impact the Department and, uniquely, a multitude of State agency customers. The office provides the Department with operational management direction, policy formulation, and core internal functions in the areas of financial services, human resources, communications, media relations, and legislative relations. In addition, the internal support functions of the Human Resources, Communications, Budget, Procurement, Analytics and Accounting units also interact with agencies statewide in many areas, including common policies, billing, records requests, and state employee communications. Major programs appropriated within the EDO are outlined below.

Colorado State Employee Assistance Program

Colorado State Employee Assistance Program (CSEAP) is a team of professionals who provide confidential counseling and referrals, mediation, coaching, group facilitation, crisis response, organizational consultation/development, and educational services statewide to State employers and employees.

Office of the State Architect

The Office of the State Architect (OSA) is statutorily responsible for the administration of state funded planning, construction, energy conservation, and real estate transactions at State agencies and institutions of higher education. The OSA establishes policies and procedures; providing technical support and training; and recommending the annual controlled maintenance statewide budget and State agency capital construction budget requests.

Division of Human Resources

The Division of Human Resources (DHR) provides expertise, leadership, and consultation in the development and strategic management of statewide human resources and protection of State assets. The Division's primary duties are to maintain the integrity of the State Personnel System, manage the State's risk, and lead talent management of the statewide workforce. Major program areas are outlined below.

Consulting Services

Consulting Services provides strategic guidance and oversight of statewide human resources management. This team develops and determines the best practices in the human resources field and advises State agency customers accordingly. The unit provides training and consultation on all aspects of human resources management and administration under the jurisdiction of the State Personnel Board and State Personnel Director including performance management, selection, progressive discipline, layoffs, and other separations.

Center for Organizational Effectiveness

The Center for Organizational Effectiveness (COE) administers a statewide training framework for core competencies for all State employees. The COE offers training in supervision, program management, contract management, procurement procedures, and performance management to State employees and supervisors.

Compensation Unit

The Compensation Unit maintains the State's job evaluation and compensation systems, oversees compliance with the Family and Medical Leave Act (FMLA), the Fair Labor Standards Act (FLSA), and other state and federal regulations, and prepares the Annual Total Compensation Survey Report and letter.

Employee Benefits Unit

The Employee Benefits Unit administers employee group benefits plans (medical, dental, life, flexible spending accounts, and wellness plans), ensures compliance with a number of federal and State laws including Affordable Care Act (ACA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and the Health Insurance Portability and Accountability Act (HIPAA).

Risk Management Services

The State Office of Risk Management protects the State's human capital and property assets. The office provides training and consulting services on accident investigation, legal defense, safety training, hazard mitigation, building inspection, insurance procurement, claim evaluation, loss control and data collection.

Labor Relations Services

The Labor Relations Services unit negotiates and maintains the State's labor-management agreements/relationships and trains State agencies regarding the implementation and compliances of requirements in these agreements.

State Personnel Board

The State Personnel Board is an independent program created within the State's Constitution. The State Personnel Board establishes rules that protect and recognize merit as the basis for State employment and hears appeals by applicants and employees in the State personnel system. The Board conducts administrative hearings under the authority of the State Constitution, various State statutes and the State Administrative Procedures Act, conducts settlement conferences, and facilitates dispute resolution.

Division of Central Services

The Division of Central Services (DCS) exists to maximize efficiencies for the State and local government by consolidating internal common business services to take advantage of economies of scale. The Division's primary focus is to provide agencies with the quality, turnaround, and cost that will facilitate successful deployment of services to the State's residents. To this end, the Division's mission is to provide the best value to the State in every service offered and to every customer served. DCS is comprised of three units: Integrated Document Solutions, Address Confidentiality Program and Colorado State Archives.

Integrated Document Solutions (IDS)

Integrated Document Solutions (IDS) provides end-to-end document management, support, and services in the areas of graphic design, print services (digital and press), imaging services (scanning and microfilm), data entry, copiers, mail processing and delivery, and secure warehousing and fulfillment serving government entities across Colorado. IDS advises, assists, and supports each agency's needs and provides a wide variety of document solutions at a professional level and generally at a lesser cost than that of private vendors. From business cards, graphic design, print, imaging, mail, and delivery, IDS partners with each customer to offer professional services tailored to their needs and budget.

Address Confidentiality Program (ACP)

The Address Confidentiality Program (ACP) provides survivors of domestic violence, sexual offenses, and/or stalking with a legal substitute address for interacting with all State and local government agencies. The program also provides a confidential mail forwarding service. The intent is to protect the location of a survivor's actual address and reduce the risk of future harm. All State and local government agencies must accept the substitute address as the participant's legal address of record. Some uses for the substitute address include driver's licenses, human services benefits, police reports, and utility accounts.

Colorado State Archives

The Colorado State Archives serves all three branches of State government, special districts, municipalities, counties, schools, and the general public. The Division plans, manages, operates, and implements the State's archival and records management program in order to protect, preserve, and maintain historic and legally significant documents.

Division of Accounts and Control

The Office of the State Controller within the Division of Accounts and Control manages the financial affairs of the State of Colorado. The office promulgates State Fiscal Rules, performs statewide financial reporting, oversees the State's end-of-year financial close, manages the State contracting and procurement processes, performs audit activities, manages the State's central collections services, maintains central aspects of the State's financial system, manages central payroll functions, and directs Colorado Operations Resource Engine (CORE) operations. Major program areas are outlined below.

Financial Operation & Reporting

Financial Operations and Reporting includes Reporting and Analysis, Central Payroll, and Central Accounting & Vendor Management.

Reporting & Analysis provides financial information for Coloradans, legislators, and government managers by producing the Comprehensive Annual Financial Report, monthly revenue summaries, quarterly financial reports, Schedule of TABOR Computations, and other statutory and ad hoc reports. Financial Reporting and Analysis prepares the statewide budget/cash indirect cost allocation plan and provides support for the Joint Budget Committee in explaining and defending allocations. The unit provides technical assistance and training to agencies related to cost accounting matters.

Central Payroll processes statewide payroll, distributes employees' earnings correctly and timely, collects deductions from each employee required by law including taxes, PERA, and garnishments and voluntary deductions such as medical insurance, 401K, and 457 plans and provides professional and technical guidance to payroll personnel in agencies.

Central Accounting & Vendor Management provides support and training on vendor customer set up, vendor self-service, warrant/EFT management, warrant cancel, reissue, and escheatment, unclaimed property, vendor intercepts, PERA retiree independent contractor reporting, TIN matching, and federal 1099 Reporting.

Procurement and Contracts

Statewide Procurement and Contracts manages statewide centralized procurement through promulgation of the State's procurement rules, procurement education and leadership, solicitation and administration of statewide price agreements, procurement services for non-delegated agencies, and appeals authority for bid protests. The unit develops contracting policies and procedures, drafts model contracts, advises, trains, and reviews/approves expenditure contracts.

Central Collection Services

Central Collection Services collects past due debts owed to State agencies, Institutions of Higher Education and political subdivisions after initial collections efforts by those entities have been unsuccessful.

CORE Operations

The CORE Operations unit provides strategic direction, execution, and maintenance of the Colorado Operations Resource Engine (CORE). The unit provides leadership in fostering collaboration and cooperation between the Department and State agencies, political subdivisions, institutions of Higher Education, and nonprofits throughout the life of the CORE system. The unit focuses on: change management, communications, data analysis, business process development, business process re-engineering, directing end-user testing, training, relationship management, configuring application solutions, leading user community meetings, migration of legacy systems to CORE (e.g., BIDS, COMPASS), and implementation of continuous improvement initiatives to ensure the functionality of the system is fully maximized.

Office of Administrative Courts

The Office of Administrative Courts (OAC) provides an easily accessible, independent, and cost-effective administrative law adjudication system in Colorado. The OAC is one of approximately 30 central panels of independent Administrative Law Judges (ALJs) in the United States. The OAC hears and decides administrative law matters concerning: Workers' Compensation merits hearings and public benefits cases, professional licensing board work involving the denial, revocation, or suspension of other disciplines of holders of a professional license, Fair Campaign Practices Act complaints, and appeals for Colorado's Health Insurance Exchange.

Division of Capital Assets

The Division of Capital Assets (DCA) is focused on high value assets owned by the State of Colorado to ensure the most efficient use of this property. The employees of DCA provide a structured procurement, maintenance, and disposal of the State's buildings, vehicles, and linear assets, ensuring maximum value for Colorado. This systematic approach demonstrates a dedication to economic, transparent, and sustainable resource management. The Division of Capital Assets provides planning and maintenance for select capital assets owned or leased by the State, through two programs.

Facilities Maintenance—Capitol Complex

Capitol Complex is responsible for property management, maintenance, and restoration of all State properties within the Capitol Complex, plus some of the State's facilities in Camp George West, Lakewood, and Grand Junction. Capitol Complex provides statewide coordination of building services for these locations, as well as implementation of energy and government greening initiatives in coordination with the Office of the State Architect and the Colorado Energy Office.

Fleet Management Program and Motor Pool Services

The State Fleet Program provides oversight for all vehicles in the State fleet, including administration of the fleet, vehicle purchasing, repairs and preventive services, collision management, vehicle reassignment, auction and salvage of older vehicles, operation of the State Motor Pool for daily rentals, and oversight of the State fleet alternative fuels and energy sustainability programs in support of government greening initiatives.

Section 2 - Goal Evaluation

Wildly Important Goal 1: Employer of Choice

Relevant Division/Program: Division of Human Resources, CSEAP, Executive Director’s Office

	Metric Description	Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
OUTCOME	To strengthen our equity, diversity and inclusion (EDI) mindset as a State employer.	FY	Survey response: 55.7% favorable	Survey response: 50.7% favorable	N/A	N/A	N/A	N/A
	Metric Description	Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
OPERATIONAL	Increase the employee engagement pulse survey response to “I see leadership support of equity, diversity, and inclusion” from 50.7% favorable to 55.7% favorable by June 30, 2021.	FY	55.7% favorable	50.7%	N/A	N/A	N/A	N/A
	Increase the percent of employees trained in the statewide approved EDI course from 0% of employees to 50% of employees by June 30, 2021.	FY	50% trained	0%	0%	0%	0%	0%
	Increase the percent of leadership trained in the statewide approved equity, diversity and inclusion for leaders course from 0% of leaders to 50% of leaders by June 30, 2021.	FY	50% trained	0%	0%	0%	0%	0%
	Metric Description	Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
INPUT	Percent of favorable responses to “I see leadership support of equity, diversity and inclusion.	FY	55.7%	50.7%	N/A	N/A	N/A	N/A
	Percent of employees trained in statewide approved EDI course.	FY	50%	0%	0%	0%	0%	0%
	Percent of leadership trained in statewide approved EDI course	FY	50%	0%	0%	0%	0%	0%

Comments: The Department incorporates feedback from state employees into the strategic plan to continue to make the State an Employer of Choice. Listening tours in FY 2019-20 led to diversity, equity and inclusion as a key factor in making the State an Employer of Choice.

Wildly Important Goal 2: Innovation and Efficiencies

Relevant Division/Program: Office of the State Controller

	Metric Description	Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
OUTCOME	To ensure the State effectively manages its contracts, contractors, and fulfills its own contractual responsibilities	FY	75% certified	N/A	N/A	N/A	N/A	N/A
	Metric Description	Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
OPERATIONAL	DPA will design and deliver contract management training, which, after successful completion, managers will receive certification from the State making them a Certified Contract Manager	FY	1 training	0	0	0	0	0
	Increase the percent of high risk contracts managed by certified contract managers from 0% to 75% by June 30, 2021	FY	75%	0%	0%	0%	0%	0%
	Metric Description	Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
INPUT	Identify and utilize a Learning Management System (LMS) and ensure 75% of high risk contracts are managed by Certified Contract Managers who have successfully completed contract management training within the system	FY	75%	0	0	0	0	0
	Design contract management training for program staff at agencies and corresponding certification program	FY	1 training	0	0	0	0	0
	Design and deploy a communication and promotion plan to increase participation in the training statewide	FY	1 plan	0	0	0	0	0

Comments: The State Purchasing and Contracts Office made strides in improving contracting practices through its work to modernize the procurement code and by championing Invitations to Negotiate (ITNs), which leverages the State's bargaining power and passes value to the customers we serve. Contract managers will receive training and support to adapt to changes in modernizing and improving the way the State does business.

Wildly Important Goal 3: Energy & Renewables

Relevant Division/Program: Office of the State Architect, Division of Capital Assets

Metric Description		Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
OUTCOME	To increase the utilization of renewable energy in Colorado, design and lead a systematic effort to assess State properties to convert to solar gardens	FY	1 solar garden contract signed	N/A	N/A	N/A	N/A	N/A
Metric Description		Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
OPERATIONAL	Design a systematic process to assess properties for solar garden suitability	FY	Design process	N/A	N/A	N/A	N/A	N/A
	Assess the State properties for solar garden suitability	FY	Assess 15 properties	0	0	0	0	0
	*Publish a Request for Qualification, award, and sign a contract	FY	1 contract	0	0	0	0	0
Metric Description		Year Type	2021 Targets	2020 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual
INPUT	Assess State properties for solar garden suitability, increasing the number of properties assessed from 0 to 15 by June 30, 2021	FY	15	0	0	0	0	0
	Increase number of DPA solar gardens from 0 to at least 1 solar garden with a contract signed by June 30, 2021	FY	1	0	0	0	0	0

*A request for qualification is used to select professional services such as architect, engineer, landscape architect, land surveyor, or industrial hygienist.

Comments: Reaching this goal will further advance the governor’s goal of transitioning the State to 100% renewable energy by 2040 and ensure Coloradans can rely upon a clean, reliable source of energy for years to come.

Department Performance Goal: Employer of Choice

GOAL: To strengthen our equity, diversity and inclusion (EDI) mindset as a State employer, increase the employee engagement pulse survey response to “I see leadership support of equity, diversity and inclusion” from 50.7% favorable to 55.7% favorable by June 30, 2021.	
Relevant Major Program Areas	Key Strategies
<p>Program 1: Division of Human Resources <i>The Division of Human Resources provides support to State agencies, by providing interpretation of applicable rules and regulations; handling appeals to the State Personnel Director from employees; providing policy guidance for State benefits, the Performance Based Pay Plan, the annual compensation survey; creating and maintaining job evaluation systems; developing compensation and leave policies; and providing direct human resources services to the following non-decentralized State agencies: the Office of the Governor, the Department of Treasury, and certain institutions of higher education.</i></p>	<ul style="list-style-type: none"> ▪ Create and deploy EDI-related recruiting training ▪ Direct team engagement with community-based organizations that represent diverse sources of talent ▪ Internal Employment Branding that features EDI initiatives across the State ▪ Develop Community Engagement training aimed at finding new, diverse talent pools
<p>Program 2: CSEAP <i>The Colorado State Employee Assistance Program (CSEAP) provides organizational and individual assistance to State agencies and employees in every region of the State.</i></p>	<ul style="list-style-type: none"> ▪ Explore opportunities for supporting diversity and inclusion in provision of mental health and professional development services to State employees
<p>Program 3: Executive Director’s Office <i>The Executive Director’s Office performs management functions for the Department, including management direction, policy formulation and core internal functions in the areas of financial services, human resources, communications, and legislative relations.</i></p>	<ul style="list-style-type: none"> ▪ Lead and organize department-wide Town Hall meetings related to equity, diversity, and inclusion ▪ Continue to conduct Employer of Choice pulse surveys specifically for equity and inclusion

Department Performance Goal: Innovation and Efficiencies

GOAL: To ensure the State effectively manages its contracts, contractors, and fulfills its own contractual responsibilities, DPA will design and deliver contract management training, increasing the percent of high risk contracts managed by certified contract managers from 0% to 75% by June 30, 2021.	
Relevant Major Program Areas	Key Strategies
<p>Program 1: Office of the State Controller <i>The Office of the State Controller (OSC) within the Division of Accounts and Control manages the financial affairs of the State of Colorado. The office promulgates State Fiscal Rules, performs statewide financial reporting, oversees the State’s end-of-year financial close, manages the State contracting and procurement processes, performs audit activities, manages the State’s central collections services, maintains central aspects of the State’s financial system, manages central payroll functions, and directs Colorado Operations Resource Engine (CORE) operations.</i></p>	<ul style="list-style-type: none"> ▪ Identify and utilize a learning management system (LMS) ▪ Design contract management training for program staff at agencies and corresponding certification program ▪ Deploy a communication and promotion plan to increase participation in training statewide.

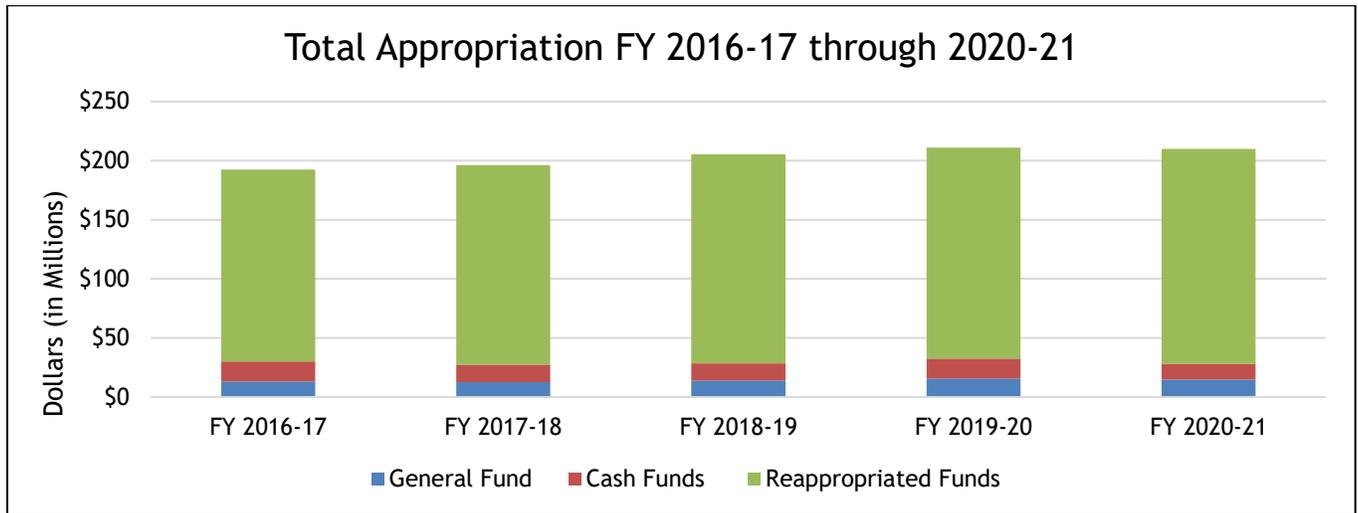
Department Performance Goal: Energy & Renewables

GOAL: To increase the utilization of renewable energy in Colorado, design and lead a systematic effort to assess 15 State properties to convert to solar gardens, bringing the number of DPA solar gardens from 0 to at least 1 solar garden with a signed contract signed by June 30, 2021.	
Relevant Major Program Areas	Key Strategies
<p>Program 1: Office of the State Architect <i>The Office of the State Architect (OSA) is statutorily responsible for the administration of state funded planning, construction, energy conservation, and real estate transactions at State agencies and institutions of higher education. The OSA establishes policies and procedures; providing technical support and training; and recommending the annual controlled maintenance statewide budget and State agency capital construction budget requests.</i></p>	<ul style="list-style-type: none"> ▪ Design a systematic process to assess properties for solar garden suitability ▪ Publish a Request for Qualification, award, and sign a contract
<p>Program 2: Division of Capital Assets <i>The Division of Capital Assets (DCA) is focused on high value assets owned by the State of Colorado to ensure the most efficient use of this property. The employees of DCA provide a structured procurement, maintenance, and disposal of the State's buildings, vehicles, and linear assets, ensuring maximum value for Colorado. This systematic approach demonstrates a dedication to economic, transparent, and sustainable resource management. The Division of Capital Assets provides planning and maintenance for select capital assets owned or leased by the State.</i></p>	<ul style="list-style-type: none"> ▪ Continue to partner with Office of the State Architect to explore opportunities for energy performance contracting ▪ Investigate viability of solar gardens on State land and building rooftops

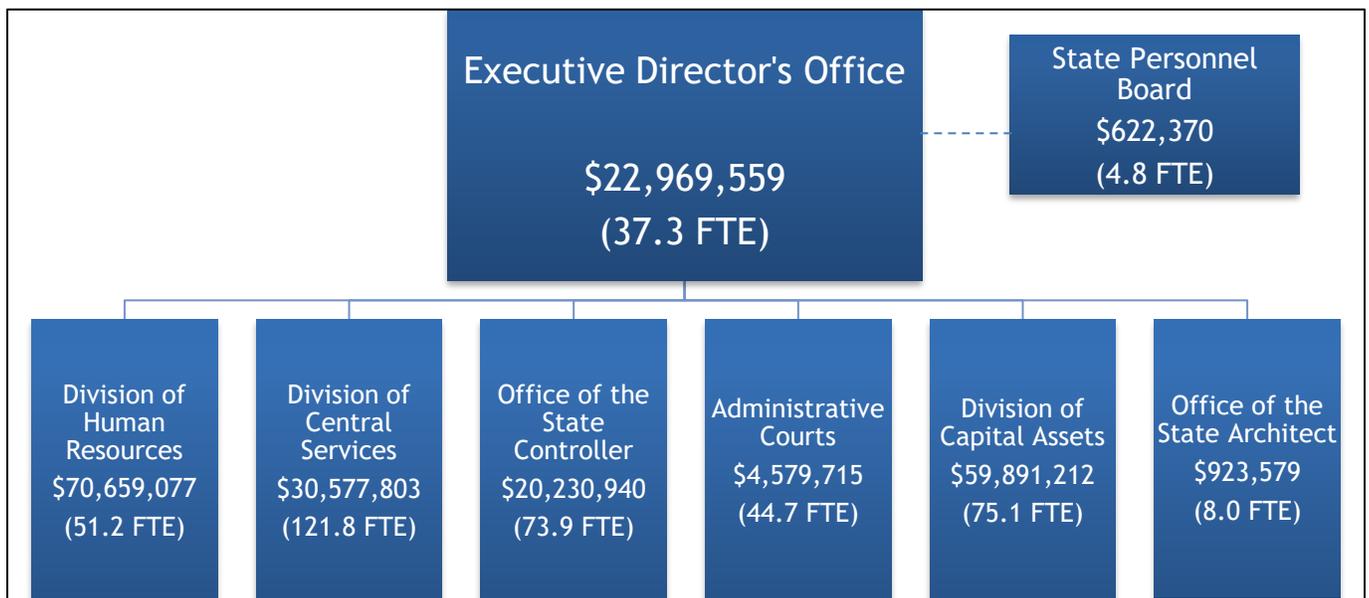
Section 3 - Financial Structure

Department Budget: Graphic Overview

History of Total Appropriations by Fund Source

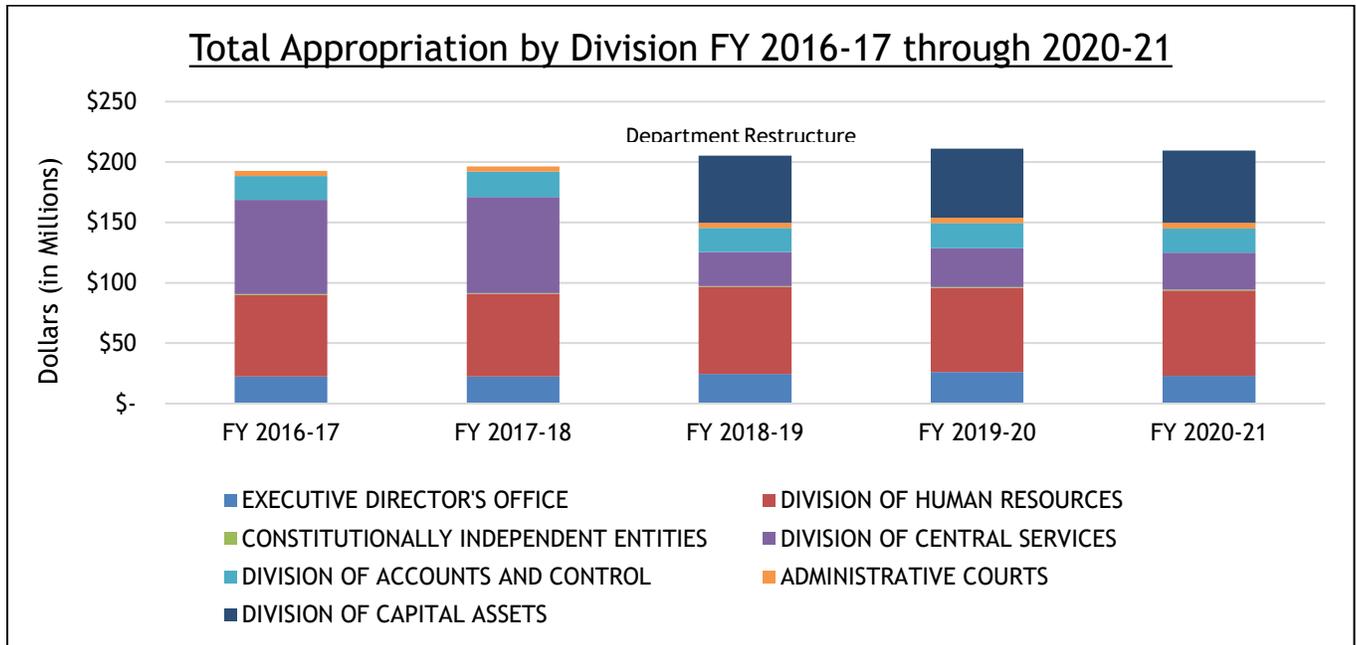


Department Organizational Chart with Total Appropriations for FY 2020-21

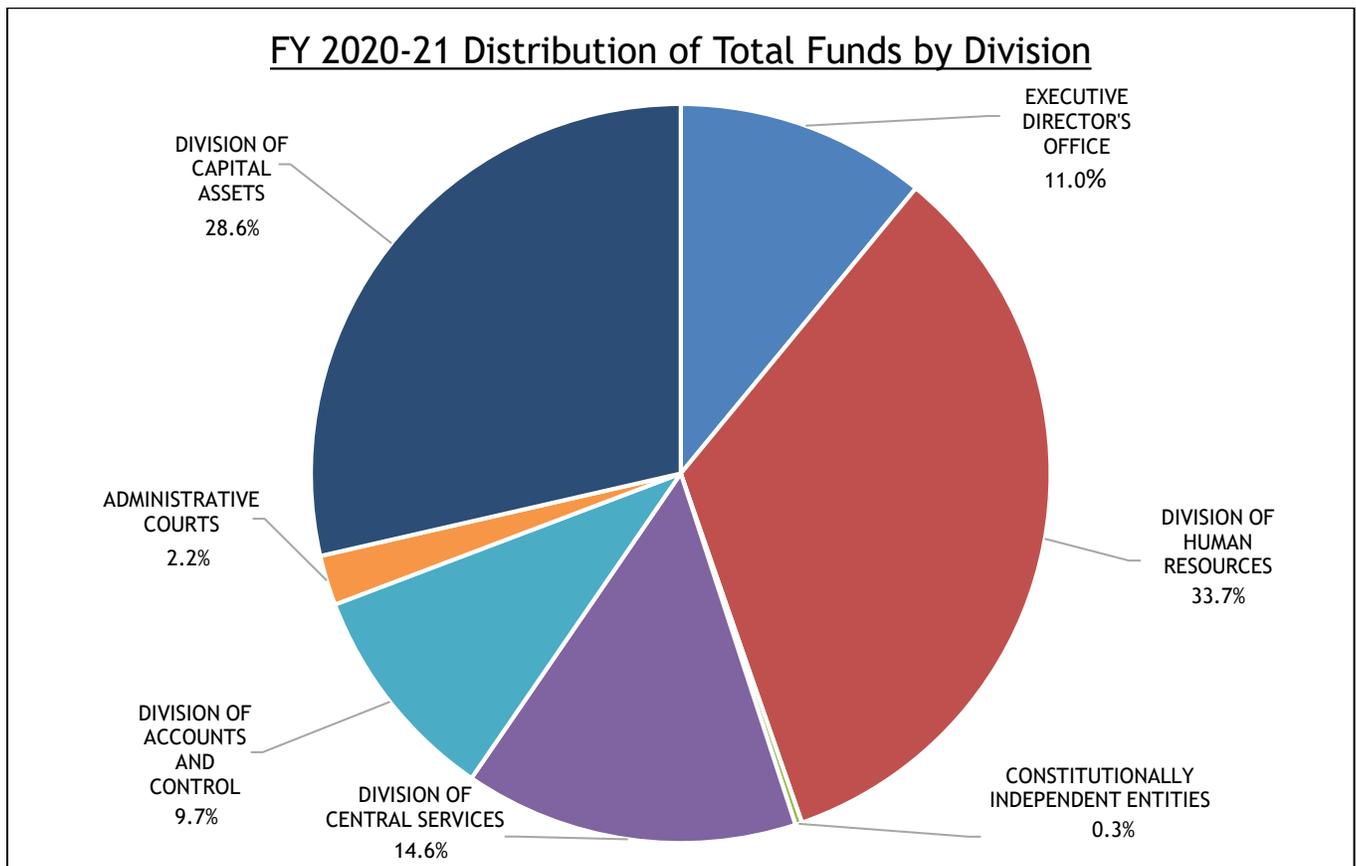


*CSEAP and the Office of the State Architect (OSA) are appropriated within the Executive Director's office, however, organizationally CSEAP functions as a part of the Division of Human Resources, and the OSA is its own Division.

History of Total Appropriations by Division



Distribution of Total Funds by Division



Department Budget Overview

The Department of Personnel & Administration is comprised of seven divisions: (1) Executive Director’s Office, (2) Division of Human Resources, (3) Constitutionally Independent Entities, (4) Division of Central Services, (5) Division of Accounts and Control, (6) Administrative Courts, (7) Division of Capital Assets.

Department of Personnel & Administration Appropriations						
Fiscal Year	Total Funds	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$192,518,150	\$13,145,504	\$0	\$16,928,150	\$162,444,496	\$0
FY 2017-18	\$196,216,235	\$12,499,410	\$0	\$14,926,636	\$168,790,189	\$0
FY 2018-19	\$205,401,435	\$14,074,381	\$0	\$14,336,747	\$176,990,307	\$0
FY 2019-20	\$211,049,602	\$15,633,396	\$0	\$16,939,500	\$178,476,706	\$0
FY 2020-21	\$209,825,100	\$14,876,401	\$0	\$13,025,558	\$181,923,141	\$0

Comments: The Department’s total appropriation is inclusive of the long bill and special bill appropriations.

**Colorado Revised Statute (24-50.3-101 through 105)
State Administrative Support Services - Department of Personnel**

C.R.S. 24-50.3-101

...the department of personnel, which is responsible for the administration of the State Personnel System, will result in increased efficiency, reduced costs, increased accountability, and improvements in the provisions of services to State agencies and the public.

(1) Executive Director's Office

The Executive Director's Office oversees the Department's Administration, in addition to Statewide Special Purpose programs. These Statewide Special Purpose programs include: the Colorado State Employees Assistance Program (CSEAP), the Office of the State Architect (OSA), Test Facility Lease, Employment Security Contract Payment, and the Disability Investigational and Pilot Support Procurement.



(1) Executive Director's Office						
Fiscal Year	Total Funds	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$22,415,363	\$7,831,597	\$0	\$3,160,667	\$11,423,099	\$0
FY 2017-18	\$22,582,887	\$6,183,389	\$0	\$2,823,899	\$13,575,599	\$0
FY 2018-19	\$24,666,041	\$7,245,207	\$0	\$3,144,322	\$14,276,512	\$0
FY 2019-20	\$26,057,669	\$7,984,156	\$0	\$3,385,716	\$14,687,797	\$0
FY 2020-21	\$22,969,559	\$6,062,425	\$0	\$1,856,218	\$15,050,916	\$0

Comments: The Executive Director's Office (EDO) line is appropriated spending authority for total compensation common policies and statewide common policies. Most major fluctuations in the appropriations within the EDO lines are mainly due to the total compensation common policy and statewide common policy annual adjustments.

In FY 2016-17, the Office of the State Architect received ongoing appropriations of General Fund for a Statewide Planning program, which supports the implementation of comprehensive long-term planning for State agencies.

In FY 2017-18, JBC Staff initiated adjustments that drastically altered the Executive Director's Office appropriations.

In FY 2018-19, the Colorado State Archives was moved to the Division of Central Services.

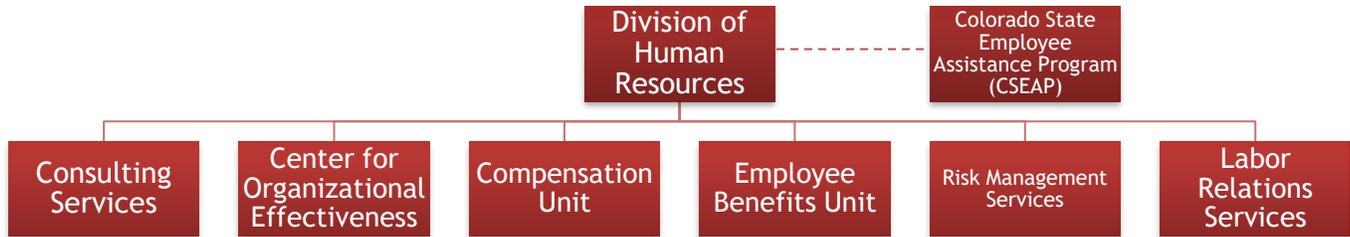
In FY 2019-20, significant increases in the current appropriation compared to FY 2018-19 include the newly added PERA Direct Distribution allocation, payments to OIT and Health, Life, and Dental adjustments.

The current appropriation reflects a significant total decrease due to measures taken to lessen the effects of the economic impact of the Coronavirus pandemic on the State budget.

Executive Director's Office Statutory Authority
<u>C.R.S. 24-50-604 (k) through 145:</u> Colorado Employee Assistance Program
<u>C.R.S. 24-30-1301 through 1311, 24-82-202, 24-92-110:</u> Office of the State Architect
<u>C.R.S. 24-30-2201 through 2211:</u> Disability Investigational and Pilot Support Procurement

(2) Division of Human Resources

The Division of Human Resources is comprised of program units for State Agency Services (SAS), Training Services (Center for Organizational Effectiveness), Labor Relations Services, Employee Benefits Services, and Risk Management Services for Liability, Property and Workers' Compensation.



*Organizationally, CSEAP functions as a part of the Division of Human Resources

(2) Division of Human Resources						
Fiscal Year	Total Funds	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$67,591,150	\$2,115,074	\$0	\$3,062,844	\$62,413,232	\$0
FY 2017-18	\$68,315,150	\$2,031,559	\$0	\$3,018,534	\$63,265,057	\$0
FY 2018-19	\$72,091,473	\$2,149,308	\$0	\$3,053,288	\$66,888,877	\$0
FY 2019-20	\$69,714,300	\$2,110,808	\$0	\$3,181,425	\$64,422,067	\$0
FY 2020-21	\$70,659,077	\$2,259,974	\$0	\$3,480,251	\$64,918,852	\$0

Comments: The major fluctuations for the Division over the past four years are mainly within the Risk Management Services line for the actuarially based claims associated with risk management and workers' compensation.

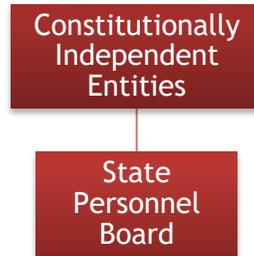
In FY 2017-18 and ongoing, the Center for Organizational Effectiveness received an additional cash funds appropriation in support of the Governor's Talent Challenge.

The current appropriation reflects an increase in funding for the newly created Labor Relations Services within the Division.

Division of Human Resources Statutory Authority
<u>C.R.S. 24-50-101 through 145:</u> Consulting Services (State Agency Services)
<u>C.R.S. 24-50-122:</u> Statewide Training & Development (Center for Organizational Effectiveness)
<u>C.R.S. 24-50-104, S.C. Article XII, Section 13:</u> Compensation Unit
<u>C.R.S. 24-50-601 through 608:</u> Employee Benefits Unit
<u>C.R.S. 24-30-1501 through 1520, 24-24-10-114:</u> Risk Management Services
<u>C.R.S. 24-50-1101 through 1117:</u> Labor Relations Services

(3) Constitutionally Independent Entities

The Constitutionally Independent Entities includes the State Personnel Board.



(3) Constitutionally Independent Entities						
Fiscal Year	Total Funds	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$547,480	\$546,302	\$0	\$0	\$1,178	\$0
FY 2017-18	\$548,780	\$548,780	\$0	\$0	\$0	\$0
FY 2018-19	\$567,323	\$567,323	\$0	\$0	\$0	\$0
FY 2019-20	\$592,705	\$592,705	\$0	\$0	\$0	\$0
FY 2020-21	\$622,370	\$622,370	\$0	\$0	\$0	\$0

Comments: There has been minimal fluctuation within appropriations over the last four years aside from a Personal Services reduction in FY 2017-18 which removed Reappropriated Funds.

Increases in appropriation year-over-year typically reflect annualization of statutory changes or baseline adjustments for common policies.

State Personnel Board Statutory Authority
<p><u>C.R.S. 24-50-103</u></p> <p>(1) The State Personnel Board...is created pursuant to the provisions of section 14 of article XII of the State constitution.</p>

(4) Division of Central Services

The Division of Central Services includes: Integrated Document Solutions (IDS), Address Confidentiality Program (ACP), and the Colorado State Archives.



(4) Division of Central Services						
Fiscal Year	Total Funds	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$78,168,674	\$143,543	\$0	\$1,553,595	\$76,471,536	\$0
FY 2017-18	\$79,503,398	\$1,159,017	\$0	\$1,553,595	\$76,790,786	\$0
FY 2018-19	\$28,217,252	\$1,443,470	\$0	\$1,394,720	\$25,379,062	\$0
FY 2019-20	\$32,181,429	\$1,471,267	\$0	\$1,368,861	\$29,341,301	\$0
FY 2020-21	\$30,577,803	\$1,462,929	\$0	\$1,380,134	\$27,734,740	\$0

Comments: In FY 2018-19, the Division of Central Services was restructured to include the Colorado State Archives and moved the Fleet Management program and Facilities Maintenance—Capitol Complex program to the newly created Division of Capital Assets.

In FY 2016-17 and ongoing, Integrated Document Solutions added a commercial print payments line with reappropriated funds.

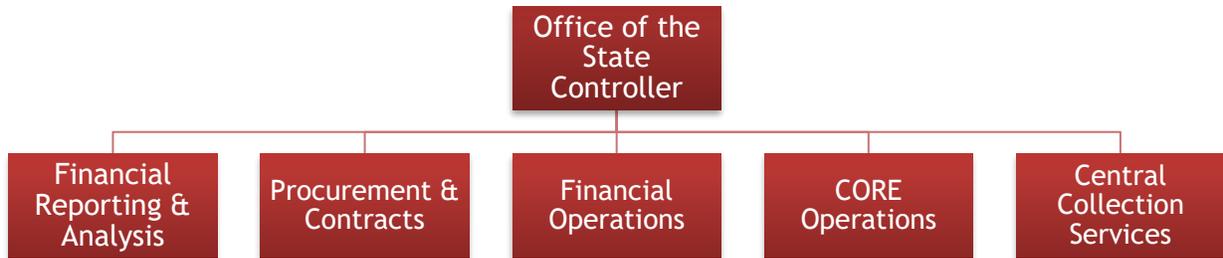
In FY 2018-19, State Archives operating expenses increased significantly with the continued implementation of Legislative Audio Digitization Projects, investments in technology and commencing the migration to digital storage.

The Department had prepared for substantial increases in postage-related costs that did not come to fruition. As a result, a reduction in postage spending authority was included in the FY 2020-21 appropriations.

Division of Central Services Statutory Authority
<u>C.R.S. 24-30-1101 through 1111</u> : Integrated Document Solutions
<u>C.R.S. 24-30-2101</u> : Address Confidentiality Program
<u>C.R.S. 24-80-101 through 114</u> : Colorado State Archives

(5) Division of Accounts and Control

The Division of Accounts and Control encompasses the Office of the State Controller and the Financial Reporting & Analysis Unit, Procurement and Contracts, Financial Operations, CORE Operations, and Central Collection Services.



(5) Division of Accounts and Control						
Fiscal Year	Total Funds	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$19,765,159	\$2,508,988	\$0	\$9,043,950	\$8,212,221	\$0
FY 2017-18	\$21,073,709	\$2,568,565	\$0	\$7,424,692	\$11,080,452	\$0
FY 2018-19	\$19,914,469	\$2,669,073	\$0	\$5,961,094	\$11,284,302	\$0
FY 2019-20	\$20,877,967	\$3,471,670	\$0	\$8,554,458	\$8,851,839	\$0
FY 2020-21	\$20,230,940	\$3,641,757	\$0	\$6,670,072	\$9,919,111	\$0

Comments: The major fluctuations over the last four years within the Division are mainly driven by the implementation of CORE in FY 2015-16 and the ongoing Payments for CORE and Support Modules lines from cash and reappropriated funds.

The current appropriation reflects an adjustment from FY 2019-20 funding for the refinance and restructure of the Central Collection Services program.

Division of Accounts and Control Statutory Authority
<u>C.R.S. 24-30-201 through 207:</u> Financial Operations and Reporting
<u>C.R.S. 24-101-101 through 24-112-101:</u> Procurement and Contracts
<u>C.R.S. 24-30-201 through 207:</u> Central Collection Services
<u>C.R.S. 24-30-209:</u> CORE Operations

(6) Administrative Courts

Administrative Courts includes the Office of Administrative Courts.



(6) Administrative Courts						
Fiscal Year	Total Funds	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$4,030,324	\$0	\$0	\$105,916	\$3,924,408	\$0
FY 2017-18	\$4,192,311	\$8,100	\$0	\$105,916	\$4,078,295	\$0
FY 2018-19	\$4,176,778	\$0	\$0	\$109,633	\$4,067,145	\$0
FY 2019-20	\$4,389,117	\$0	\$0	\$109,633	\$4,279,484	\$0
FY 2020-21	\$4,579,715	\$0	\$0	\$114,382	\$4,465,333	\$0

Comments: In FY 2017-18, the OAC received a one-time General Fund appropriation to improve Medicaid client correspondence.

The major fluctuations over the last four years are related to caseloads, special bills, and increased travel associated with caseload throughout the State.

Colorado Revised Statute (24-30-1001 through 1003) Division of Administrative Hearings Statutory Authority
<u>C.R.S. 24-30-1001</u>
(1)... herby created the office of administrative courts in the department of personnel...the office of administrative courts shall exercise its powers and duties, and functions as a type 2 agency.

(7) Division of Capital Assets

The Division of Capital Assets Includes: Facilities Maintenance—Capitol Complex (CCLS) and Fleet Management Program and Motor Pool Services (SFM).



(7) Division of Capital Assets						
Fiscal Year	Total Funds	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17	\$0	\$0	\$0	\$0	\$0	\$0
FY 2017-18	\$0	\$0	\$0	\$0	\$0	\$0
FY 2018-19	\$55,768,099	\$0	\$0	\$673,690	\$55,094,409	\$0
FY 2019-20	\$57,233,625	\$0	\$0	\$339,407	\$56,894,218	\$0
FY 2020-21	\$59,891,212	\$0	\$0	\$371,595	\$59,519,617	\$0

Comments: The Division of Capital Assets was created during a restructure within the Department in FY 2018-19, which moved the Fleet Management program and Facilities Maintenance program from the Division of Central Services to the Division of Capital Assets.

In FY 2018-19, Capitol Complex received cash funds spending authority to complete Capitol Complex Security Upgrades to the buildings within the complex.

Both FY 2019-20 and the current appropriation reflect an increase in funding related to energy efficiency goals within State buildings and State Fleet Management.

Division of Capital Assets Statutory Authority
<u>C.R.S. 24-1-136.5; 24-82-101 through 103; 24-30-1303; 18-9-117</u> : Capitol Complex Facilities
<u>C.R.S. 24-30-1101 through 1108; 24-30-1112 through 1117</u> : Fleet Management Program and Motor Pool Services

Capital Construction Funds and Projects

Departmental capital expenditures vary each year based on the controlled maintenance and restoration of all State properties within the Capitol Complex, as well as IT projects for the Department. A review of capital expenditures for the Department from FY 2015-16 through current appropriation are outlined below.

The Department used *controlled maintenance* appropriations to complete various controlled maintenance projects for all State properties within Capitol Complex, including some of the State’s facilities in Camp George West, Lakewood, and Grand Junction.

The Department used *capital renewal and recapitalization* funding to complete historical property rehabilitation and restoration of the Capitol Building and Governor’s Residence.

The Department of Personnel & Administration’s Fleet Management Program received \$1,605,610 in cash funds spending authority through IT Project funding to replace the Colorado Automotive Reporting System (CARS) during the FY 2019-20 Budget Cycle.

The Department did not receive *capital expansion* funding for the construction for new buildings and facilities in the last five years.

Department of Personnel & Administration Capital Expenditures					
Fiscal Year	Total Funds	Controlled Maintenance	Capital Renewal & Recapitalization	Capital Expansion	IT Projects
FY 2016-17	\$11,099,248	\$2,990,000	\$8,109,248	\$0	\$0
FY 2017-18	\$11,484,010	\$5,414,957	\$6,069,053	\$0	\$0
FY 2018-19	\$3,150,000	\$2,000,000	\$1,150,000	\$0	\$0
FY 2019-20	\$8,900,933	\$5,295,323	\$2,000,000	\$0	\$1,605,610
FY 2020-21	\$2,043,768	\$2,043,768	\$0	\$0	\$0

The current appropriation reflects only Emergency Controlled Maintenance. Many capital projects were put on hold due to the economic effects of the Coronavirus pandemic in FY 2019-20 and FY 2020-21.

Ongoing Debt Obligations

The Department has ongoing obligations for each program related to the purchase of assets. These relatively high-dollar assets are used to assist in providing adequate services to clients, with some cost recovered through depreciation. Non-appropriated funding is utilized to pay for certificate of participation (COP) obligations for the Merrick Parking Structure, although these debt obligations were not outlined extensively in this analysis. There are, however, a few ongoing obligations that impact the Department to a greater degree which are outlined below:

CORE Operations

House Bill 12-1335 allowed the State to enter into a ten-year financing arrangement to pay for the development and implementation of the CORE system. In FY 2015-16, the transfer of operations of the CORE system moved from the Office of Information Technology to the Department, as the business owners and owner of the common policy. The Department took over payments for the lease-purchase of the CORE system beginning in FY 2016-17, and these payments are due to conclude in FY 2021-22. Payments for CORE and Support Modules are expected to continue beyond the lease-purchase term and may increase due to necessary maintenance and upgrades required to ensure optimal functionality of CORE.

Energy Performance Contracts

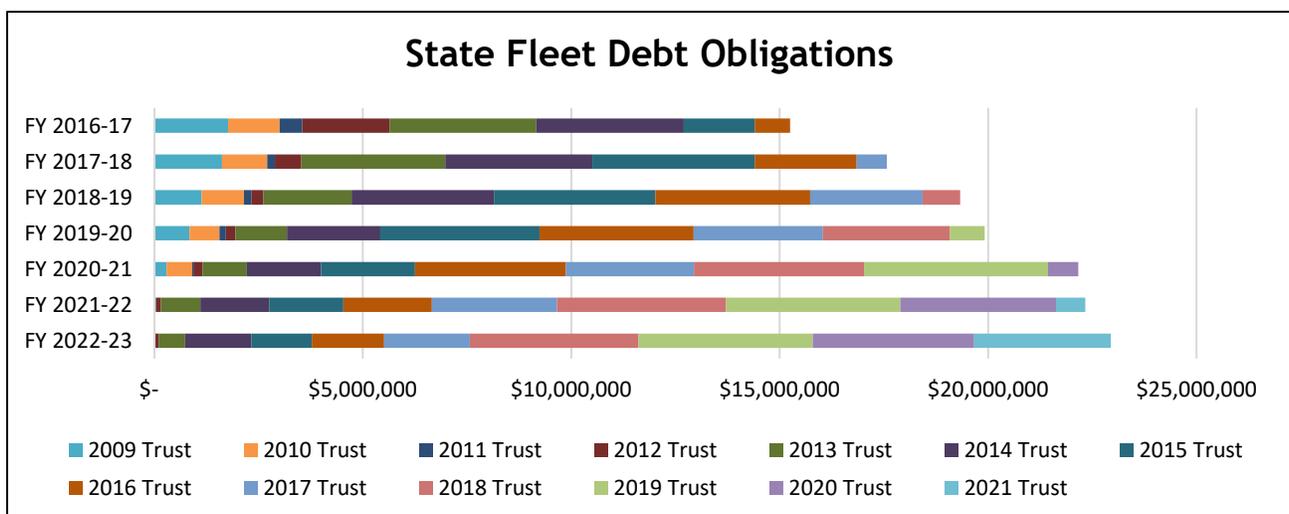
The Department uses several energy performance contracts (EPC) which provide an alternative funding source for the Department to repair and/or upgrade facilities. EPC projects improve facility energy and water efficiency, thus reducing utility usage and resulting in avoided future utility costs. The savings from the avoided future costs are the source of funds necessary over the life of the lease-purchase finance agreement within an energy performance contract.

Document Solutions Group Facility

The Department has an agreement for the lease-purchase of the Document Solutions Group facility located in Pueblo, Colorado. In FY 2009-10, the Department entered into an agreement for the lease-purchase of the facility and these payments are due to conclude in FY 2026-27.

State Fleet Management

The State Fleet Management program is responsible for the payments for all vehicles in the State's fleet. The appropriation for this line item is impacted each budget cycle by the annual Statewide Fleet Replacement Decision Item. The final annual appropriation is dependent upon the JBC action on this annual request. Vehicle purchases are held in a trust, with costs based on the initial year of purchase and the predicted payoff amount over the course of a ten year average. The trusts are updated annually to reflect the actual assessment of the amount owed on vehicles.



Section 4 - Financial Forecast

Baseline Forecast

Consistent with the previous four years' overall Departmental average experience, the baseline forecast for the Department includes an annual year-over-year increase of approximately three percent for cash funds, and four and one-half percent for reappropriated funds.

Fiscal Year	General Fund	General Fund Exempt	Cash Funds	Reappropriated Funds	Federal Funds	Total Funds
FY 2020-21	\$14,049,455	\$0	\$13,872,652	\$181,613,069	\$0	\$209,535,176
FY 2021-22	\$14,049,455	\$0	\$14,288,832	\$189,785,657	\$0	\$218,123,944
FY 2022-23	\$14,049,455	\$0	\$14,717,497	\$198,326,012	\$0	\$227,092,964
FY 2023-23	\$14,049,455	\$0	\$15,159,021	\$207,250,682	\$0	\$236,459,158
FY 2024-25	\$14,049,455	\$0	\$15,613,792	\$215,576,963	\$0	\$246,240,210

Department Forecasting

Although the baseline forecast for FY 2020-21 and ongoing includes a three percent year-over-year increase, this rate is susceptible to changes, as past performance does not dictate future needs of the Department. The forecast projections are based on the FY 2020-21 total appropriation, holding General Fund flat, Cash Funds and Federal Funds increased by three percent year-over-year, and finally Reappropriated Funds increased by four and one-half percent year-over-year. The total three percent cash fund increase reflects two percent for inflation and one percent for population growth, while the four and one-half percent reappropriated funds increase accounts for actuarial projections related to risk management as well as liability, workers' compensation, and property claims.

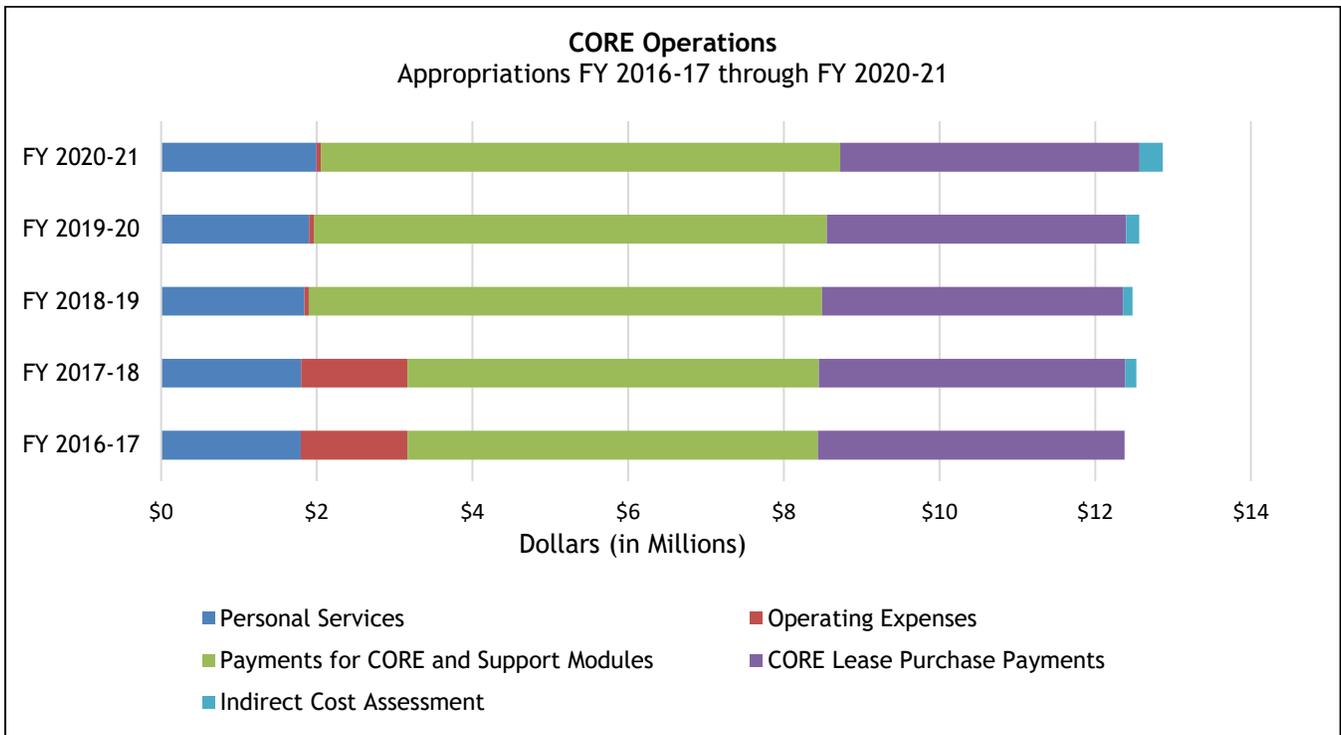
As the Department is primarily funded through reappropriated funds from other agencies, changes in the baseline forecast can occur in direct response to adjustments in its customers' funding. The Department expects adjustments to the baseline will be impacted by agency budget drivers, anticipated major expenses, common policy allocations, and requirements for Divisions and programs to meet the needs and changes in services for State agencies and employees. The details of these can be found in the following pages.

Program Budget Drivers

The Department’s budget is impacted by all programs within each division, with several programs experiencing significant changes in appropriations over the last five years. The programs that have seen drastic shifts in appropriations that impact the Department’s budget to a greater degree include: CORE Operations, Risk Management Services Program, Integrated Document Solutions, and Facilities Maintenance—Capitol Complex, and State Fleet Management.

CORE Operations

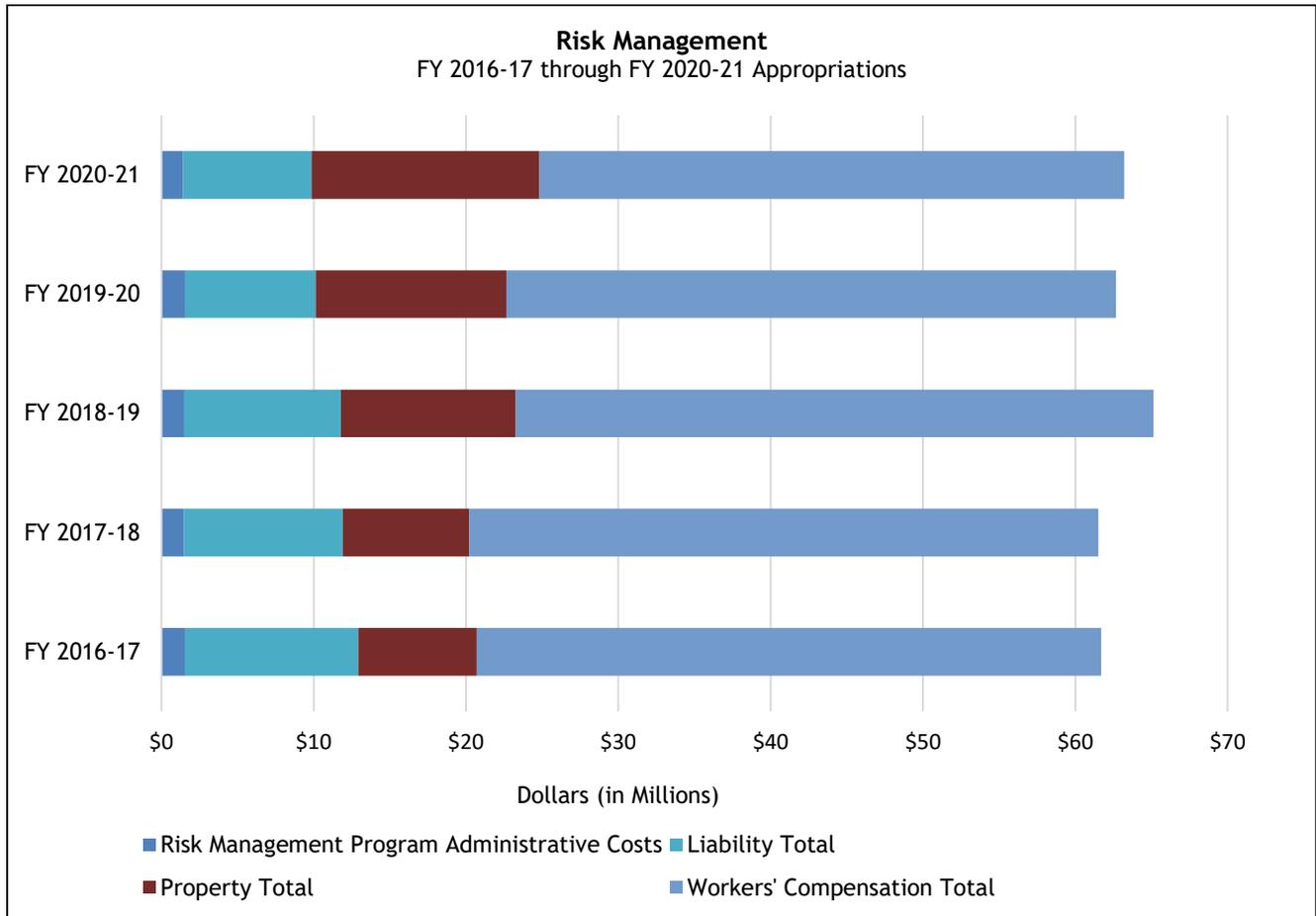
Within the Division of Accounts and Control, CORE Operations, manages the unified State financial and accounting system known as the Colorado Operations Resource Engine, or CORE. In July 2014, the State of Colorado transitioned its financial, procurement, and budget functions from the Colorado Financial Reporting System (COFRS) and other legacy systems to the CORE. In FY 2015-16 when the transfer of operations of the CORE system moved from the Office of Information Technology to the Department, any lease-purchase payments located in the capital budget for the development of CORE were moved to the operating budget. Funds in this common policy line item are supported by user fees from all State agencies and encompass each participating department’s share of the ongoing costs of operating the CORE system, which include Payments for CORE and Support Modules and CORE Lease Purchase Payments.



Comments: Beginning in FY 2018-19 CORE Operations appropriated operating expenses line was reduced, while the Payments for CORE and Support Modules line increased. The CORE Lease Purchase Payments are due to conclude in FY 2022. Payments for CORE and Support Modules are expected to continue beyond the lease-purchase term and may increase due to necessary maintenance and upgrades required to ensure optimal functionality of CORE.

Risk Management Services Program

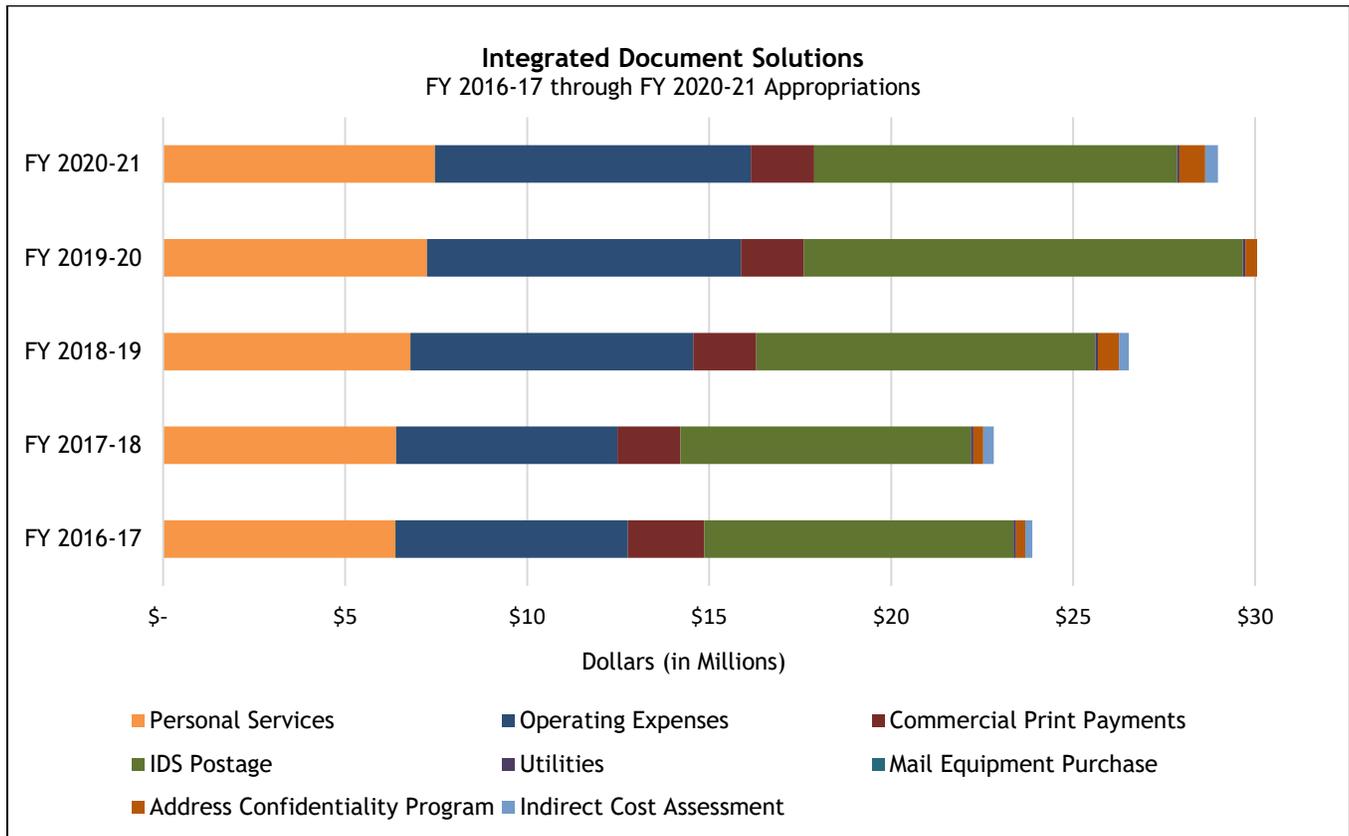
Within the Division of Human Resources, the Risk Management Services Program protects the State's human resource and property assets through the administration of liability, property, workers' compensation and loss control programs. Services include, but are not limited to, accident investigation, legal defense, safety training, hazard mitigation, building inspections, contract review, insurance procurement, property valuation, risk financing, claim evaluation, seminar presentation, workers' compensation medical management, statistical analysis, data collection, and premium assessment. The *Liability Program* is used to pay liability claims and expenses brought against the State. The *Property Program* pays for commercial insurance and associated deductibles to cover State properties and assets. The *Workers' Compensation Program* is used to pay workers' compensation benefits to State employees.



Comments: The program's administrative costs remain relatively unchanged, while property, liability, and workers' compensation appropriations vary based on actuarially determined usage on an annual basis. The Department expects the appropriations to continue to vary based on actuarially determined costs.

Integrated Document Solutions

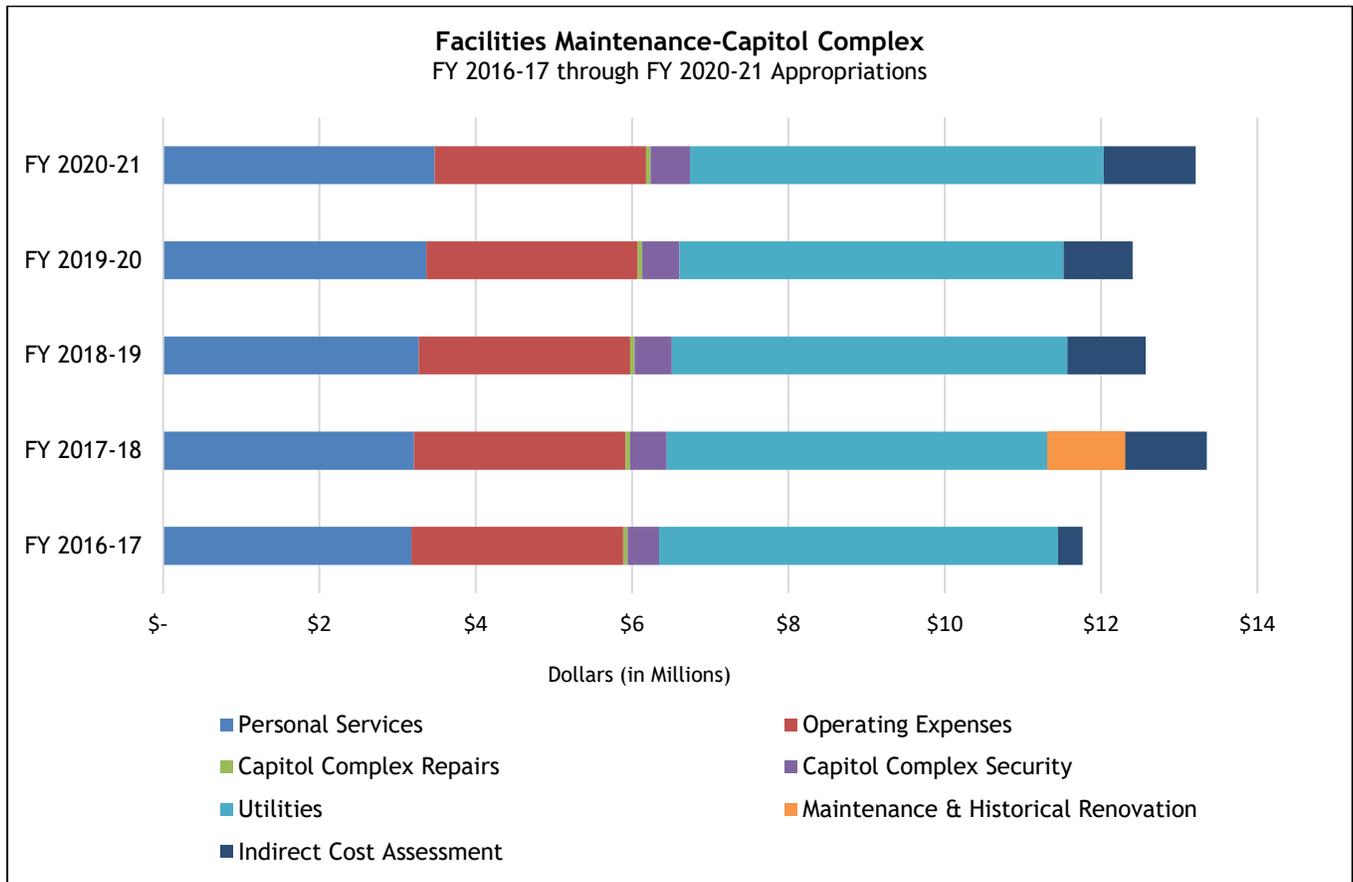
Within the Division of Central Services, the Integrated Document Solutions Group provides document and data-related support services, including print and design, mail operations, digital imaging, data entry, and manual forms and document processing.



Comments: Commercial Print Payments line was added in FY 2016-17, while the mail equipment purchase line item was removed in the same year.

Facilities Maintenance—Capitol Complex

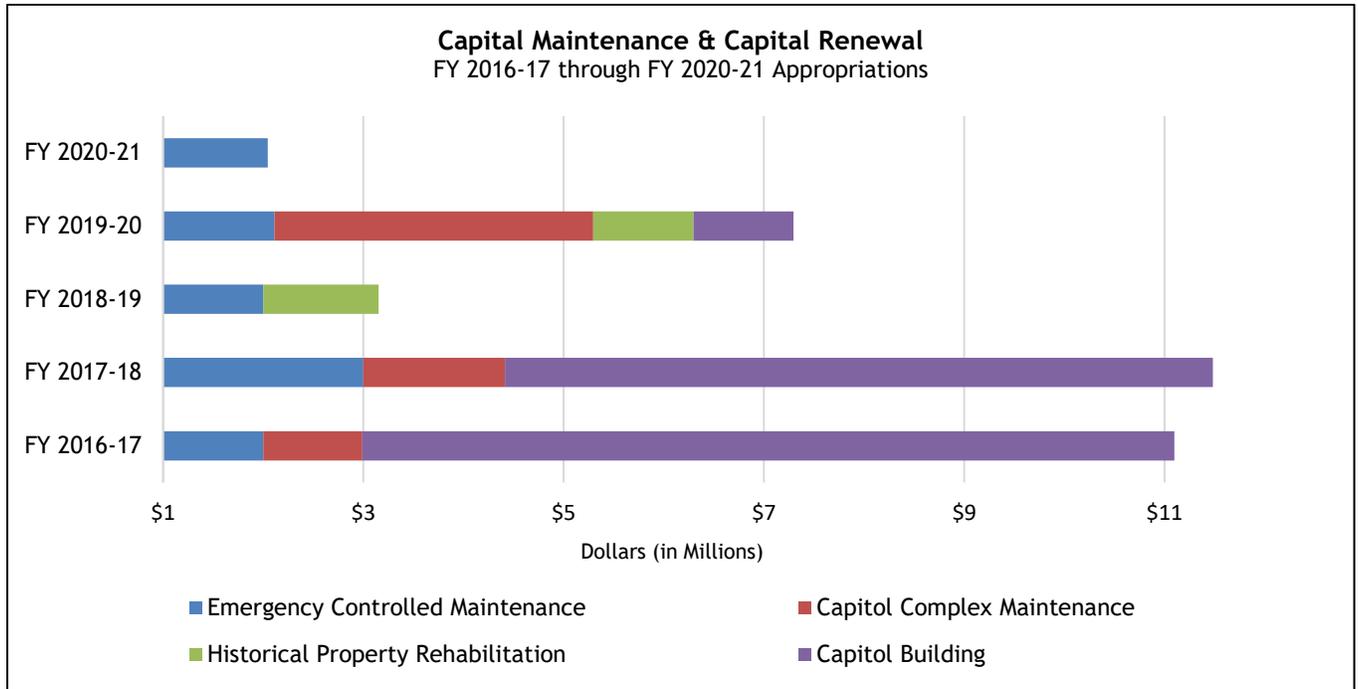
Within the Division of Capital Assets the Facilities Maintenance—Capitol Complex is responsible for the management of 17 State buildings, including the State Capitol building, the Governor’s Residence, State Services Building, Human Services Building, the Legislative Services Building, and other State-owned office facilities. The Department is required by statute to recover the costs associated with operating and maintaining the buildings within the Capitol Complex. Allocations are determined by aggregating the costs associated with maintaining the program to an allocable pool, then splitting it among all user agencies based upon the amount of space occupied, (\$/sq. ft.). Appendix A provides full list of locations, agency tenants, and square footage.



Comments: Facilities Maintenance-Capitol Complex received a one-time appropriation for Historical Renovations in FY 2017-18. The Department expects the program to complete additional ongoing maintenance projects in the future.

Capital Maintenance & Capital Renewal

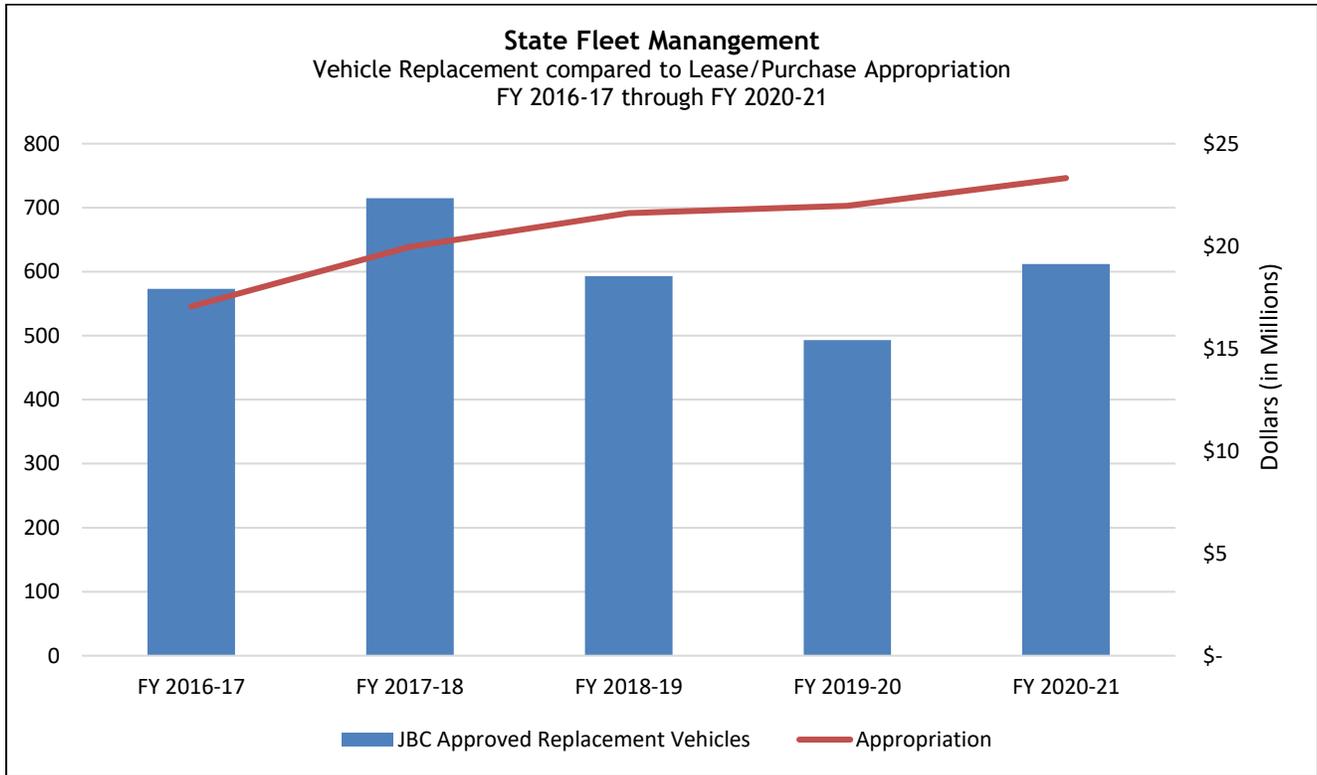
The Department utilizes several mechanisms to complete capital projects and rehabilitation of property owned by the State within the Capitol Complex. *Emergency controlled maintenance* is used when a building or infrastructure emergency arises that poses a threat to public health, welfare, or safety and the expense is anticipated to be over \$5,000. *Capitol complex maintenance* projects restore or replace electrical, elevator, plumbing, lighting, HVAC, grounds maintenance, and general maintenance/repair issues. *Historical property rehabilitation* includes projects related to historic sites, such as the Capitol Building and Governor’s Residence.



Comments: In FY 2020-21, the Department was appropriated only for Emergency Controlled Maintenance. Many capital projects were put on hold due to the economic effects of the Coronavirus pandemic.

State Fleet Management

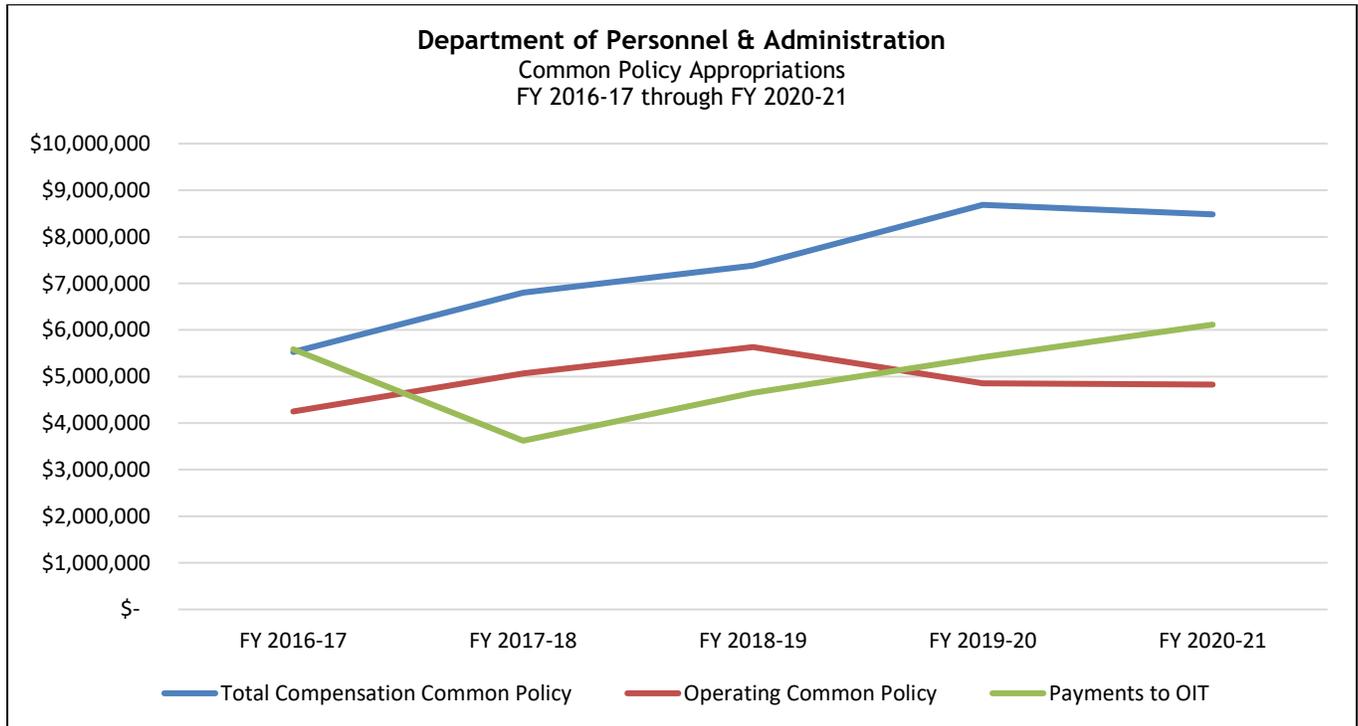
The Division of Capital Assets administers the State Fleet Management program, which purchases State Fleet vehicles, manages maintenance and repairs, manages the fleet, auctions older vehicles, and manages the State Motor Pool. While the average number of vehicles replaced annually is 600, vehicle replacement lease purchase costs have increased. The Department expects an increase in alternative fuel vehicle (AFV) purchases in the future as more options become available. Additionally, each agency utilizes vehicles for specific functionality, which may add to the potential costs of vehicles; for example, State Patrol requires additional safety features.



Comments: The number of vehicles being replaced has remained relatively constant year over year.

Common Policy Budget Drivers

The allocation of common policies to the Department impacts the costs associated with overhead costs for services provided. There are two categories of common policies: *statewide total compensation common policies* associated with salaries, PERA, short-term disability, and health, life, and dental, etc., and *operating statewide common policies* for services that are centrally provided by the Department of Personnel & Administration, the Department of Law, and the Governor’s Office of Information Technology. Like other agencies, the Department is required to pay into common policies.



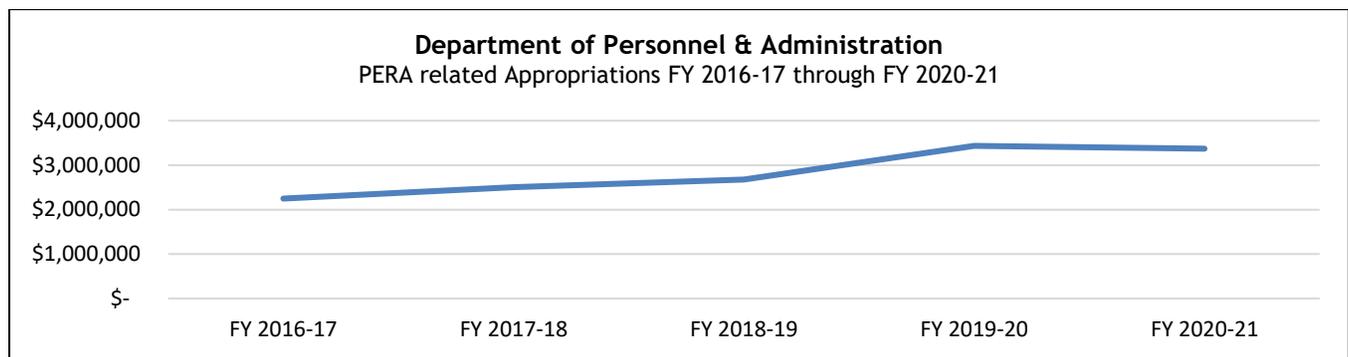
Comments: While the Department manages several common policies, it is also a customer of those same common policies and is impacted by the growth in common policy expense.

Total Compensation Common Policy Budget Drivers

Total compensation common policies include salary survey, merit pay, shift differential, amortization equalization disbursement (AED), supplemental amortization equalization disbursement (SAED), PERA Direct Distribution, short-term disability, and health, life, and dental. Of the entire statewide total compensation common policies the few that drive the Department’s budget to a larger degree and are outlined below.

PERA related contributions

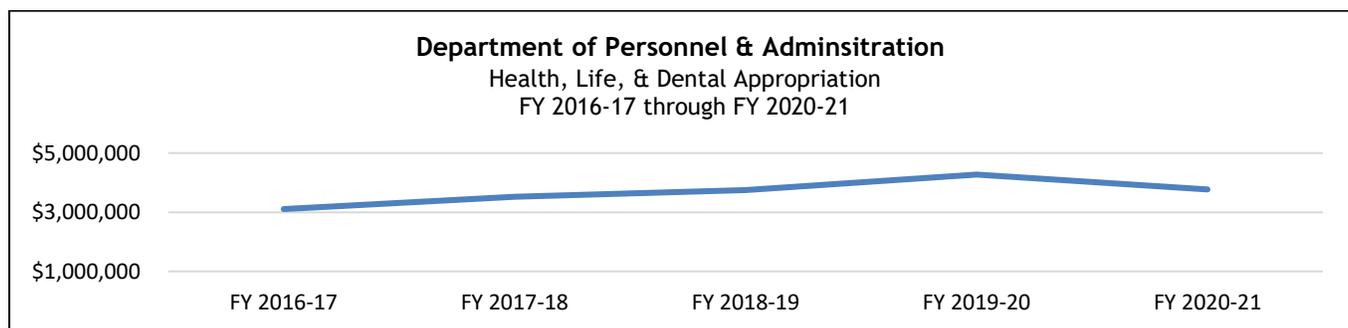
Public Employees’ Retirement Association’s (PERA) related contributions include three appropriation categories, the amortization equalization disbursement (AED) created in *Senate Bill 04-257*, the supplemental amortization equalization (SAED), created in *Senate Bill 06-235*, and the PERA Direct Distribution, created in *Senate Bill 18-200*, all with the intent to provide State funding contributions to assist in the unfunded liability for PERA.



Comments: The Department’s overall appropriation for PERA related contributions (AED, SAED, PERA Direct Distribution) have climbed year-over-year. An automatic adjustment was needed in July 2020, with an employee and employer contribution increase of 0.50 percent in addition to the annual PERA Direct Distribution.

Health, Life, & Dental

Each department’s Health, Life, and Dental (HLD) appropriation is designed to cover the State’s premium contribution for each employee’s HLD insurance election. The State offers four categories of coverage for medical and dental insurance: Employee Only, Employee plus Children, Employee plus Spouse, and Family. The Department’s employer share is appropriated based on the employee’s benefit selections.



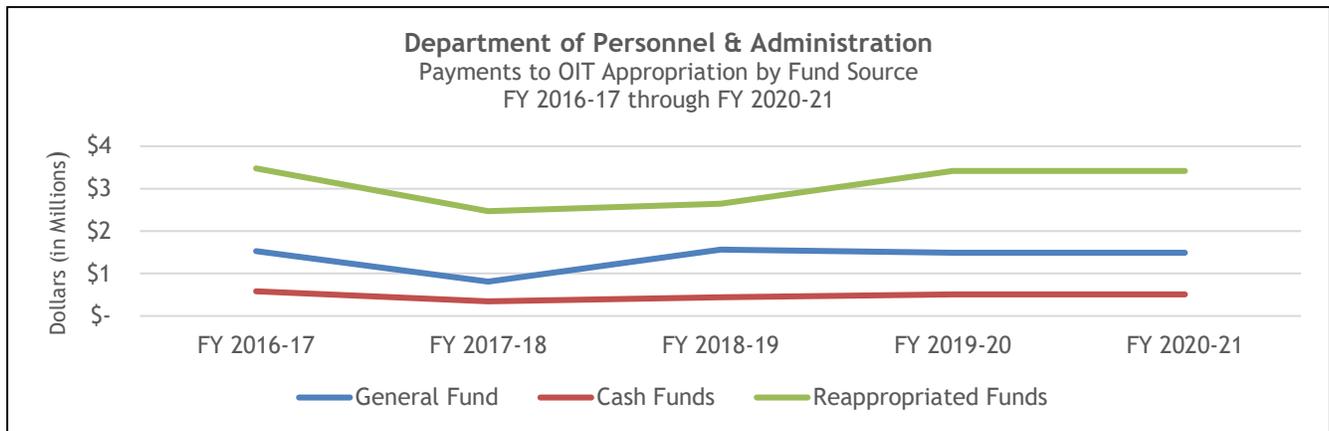
Comments: While generally performing better than the market, employer contribution costs related to the State’s Health, Life, and Dental (HLD) benefits have increased over time.

Operating Common Policy Budget Drivers

The Department administers, and participates in, all statewide operating common policies; those that impact the Department's budget to a substantial degree are outlined below.

Payments to OIT

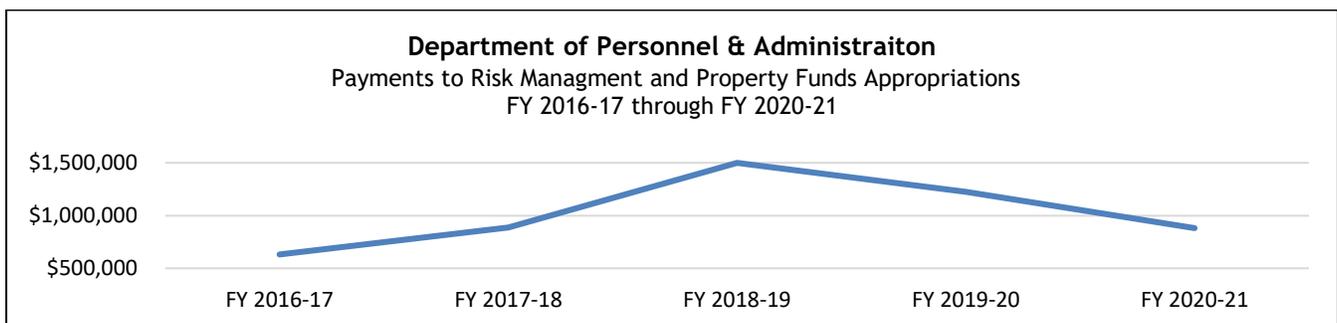
Payments to OIT fluctuate based on the Department's utilization of the State's Data Center, high-speed broadband access, overhead related to the State's public safety communications infrastructure and cyber security awareness, monitoring and defense, and IT projects.



Comments: The Department expects changes in the Payments to OIT appropriations for services provided in relation to major IT projects in the future.

Payments to Risk Management and Property Funds

The State's Risk Management Program provides insurance coverage to departments and State agencies for workers' compensation, property, and liability insurance. The State is self-insured for workers' compensation and liability and purchases property insurance from a commercial insurer. As all other State agencies, the Department has appropriations and allocations for risk management coverage which are calculated using actuarially-determined prospective claims losses with the exception to the larger higher education institutions that administer their own risk management program.



Comments: Following the passage of *Senate Bill 17-175*, the Department has the authority to transfer money between self-insurance funds to pay for continuously appropriated premiums. In FY 2018-19, the General Assembly approved common policy adjustments to the Property fund to cover the deductible costs associated with freeze, hail, and fire damages to State property.

Scenario Evaluation: Downturn

Current Economic Downturn

The Department is currently experiencing an economic downturn due to the Coronavirus pandemic, which began at the start of the calendar year 2020. Although the economic effects of the downturn are in part due to the coinciding health crisis, there are a few areas within the Department that were especially affected economically:

Office of the State Architect

The Office of the State Architect (OSA) is responsible, along with the Division of Capital Assets, for planning and executing the planning and construction of alternate care sites and surge hospitals that were needed in order to effectively respond to the escalating health crisis. The economic downturn created a shift in priorities to utilize current manpower within the OSA to respond to the planning and construction needs of the State during this downturn instead of priorities such as real estate transactions.

Capital Construction

The Department relies on annual appropriations within the capital budget to complete controlled maintenance, capital renewal and recapitalization, capital expansion, and information technology projects. In FY 2019-20, the Department saw appropriations in each of these categories. In FY 2020-21 in response to across-the-board budget cuts in response to the economic downturn, the Department looks to focus solely on emergency controlled maintenance and put other long-term construction projects on hold.

Center for Organizational Effectiveness

Approximately 60% to 80% of the annual revenue for the Center for Organizational Effectiveness is earned through in-person training during the 2nd half of the fiscal year, since this is when most state agencies have a better understanding of their available operating budgets and are willing to contract with the COE for annual training. The 2nd half of FY 2019-20 was particularly troublesome for the COE due to the economic crisis caused by the Coronavirus pandemic. State agencies that under normal circumstances would have had funds to spend on in-person training programs were now seeing their employees begin to work from home on a day-to-day basis, and were being asked to limit spending and propose cuts to their budgets. This change in demand has caused a severe drop in revenue, and made it evident the program is particularly sensitive to economic trends.

Integrated Document Solutions

Integrated Document Solutions is experiencing substantial decrease in volumes due to the current economic downturn and the associated tightening of operating budgets. As Departments are looking at ways to keep spending at a minimum, the program is seeing less orders for print and other document needs.

Office of the State Controller

The Office of the State Controller administers the State's procurement/commercial card (P-Card) program, which generates a rebate based upon the statewide total spend processed through the P-Card in a given year. This rebate revenue is then used to offset the General Fund need in the State Procurement and Contracts Office and the Office of the State Controller via cash funds appropriations in lieu of General Fund appropriations in DPA's Long Bill in the same year that the rebates are earned. As statewide spend has constricted in the last year and is projected to continue along this trajectory, the Department estimates that it may need to refinance some of its appropriations that have been historically funded with rebates back to its original source of funds – General Fund.

State Fleet Management and Motor Pool Services

With a larger portion of the State workforce working from home, considerably more than anticipated, the usage of the State Fleet has decreased and demand for Motor Pool Services has been greatly reduced. A large number of State Fleet vehicles have been ordered, but not yet received. Manufacturer delays in the supply chain have led to the inability to deliver all of the vehicles that have been ordered as projected, thus increasing cost strain on current State Fleet vehicles.

Future Economic Downturn

As the Department receives a majority of its funding through reappropriated funds for the services provided in support of other State agencies, the Department may not directly be impacted significantly during times of economic downturn, but may have significant secondary impacts. During times of economic hardship within the state, the Department sees changes in processes to provide adequate services to State agencies, in addition to a change in demand for services if customers' budgets are impacted by the downturn. Depending upon the degree of the economic downturn, several programs may be impacted to a larger degree, which are outlined below.

State Fleet Management

State Fleet Management program manages all aspects of vehicles for State agencies. An economic downturn may result in decreasing the number of vehicles being replaced. This could impact the residual value the State receives for selling off vehicles at auction and increased maintenance costs.

Human Resources

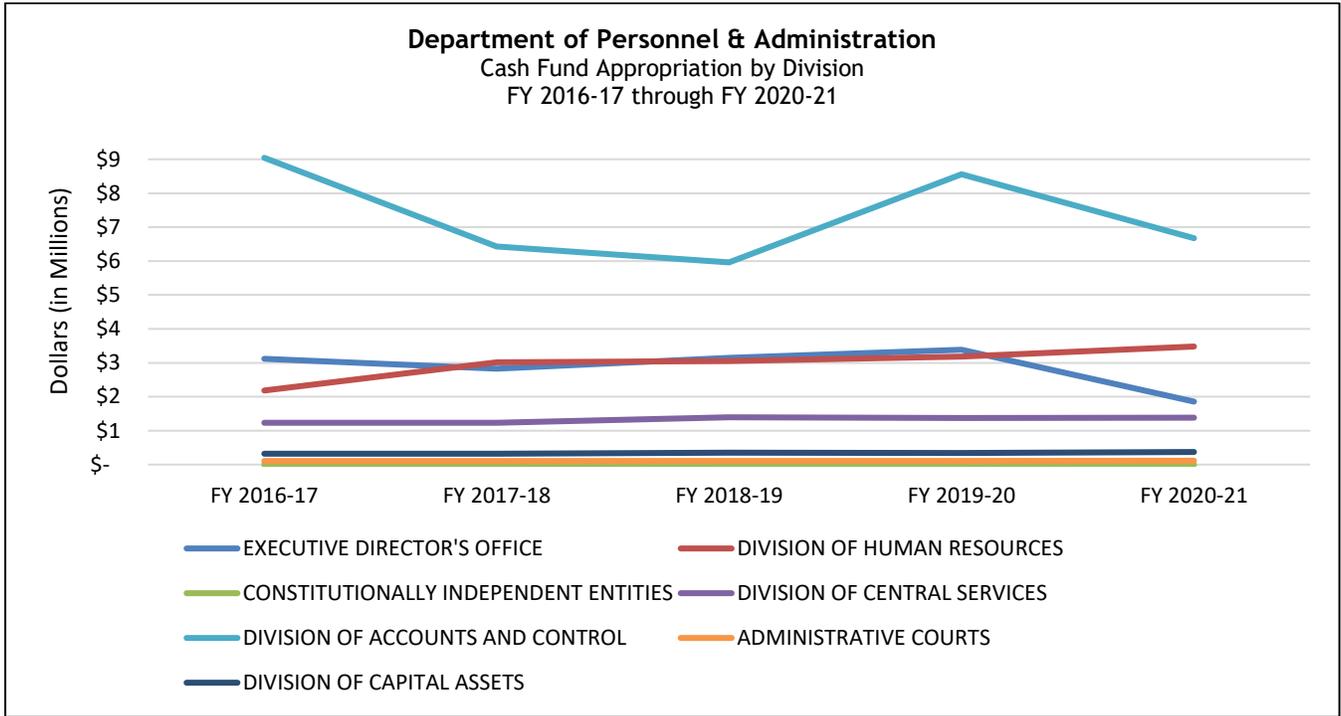
To the degree that an economic downturn triggers unemployment risks and layoffs, the Department would expect to see potential increased payouts for State employees. The Division of Human Resources (DHR), the State Personnel Board (SPB), and the Colorado State Employee Assistance Program (CSEAP) may see increased workloads related to employment issues. In addition, the Center for Organizational Effectiveness (COE) may experience a shift in training services demands from State agencies, as agencies may need to redirect training resources to other uses.

Facilities Maintenance—Capitol Complex

To the extent that the economic downturn impacts State agencies that occupy space in the Capitol Complex, the program may see increased vacancies, resulting in a redistribution of costs to the associated cost pool.

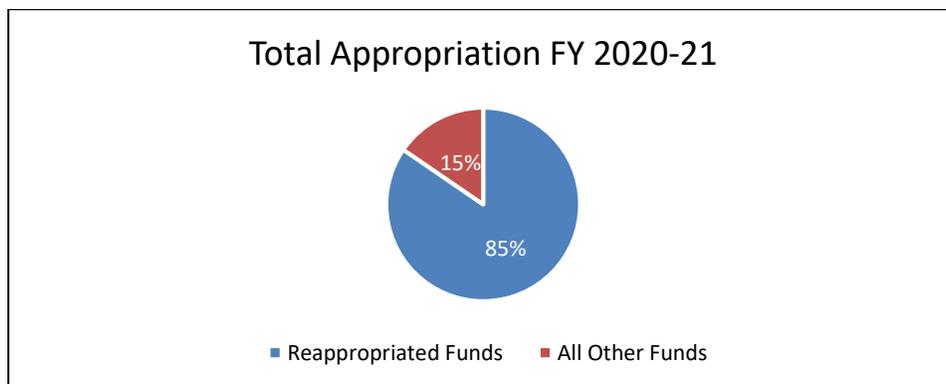
Cash Fund Sensitivity

Cash funds make up about six percent of the Department’s overall budget in FY 2020-21. The Division of Accounts and Control has programs that have the largest source of cash funds appropriations received through revenues from the procurement card program, reimbursements from the National Association of State Procurement Officers Cooperative (NASPO), and CORE Operations Statewide Financial Information Technology Systems to assist in paying for CORE and Support Modules. Cash funds spending authority for these programs is limited by the amount of revenue available. If revenues are reduced significantly to the degree that the Department is unable to achieve performance goals, it may be required to request a General Fund backfill to offset costs for the programs and determine methods to restructure programs for services provided.



Anticipated Changes

Should an economic downturn take place, the Department expects State revenues to decline. As the Department is mainly funded through reappropriated funds from other agencies, the Department anticipates fluctuations in funding which may result in alterations to program specific services provided to State agencies.



Scenario Evaluation: Department-Specific Contingency

The Department is a customer service agency. To the extent that small changes occur, the Department will be able to endure these changes with minimal impact. However, if these small changes result in compounding effects overtime, this may result in significant impacts to the Department. While all programs may be impacted by specific contingencies through potential changes in legislation and regulatory policies, there are a few potential future contingencies that may have a major impact on the Department's ability to meet performance goals.

Division of Central Services

Within the Division of Central Services, the Integrated Document Solutions (IDS) provides document and data-related support services. IDS mails correspondence on behalf of the largest customer, Colorado Benefits Management System (CBMS), which is the State's system used to determine public benefits eligibility. As the Federal government dictates the frequency and types of correspondence required, major changes to the mailing requirements will impact print volumes and require IDS to adapt.

Document Solutions Group

The Document Solutions Group (DSG) within Integrated Document Solutions is impacted by Federal and State tax law changes. The degree of impact to the program will be based on the scope and degree of tax law change. As new tax legislation is implemented, there are increases to tax forms as well as the volume of images scanned by the DSG.

State Fleet Management

Within the Division of Capital Assets, State Fleet Management (SFM) is designed to manage all aspects of a vehicle's life from the time of acquisition through disposal. The program facilitates all maintenance, repairs, fuel expense, and accident repairs and maintains a robust database with detailed history for each vehicle. Pursuant to C.R.S. Section 24-30-1104.2, SFM is required to evaluate and procure alternative fuel vehicle (AFV) options that are within 10.0 percent of the standard petroleum vehicle's lifetime cost and to purchase fuel efficient vehicles. Any alteration in the requirements for vehicle purchasing options will involve the program reassessing methods for replacement of vehicles, which may result in not replacing vehicles in a timely manner, which in turn increases vehicle maintenance costs and decreases the residual value during vehicle disposal sales.

Division of Human Resources

Currently, the State offers its employees pay, benefits, and leave as required by Federal and State law, which are generally consistent with prevailing practices. Any changes in requirements for State employee wage compensation, benefits, or leave offerings, dependent upon the scope and degree of the change, may impact the Department.

Facilities Maintenance—Capitol Complex

Capitol Complex allocates costs based on the square footage of space occupied by each agency. Increased vacancy rates within Capitol Complex may result in an increased rate per square foot, or direct allocation to the General Fund.

Economic Trends

There are market conditions outside of the Department's control that may impact the Department's revenues and expenditures, as the Department experiences pressure, and in certain cases, is required to remain competitive with private markets for several services provided.

Costs of Goods/Products

The costs associated with goods and products fluctuate based on supply and demand within the marketplace. Several uncontrolled markets drive items that are essential to the operation of the Department. The cost of fuel is necessary for the operation of motor vehicles; utility costs (gas, electric, etc.) drive expenses for the buildings within Capitol Complex; and paper and postage markets impact IDS rates through the supply chain.

Construction Trends

The Office of the State Architect is statutorily responsible for the administration of State funded planning, construction, energy conservation and real estate transactions at State agencies and institutions of higher education. The program is responsible for the Statewide Planning Program which assists in developing a master plan for each State agency which is crucial to the long-range planning of their facility needs. The Facilities Maintenance – Capitol Complex program works in accordance with the Office of the State Architect and the Capitol Complex Master Plan to complete routine and emergency maintenance for all Capitol Complex Buildings. Costs associated with construction are variable with the market. Completion of the plan is expected to require additional resources.

Employment Trends

In times of low unemployment, private industry employers are offering more robust total compensation, through diverse benefits, incentives, and investments in employees to attract and retain talent. The State's philosophy is to provide prevailing compensation relative to the market. As private sector compensation grows, additional resources may be required to remain competitive with the market.

Salary

As most public sector organizations, the State does not offer short-term incentives or bonuses like that of the public sector as an addition to compensation to employees. To remain competitive with the market, the State uses two primary tools that provides salary adjustments to the State's work force en masse, *across-the board (ATB)* adjustments and *merit* adjustments, both approaches are leveraged in the public and private sectors to address annual salary adjustments. Any changes to the pay structure in the State to further align with the private sector may result in rising personnel expenses across Departments.

Health Benefits

The Department administers health insurance plans for the State, as an employer. Regardless of the plan, the State contribution is a function of prevailing market practices with premiums shared by the employer and employee. The employee and employer contributions are collected and managed in the Group Benefits Plan Reserve Fund. The Fund is used to pay all costs associated with the insurance plans. Premium costs are actuarially based and adjusted accordingly on an annual basis. While the Department is attempting to keep pace with strategic shifts in health insurance in the private market through increased preventative care options, should there be significant changes to health insurance premiums, the Department may need resources to cover the costs of the additional employer contribution.

Retirement

As Americans are working longer and retiring later in life, private industry employers allow for the ability for employees to contribute to Social Security, and offer additional retirement plans. The State provides retirement benefits for employees' through the Colorado Public Employees Retirement Association (PERA), with neither the State or employees contributing to Social Security. The State has made significant investments into PERA for State employees. Demographics and costs for retirement may alter associated adjustments to PERA in future years.

Section 5 - Anticipated Funding Decreases

Grants Status

The Department does not receive appropriated Federal Funds, but provides support to customer agencies that leverage federal sources to pay for the Department’s services. Decreases in the Federal budget will result in secondary impacts to the Department.

Although the Department is not appropriated Federal Funds, the Department has secured federal grants intended to augment existing programs within the Department. Federal Funds represent 5.7 percent of the Department’s operating budget in FY 2020-21, and come from five grants, received across only three programs (Address Confidentiality Program, Colorado State Archives, and State Purchasing and Contracts Office) within the Department.

Most of the Department’s grants are not awarded on a State fiscal year cycle. The funding for the five federal grants overlap with the FY 2020-21 budget cycle, and are outlined below:

Crime and Victim Services (CVS) / VOCA GRANT	
Grant Source	Colorado Department of Public Safety, through the U.S. Department of Justice
Grant Awarded	Calendar Years 2019 and 2020
Grant Amount	\$493,760 Federal Funds. Match requirement -\$123,440 (20% in mail sorting fees)
Onetime/ongoing	Similar awards will likely be requested every two years, ongoing. Pending decision for Calendar Years 2021 and 2022 with a requested amount of \$678,534.
Potential Decrease Impact	A potential decrease would have no effect on the current CY 2020 award, but could affect a CY 2021 award. There is no anticipated decrease at this time.

The “Crime and Victim Services” grant is utilized by the *Address Confidentiality Program* which provides survivors of domestic violence, sexual offenses, and/or stalking with a legal substitute address for interacting with all State and local government agencies. The program also provides a confidential mail forwarding service. The intent is to protect the location of a survivor’s actual address and reduce the risk of future harm. All State and local government agencies must accept the substitute address as the participant’s legal address of record. Some uses for the substitute address include driver’s licenses, human services benefits, police reports, and utility accounts.

Colorado Historical Records Advisory Board (CHRA) Programming GRANT	
Grant Source	National Historical Records Publication and Records Commission
Grant Awarded	State Fiscal Year 2020-21
Grant Amount	\$40,000 Federal Funds. Match Requirement - \$30,128 (25% in personal services)
Onetime/ongoing	Similar awards will likely be requested annually, ongoing
Potential Decrease Impact	A potential decrease would have no effect on the current FY 2020-21 award, but could affect a FY 2021-22 award. There is no anticipated decrease at this time.

The “Colorado Historical Records Advisory Board (CHRA) Programming Grant” is utilized by the *Colorado State Archives* which serves all three branches of State government, special districts, municipalities, counties, schools, and the general public. The program plans, manages, operates, and implements the State’s archival and records management program to protect, preserve, and maintain historic and legally significant documents.

ValuePoint / NASPO GRANT	
Grant Source	National Association for State Procurement Officials (NASPO)
Grant Awarded	Calendar Year 2020
Grant Amount	\$140,000 Federal Funds. No Match Requirement
Onetime/ongoing	Similar awards will likely be requested annually, ongoing.
Potential Decrease Impact	A potential decrease would have no effect on the current year 2020 award, but could affect a CY 2021 award. There is no anticipated decrease at this time.

The “ValuePoint” grant is utilized by the *State Purchasing and Contracts Office*. It provides reimbursements to Colorado for its leadership and active participation in attending NASPO ValuePoint Board Meetings, leading and managing NASPO ValuePoint master agreements, as well as promoting Colorado’s in-state purchasing cooperative.

Event Travel / NASPO GRANT	
Grant Source	National Association for State Procurement Officials (NASPO)
Grant Awarded	Calendar Year 2020
Grant Amount	\$20,000 Federal Funds. No Match Requirement
Onetime/ongoing	Similar awards will likely be requested annually, ongoing.
Potential Decrease Impact	A potential decrease would have no effect on the current CY 2020 award, but could affect a CY 2021 award. There is no anticipated decrease at this time.

The “Event Travel” grant is utilized by the *State Purchasing and Contracts Office*. The grant includes NASPO-related expense reimbursement for travel to conferences and meetings.

Professional Development / NASPO GRANT	
Grant Source	National Association for State Procurement Officials (NASPO)
Grant Awarded	Calendar Year 2020
Grant Amount	\$112,600 Federal Funds. No Match Requirement
Onetime/ongoing	Similar awards will likely be requested annually, ongoing.
Potential Decrease Impact	A potential decrease would have no effect on the current CY 2020 award, but could affect a CY 2021 award. There is no anticipated decrease at this time.

The “Professional Development” grant is utilized by the *State Purchasing and Contracts Office*. The grant includes NASPO-related expense reimbursement for professional development.