JOINT BUDGET COMMITTEE

STAFF BUDGET BRIEFING
FY 2022-23

STATEWIDE COMPENSATION AND PERA

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2020 and 2021 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report: https://leg.colorado.gov/sites/default/files/fy21-22apprept_0.pdf

STATEWIDE COMPENSATION

STATEWIDE COMPENSATION OVERVIEW

Compensation common policies pay for any salary or benefits for current state employees. The General Assembly typically establishes common policies to budget for compensation consistently across all departments. The compensation common policies:

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

In the budget, statewide or total compensation refers to employee salary and benefit costs, specific to the actual and anticipated employees in each department. Compensation common policies are funded through a group of centrally appropriated line items generally found in a department's Executive Director's Office (EDO). The annual budget request for total compensation is driven by employee salaries, benefit elections, and requested policy changes for compensation components.

DEFINING COMPENSATION-RELATED COMPONENTS

The centrally appropriated line items that make up the total compensation common policies discussed in this document include:

- Salary Survey;
- Merit Pay;
- Shift Differential;
- Short-term Disability (STD);
- Health, Life, and Dental (HLD);
- Amortization Equalization Disbursement (AED);
- Supplemental Amortization Equalization Disbursement (SAED); and
- PERA Direct Distribution.

DEFINING POTS

Compensation common policy line items are also known and referred to as POTS, although the term is not an acronym. Final, budgeted POTS appropriations are:

- Generated through department total compensation templates;
- Calculated on the prior July's actual payroll data with adjustments for known and anticipated staffing increases or decreases; and
- Based on Committee statewide funding decisions for each compensation policy or component.

Because POTS are centrally appropriated in the EDO or other central administration division, allocations from these line items are distributed to department divisions and programs as determined by each department's EDO. This approach simplifies the appropriations process by limiting each POTS appropriation to a single line item in each department and provides flexibility to departments to make adjustments as necessary to accommodate actual POTS needs across a department.

Additionally, for expenditure purposes, POTS allocations are, in practice, added to or "rolled into" personal services appropriations in each division or program. This practice allows these appropriations to be spent on any personal services expenditure. This flexibility has the effect of allowing departments to independently and internally subsidize programs and divisions which may be under-appropriated. In this way, this flexibility has the effect of causing state agencies to manage their personal services appropriations through annual POTS allocation adjustments to each division or program rather than through requests for structural adjustments to those divisions and programs as might otherwise be necessary.

POTS line items include the following:

- Salary Survey;
- Merit Pay;
- Shift Differential;
- Short-term Disability (STD);
- Health, Life, and Dental (HLD);
- Amortization Equalization Disbursement (AED); and
- Supplemental Amortization Equalization Disbursement (SAED).

Therefore, POTS include all compensation-related line items, <u>except</u> PERA Direct Distribution.

DEFINING EMPLOYEE BENEFITS

Within POTS appropriations, only the following line items include current employee benefits:

- Salary Survey;
- Merit Pay;
- Shift Differential;
- Short-term Disability (STD); and
- Health, Life, and Dental (HLD).

DEFINING PERA PAYMENTS FOR THE UNFUNDED LIABILITY

Although included as request items, AED and SAED are statutorily-required contributions for *amortization payments* to improve PERA's funded status and are calculated on current payroll. The term amortization refers to payments for an existing debt or liability. AED and SAED are payments made to PERA for the legacy cost of the unfunded liability and do not help fund current employee PERA retirement benefits. Similarly, the PERA Direct Distribution is a payment to PERA for the legacy cost of the unfunded liability.

In 2018, the Joint Budget Committee set aside $225.0 million General Fund for FY 2018-19, intended as base funding for an ongoing payment. This action was intended as a "State" payment for addressing the funding policy deficiencies made by State policymakers for previous generations of PERA members that created the unfunded liability. Senate Bill 18-200, *PERA Unfunded Liability*, included a provision that allows OSPB to submit a budget request to allocate payments across fund sources in order to reduce the impact on the General Fund. In FY 2019-20, the PERA Direct Distribution was added as a statewide common policy allocation to collect this payment from other fund sources besides General Fund.

The PERA Direct Distribution does not pay for an employee benefit, and is not calculated on current payroll, but its billing methodology is allocated to state agencies as charges to General Fund, cash

funds, reappropriated funds, and federal funds in the same proportion as the AED and SAED components. In a similar manner, the PERA Direct Distribution does not "purchase a service" from the Department of Personnel through their "operating common policies". Therefore, the PERA Direct Distribution is neither a compensation common policy nor an operating common policy, but is simply a debt payment located in compensation-related common policies due to its nexus with AED and SAED.

House Bill 20-1379, *Suspend PERA Direct Distribution for FY 2020-21*, suspended the PERA Direct Distribution payment for one year, which also eliminated the common policy allocation for FY 2020-21.

PREVAILING COMPENSATION

Pursuant to Section 24-50-104, C.R.S.:

> *It is the policy of the state to provide prevailing total compensation to officers and employees in the state personnel system to ensure the recruitment, motivation, and retention of a qualified and competent work force.*

A statutory policy statement is not binding, but it provides direction about the General Assembly's intent that helps guide the budget setting process. Even with a clear goal, though, it can be difficult to determine the funding necessary to provide prevailing compensation. There are a wide range of compensation practices in the market and many state jobs are either uncommon or not found outside of government. Additionally, while most market employers engage in a single or well-defined type of business operation, regardless of size or scale, the business operations of the State reflect the widest variety of types of business operations with the widest variety of staffing types and needs.

ANNUAL COMPENSATION REPORT

To assist in the process, the Department of Personnel produces an annual total compensation report by September 15th, to compare the State's compensation to prevailing market rates. The General Assembly is not required to follow the recommendations of the report, but the report expresses the professional opinion of the Department regarding how compensation should be adjusted annually. Following issuance of the report, the Department of Personnel works with the Office of State Planning and Budgeting (OSPB) to build the total compensation request for the following year, and directs executive agencies to apply consistent policies in their budget requests.

THE STATE PERSONNEL SYSTEM ACT AND DIVISION OF AUTHORITY

Article 50 of Title 24, C.R.S., sets forth the State Personnel System Act. Section 24-50-101, C.R.S., sets forth two broad areas of authority and responsibility for the administration of the state personnel system (emphasis added):

> *(3)(c)* ***It is the duty of the state personnel director to establish the general criteria*** *for adherence to the merit principles and for fair treatment of individuals within the state personnel system.* ***It is the responsibility of the state personnel director to provide leadership*** *in the areas of policy and operation of the state personnel system…*
>
> *(3)(d)* ***The heads of principal departments*** *and presidents of colleges and universities* ***shall be responsible and accountable for the actual operation and management of the state personnel system*** *for their respective departments, colleges, or universities.*

While this provides a reasonable and functional split of responsibility and authority, this bifurcation has the effect of creating some ambiguity regarding responsibility over statewide, classified system, and department-specific recruitment and retention policies and practices. As was begun the FY 2020-21 budget, to the extent practicable, JBC staff will continue to consolidate and address all compensation-related requests, whether requested through the statewide compensation request or through individual state agency requests to provide a single point for JBC consideration and decision making on compensation adjustment requests.

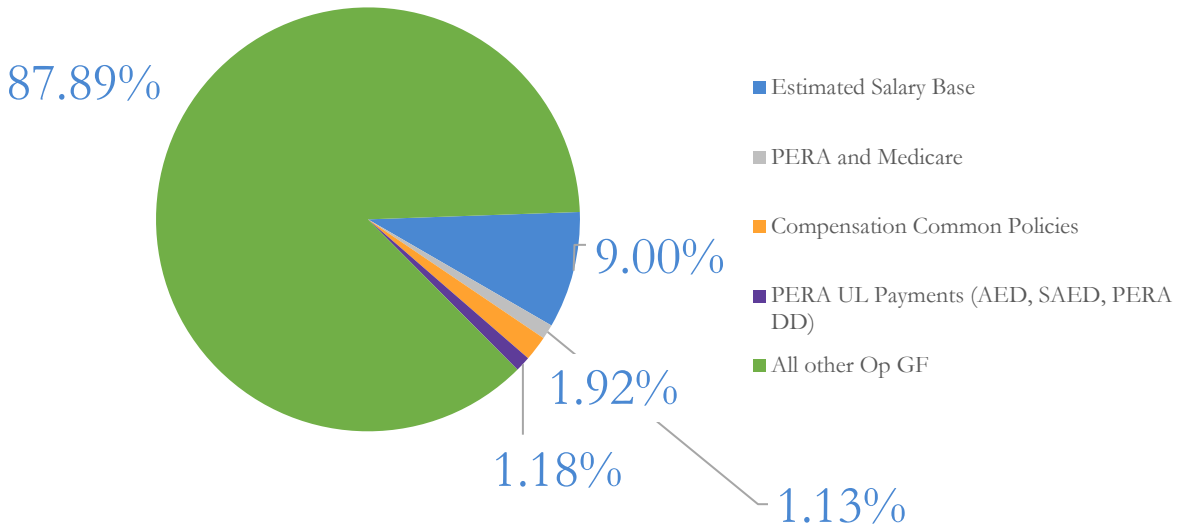
STATE PERSONNEL SYSTEM (CLASSIFIED SYSTEM)

To ensure a state workforce based on merit and fitness, the Colorado Constitution establishes a State Personnel System, commonly referred to the classified system, after the job classes used to determine appropriate pay ranges for employees. The Department of Personnel manages the personnel system, with policy direction from the State Personnel Board. Objective criteria must be used to fill positions in the personnel system and employees hold their positions during efficient service or until reaching retirement age. Of significance from a state funding perspective, there must be standardization in the personnel system of the way people with like duties are treated with regard to grading performance and determining compensation.

The Constitution specifically exempts some positions from the classified system, allowing potentially different pay ranges, benefits, and hiring and termination procedures. Exempt positions include education faculty and certain education administrators, the judicial branch, the legislative branch other than the State Auditor's Office, assistant attorneys general, certain employees of the Governor's office, the heads of departments, and most boards and commissions. With the exception of higher education institutions, exempt employees use the same insurance and retirement benefits as employees of the classified system. While the judicial branch is exempt from the state personnel system, the courts have developed their own version of a classified system for employees who are not judges, which largely mirrors the state personnel system with regard to salaries and hiring and termination procedures. Judges and elected officials salaries are set in statute.

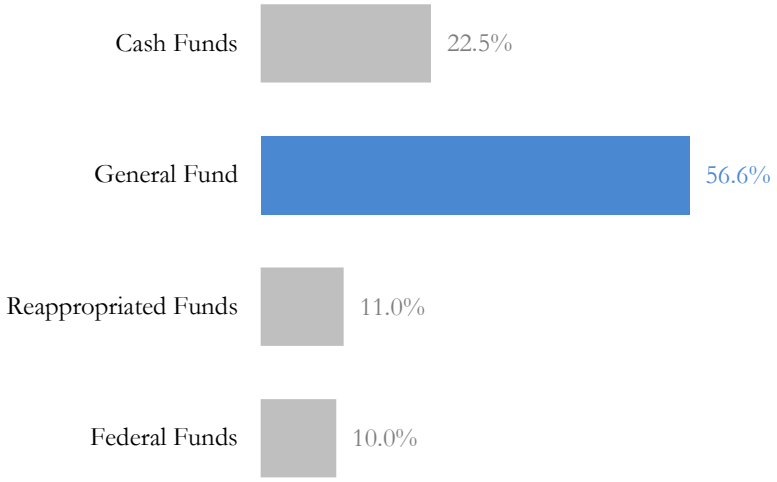
DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund



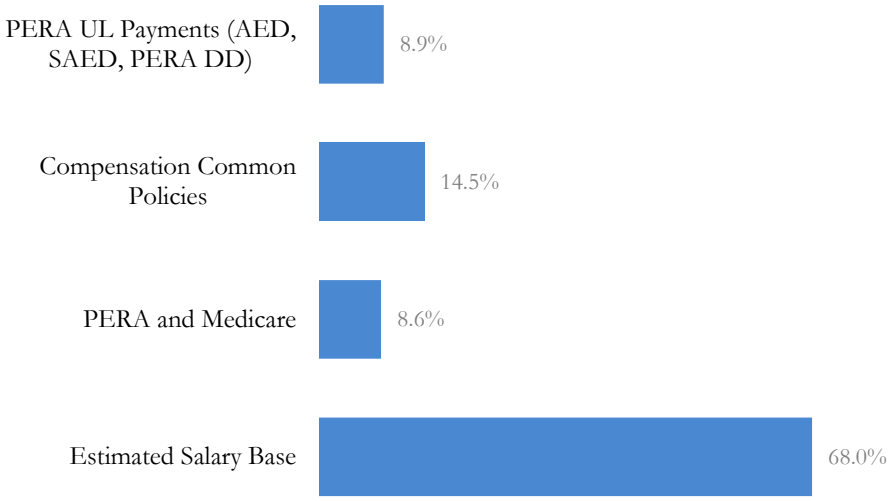
Based on the FY 2021-22 appropriation.

Total Compensation Funding Sources



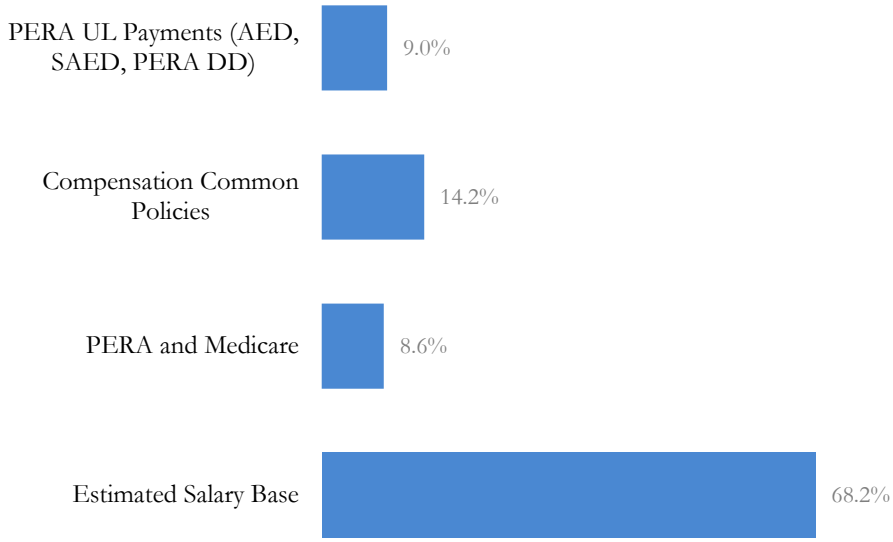
Based on the FY 2021-22 appropriation.

Distribution of General Fund by Category



Based on the FY 2021-22 appropriation.

Distribution of Total Funds by Category



Based on the FY 2021-22 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

NUMBER OF STATE EMPLOYEES

Statewide expenditures for compensation are driven by the number of employees, the percentage of employees who choose to participate in optional benefit plans, and contracts with the benefit providers. The following table shows the number of FTE appropriated statewide, excluding employees in the Department of Higher Education.

STATE EMPLOYEES[1] - FTE REFLECTED IN APPROPRIATIONS										
	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
Total FTE	30,559.8	30,787.2	31,480.9	31,878.2	32,174.8	32,412.7	32,819.4	34,650.4	35,047.3	35,467.7
Percent Change		0.7%	2.3%	1.3%	0.9%	0.7%	1.3%	5.6%	1.1%	1.2%
10-year FTE compound average annual growth rate										1.50%
10-year Colorado Population compound average annual growth rate - 2010-2019 [2]										1.16%

[1] Source: FY 2021-22 Appropriations Report excluding Department of Higher Education

[2] From population estimates, State Demography Office: https://demography.dola.colorado.gov/population/population-totals-colorado-substate/#population-totals-for-colorado-and-sub-state-regions

SALARY BASE

Tied to the number of state employees, changes in the salary base reflect the actual increase in salary compensation over time. The salary base increases as a result of funding for additional FTE, salary survey and merit pay increases, and other approved salary increases by agency or occupational class. The following table outlines a ten-year history of the estimated salary base included in department compensation templates.

STATEWIDE SALARY BASE 10-YEAR ESTIMATED APPROPRIATIONS (IN MILLIONS) TOTAL FUNDS										
	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Salary Base	$1,600.9	$1,690.9	$1,757.2	$1,836.3	$1,864.1	$1,964.2	$2,052.2	$2,212.6	$2,246.6	$2,383.3
Change		90.0	66.3	79.1	27.8	100.1	88.0	160.4	34.0	136.7
Percentage Change		5.6%	3.9%	4.5%	1.5%	5.4%	4.5%	7.8%	1.5%	6.1%
10-year Statewide Salary Base compound average annual growth rate										4.1%

Annual changes in the salary base reflect salary increases from the prior year that are built into the base in the following year, as well as increases in FTE appropriated through budget decisions and bills. The Joint Budget Committee makes a determination on a common figure setting policy to be applied for salary increases. Differences between the salary survey adjustments in a given year, as identified in the table below, and the percentage change identified for the same fiscal year in the statewide salary base are as a result of changes made in FTE-related funding in special bills.

COMMON POLICY SALARY SURVEY ADJUSTMENTS		
FISCAL YEAR	ADJUSTMENT	RATE OF INFLATION
FY 2014-15	2.50%	1.8%
FY 2015-16	1.00%	2.2%
FY 2016-17	2.00%	2.8%
FY 2017-18	1.75%	3.4%
FY 2018-19	3.00%	1.8%
FY 2019-20	3.00%	2.6%
FY 2020-21	0.00%	1.5%
FY 2021-22	3.00%	3.2%

COMMON POLICY SALARY SURVEY ADJUSTMENTS		
FISCAL YEAR	ADJUSTMENT	RATE OF INFLATION
COMPOUND AVERAGE ANNUAL GROWTH RATE	1.8%	5.9%
FY 2022-23 (Governor's request)	3.00%	

COMPENSATION COMMON POLICIES AND PERA

In addition to the base salary, total compensation includes state employee compensation benefits, including health, life, and dental insurance and short-term disability, and state payments to PERA and Medicare. The FY 2022-23 Governor's budget request includes funding for paid family and medical leave insurance.

BENEFITS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2021-22 Appropriation					
PERA and Medicare	$250,966,286	$141,732,960	$56,868,323	$27,321,060	$25,043,943
Health, Life, Dental	323,239,697	184,703,695	72,455,165	34,419,425	31,661,411
Paid Family and Medical Leave Insurance	0	0	0	0	0
Short-term Disability	3,234,767	1,836,926	711,955	358,274	327,612
SUBTOTAL - Benefits	**$577,440,750**	**$328,273,581**	**$130,035,443**	**$62,098,759**	**$57,032,966**
FY 2022-23 Request/Recommendation					
PERA and Medicare	$284,946,198	$161,124,192	$63,565,907	$29,348,142	$30,907,957
Health, Life, Dental	348,654,676	200,277,796	78,146,082	33,420,547	36,810,250
Paid Family and Medical Leave Insurance	4,263,337	2,139,639	1,072,372	511,063	540,263
Short-term Disability	3,401,367	1,926,739	743,502	356,033	375,093
SUBTOTAL - Benefits	**$641,265,578**	**$365,468,366**	**$143,527,864**	**$63,635,785**	**$68,633,563**
Increase/(Decrease)	63,824,828	37,194,785	13,492,421	1,537,026	11,600,597
Percent Change	11.1%	11.3%	10.4%	2.5%	20.3%

COST OF HEALTH INSURANCE

Health insurance is traditionally the compensation component experiencing the greatest increases. The following table outlines the 10-year history of appropriations for Health, Life, and Dental (HLD).

HEALTH, LIFE, AND DENTAL 10-YEAR APPROPRIATIONS HISTORY (IN MILLIONS)										
	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21*	FY21-22	FY22-23
HLD Total Approp.	$176.8	$184.5	$217.3	$217.6	$237.8	$261.3	$287.2	$309.8	$323.2	$348.7
Change		7.7	32.8	0.3	20.2	23.5	25.9	22.6	13.4	25.5
Percentage Change		4.4%	17.8%	0.1%	9.3%	9.9%	9.9%	7.9%	4.3%	7.9%
10-year HLD Appropriations compound average annual growth rate										7.0%

* The FY 2020-21 appropriation for HLD included a General Fund balancing action decrease totaling $57.8 million. That decrease is not included in this total to more accurately reflect the actual annual change in cost of Health, Life, and Dental in this table.

The FY 2022-23 request amount for HLD totals $348.7 million; a $25.5 million or 7.9 percent increase over the full appropriation amount identified for the prior fiscal year. This amount includes $200.3 million General Fund; this is a $15.6 million or 8.4 percent increase over the prior fiscal year.

PERA PAYMENTS FOR THE UNFUNDED LIABILITY

As part of the total compensation package received by employees and in lieu of contributions to Social Security, the state makes contributions to the Public Employees Retirement Association (PERA). The FY 2022-23 contribution rate is 10.9 percent. Appropriations for the base salary contribution to

PERA are made in Personal Services or program line items in which funding to support a department's FTE are found. Actuarial analyses of PERA resulted in the passage of bills in 2004 and 2006 which increased contributions to the pension plan above the base employer and employee contribution rates. These additional state payments, defined in Section 24-51-411, C.R.S., and called Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED), are each calculated at 5.0 percent of the base salary for most state employees and are appropriated in separate line items in each department's section of the Long Bill. AED and SAED rates for judges remained constant at 2.2 percent and 1.5 percent, respectively, until H.B. 17-1265 (PERA Judicial Division Total Employer Contribution) enacted increases for both line items to 3.4, 3.8, 4.2, 4.6, and 5.0 percent in each succeeding year beginning in calendar year 2019.

Pursuant to S.B. 18-200 (PERA Unfunded Liability), automatic increase adjustments were triggered for employee contribution rates. For most employees, the rate increased from 8.0 to 8.75 percent in FY 2019-20; increased to 10.0 percent in FY 2020-21; increased to 10.5 percent in FY 2021-22; and will increase to 11.0 percent in FY 2022-23. Job classes in the Safety Officers category have consistently and historically paid 2.0 percent higher than other state employees, resulting in a current fiscal year (2021-22) contribution rate of 12.5 percent and a 13.0 percent contribution rate in FY 2022-23. For all job classes, the increase in FY 2019-20 included a 0.75 percent increase in the standard contribution rate and a 0.5 percent automatic increase adjustment as included in S.B. 18-200 (PERA Unfunded Liability). Similarly, the employer contribution increased from 10.4 percent to 10.9 percent due to a 0.5 percent automatic increase adjustment.

In FY 2019-20, a common policy allocation to state agencies was added for the State's $225.0 million statutory PERA Direct Distribution payment. This allocation was added to common policies in order to charge cash and federal funds sources for what would otherwise be a General Fund payment. Unlike AED and SAED, the direct distribution payment is not calculated as a percentage of payroll, however the allocation of fund sources by each state agency should match the proportions determined for the AED and SAED appropriations. The following table outlines the 10-year history of AED, SAED, and PERA Direct Distribution appropriations.

PERA UNFUNDED LIABILITY (UL) PAYMENTS (AED/SAED/PERA DD) 10-YEAR APPROPRIATIONS HISTORY
(TOTAL FUNDS IN MILLIONS)

	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21*	FY21-22	FY22-23 (request)
AED	$52.5	$62.1	$70.1	$78.3	$84.8	$89.8	$96.8	$98.4	$103.3	$108.9
SAED	47.1	58.0	67.3	77.0	84.4	89.6	96.6	98.4	103.3	108.9
PERA Direct Distribution	0.0	0.0	0.0	0.0	0.0	0.0	56.5	0.0	57.6	80.1
PERA UL Payments	$99.6	$120.1	$137.4	$155.3	$169.2	$179.4	$249.9	$196.8	$264.2	$297.9
Change		20.5	17.3	17.9	13.9	10.2	70.5	(53.1)	67.4	33.7
Percentage Change		20.6%	14.4%	13.0%	9.0%	6.0%	39.3%	(21.2%)	34.2%	12.8%
PERA Amortization Payments compound average annual growth rate										11.6%

* House Bill 20-1379, Suspend PERA Direct Distribution for FY 2020-21, suspended this payment for the fiscal year. The amount appropriated in the Long Bill totaled $54.1 million.

TOTAL COMPENSATION GENERAL FUND

The compensation components share of state operating General Fund is determined by total operating General Fund as well as annual changes in each of the components.

COMPENSATION COMPONENTS SHARE OF STATE OPERATING GENERAL FUND			
	FY 2020-21	FY 2021-22	FY 2022-23*
Operating General Fund	$11,181,560,116	$12,497,820,709	$13,552,742,907
Estimated Salary Base	1,103,345,802	1,125,169,833	1,181,558,215
percent change		2.0%	5.0%
PERA and Medicare	138,961,910	141,732,960	161,124,192
percent change		2.0%	13.7%
Compensation Common Policies	136,504,147	240,473,528	253,833,532
percent change		76.2%	5.6%
Total State Employee Compensation	1,378,811,859	1,507,376,321	1,596,515,939
percent change		9.3%	5.9%
PERA Unfunded Liability Payments (AED, SAED, Direct Distribution)	110,293,370	147,917,055	175,190,451
percent change		34.1%	18.4%
Percentage of Operating General Fund			
Estimated Salary Base	9.9%	9.0%	8.7%
PERA and Medicare	1.2%	1.1%	1.2%
Compensation Common Policies	1.2%	1.9%	1.9%
State Employee Compensation	12.3%	12.1%	11.8%
PERA UL Payments	1.0%	1.2%	1.3%

*Requested

SUMMARY: FY 2021-22 APPROPRIATION & FY 2022-23 REQUEST

SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2021-22 APPROPRIATION					
Base salary estimate	$1,995,668,714	$1,125,169,833	$448,502,662	$219,551,726	$202,444,494
PERA	222,029,092	125,417,999	50,365,033	24,137,561	22,108,499
Medicare (FICA)	28,937,194	16,314,961	6,503,290	3,183,499	2,935,444
Shift differential	19,993,498	15,908,039	770,360	2,238,323	1,076,776
Salary survey	67,661,572	38,024,868	15,387,857	7,423,089	6,825,758
Merit pay	0	0	0	0	0
Minimum wage	0	0	0	0	0
Health, life, dental	323,239,697	184,703,695	72,455,165	34,419,425	31,661,411
Paid family and medical leave insurance	0	0	0	0	0
Short-term disability	3,234,767	1,836,926	711,955	358,274	327,612
AED	103,255,763	58,232,643	23,142,000	11,407,257	10,473,863
SAED	103,255,763	58,232,643	23,142,000	11,407,257	10,473,863
PERA direct distribution	57,559,623	31,451,770	16,625,625	6,210,053	3,272,175
TOTAL	**$2,924,835,682**	**$1,655,293,376**	**$657,605,947**	**$320,336,464**	**$291,599,895**
FY 2022-23 REQUEST					
Base salary estimate	$2,098,366,201	$1,181,558,215	$466,652,996	$218,627,953	$231,527,037
PERA	253,279,090	143,252,650	56,558,972	26,040,759	27,426,709
Medicare (FICA)	31,667,108	17,871,542	7,006,935	3,307,383	3,481,248
Shift differential	16,018,598	12,699,428	742,385	1,755,688	821,097
Salary survey	62,215,562	36,666,318	14,660,094	5,377,454	5,511,696
Merit pay	0	0	0	0	0
Minimum wage	858,030	123,613	695,742	33,365	5,310
Health, life, dental	348,654,676	200,277,796	78,146,082	33,420,547	36,810,250
Paid family and medical leave insurance	4,263,337	2,139,639	1,072,372	511,063	540,263
Short-term disability	3,401,367	1,926,739	743,502	356,033	375,093
AED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
SAED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
PERA direct distribution	80,061,138	52,371,218	16,777,839	5,423,466	5,488,616
TOTAL	**$3,116,653,640**	**$1,771,706,390**	**$691,380,635**	**$317,567,621**	**$335,998,994**
Increase/(Decrease)	$191,817,958	$116,413,014	$33,774,688	($2,768,843)	$44,399,099
Percent Change	6.6%	7.0%	5.1%	(0.9%)	15.2%

FY 2022-23 TOTAL COMPENSATION REQUEST

The FY 2022-23 total compensation request is estimated to be $3.12 billion total funds, including $1.77 billion General Fund, an increase of $191.8 million over the prior year appropriation, which represents a 6.6 percent increase in total compensation-related appropriations.

BASE SALARY, PERA, AND MEDICARE (FICA)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2021-22 APPROPRIATION					
Base salary estimate	$1,995,668,714	$1,125,169,833	$448,502,662	$219,551,726	$202,444,494
PERA	222,029,092	125,417,999	50,365,033	24,137,561	22,108,499

BASE SALARY, PERA, AND MEDICARE (FICA)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Medicare (FICA)	28,937,194	16,314,961	6,503,290	3,183,499	2,935,444
TOTAL	**$2,246,635,000**	**$1,266,902,793**	**$505,370,985**	**$246,872,786**	**$227,488,437**
FY 2022-23 REQUEST					
Base salary estimate	$2,098,366,201	$1,181,558,215	$466,652,996	$218,627,953	$231,527,037
PERA	253,279,090	143,252,650	56,558,972	26,040,759	27,426,709
Medicare (FICA)	31,667,108	17,871,542	7,006,935	3,307,383	3,481,248
TOTAL	**$2,383,312,399**	**$1,342,682,407**	**$530,218,903**	**$247,976,095**	**$262,434,994**
Increase/(Decrease)	136,677,399	75,779,614	24,847,918	1,103,310	34,946,557
Percent Change	6.1%	6.0%	4.9%	0.4%	15.4%

BASE SALARY ESTIMATE: The request includes a base salary estimate of $2.1 billion total funds, including $1.2 billion General Fund, for FY 2022-23 employee salaries.

PERA: The request includes an estimate of $253.3 million total funds, including $143.3 million General Fund, for employer payroll-related contributions to PERA.

MEDICARE (FICA): The request includes an estimate of $31.7 million total funds, including $17.9 million General Fund, for employer payroll-related contributions to Medicare.

OTHER SALARY RELATED ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2021-22 APPROPRIATION					
Shift differential	19,993,498	15,908,039	770,360	2,238,323	1,076,776
Salary survey	67,661,572	38,024,868	15,387,857	7,423,089	6,825,758
Merit pay	0	0	0	0	0
Minimum wage	0	0	0	0	0
TOTAL	**$87,655,070**	**$53,932,907**	**$16,158,217**	**$9,661,412**	**$7,902,534**
FY 2022-23 REQUEST					
Shift differential	16,018,598	12,699,428	742,385	1,755,688	821,097
Salary survey	62,215,562	36,666,318	14,660,094	5,377,454	5,511,696
Merit pay	0	0	0	0	0
Minimum wage	858,030	123,613	695,742	33,365	5,310
TOTAL	**$79,092,190**	**$49,489,359**	**$16,098,221**	**$7,166,507**	**$6,338,103**
Increase/(Decrease)	(8,562,880)	(4,443,548)	(59,996)	(2,494,905)	(1,564,431)
Percent Change	(9.8%)	(8.2%)	(0.4%)	(25.8%)	(19.8%)

SHIFT DIFFERENTIAL: Shift differential funds are used for adjustments to some employee wages for work that is performed outside of standard 8:00 a.m. to 5:00 p.m. business hours. Shift differential is requested at 100 percent of prior year actual expenditures. The request includes $16.0 million total funds, including $12.9 million General Fund.

SALARY SURVEY: The request includes $62.2 million total funds, including $36.7 million General Fund, for a 3.0 percent across-the-board increase for state employees.

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

MINIMUM WAGE: The request includes $0.9 million total funds, including $0.1 million General Fund, for adjustments to wages for those employees who earned less than the required minimum wage.

INSURANCE BENEFITS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2021-22 APPROPRIATION					
Health, life, dental	323,239,697	184,703,695	72,455,165	34,419,425	31,661,411
Paid family and medical leave insurance	0	0	0	0	0
Short-term Disability	3,234,767	1,836,926	711,955	358,274	327,612
SUBTOTAL - Benefits	**$326,474,464**	**$186,540,621**	**$73,167,120**	**$34,777,699**	**$31,989,023**
FY 2022-23 REQUEST					
Health, Life, Dental	348,654,676	200,277,796	78,146,082	33,420,547	36,810,250
Paid family and medical leave insurance	4,263,337	2,139,639	1,072,372	511,063	540,263
Short-term disability	1,926,739	743,502	356,033	375,093	0
SUBTOTAL - Benefits	**$354,392,641**	**$203,160,937**	**$79,574,488**	**$34,306,703**	**$37,350,513**
Increase/(Decrease)	27,918,177	16,620,316	6,407,368	(470,996)	5,361,490
Percent Change	8.6%	8.9%	8.8%	(1.4%)	16.8%

HEALTH, LIFE, DENTAL: The request includes $348.7 million total funds, including $200.3 million General Fund, for employee health, life, and dental benefits elected by employees as of July 2021. Health premiums are projected to increase 7.5 percent and dental premiums are projected to increase 3.0 percent. Additional adjustments may be included in a budget amendment based on new actuarial recommendations received in December. The base adjustment request reflects an increase of $25.4 million total funds, including $15.6 million General Fund, in FY 2022-23.

PAID FAMILY AND MEDICAL LEAVE INSURANCE: The request includes $4.3 million total funds, including $2.1 million General Fund, for employee insurance related to paid family and medical leave pursuant to Proposition 118 as approved by voters in November 2020. It requires employers and employees in Colorado to pay a payroll premium (.90 percent with a minimum of half paid by the employer) to finance paid family and medical leave insurance benefits beginning January 1, 2023 in order to finance up to 12 weeks of paid family medical leave to eligible employees beginning January 1, 2024.

STD: Short term disability is requested at a rate of 0.16 percent of revised base salaries. STD is estimated at $3.4 million total funds, including $1.9 million General Fund.

PERA PAYMENTS FOR UNFUNDED LIABILITY (NON-BENEFIT COMPONENTS)					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
FY 2021-22 APPROPRIATION					
AED	$103,255,763	$58,232,643	$23,142,000	$11,407,257	$10,473,863
SAED	103,255,763	58,232,643	23,142,000	11,407,257	10,473,863
PERA Direct Distribution	57,559,623	31,451,770	16,625,625	6,210,053	3,272,175
TOTAL	**$264,071,148**	**$147,917,055**	**$62,909,625**	**$29,024,567**	**$24,219,901**
FY 2022-23 REQUEST					
AED	$108,934,267	$61,409,617	$24,161,857	$11,356,955	$12,005,838

PERA Payments for Unfunded Liability (non-benefit components)					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
SAED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
PERA Direct Distribution	80,061,138	52,371,218	16,777,839	5,423,466	5,488,616
TOTAL	**$297,929,672**	**$175,190,451**	**$65,101,553**	**$28,137,376**	**$29,500,292**
Increase/(Decrease)	33,858,524	27,273,396	2,191,928	(887,191)	5,280,391
Percent Change	12.8%	18.4%	3.5%	(3.1%)	21.8%

AED: Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent, except for judges set at 4.6 percent in 2022 and 5.0 percent in 2023. AED is estimated to be $108.9 million total funds, including $61.4 million General Fund.

SAED: Supplemental Amortization Equalization Disbursement is set at a statutory rate of 5.0 percent, except for judges set at 4.6 percent in 2021 and 5.0 percent in 2022. SAED is estimated to be $108.9 million total funds, including $61.4 million General Fund.

PERA Direct Distribution: In FY 2019-20, a common policy allocation to state agencies was added for the state's $225.0 million statutory PERA Direct Distribution payment. This allocation was added to common policies to charge cash and federal funds sources for what would otherwise be a General Fund payment. The PERA Direct Distribution totals $80.1 million, including $52.4 million General Fund in FY 2022-23.

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

All PERA Payments					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2021-22 Appropriation					
PERA (standard employer contrib.)	$222,029,092	$125,417,999	$50,365,033	$24,137,561	$22,108,499
AED	103,255,763	58,232,643	23,142,000	11,407,257	10,473,863
SAED	103,255,763	58,232,643	23,142,000	11,407,257	10,473,863
PERA Direct distribution	57,559,623	31,451,770	16,625,625	6,210,053	3,272,175
SUBTOTAL - Benefits	**$486,100,240**	**$273,335,054**	**$113,274,658**	**$53,162,128**	**$46,328,400**
FY 2022-23 Request					
PERA (standard employer contrib.)	$253,279,090	$143,252,650	$56,558,972	$26,040,759	$27,426,709
AED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
SAED	108,934,267	61,409,617	24,161,857	11,356,955	12,005,838
PERA Direct distribution	1,926,739	52,371,218	16,777,839	5,423,466	5,488,616
SUBTOTAL - Benefits	**$551,208,763**	**$318,443,101**	**$121,660,526**	**$54,178,135**	**$56,927,001**
Increase/(Decrease)	65,108,522	45,108,047	8,385,868	1,016,007	10,598,601
Percent Change	13.4%	16.5%	7.4%	1.9%	22.9%

Department of Personnel FY 2022-23 Prioritized Budget Requests

In addition to the Department's total compensation request, the Department of Personnel submitted two prioritized budget requests related to compensation.

DEPARTMENT OF PERSONNEL FY 2022-23 PRIORITIZED BUDGET REQUESTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
R2 Paid family medical leave funding	$5,400,366	$3,029,606	$0	$2,441,882	$0
R4 Total compensation and compensation analyst	(144,505)	(144,505)	0	0	0
TOTAL	**$5,255,861**	**$2,885,101**	**$0**	**$0**	**$0**

R2 PAID FAMILY MEDICAL LEAVE FUNDING: The request includes $5,400,366 total funds, including $3,029,606 General Fund, to cover the backfill costs associated with state employees utilizing 160 hours or four weeks of Paid Family Medical Leave (PFML) in FY 2022-23. This request annualizes to $5,562,374 total funds, including $3,120,492 General Fund, in FY 2023-24.

R4 TOTAL COMPENSATION AND COMPENSATION ANALYST [REQUIRES LEGISLATION]: The request includes a decrease of $144,505 General Fund and 1.0 FTE to realign the total compensation survey process and provide resources for ongoing analysis of the state's compensation framework for classified staff. This request annualizes to an increase of $148,895 General Fund in FY 2023-24. The Department requests Joint Budget Committee sponsorship of the required legislation.

PAID FAMILY MEDICAL LEAVE FUNDING (R2)

The Department of Personnel's FY 2022-23 budget request includes two statewide funding increases related to family medical leave: 1) paid family and medical leave insurance annualization and 2) paid family medical leave funding. The first was approved by Colorado voters in November 2020 and requires employers and employees to pay a payroll premium to finance paid family and medical leave insurance benefits beginning January 1, 2023. The second is a request for funding to cover the cost of temporary employees who are hired to fill positions held by someone on family medical leave.

SUMMARY

- The Department of Personnel currently provides 80 hours of paid family medical leave to employees who serve in permanent positions. Essential positions are backfilled through the hiring of temporary employees, the cost of which are covered by vacancy savings.

- The Department intends to increase the number of hours of paid family medical leave to 160 hours beginning in FY 2022-23, however insists that state departments with employees who are most likely to access the benefit are unlikely to be able to cover the cost of the temporary employees with vacancy savings.

- The Department requests $5.4 million total funds, including $3.0 million General Fund to cover the FY 2022-23 backfill costs associated with state employees utilizing 160 hours or four weeks of Paid Family Medical Leave.

- The Department indicates that it did not factor in the vacancy and turnover rates of each state department when calculating the cost of increasing the number of paid family medical leave hours made available to employees.

RECOMMENDATION

Staff recommends that the Joint Budget Committee consider asking the Department to discuss how current vacancy, turn over, and time-to-hire rates for each state department may:

- Affect a department's ability to actually hire temporary employees to fill the short-term positions made available by classified employees taking paid family medical leave; and
- Result in a greater vacancy savings for the department(s) then each department currently experiences.

In addition, JBC staff recommends that the JBC consider sponsoring legislation to codify paid family medical leave in statute in order to avoid future modifications that may require increased appropriations for a program that was implemented without the consideration and approval of the General Assembly.

DISCUSSION

The Department of Personnel's FY 2022-23 budget request includes two statewide funding increases related to family medical leave. The first funding increase is an annualization for the Paid Family Medical Leave Initiative (Proposition 118), approved by voters in November 2020. This created a

paid family and medical leave insurance program for all Colorado employees administered by the Colorado Department of Labor and Employment. It requires employers and employees in Colorado to pay a payroll premium (.90 percent with a minimum of half paid by the employer) to finance paid family and medical leave insurance benefits beginning January 1, 2023. The benefit will cover up to 12 weeks of paid family medical leave to eligible employees beginning January 1, 2024.

The second funding increase is reflected in the Department of Personnel's FY 2022-23 R2 Paid Family Medical Leave Funding budget request, in which the Department requests $5.4 million total funds, including $3.0 million General Fund to cover the backfill costs associated with state employees utilizing 160 hours or four weeks of Paid Family Medical Leave. According to the Department the funding will apply only to departments that have positions that must be filled, including 24/7 work centers, direct care positions, and hourly non-exempt positions. It is estimated that one-third of all positions will require funding to cover the cost of backfilling the temporarily vacant positions.

Currently, the Department of Personnel authorizes the use of up to 80 hours per employee for paid family medical leave. At this time, the cost of backfilling essential positions is absorbed by each department's budget through vacancy savings. The Department contends that increasing the number of hours to 160 may result in the inability of state departments to fully fund the cost of the temporary hires within existing resources.

AUTHORITY TO IMPLEMENT PAID FAMILY MEDICAL LEAVE

The Department cites the last sentence of Section 24-50-104 (1)(g), C.R.S., as its authority to implement and establish a number of hours available to an employee under the paid family medical leave program:

> *Section 24-50-104 (1)(g), C.R.S., Employee benefits shall include insurance, retirement, and leaves of absence with or without pay and may include jury duty, military duty, or educational leaves. The state personnel director shall prescribe procedures for the types, amounts, and conditions for all leave benefits that are typically consistent with prevailing practices, subject to the provisions governing the benefits provided in subsection (7) of this section. The General Assembly shall approve any changes to leave benefits granted by statue before such changes are implemented.* ***The state personnel director shall prescribe by procedure any nonstatutory benefits.***

In a March 5, 2021 legal opinion, the State Attorney General's Office responded to two specific questions posed by the Department related to the paid family leave:

1 "Is the State Personnel Director ("Personnel Director" or "Director") authorized to adopt and implement a new type of leave, specifically paid family leave, for employees within the Colorado state personnel system?"

> ***Attorney General's Response:*** "Yes, as a general rule, the State Personnel System Act ("Act"), § 24-50-101, et seq., C.R.S. authorizes the Personnel Director to adopt benefits, including leave benefits, even if not explicitly provided for by statute. The power to do so is significantly circumscribed, however, and the Director must ensure that any new type of leave benefit: (1) is adopted pursuant to technically and professionally sound survey methodologies; (2) is typically consistent with prevailing practices; (3) is adopted pursuant to formal rulemaking processes; and (4) is not inconsistent with and does not change any leave provisions already provided for by statute. Only if all these conditions are satisfied does the statute authorize the Personnel Director to adopt paid family leave as a

nonstatutory benefit. However, while the Personnel Director may establish such a benefit nonstatutorily, implementation of the benefit remains subject to the General Assembly's power of appropriation.

2 "If so, is it lawful for the Personnel Director to adopt and implement a job protected leave benefit for family and medical reasons as codified in 4 Code Colo. Regs. 801-1, § 5-16?"

Attorney General's Response: Yes, based on the analysis, the promulgation of Rule 5-16 is a lawful action by the Personnel Director to grant new leave benefits to state employees.

JBC staff is not necessarily opposed to the implementation of a paid family leave policy or to an increase in the number of hours provided to permanent employees utilizing the paid leave, she is concerned that the policy is not defined in statute and about the fact that the Personnel Director has to authority to implement and modify a policy that is driving increased costs prior to approval by the General Assembly. While the Attorney General points out that the implementation of the benefit remains subject to the "General Assembly's power of appropriation," the fact that the Personnel Director has already established the benefit without an appropriation means that departments must utilize vacancy saving to cover the cost. Having implemented the 80 hour benefit in the past, without the approval of the General Assembly, JBC staff is concerned that denial of the Department's budget request by the JBC will not serve to deter the Director from increasing the hours to 160, but will result in a further requirement that state departments utilize additional vacancy savings or underspent POTS to cover the cost. JBC staff recommends that the JBC consider sponsoring legislation to codify the paid family leave program in statute in order to ensure that future modifications to the policy do not put the JBC and the General Assembly in the position of being asked to approve funding requests after the fact.

STATEWIDE REQUEST

The Department estimates the required funding by state department to backfill paid family medical leave positions based on an estimated utilization rate of 10.2 percent applied to the number of permanent employees. Next, the estimated percent of employees that are in job classes requiring backfill is applied to the number of employees using the benefit to estimate how many positions would require backfill. Finally, an average actual weekly salary is used to calculate the impact of 4 weeks of leave backfill for those positions. The following table identifies the requested appropriations by state department.

STATEWIDE REQUESTS APPROPRIATION TO BACKFILL PAID FAMILY MEDICAL LEAVE POSITIONS		
DEPARTMENT	FY 2022-23 REQUESTED APPROPRIATION	PERCENT OF UTILIZED BENEFIT REQUIRING BACKFILL
Personnel	$27,923	14.3%
Agriculture	41,536	39.1%
Corrections	2,025,459	76.8%
Education	29,961	7.7%
Governor's Office	0	0.0%
Public Health and Environment	268,051	36.1%
Higher Education	664,209	33.8%
Transportation	31,381	2.2%
Human Services	1,575,727	73.3%
Judicial Branch	0	0.0%
Labor and Employment	371,656	67.2%
Law	0	0.0%

STATEWIDE REQUESTS APPROPRIATION TO BACKFILL PAID FAMILY MEDICAL LEAVE POSITIONS		
DEPARTMENT	FY 2022-23 REQUESTED APPROPRIATION	PERCENT OF UTILIZED BENEFIT REQUIRING BACKFILL
General Assembly	0	0.0%
Local Affairs	0	0.0%
Military and veterans Affairs	17,716	25.0%
Natural Resources	111,198	18.0%
Public Safety	43,460	4.1%
Regulatory Agencies	36,163	11.5%
Revenue	143,618	21.3%
Health Care Policy and Financing	5,978	1.9%
State	6,330	8.3%
Treasury	0	0.0%
TOTAL	$5,400,366	31.2%

PERA UPDATE

The Public Employees' Retirement Association prepares an annual financial report that details the plan's performance for the preceding calendar year.

SUMMARY

- PERA experienced an investment return of 17.4 percent in 2020, compared with a 20.3 percent in 2019. The net investment income of the plan in 2020 was $9.5 billion. Member contributions totaled $1.2 billion and employer contributions totaled $2.0 billion.

- The healthy investment return contributed to an improved aggregate funded ratio of 62.8 percent, up from 61.9 percent a year earlier, and a decreased aggregate unfunded liability of $31.0 billion, an increase of $1.2 billion from the previous year's value of $29.8 billion.

- The state employee contribution rate of 12.5 percent for State Troopers and 10.5 percent all other state employees for FY 2021-22, is scheduled to increase to 13.0 percent and 11.0 percent, respectively, pursuant to S.B. 18-200. This compares to the normal cost rate of 12.97 percent for the State Division as identified in the 2020 annual report. The normal cost reflects the percentage of salary required to fully fund a current employee's PERA benefits.

- The state employer contribution rate of 13.6 percent for State Troopers and 10.9 percent for all other state employees for FY 2021-22, will increase to 14.10 percent and 11.4 percent, respectively, in FY 2022--23, related to increases for the Defined Contribution Supplement (0.05 percent) and for the calculation of salary for new hires on gross salary before cafeteria deductions (unknown percentage) pursuant to S.B. 18-200, *PERA Unfunded Liability*. This employer contribution rate excludes amortization equalization and supplemental amortization equalization disbursements payments.

DISCUSSION

According the PERA 2020 Comprehensive Annual Financial Report, PERA experienced a positive investment year in 2020, resulting in a combined return of 17.4 percent net-of-fees. The investment performance is only one of several factors used to calculate a retirement plan's funded status. Factored into this determination are actuarial assumptions related to inflation, employment, and member longevity. As of December 31, 2020, the plan's unfunded liability is reported at $31.0 billion giving it a funded status of 62.8 percent. For the State Division, the unfunded liability is reported at $11.1 billion, with a funded status of 59.1 percent.

Regardless of the plan's positive investment year, changes in actuarial assumptions resulted in an increase in PERA's liabilities, including "the value of current and future benefit payments." As a result of the changes in assumptions and demographics, the amortization funding valuation for the State Division changed from 27 years in 2019 to 33 years in 2020. In addition, the automatic adjustment provision identified in S.B. 18-200 will be effective and implemented in July 2022, resulting in another 0.5 percent increase in the employee contribution to the fund. Finally, in addition to the change in actuarial assumptions, as a budget balancing measure during the 2020 legislative session, the General

Assembly passed H.B. 20-1379, suspending the FY 2020-21 $225 million direct distribution payment to PERA required by S.B. 18-200.

INVESTMENT RETURN

For 2020, PERA experienced an investment return of 17.4 percent. PERA's annualized rate of return over extended periods include the following:

- 10.9 percent over three years;
- 11.6 percent over five years;
- 9.4 percent over 10 years; and
- 9.1 percent over 30 years.

IMPACT OF SUSPENDED DIRECT DISTRIBUTION PAYMENT

PERA estimates the missed investment gains of the suspended $225 million direct distribution payment in 2020 to be approximately $78.57 million. This is based on the one-year Total Fund Policy Benchmark return for the period of July 1, 2020 through June 30, 2021 of 25.8 percent and an assumed rate of return of 7.25 percent for FY 2021-22. Missed investment gains for fiscal years 2020-21 and 2021-22 are estimated at $58.05 million and $20.52 million, respectively. A total payment of $303.57 million would be required to address the suspended payment and missed investment gains.

FUNDED RATIO

The following table outlines the funded ratio for each division and aggregate.

FUNDED RATIO (ACTUARIAL VALUE FROM CAFR)						
	2015	2016	2017	2018	2019	2020
Year ended	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
State	57.6%	54.6%	57.5%	56.1%	58.0%	59.1%
Judicial	71.4%	66.6%	72.4%	70.6%	74.0%	78.7%
School	60.7%	56.3%	59.4%	57.9%	59.9%	60.6%
DPS	82.1%	75.9%	79.7%	76.8%	80.0%	81.2%
Local Government	79.0%	74.4%	79.5%	77.7%	80.7%	82.4%
PERA aggregate	**62.1%**	**58.1%**	**61.3%**	**59.8%**	**61.9%**	**61.9%**

UNFUNDED ACTUARIAL ACCRUED LIABILITY

The following table outlines the unfunded actuarial accrued liability for each division and aggregate.

UNFUNDED ACTUARIAL ACCRUED LIABILITY (IN MILLIONS)										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Year ended	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
State	$8,816.5	$8,652.8	$9,714.3	$9,884.8	$10,202.9	$11,643.6	$10,525.7	$11,206.1	$10,795.6	$11,077.5
Judicial	97.9	88.1	94.8	100.4	115.1	149.2	118.0	131.8	120.0	101.8
School	12,720.1	12,352.5	14,067.9	14,243.2	14,805.5	18,089.6	16,266.2	17,504.0	17,013.0	17,951.0
DPS	637.8	558.9	710.0	664.6	697.9	1,025.5	830.8	987.3	853.1	850.5
Local Gov.	1,277.3	1,058.9	1,211.0	981.6	1,003.5	1,333.9	1,036.5	1,170.2	1,028.1	995.9
PERA agg.	**$23,549.6**	**$22,711.2**	**$25,798.0**	**$25,874.6**	**$26,824.9**	**$32,241.8**	**$28,777.2**	**$30,999.4**	**$29,809.8**	**$30.976.7**
Agg. change	3,440.8	(838.4)	3,086.8	76.6	950.3	5,416.9	(3,464.6)	2,222.2	(1,189.6)	1,166.9

ECONOMIC AND DEMOGRAPHIC ASSUMPTION CHANGES – PERA ACTUARIAL ANALYSIS

Assumption changes in PERA's actuarial analysis resulted in an increase in accrued liabilities of $3.1 billion. These changes included changes to:

- PERA's long term inflation assumption,
- Payroll and headcount growth assumptions,
- Retirement rate assumptions, and
- Mortality tables.

APPENDIX A
UPDATE ON INFORMATION REQUESTS

The Joint Budget Committee annually submits requests for information to executive departments and the judicial branch via letters to the Governor, other elected officials, and the Chief Justice. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as an Appendix in the annual Appropriations Report (Appendix H in the FY 2021-22 Report):
https://leg.colorado.gov/sites/default/files/fy21-22apprept_0.pdf

The requests for information relevant to this document are listed below.

1 All Departments – Based on the Department's most recent available record, what is the FTE vacancy and turnover rate: (1) by department; (2) by division; (3) by program for programs with at least 20 FTE; and (4) by occupational class for classes that are located within a larger occupational group containing at least 20 FTE. To what does the Department attribute this turnover/vacancy experience? Do the statewide compensation policies or practices administered by the Department of Personnel help or hinder the department in addressing vacancy or turnover issues?

COMMENT: Several departments submitted responses to the request for information, however the request does not contain a deadline, resulting in an approximate statewide submission rate of 50 percent.