

**DEPARTMENT OF PERSONNEL AND PERA  
FY 2015-16 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Thursday, December 11, 2014  
9:00 am – 12:00 pm**

**9:00-9:20      INTRODUCTIONS AND OPENING COMMENTS**

**9:20-9:50      QUESTIONS COMMON TO ALL DEPARTMENTS**

**(The following questions require both a written and verbal response.)**

1. SMART Government Act:
  - a. Please describe how the SMART Government Act is being integrated into the Department's existing processes (both in terms of service delivery and evaluating performance).
  - b. How is the data that is gathered for the performance management system used?
  - c. Please describe the value of the Act in the Department.
2. Do you have infrastructure needs (roads, real property, information technology) beyond the current infrastructure request? If so, how do these needs fit in with the Department's overall infrastructure priorities that have been submitted to the Capital Development Committee or Joint Technology Committee? If infrastructure should be a higher priority for the Department, how should the Department's list of overall priorities be adjusted to account for it?
3. Describe the Department's experience with the implementation of the new CORE accounting system.
  - a. Was the training adequate?
  - b. Has the transition gone smoothly?
  - c. How has the implementation of CORE affected staff workload during the transition?
  - d. Do you anticipate that CORE will increase the staff workload on an ongoing basis? If so, describe the nature of the workload increase and indicate whether the Department is requesting additional funding for FY 2015-16 to address it.

**9:50-10:20      DEPARTMENT OVERVIEW**

4. Please provide background on the role of the State Personnel Board? What does the Board provide for the state personnel system? What authority does the Board have over the state personnel process? Is there a policy overlap with the General Assembly?

5. Please provide an organizational history of the Department within the executive branch? Has statewide personnel policy always been consolidated in this manner? Why do we have one centralized personnel (human resources) system over all departments?
6. Has there ever been a cost-benefit analysis of the property insurance program in regard to eliminating property insurance? Has an analysis been done to determine whether premiums paid for property insurance are worth what the insurance has provided in claims? Do we have property destruction events happen on a regular enough basis to need insurance? Do individual departments, such as Higher Education, insure their properties independently outside of the property insurance program? Should depreciation of capital assets be part of the property insurance discussion? If we have insurance do we really need depreciation to cover building maintenance? Is property insurance based on replacement value? If not, what is it based on? What is the replacement value of the Capitol? If it was destroyed, what materials could be used to rebuild it? Are there restrictions because it is a historical building? If so, how could we ever rebuild it? Would FEMA replace all our buildings if they were destroyed by a natural disaster? Please explain why or why not.
7. Can Fleet Management sell a portfolio of vehicles in a single sale to one buyer or do they have to have an actual auction of single vehicles? Are auctions conducted by private auction companies or are they conducted by state employees? Explain the auction process. Would it be beneficial to have statutory authority to sell a whole group of vehicles to one buyer as opposed to single vehicles to single buyers? Would that save money? How does Hertz dispose of vehicles?

**10:20-11:15 BRIEFING ISSUES**

**Fleet Management CNG Break-even Analysis**

8. Is the extra cost to drive to CNG fueling stations built into the methodology for the break-even analysis? Would it be better to allocate CNG vehicles based on where fueling stations are located?
9. What is CEOs opinion on this issue brief? What does DNR think of this? Will the departments who are under-utilizing CNG commit to increasing usage? What is the executive branch doing to increase usage of CNG in the vehicles as opposed to just purchasing the vehicles?
10. Does lowering of gas prices impact the break-even analysis?
11. How does the Department make the decision to request a given proportion of CNG vehicles in the total request? Does the Department take into account the availability of CNG stations in the area where the vehicles will be located? Who makes the policies on how and when a state employee should use CNG versus standard fuel in the alternative fuel vehicles? Why do employees choose not to use CNG in these vehicles? Has the department ever tried to determine this? If not, why not? Would a statutory change help to encourage more usage?

12. What is the Department's plan to increase CNG usage? What is the Department's opinion of the staff analysis?
13. Are the grants for CNG fueling stations primarily federal? Will they continue in the future or is the money drying up?

**Cash Funds Excess Uncommitted Reserves Policy**

14. If we were to implement the recommended changes would all the issues be resolved or would there still be issues?
15. Please provide feedback on the recommended changes.

**Total Comp Request Overview**

16. What is the status of the total compensation study that was funded last year? Was there a third party study for total compensation?
17. Please discuss the Total Compensation Request and provide an update on the HLD request.
18. Does the Department have plans to address the issue of narrowed salary ranges in which state employees are bumping up against the maximum, locked in by the maximum, and essentially unable to receive base increases due to this range narrowing? Please provide a brief history of this issue and if possible the cost to address this issue.

**11:15-11:30 BREAK**

**11:30-11:40 PERA INTRODUCTION AND OPENING COMMENTS**

**11:40-12:00 PERA QUESTIONS**

19. How does PERA's rate of return/discount rate compare to other STATE public pension plans not including other types of government pension plans? Is unfunded liability going up or down over time? If unfunded liabilities are not going down with a rate of return of 15.6 percent, how will they decline with a rate of return of 7.5 percent? Will GASB 67 and 68 make pension plans more risk-prone?
20. Does PERA have an opinion on how GASB Statement No. 67 may affect the assumed rate of return/discount rate? How might that change impact unfunded liabilities and the funded status? How soon will PERA need to incorporate GASB Statement No. 67 reporting requirements?
21. Why is the PERA statutory investment portfolio percentage limit for stocks set at 65 percent? Is this a risky level given the benefits that must be paid to retirees? What is the history of

investment portfolio mix requirements as they have been defined or provided for in statute or by PERA to address risk? Please describe PERA's investment portfolio strategy as it regards risk and return.

22. Do current normal yearly contributions – member and state contributions – fully fund the retirement liabilities generated over the year for state employee PERA members? If not, what is the projected percentage of current year liabilities that are being funded by the normal yearly contribution and how much should the normal yearly contribution rate increase to fully fund the liability? If not, why hasn't PERA requested an increase in the normal contribution rates for member and state contributions in order to fully fund current year liabilities? Or why hasn't PERA requested an adjustment to future member benefits that would be fully funded by normal yearly contributions? If not, what percentage of AED and SAED are for the purpose of fully funding liabilities generated due to the shortfall in normal yearly contributions and what percentage are for the purpose of back-filling or paying off the unfunded liabilities that were recognized at the point that AED and SAED were implemented? Are AED and SAED compensation provided to current state employees or are they payments made for underfunding PERA benefits for state employees in the past? If AED and SAED are intended to cover a shortfall in the normal yearly contribution for current state employees, why shouldn't that percentage be included directly in the normal yearly contribution rather than being lumped in with amortization payments intended to cover existing unfunded liabilities?
23. Is it true that PERA's is the largest unfunded liability in the state at this point?

**ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED**

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has partially implemented the legislation on this list.
2. What is the turnover rate for staff in the department? Please provide a breakdown by office and/or division, and program.
3. Please identify the following:
  - a. The department's most effective program;
  - b. The department's least effective program (in the context of management and budget);
  - c. Please provide recommendations on what will make this program (2.b.) more effective based on the department's performance measures.
4. How much capital outlay was expended using either operating funds or capital funds in FY 2013-14? Please break it down between the amount expended from operating and the amount expended from capital.

5. Does Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2014? What is the department doing to resolve the outstanding high priority recommendations?

[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/\\$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf)