



JOINT BUDGET COMMITTEE STAFF FY 2022-23 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Statewide Compensation and PERA

Statewide compensation refers to state employee salary and benefit costs. Compensation common policies are funded through a group of centrally appropriated line items generally found in each department's Executive Director's Office. The annual budget request for total compensation is driven by employee salaries, benefit elections, requested policy changes, and statutory contributions for PERA payments for the unfunded liability. The statewide FY 2021-22 appropriation for: the estimated salary base represents approximately 9.0 percent of statewide operating General Fund appropriations; standard PERA and Medicare represent approximately 1.1 percent of statewide operating General Fund appropriations; compensation common policies represents approximately 1.9 percent of statewide operating General Fund appropriations; and PERA payments for the unfunded liability (AED, SAED, and PERA Direct Distribution) represent approximately 1.2 percent of statewide operating General Fund appropriations.

FY 2021-22 APPROPRIATION AND 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

SALARY BASE, COMPENSATION COMMON POLICIES, AND PERA					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
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
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

OTHER SALARY RELATED ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
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
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 in order 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

ALL PERA PAYMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
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.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

PAID FAMILY MEDICAL LEAVE FUNDING (R2): A discussion of the Department's request for funding to backfill costs associated with increasing the number of hours made available to state employees for paid family medical leave from 80 to 160.

PERA UPDATE: An informational PERA update based on PERA's 2020 Comprehensive Annual Financial Report and related documents. 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.

FOR MORE INFORMATION

JBC STAFF ANALYST:

Robin Smart
(303) 866-4955
robin.smart@state.co.us

TO READ THE ENTIRE BRIEFING: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2020.