

A photograph of the Colorado State Capitol building, featuring a prominent golden dome and classical architectural elements. The building is surrounded by lush green trees and a clear blue sky. In the foreground, a stone staircase with a metal railing leads up towards the building.

**STATEWIDE COMMON
POLICY REQUEST**
NOVEMBER 1, 2016

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COMMON POLICIES OVERVIEW

Common policies represent a standard method of determining the budget need, by department, for services that are centrally provided by the Department of Personnel & Administration (DPA), Department of Law, and the Governor's Office of Information Technology. Funding requests for these services are developed using a common methodology for each department. This ensures that the same assumptions are used while developing budget requests for specific line item appropriations within individual departments.

This packet discusses common policies for services provided by DPA, separated into two general categories: 1) total compensation (or personal services) common policies, and 2) operating common policies. In previous submissions, the Executive Branch submitted a single packet that included information on all common policies administered by the Department of Personnel & Administration, the Governor's Office of Information Technology and the Department of Law. For FY 2017-18, these entities will be submitting individual common policy summaries with the November budget request.

For FY 2017-18, the Department of Personnel & Administration has prepared this document to summarize the statewide common policy request, calculation methodology, and to provide a clear set of common policy descriptions to use throughout the budget process.

Note: The information contained in this document pertains primarily to the Executive Branch agencies under the purview of the Governor's Office. Total compensation information presented for non-executive agencies, including elected officials, contains only estimates of future need.

TOTAL COMPENSATION COMMON POLICIES

Total compensation refers to employee salary and benefit costs, specific to the employees in each department. Total compensation common policies are funded through a group of centrally appropriated line items, generally found in a department's Executive Director's Office long bill group. Appropriations from these line items are distributed among a department's divisions based on the need in each division. The annual budget request for total compensation is primarily driven by employee salaries, benefit elections, and requested policy changes. The centrally appropriated line items that make up the total compensation common policies include: Salary Survey, Merit Pay, Shift Differential, Amortization Equalization Disbursement, Supplemental Amortization Equalization Disbursement, Short-term Disability and Health, Life, and Dental.

TOTAL COMPENSATION CALCULATION DETAILS

The request amounts for total compensation common policies are calculated each year using a snapshot of July's payroll. The July payroll is used since it reflects all total compensation changes that are implemented at the beginning of each fiscal year – this ensures that the Department is using up-to-date information for the total compensation request. Each department receives snapshot data including salary and benefit data for each employee that received a paycheck in July. Next, agencies are allowed to request revisions to the snapshot data to account for positions that are added through decision items and special bills that are not yet filled, positions that are seasonal, positions that are being eliminated and positions that are not appropriated. This process helps to

determine an accurate position count and associated salary cost for each position. The final adjusted data is used to determine the base, or continuation, salary amount for each department for the request year.

Once the data revision process is complete, agencies are asked to provide fund source information for each employee. Employee salaries are paid through a combination of General Fund, Cash Funds, Reappropriated Funds, and Federal Funds. Once the fund source data is finalized, the Department of Personnel & Administration aggregates the data to determine the total need for the request year by fund source for each total compensation common policy line item, in each department.

The following sections provide a detailed explanation for each total compensation common policy line item, and the corresponding request for FY 2017-18, by department.

SALARY SURVEY

The Salary Survey request represents adjustments to employee base salaries for a few reasons: system maintenance studies, occupational group adjustments, a Salary Survey pay-rate adjustment and finally an adjustment to move an employee's salary to the range minimum if it falls below the requested range minimum for his or her job classification.

Salary Range Adjustment

For FY 2017-18, the request includes a salary range adjustment of 2.2 percent for all occupational groups as recommended in the Annual Compensation Report. This adjustment will allow the State to keep pace with projected market increases and maintain a prevailing total compensation structure. Both the minimum and the maximum of the salary range will be increased by 2.2 percent. To the extent that these adjustments move an employee's salary below the range minimum, the associated funding has also been requested.

Statewide Pay-Rate Adjustment

Another component of the Annual Compensation report is a recommendation for a Salary Survey pay-rate adjustment. This is generally requested as a standard percent, or across-the board increase, for all state employees. Base (ongoing) or non-base (one-time) adjustments are awarded when funding is provided for this purpose. **For FY 2017-18, the Executive Branch is requesting a 2.5 percent Salary Survey funding increase for all state employees, base building up to the range maximum.**

System Maintenance Study

System maintenance studies represent a detailed comparison of state salaries to market salaries for a specific role. These studies are conducted to ensure that 1) job classes are grouped and paid appropriately; 2) to determine whether a class structure is current and adequate; 3) to ensure salary grades and relationships are appropriate; and 4) to determine whether specific classes should be revised, abolished or created.

In 2014, DPA received a recommendation from the State Auditor to refine the generic classifications for the General Professional (GP) series to improve the precision of market comparisons when establishing pay ranges. This comparison is critical to the maintenance of the

state’s compensation structure and ultimately the ability to ensure state employee pay is aligned with prevailing market pay. DPA implemented Phase I of the plan to deconsolidate the General Professional Series on July 1, 2016. This phase had no impact on pay ranges, on individual employee salaries, or on working titles; each job was simply moved from its current General Professional classification to the equivalent classification in in a new series. Phase II will include an evaluation of the pay ranges for the newly created class series, and any recommendations for pay range changes will be implemented in a future budget request. The GP Deconsolidation Phase I movement of job classes is below.

FY 2015-16 GP Classification
General Professional I
General Professional II
General Professional III
General Professional IV
General Professional V

New Professional Services Classifications Effective July 1, 2016	
Administrator	GIS
Analyst	Grant Administration
Appraiser	Human Resources
Business Operations	Inspection
Case Manager	Liaison
Community and Economic Development	Librarian
Compliance Professional	Marketing and Communications
Contract Administrator	Training
Counselor	Planning
Data Management	Policy Advisor
Economist	Program Management
Elections	Project Management
Emergency Preparedness & Management	Public Health/Community Outreach
Facilities Management	Purchasing
Financial Management	Real Estate (Asset) Management
Fire Protection	Right-Of-Way Enforcement
Student Services	Risk & Safety

Colorado State Patrol Trooper Evaluation

Pursuant to C.R.S. 24-50-104, the Colorado State Patrol Trooper classes are evaluated annually to ensure that the average salary of each class is equal to 99 percent of the actual average salary of the top three law enforcement agencies within the state that have both more than 100 commissioned officers and the highest actual average. In addition to the 2.2 percent salary range adjustment, a 7.0 percent salary increase is requested for the State Patrol Trooper class and a 3.5 percent salary increase is requested for the State Patrol Admin II class, based on the statutory requirement.

Proposed Ranges for State Patrol Trooper Class						
Class Code	Class Title	Occ Group	Pay Grade	Proposed Range Minimum	Proposed Range Midpoint	Proposed Range Maximum
A4A1	STATE PATROL CADET	S	S01	\$5,073	\$5,455	\$5,836
A4A3	STATE PATROL TROOPER	S	S02	\$5,819	\$7,108	\$8,396
A4A4	STATE PATROL TROOPER III	S	S03	\$6,530	\$7,635	\$8,739
A4A5	STATE PATROL SUPERVISOR	S	S04	\$7,485	\$8,360	\$9,235
A4A6	STATE PATROL ADMIN I	S	S05	\$8,894	\$9,655	\$10,415
A4A7	STATE PATROL ADMIN II	S	S06	\$10,356	\$11,133	\$11,909

FY 2017-18 SALARY SURVEY DEPARTMENT FUNDING REQUESTS

The following table reflects the Salary Survey request by department for FY 2017-18. This includes the 2.5 percent Salary Survey funding increase, the fiscal impact of the movement to minimum costs associated with the 2.2 percent salary range adjustment, a 7.0 percent salary increase for the State Patrol Trooper class and a 3.5 percent salary increase for the State Patrol Admin II class.

SUMMARY FOR SALARY SURVEY							
Department	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Base Adj.	GF	CF	RF	FF
Agriculture	\$7,298	\$436,130	\$436,130	\$131,309	\$300,592	\$0	\$4,229
Corrections	\$583,577	\$8,989,753	\$8,989,753	\$8,743,757	\$245,996	\$0	\$0
Education	\$6,591	\$1,241,925	\$1,241,925	\$441,635	\$167,714	\$135,093	\$497,483
Governor's Office	\$24,320	\$2,305,604	\$2,305,604	\$173,146	\$103,841	\$2,004,506	\$24,111
HCPF	\$56,903	\$878,535	\$878,535	\$326,644	\$72,622	\$20,631	\$458,638
Higher Education	\$0	\$336,345	\$336,345	\$9,553	\$190,459	\$65,476	\$70,857
Human Services	\$897,944	\$5,993,375	\$5,993,375	\$4,049,745	\$201,460	\$1,078,098	\$664,072
Judicial *	\$1,172,311	\$8,696,574	\$8,696,574	\$8,173,477	\$523,097	\$0	\$0
Labor and Employment	\$150,603	\$2,134,937	\$2,134,937	\$120,718	\$769,076	\$16,439	\$1,228,704
Law *	\$8,276	\$1,338,367	\$1,338,367	\$295,759	\$213,925	\$786,478	\$42,205
Legislature *	\$0	\$688,711	\$688,711	\$688,711	\$0	\$0	\$0
Local Affairs	\$9,579	\$332,562	\$332,562	\$71,388	\$42,984	\$148,715	\$69,475
Military Affairs	\$47,045	\$231,460	\$231,460	\$80,811	\$2,296	\$0	\$148,353
Natural Resources	\$50,669	\$2,948,424	\$2,948,424	\$479,129	\$2,306,648	\$80,562	\$82,085
Personnel & Administration	\$81,876	\$681,647	\$681,647	\$242,891	\$45,945	\$392,811	\$0
Public Health	\$97,284	\$2,730,112	\$2,730,112	\$328,852	\$944,179	\$305,918	\$1,151,163
Public Safety	\$5,058,382	\$5,139,708	\$5,139,708	\$867,257	\$3,846,480	\$289,657	\$136,314
Regulatory Agencies	\$53,521	\$1,012,503	\$1,012,503	\$37,044	\$911,027	\$59,943	\$4,489
Revenue	\$326,822	\$2,063,548	\$2,063,548	\$884,630	\$1,176,480	\$2,438	\$0
State *	\$1,071	\$229,359	\$229,359	\$0	\$229,359	\$0	\$0
Transportation	\$937	\$292,693	\$292,693	\$0	\$282,615	\$10,078	\$0
Treasury *	\$0	\$55,081	\$55,081	\$33,997	\$21,084	\$0	\$0
TOTAL	\$8,635,009	\$48,757,353	\$48,757,353	\$26,180,453	\$12,597,879	\$5,396,843	\$4,582,178

*Non-Executive branch agencies are not required to submit budget proposals to the Governor's Office; agencies that did not submit budget proposals have been included and the estimated need and fund splits are based on the FY 2016-17 Long Bill.

Note: The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

MERIT PAY

The Total Compensation Report includes recommendations for Merit Pay for the State Classified System as required under Section 24-50-104 (1) (c), C.R.S. The Merit Pay appropriation provides funding for increases in pay (both base-building and one-time in nature) depending on a State employee's individual performance and placement within his or her pay range. **For FY 2017-18, the Executive Branch has not requested funding for a statewide Merit Pay adjustment.**

SHIFT DIFFERENTIAL

The Shift Differential line item funds compensation adjustments for employees who work outside of normal work hours. These are second and third shift workers whose scheduled work hours fall outside of the Monday through Friday, 8:00 am to 5:00 pm work schedule. Offering Shift Differential is a standard practice in the private sector.

In recent years, the Executive Branch followed a policy of requesting Shift Differential at 100 percent of actual expenditures in the most recent fiscal year. This allows agencies to maintain operations at the current level. The FY 2017-18 request continues the policy of funding 100 percent of prior year actual expenditures. The following table reflects the Shift Differential request by department for FY 2017-18.

FY 2017-18 SHIFT DIFFERENTIAL DEPARTMENT FUNDING REQUESTS

SUMMARY FOR SHIFT DIFFERENTIAL							
Department	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Base Adj.	GF	CF	RF	FF
Agriculture	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Corrections	\$7,940,718	\$8,125,195	\$184,477	\$178,863	\$5,614	\$0	\$0
Education	\$110,489	\$114,584	\$4,095	\$4,095	\$0	\$0	\$0
Governor's Office	\$94,672	\$92,356	(\$2,316)	\$0	\$0	(\$2,316)	\$0
HCPF	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Higher Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Human Services	\$5,860,569	\$5,431,696	(\$428,873)	(\$48,888)	(\$225,180)	\$473,330	(\$628,135)
Judicial *	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Labor and Employment	\$14,797	\$13,339	(\$1,458)	\$0	\$0	\$0	(\$1,458)
Law *	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Legislature *	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Local Affairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Military Affairs	\$23,665	\$27,954	\$4,289	\$0	\$0	\$0	\$4,289
Natural Resources	\$41,899	\$42,863	\$964	\$0	\$964	\$0	\$0
Personnel & Administration	\$45,051	\$43,735	(\$1,316)	\$0	\$0	(\$1,316)	\$0
Public Health	\$23,038	\$27,437	\$4,399	\$1,156	(\$1,533)	(\$160)	\$4,936
Public Safety	\$537,745	\$529,250	(\$8,495)	\$1,636	(\$63,307)	\$51,112	\$2,064
Regulatory Agencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue	\$124,573	\$130,712	\$6,139	(\$2,227)	\$8,366	\$0	\$0
State *	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transportation	\$45,157	\$23,490	(\$21,667)	\$0	(\$22,505)	\$838	\$0
Treasury *	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$14,862,373	\$14,602,611	(\$259,762)	\$134,636	(\$297,581)	\$521,488	(\$618,304)

*Non-Executive branch agencies are not required to submit budget proposals to the Governor's Office; agencies that did not submit budget proposals have been included and the estimated need and fund splits are based on the FY 2016-17 Long Bill.

Note: The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

SHIFT DIFFERENTIAL CALCULATION DETAIL – REVISED BASE SALARY

In a year which salary increases are funded, the Salary Survey and Merit Pay adjustments are determined at the individual employee level then aggregated to the department level. The adjustment for Shift Differential is added next in order to calculate the department's revised base salary amount for the request year.

Shift Differential Calculation Detail - Revised Base Salary	
Department Base Salary	\$500,000
+ Base Building Salary Survey (\$500,000*2.5%)	\$12,500
= New Salary	\$512,500
+ Base Building Merit Pay (\$500,000*0.0%)	\$0
= Total Base Salary FY 2017-18	\$512,500
+ Shift Differential Actual FY 2015-16	\$100,000
= Department Revised Base Salary for FY 2017-18	\$612,500

After the revised base salary is calculated, the Amortization Equalization Disbursement, Supplemental Amortization Equalization Disbursement, and Short-term Disability request amounts are calculated based on a percentage of the FY 2017-18 revised base salary.

AMORTIZATION EQUALIZATION DISBURSEMENT (AED)

Pursuant to S.B. 04-257, the State contributes additional funds to assist in the amortization of the Public Employees’ Retirement Association’s (PERA) unfunded liability. During the 2005 legislative session, the General Assembly created a separate line item to provide funding each calendar year, until contributions reach the maximum rate of 5.0 percent in calendar year 2017. The table below shows the contribution rates by calendar year for both Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED, described in the next section).

Calendar Year	State PERA Contribution	AED Contribution	SAED Contribution	Total State Contribution
2010	10.15%	2.20%	1.50%	13.85%
2011	10.15%	2.60%	2.00%	14.75%
2012	10.15%	3.00%	2.50%	15.65%
2013	10.15%	3.40%	3.00%	16.55%
2014	10.15%	3.80%	3.50%	17.45%
2015	10.15%	4.20%	4.00%	18.35%
2016	10.15%	4.60%	4.50%	19.25%
2017	10.15%	5.00%	5.00%	20.15%
2018	10.15%	5.00%	5.00%	20.15%

AED CALCULATION DETAIL

The AED amount required for each department is a product of the department’s revised base salary and the percent contribution as determined by statute. For budgeting purposes, six months of the yearly contributions percentages are converted to a blended rate for the fiscal year. For FY 2017-18, the blended rate is 5.0 percent of revised base salaries. The AED rate for the Judicial department is equal to the 2010 calendar year rate, pursuant to C.R.S. 24-51-411 (4). The AED calculation is described below:

Calculation Detail - AED	
Department Revised Base Salary	\$600,000
AED @ 5.0%	\$600,000*5.0%
= Requested AED Appropriation	\$30,000

FY 2017-18 AED DEPARTMENT FUNDING REQUESTS

SUMMARY FOR AED							
Department	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Base Adj.	GF	CF	RF	FF
Agriculture	\$938,839	\$801,132	(\$137,707)	(\$93,545)	(\$10,730)	\$0	(\$33,432)
Corrections	\$15,955,728	\$16,876,581	\$920,853	\$931,257	(\$10,404)	\$0	\$0
Education	\$2,054,352	\$2,286,448	\$232,096	\$141,217	\$6,730	\$33,223	\$50,926
Governor's Office	\$4,033,755	\$4,239,344	\$205,589	\$18,382	(\$35,700)	\$236,882	(\$13,975)
HCPF	\$1,434,489	\$1,613,795	\$179,306	\$64,314	\$13,873	\$1,655	\$99,464
Higher Education	\$552,761	\$611,940	\$59,179	\$7,817	\$28,495	\$18,968	\$3,899
Human Services	\$10,578,577	\$11,251,504	\$672,927	\$874,354	(\$67,735)	(\$212,080)	\$78,388
Judicial *	\$12,588,247	\$13,866,162	\$1,277,915	\$1,054,044	\$223,871	\$0	\$0
Labor and Employment	\$3,570,250	\$3,920,646	\$350,396	\$42,467	\$8,201	\$4,713	\$295,015
Law *	\$1,898,869	\$2,083,520	\$184,651	\$32,619	\$32,861	\$120,791	(\$1,620)
Legislature *	\$1,150,000	\$1,265,104	\$115,104	\$115,104	\$0	\$0	\$0
Local Affairs	\$560,808	\$610,888	\$50,080	\$27,187	(\$8,676)	\$26,862	\$4,707
Military Affairs	\$384,858	\$426,426	\$41,568	\$18,262	(\$1,942)	\$0	\$25,248
Natural Resources	\$5,156,204	\$5,417,877	\$261,673	\$72,391	\$172,004	\$3,391	\$13,887
Personnel & Administration	\$1,129,974	\$1,254,088	\$124,114	\$74,523	(\$28,777)	\$78,368	\$0
Public Health	\$4,564,084	\$5,016,170	\$452,086	\$93,545	\$79,672	\$68,788	\$210,081
Public Safety	\$5,894,053	\$6,534,371	\$640,318	\$149,413	\$554,109	(\$106,530)	\$43,326
Regulatory Agencies	\$1,729,990	\$1,859,883	\$129,893	\$17,432	\$106,315	\$10,763	(\$4,617)
Revenue	\$3,482,946	\$3,796,382	\$313,436	\$133,516	\$179,641	\$279	\$0
State *	\$427,131	\$421,313	(\$5,818)	\$0	(\$5,818)	\$0	\$0
Transportation	\$485,311	\$538,703	\$53,392	\$0	\$59,654	(\$6,262)	\$0
Treasury *	\$93,898	\$102,427	\$8,529	\$6,162	\$2,367	\$0	\$0
TOTAL	\$78,665,124	\$84,794,704	\$6,129,580	\$3,780,461	\$1,298,011	\$279,811	\$771,297

*Non-Executive branch agencies are not required to submit budget proposals to the Governor's Office; agencies that did not submit budget proposals have been included and the estimated need and fund splits are based on the FY 2016-17 Long Bill.

Note: The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)

Similar to the Amortization Equalization Disbursement line item, the Supplemental Amortization Equalization Disbursement (SAED) line item increases contributions to the PERA Trust Fund to amortize the unfunded liability in the Trust Fund. During the 2006 legislative session the General Assembly passed S.B. 06-235, which added Supplemental AED payments. Pursuant to statute, the funding for SAED comes from moneys which would have otherwise gone to State employees as salary increases.

SAED CALCULATION DETAIL

The SAED amount required for each department is a product of their revised base salary and the percent contribution as determined by statute. For budgeting purposes, six months of the yearly percentages are converted to a blended rate for the fiscal year. For FY 2017-18, the blended percentage contribution is 5.0 percent of revised base salaries. The SAED rate for the Judicial department is equal to the 2010 calendar year rate, pursuant to C.R.S. 24-51-411 (7). The SAED calculation is described below:

Calculation Detail - SAED	
Department Revised Base Salary	\$600,000
SAED @ 5.0%	\$600,000*5.0%
= Requested SAED Appropriation	\$30,000

FY 2017-18 SAED DEPARTMENT FUNDING REQUESTS

SUMMARY FOR SAED							
Department	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Base Adj.	GF	CF	RF	FF
Agriculture	\$929,059	\$801,132	(\$127,927)	(\$90,058)	(\$4,866)	\$0	(\$33,003)
Corrections	\$15,789,522	\$16,876,581	\$1,087,059	\$1,092,628	(\$5,569)	\$0	\$0
Education	\$2,032,954	\$2,286,448	\$253,494	\$148,249	\$9,868	\$35,462	\$59,915
Governor's Office	\$3,991,737	\$4,239,344	\$247,607	\$21,503	(\$33,341)	\$272,813	(\$13,368)
HCPF	\$1,419,546	\$1,613,795	\$194,249	\$69,894	\$15,119	\$2,033	\$107,203
Higher Education	\$547,001	\$611,940	\$64,939	\$7,917	\$31,809	\$20,012	\$5,201
Human Services	\$10,468,382	\$11,251,504	\$783,122	\$944,429	(\$63,148)	(\$188,437)	\$90,278
Judicial *	\$12,076,370	\$13,459,919	\$1,383,549	\$1,186,336	\$197,213	\$0	\$0
Labor and Employment	\$3,533,158	\$3,920,646	\$387,488	\$44,236	\$22,826	\$4,979	\$315,447
Law *	\$1,879,090	\$2,083,520	\$204,430	\$37,938	\$35,088	\$132,528	(\$1,124)
Legislature *	\$1,150,000	\$1,265,104	\$115,104	\$115,104	\$0	\$0	\$0
Local Affairs	\$554,966	\$610,888	\$55,922	\$28,270	(\$7,763)	\$29,428	\$5,987
Military Affairs	\$380,849	\$426,426	\$45,577	\$19,618	(\$1,878)	\$0	\$27,837
Natural Resources	\$5,102,493	\$5,417,877	\$315,384	\$80,805	\$214,369	\$4,897	\$15,313
Personnel & Administration	\$1,118,203	\$1,254,088	\$135,885	\$78,394	(\$27,598)	\$85,089	\$0
Public Health	\$4,516,542	\$5,016,170	\$499,628	\$98,863	\$96,915	\$73,925	\$229,925
Public Safety	\$5,832,658	\$6,534,371	\$701,713	\$163,822	\$593,167	(\$100,559)	\$45,283
Regulatory Agencies	\$1,711,969	\$1,859,883	\$147,914	\$17,959	\$122,640	\$11,798	(\$4,483)
Revenue	\$3,446,668	\$3,796,382	\$349,714	\$149,052	\$200,340	\$322	\$0
State *	\$422,682	\$421,313	(\$1,369)	\$0	(\$1,369)	\$0	\$0
Transportation	\$480,737	\$538,703	\$57,966	\$0	\$63,970	(\$6,004)	\$0
Treasury *	\$92,920	\$102,427	\$9,507	\$6,761	\$2,746	\$0	\$0
TOTAL	\$77,477,506	\$84,388,461	\$6,910,955	\$4,221,720	\$1,460,538	\$378,286	\$850,411

*Non-Executive branch agencies are not required to submit budget proposals to the Governor's Office; agencies that did not submit budget proposals have been included and the estimated need and fund splits are based on the FY 2016-17 Long Bill.

Note: The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

SHORT-TERM DISABILITY (STD)

The Short-term Disability appropriation is used to provide partial payment of an employee's salary if an individual becomes disabled and cannot perform his or her work duties. All employees qualify for this employer-paid, payroll-based insurance benefit. This benefit is calculated on an annual basis. For FY 2017-18, the Executive Branch requests short-term disability funding at 0.19 percent of revised base salaries.

STD CALCULATION DETAIL

The amount required for each department is a product of the department's revised base salary and 0.19 percent requested by the Executive Branch as shown in the table below.

Calculation Detail - STD	
Department Revised Base Salary	\$600,000
STD @ 0.19%	\$600,000*0.19%
= Requested STD Appropriation	\$1,140

FY 2017-18 STD DEPARTMENT FUNDING REQUESTS

SUMMARY FOR SHORT-TERM DISABILITY							
Department	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Base Adj.	GF	CF	RF	FF
Agriculture	\$29,524	\$28,756	(\$768)	(\$1,867)	\$2,116	\$0	(\$1,017)
Corrections	\$617,301	\$627,467	\$10,166	\$11,307	(\$1,141)	\$0	\$0
Education	\$77,458	\$80,489	\$3,031	\$3,293	(\$521)	\$633	(\$374)
Governor's Office	\$158,356	\$160,847	\$2,491	\$655	(\$1,368)	\$3,737	(\$533)
HCPF	\$55,072	\$57,989	\$2,917	\$991	\$208	(\$30)	\$1,748
Higher Education	\$20,161	\$22,421	\$2,260	\$284	\$1,061	\$797	\$118
Human Services	\$406,013	\$414,973	\$8,960	\$22,141	(\$2,877)	(\$12,471)	\$2,166
Judicial *	\$450,169	\$475,569	\$25,400	\$18,524	\$6,876	\$0	\$0
Labor and Employment	\$139,651	\$147,773	\$8,122	\$1,338	(\$1,702)	\$139	\$8,347
Law *	\$75,164	\$79,174	\$4,010	\$431	\$910	\$2,806	(\$137)
Legislature *	\$40,000	\$43,299	\$3,299	\$3,299	\$0	\$0	\$0
Local Affairs	\$21,653	\$22,365	\$712	\$787	(\$487)	\$486	(\$74)
Military Affairs	\$14,795	\$15,546	\$751	\$420	(\$83)	\$0	\$414
Natural Resources	\$179,003	\$182,582	\$3,579	\$1,624	\$1,654	(\$26)	\$327
Personnel & Administration	\$44,651	\$46,326	\$1,675	\$1,811	(\$1,370)	\$1,234	\$0
Public Health	\$176,917	\$185,171	\$8,254	\$2,509	(\$76)	\$1,615	\$4,206
Public Safety	\$227,432	\$244,882	\$17,450	\$2,919	\$17,773	(\$4,684)	\$1,442
Regulatory Agencies	\$68,255	\$70,413	\$2,158	\$576	\$1,531	\$243	(\$192)
Revenue	\$137,294	\$144,039	\$6,745	\$2,910	\$3,828	\$7	\$0
State *	\$16,148	\$16,010	(\$138)	\$0	(\$138)	\$0	\$0
Transportation	\$19,153	\$20,430	\$1,277	\$0	\$1,556	(\$279)	\$0
Treasury *	\$3,646	\$3,720	\$74	\$80	(\$6)	\$0	\$0
TOTAL	\$2,977,816	\$3,090,241	\$112,425	\$74,032	\$27,744	(\$5,793)	\$16,441

*Non-Executive branch agencies are not required to submit budget proposals to the Governor's Office; agencies that did not submit budget proposals have been included and the estimated need and fund splits are based on the FY 2016-17 Long Bill.

Note: The Short-Term Disability table on page 10 only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers within this table.

HEALTH, LIFE, AND DENTAL (HLD)

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 of Personnel & Administration contracts with a benefits actuary to provide an estimate of how insurance benefits should be funded in the subsequent budget year. The actuary analyzes the previous fiscal year’s statewide and industry trends in healthcare costs to make a recommendation. This information is not available until December of each year, so if necessary, the Department may submit a FY 2017-18 budget amendment with revised figures in January 2017. The request amounts shown for HLD should be considered a placeholder for the future budget amendment.

The following table shows the placeholder amounts that are included in the November 1 request for FY 2017-18 for Health, Life and Dental.

FY 2017-18 Health and Dental Monthly State Contributions by Tier				
Tier	Tier Description	Health	Dental	Life
1	Employee	\$499.62	\$26.70	\$8.84
2	Employee + Spouse	\$936.30	\$43.90	\$8.84
3	Employee + Child(ren)	\$930.06	\$47.84	\$8.84
4	Family	\$1,319.86	\$64.10	\$8.84

HLD CALCULATION DETAIL

The budget request is based on employee health and dental elections as of July 2016. The example below shows an employee enrolled in Tier One for both health and dental benefits. All employees receive the state paid life insurance benefit. To determine the request amounts, this calculation is completed and annualized for every benefit-eligible employee in each department.

Calculation Detail - HLD	
Tier 1 Health	\$499.62
+ Tier 1 Dental	\$26.70
+ Life	\$8.84
= Monthly State HLD Contribution Request (one employee)	\$535.16

FY 2017-18 HLD DEPARTMENT FUNDING REQUESTS

SUMMARY FOR HEALTH, LIFE AND DENTAL							
Department	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Base Adj.	GF	CF	RF	FF
Agriculture	\$2,242,232	\$2,424,379	\$182,147	(\$309,993)	\$504,613	\$0	(\$12,472)
Corrections	\$50,481,587	\$54,289,850	\$3,808,263	\$3,709,399	\$98,864	\$0	\$0
Education	\$4,834,978	\$5,223,286	\$388,308	\$279,180	(\$16,559)	\$28,630	\$97,057
Governor's Office	\$9,237,137	\$9,772,002	\$534,865	\$146,987	(\$1,691)	\$358,364	\$31,205
HCPF	\$3,434,070	\$3,673,449	\$239,379	\$85,554	\$12,201	(\$129)	\$141,753
Higher Education	\$1,526,429	\$1,941,228	\$414,799	\$19,862	\$239,340	\$103,062	\$52,535
Human Services	\$32,851,019	\$35,479,953	\$2,628,934	\$2,940,038	(\$268,766)	\$275,460	(\$317,799)
Judicial *	\$36,625,440	\$40,993,155	\$4,367,715	\$3,470,632	\$897,083	\$0	\$0
Labor and Employment	\$9,700,470	\$10,857,691	\$1,157,221	\$192,245	\$111,015	(\$11,124)	\$865,085
Law *	\$3,789,903	\$4,131,512	\$341,609	\$134,083	\$65,799	\$126,981	\$14,746
Legislature *	\$2,750,000	\$2,951,740	\$201,740	\$201,740	\$0	\$0	\$0
Local Affairs	\$1,429,520	\$1,628,910	\$199,390	\$89,834	\$3,607	\$52,221	\$53,728
Military Affairs	\$1,018,364	\$1,108,541	\$90,177	\$47,659	(\$11,800)	\$0	\$54,318
Natural Resources	\$13,095,267	\$14,214,805	\$1,119,538	\$726,733	\$859,148	(\$462,036)	(\$4,307)
Personnel & Administration	\$3,107,311	\$3,565,498	\$458,187	\$132,459	(\$17,764)	\$343,492	\$0
Public Health	\$10,639,611	\$11,702,251	\$1,062,640	\$224,505	\$125,380	\$152,837	\$559,919
Public Safety	\$14,524,522	\$16,376,550	\$1,852,028	\$563,290	\$1,379,062	(\$147,014)	\$56,690
Regulatory Agencies	\$4,186,649	\$4,612,941	\$426,292	\$88,194	\$362,685	\$2,867	(\$27,453)
Revenue	\$10,731,918	\$11,899,758	\$1,167,840	\$305,035	\$856,189	\$6,616	\$0
State *	\$1,030,749	\$1,019,294	(\$11,455)	\$0	(\$11,455)	\$0	\$0
Transportation	\$1,207,810	\$1,339,058	\$131,248	\$0	\$150,168	(\$18,920)	\$0
Treasury *	\$256,548	\$298,865	\$42,317	\$11,340	\$30,977	\$0	\$0
TOTAL	\$218,701,534	\$239,504,716	\$20,803,182	\$13,058,776	\$5,368,095	\$811,306	\$1,565,005

*Non-Executive branch agencies are not required to submit budget proposals to the Governor's Office; agencies that did not submit budget proposals have been included and the estimated need and fund splits are based on the FY 2016-17 Long Bill.

Note: The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

OPERATING COMMON POLICIES

Operating common policies refer to an array of statewide services provided by the Department of Personnel & Administration (DPA). Services include: Administrative Law Judge Services, Workers' Compensation, Payment to Risk Management and Property Funds, Capitol Complex Leased Space, and CORE Operations. Departments request appropriations to pay DPA for services through these five operating common policy line items, often centrally appropriated in the Executive Director's Office long bill group. DPA's appropriation reflects corresponding Reappropriated Funds spending authority in order to spend the moneys received from billing other agencies for services.

The requested amounts for operating common policies are calculated by the Department of Personnel & Administration, based on the total estimated program need for FY 2017-18. The requested amounts for the following operating common policy line items appear in departments' individual budget submissions.

ADMINISTRATIVE LAW JUDGE SERVICES

The Colorado Office of Administrative Courts (OAC) was statutorily created in 1976 to provide an easily accessible, independent and cost-effective administrative law adjudication system in Colorado. The Office is one of 24 central panels of independent Administrative Law Judges (ALJ) in the United States, and provides administrative law hearings to over 50 State agencies, counties and other entities out of its three offices (Denver, Colorado Springs and Grand Junction).

The OAC conducts all workers' compensation merit hearings for the entire State; all public benefits cases (food stamps, Colorado Works/TANF, Medicaid, etc.); all professional licensing board work involving the denial, revocation, suspension or other discipline of holders of a professional license (such as doctors, nurses, architects, real estate brokers, engineers, etc.); teacher dismissal cases, and all Secretary of State cases where a citizen has filed a complaint under the Fair Campaign Practices Act. In addition, the Office conducts mediations and settlement conferences.

FY 2017-18 ADMINISTRATIVE LAW JUDGE ESTIMATED COSTS

For FY 2017-18, the Administrative Law Judge Services request includes a base adjustment to the ALJ line item for each department based on updated program expenditures anticipated for FY 2017-18. While there are no policy changes contained in the base request, DPA has submitted a separate decision item for an Electronic Case Management System (DPA request priority R-01). The R-01 Office of Administrative Courts Electronic Case Management System is requesting the revenue and spending authority for the licenses needed to utilize a Salesforce based Electronic Case Management System available through the Office of Information Technology.

The descriptions and table below provide the amount and rationale behind each of the request components and outline any departure from the previously requested amounts or methodologies. The Department submits an adjustment for this common policy annually, based on actual use of ALJ services in the most recent completed fiscal year.

FY 2017-18 Administrative Law Judge Request		
Description	FY 2016-17 Appropriation	FY 2017-18 Request
Personal Services	\$3,787,494	\$3,787,494
Total Compensations Common Policies	\$611,158	\$668,928
Operating and OIT Common Policies	\$812,611	\$964,065
Operating Expenses	\$171,525	\$148,010
Indirect Costs	\$71,305	\$194,278
Fund Balance Adjustment	(\$114,751)	\$9,881
Total	\$5,339,342	\$5,772,656

- **Personal Services:** The amount requested for Personal Services accounts for the base building impact of Salary Survey and Merit Pay, if any.
- **Total Compensation Common Policies:** This includes funding for the ALJ program staff for the following: Health, Life, and Dental, Short-term Disability, AED, SAED, Salary Survey and Merit Pay.
- **Operating and OIT Common Policies:** This includes the program’s need for the following centrally appropriated line items: Workers’ Compensation, Legal Services, Payment to Risk Management and Property Funds, Leased Space, Capitol Complex Leased Space, Payments to OIT, and CORE Operations.
- **Operating Expenses:** A continuation level of funding has been requested for operating expenses. The annualization of FY 2016-17’s R-01 request reduced this requested appropriation.
- **Indirect Costs:** This represents the program’s share of indirect costs for FY 2017-18.
- **Fund Balance Adjustment:** The fund balance adjustment is the mechanism by which the Department adjusts rates up or down to address any over/under collection from previous fiscal years. For the ALJ fund balance adjustment, eight and a quarter percent of base expenditures is requested as a reserve. The table below shows the calculation of the fund balance adjustment:

FY 2017-18 Administrative Law Judge Fund Balance Projection	
Description	Amount
Final Fund Balance - FY16 Projected	\$445,577
Projected FY17 Revenue	\$5,339,342
Projected FY17 Expense	\$5,454,093
Final Fund Balance - FY17 Proj.	\$330,826
FY18 - Personal Services	\$3,787,494
FY18 - Operating	\$148,010
FY18 - Indirect Costs	\$194,278
FY18 - Total Expenditure Base	\$4,129,782
Targeted Fund Bal - 8.25% of Exp Base	\$340,707
Addition / (Reduction) Required to Reach Target	\$9,881

ADMINISTRATIVE LAW JUDGE COST ALLOCATION TO DEPARTMENTS

The Administrative Law Judge Services allocations are based on utilization in the most recent fiscal year. This allocation methodology uses the sum of all personal services and operating expenditures projected for program operation (see FY 2017-18 Administrative Law Judge Request table) and allocates the cost proportionally by department, according to the prior fiscal year's actual ALJ Services usage.

FY 2017-18 Administrative Law Judge Service Allocations for State Agencies				
Department	FY 2015-16 Utilization	FY 2017-18 Request	FY 2016-17 Appropriation	FY 2017-18 Incremental Need
Department of Personnel and Administration	0.20%	\$11,559	\$12,814	(\$1,255)
Department of Agriculture	0.09%	\$4,986	\$2,670	\$2,316
Department of Education	4.40%	\$253,744	\$224,252	\$29,492
Department of Public Health & Environment	0.87%	\$50,020	\$10,145	\$39,875
Department of Higher Education	0.14%	\$8,018	\$7,475	\$543
Department of Transportation	0.08%	\$4,904	\$2,670	\$2,234
Department of Human Services	11.35%	\$655,025	\$580,181	\$74,844
Department of Labor and Employment	65.68%	\$3,791,729	\$3,465,973	\$325,756
Department of Law	0.14%	\$7,855	\$1,602	\$6,253
Department of Regulatory Agencies	4.23%	\$244,037	\$201,827	\$42,210
Department of Revenue	0.20%	\$11,355	\$9,077	\$2,278
Department of Health Care Policy & Finance	11.27%	\$650,609	\$697,852	(\$47,243)
Department of State	1.37%	\$78,815	\$122,804	(\$43,989)
TOTAL	100.00%	\$5,772,656	\$5,339,342	\$433,314

FY 2017-18 ADMINISTRATIVE LAW JUDGE DEPARTMENT FUNDING REQUESTS

Summary for Administrative Law Judge Services						
Department	Request	Base Adj.	GF	CF	RF	FF
Agriculture	\$4,986	\$2,316	\$0	\$2,316	\$0	\$0
Education	\$253,744	\$29,492	\$0	\$24,401	\$5,091	\$0
Health Care Policy and Financing	\$650,609	(\$47,243)	(\$18,356)	(\$5,265)	\$0	(\$23,622)
Higher Education	\$8,018	\$543	\$0	\$543	\$0	\$0
Human Services	\$655,025	\$74,844	\$47,814	\$2,214	\$0	\$24,816
Labor And Employment	\$3,791,728	\$325,755	\$2,729	\$323,026	\$0	\$0
Law (Attorney General's Office) *	\$7,855	\$6,253	\$0	\$6,253	\$0	\$0
Personnel & Administration	\$11,559	(\$1,255)	\$0	(\$1,255)	\$0	\$0
Public Health and Environment	\$50,020	\$39,875	\$0	\$0	\$39,875	\$0
Regulatory Agencies	\$244,037	\$42,210	\$1,918	\$40,292	\$0	\$0
Revenue	\$11,355	\$2,279	\$0	\$2,279	\$0	\$0
State *	\$78,815	(\$43,990)	\$0	(\$43,990)	\$0	\$0
Transportation	\$4,904	\$2,234	\$0	\$2,234	\$0	\$0
TOTAL	\$5,772,655	\$433,313	\$34,105	\$353,048	\$44,966	\$1,194

* Fund Splits have been estimated based on the FY 2016-17 Long Bill

Note: The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

WORKERS' COMPENSATION

This line item provides funding for payments made to the Department of Personnel & Administration (DPA) to support the State's Workers' Compensation program. This is part of the State's self-funded property, liability, and workers' compensation insurance programs managed by DPA's Risk Management Unit.

FY 2017-18 WORKERS' COMPENSATION ESTIMATED COSTS

Calculation Methodology

Each year, the Department contracts with an actuary to estimate two primary components of the overall workers' compensation allocations for each department. First, the actuary estimates the total current liability the State is facing based on a three year analysis of actual losses and/or claims by each department. Next, the actuary estimates the allocation for each department as a percent of the total.

Once the Department obtains the estimates from the actuary, calculations to determine the allocable cost pool begin. The allocable pool is determined by adding estimated overhead costs, program and policy costs, and a fund balance adjustment. Finally, the actuary's allocations are applied to the allocable pool.

Overhead Costs

The following table shows the development of the overhead costs for the Risk Management Unit, which includes the workers' compensation, property, and liability programs. The Department allocates the overhead costs to each program proportionally, based on the total estimated personal services expenditures for each program. The descriptions below provide additional information on the components of the request.

Calculation of Program Overhead for FY 2017-18					
Description	FY 2016-17 Appropriation	FY 2017-18 Request	Liability	Property	Workers' Comp
Overhead Allocation %		100.0%	38.4%	14.4%	47.2%
Personal Services	\$847,621	\$847,621	\$325,706	\$121,843	\$400,072
Total Compensation Common Policies	\$161,550	\$163,201	\$62,711	\$23,460	\$77,030
Operating and OIT Common Policies	\$166,393	\$212,591	\$81,689	\$30,560	\$100,342
Operating Expenses	\$68,427	\$68,427	\$26,294	\$9,836	\$32,297
Indirect Costs	<u>\$189,850</u>	<u>\$214,251</u>	<u>\$82,328</u>	<u>\$30,798</u>	<u>\$101,125</u>
Total Program Overhead	\$1,433,841	\$1,506,091	\$578,728	\$216,497	\$710,866

- **Personal Services:** The amount requested for Personal Services accounts for the base building impact of Salary Survey and Merit Pay, if any.
- **Total Compensation Common Policies:** This includes funding for program staff for the following: Health, Life, and Dental, Short-term Disability, AED, SAED, Salary Survey and Merit Pay.

- **Operating and OIT Common Policies:** This includes the program’s need for the following centrally appropriated line items: Workers’ Compensation, Payment to Risk Management and Property Funds, Leased Space, Capitol Complex Leased Space, Payments to OIT, and CORE Operations.
- **Operating Expenses:** The Department requests a continuation level of funding for operating expenses.
- **Indirect Costs:** This represents the program’s share of indirect costs for FY 2017-18.

Program and Policy Costs

The following table details the Workers’ Compensation program and policy costs for FY 2017-18, including the overhead expenses as determined above in the Calculation of Program Overhead for FY 2017-18 table.

Workers’ Compensation Program and Policy Costs		
Description	FY 2016-17 Appropriation	FY 2017-18 Request
(C) Risk Management Services		
Program Overhead Expenses	\$672,471	\$710,866
Actuarial and Broker Services	\$37,500	\$37,500
RMIS Service Fees	\$63,683	\$64,434
Total Risk Management Program Administration	\$773,654	\$812,800
(4) Workers’ Compensation		
Workers’ Compensation Claims	\$35,279,285	\$35,712,576
Workers’ Compensation TPA Fees and Loss Control	\$2,450,000	\$2,450,000
TPA Fees	\$2,400,000	\$2,400,000
Loss Control Incentives	\$50,000	\$50,000
Total Workers’ Compensation Excess Policy	\$820,890	\$751,657
Excess Policy	\$568,890	\$599,657
CDLE Permit	\$2,000	\$2,000
CDLE Surcharge	\$250,000	\$150,000
Workers’ Compensation Legal Services	\$2,452,571	\$2,380,838
DHS Prior Year Claim Payouts	\$0	\$80,000
Adjustment to Targeted Fund Balance	(\$5,484,700)	(\$6,533,536)
Total Workers’ Compensation Allocations	\$36,291,700	\$35,654,335

The following text provides a brief description of each component and any considerable changes to the amount or methodology from prior submissions.

- **Total Risk Management Program Administration:** This includes the Workers’ Compensation portion of program overhead, Broker Fees incurred by the State for an independent broker to source the various excess policies required by the State, and Risk Management Information System (RMIS) Service Fees represent the costs incurred by the State for its tracking system.
- **Workers’ Compensation Claims:** This amount is actuarially determined for each fiscal year according to prior years’ loss experiences, including severity and frequency.

- **Workers’ Compensation TPA Fees and Loss Control:** This includes third-party administrator (TPA) fees incurred for having a third-party administer workers’ compensation claims filed against the State. Loss Control Incentives represents funding to implement and maintain various loss control programs throughout State agencies. Information about these programs can be accessed on DPA’s website (<https://www.colorado.gov/pacific/dhr/safety-loss-control>).
- **Workers’ Compensation Excess Policy:** The excess workers’ compensation policy limits the amount of the State’s financial exposure in any one workers’ compensation occurrence to \$10 million and provides coverage for the next \$50 million. The Department of Labor & Employment Permit Fee pays an annual self-insured workers’ compensation permit, required by CDLE. The CDLE Surcharge is a self-insured employer fee, used to fund the subsequent injury fund. The surcharge is based on payroll and the types of jobs performed by State employees.
- **Workers’ Compensation Legal Services:** This cost represents the amount of money the Department anticipates spending to have legal representation for workers’ compensation claims, as well as expenses for expert opinions regarding workers’ compensation. For FY 2017-18 this amount is also estimated by DPA’s actuary.
- **Adjustment to Targeted Fund Balance:** The following table shows the calculation of the target fund balance adjustment. The Department uses the year end fund balance for the most recent fiscal year, then adds anticipated revenues and subtracts anticipated expenditures for the current fiscal year and request year to calculate the fund balance adjustment. For FY 2017-18, the Department requests a reserve balance of five percent of the total projected expenditures from the Workers’ Compensation Fund, plus ten percent of the prospective claims payouts.

Workers’ Compensation Fund Balance Adjustment	
FY 2015-16 End-of-Year Fund Balance	\$17,578,569
FY 2016-17 Expenditure Estimate	(\$41,776,400)
FY 2016-17 Agency Billings	\$36,412,018
FY 2017-18 Estimated End-of-Year Fund Balance	\$12,214,187
Targeted Fund Balance %'s	5%/10%
TARGET FUND BALANCE FY 2017-18	\$5,680,651
Increase / (Decrease) to Common Policy Request	(\$6,533,536)

WORKERS’ COMPENSATION COST ALLOCATION TO DEPARTMENTS

The allocations to State agencies for workers’ compensation are determined by the Department’s actuary. The actuary performs an analysis of loss history and forecasted trends to determine the appropriation allocations of the total risk pool. The Department of Human Services request includes a prior year claim amount each fiscal year in addition to the amount from the actuarial study to cover institutions not originally covered by Pinnacol Assurance. The following tables show the allocated percentages as well as the total amount allocated to each department or institution for FY 2017-18.

FY 2017-18 Workers' Compensation Allocations for State Agencies			
Agency	Code	% Allocation	\$ Base Allocation
Agriculture	AG	0.6800%	\$241,905
Corrections	CO	19.7600%	\$7,029,489
Education	ED	1.4600%	\$519,385
Governor	EX	1.6300%	\$579,862
Health Care Policy & Financing	HC	0.1900%	\$67,591
Higher Education	HE	9.5000%	\$3,379,562
Human Services	HS		
Cost Allocation Share		24.7700%	\$8,811,763
Prior Year Claim Payments			\$80,000
<i>Human Services total</i>			<i>\$8,891,763</i>
Judicial	JD	4.2400%	\$1,508,352
Labor & Employment	LA	1.7800%	\$633,223
Legislature	LE	0.0500%	\$17,787
Local Affairs	LO	0.3600%	\$128,068
Law	LW	0.3700%	\$131,625
Military Affairs	MA	0.3600%	\$128,068
Natural Resources	NR	3.6600%	\$1,302,021
Personnel	GS	0.6800%	\$241,905
Public Health & Environment	PH	1.3800%	\$490,926
Public Safety	PS	8.7700%	\$3,119,869
Regulatory Agencies	RG	0.3800%	\$135,182
Revenue	RV	2.8400%	\$1,010,311
Secretary of State	ST	0.0600%	\$21,345
Transportation	HI	17.0800%	\$6,076,096
Treasury	TR	0.0000%	\$0
Allocation Totals		100.00%	\$35,654,335

FY 2017-18 Workers' Compensation Allocations for Higher Education			
Agency	Code	% Allocation	\$ Base Allocation
Arapahoe Community College	AR	2.300%	\$77,729
Auraria Education Center	AU	6.450%	\$217,982
Aurora Community College	CA	2.600%	\$87,869
Denver Community College	CD	4.510%	\$152,419
CSU Global	CG	0.560%	\$18,926
Front Range Community College	FR	10.470%	\$353,840
College Access Network	GL	0.310%	\$10,477
Colorado Commission HigherEd	HE	0.610%	\$20,615
Historical Society	HS	1.420%	\$47,990
Lamar Community College	LA	1.770%	\$59,818
Metropolitan State	ME	10.060%	\$339,984
CO School of Mines	MI	14.610%	\$493,754
Morgan Community College	MO	1.130%	\$38,189
Northeastern Junior College	NE	1.240%	\$41,907
Northwestern Community College	NW	0.930%	\$31,430
College Invest	OB	0.180%	\$6,083
Community College System	CC	3.210%	\$108,484
Otero Junior College	OT	2.540%	\$85,841
Pikes Peak Community College	PP	11.200%	\$378,511
Private Occupational School	PS	0.050%	\$1,690
Pueblo Community College	PV	4.540%	\$153,432
Red Rocks Community College	RR	5.840%	\$197,366
CSU Pueblo	SC	9.450%	\$319,368
Trinidad State Junior College	TR	4.020%	\$135,858
Allocation Totals		100.00%	\$3,379,562

FY 2017-18 WORKERS' COMPENSATION DEPARTMENT FUNDING REQUESTS

Summary for Workers Compensation						
Department	Request	Base Adj.	GF	CF	RF	FF
Agriculture	\$241,905	(\$11,577)	\$0	(\$11,577)	\$0	\$0
Corrections	\$7,029,489	(\$857,419)	(\$830,325)	(\$27,094)	\$0	\$0
Education	\$519,385	\$12,421	\$4,750	\$1,602	\$1,056	\$5,013
Governor's Office	\$579,862	\$98,246	\$10,153	\$0	\$88,093	\$0
Health Care Policy and Financing	\$67,591	\$13,273	\$6,637	\$0	\$0	\$6,636
Higher Education	\$3,379,562	\$33,601	\$0	\$28,712	\$4,889	\$0
Human Services	\$8,891,763	\$104,447	\$44,912	\$15,667	(\$148,666)	\$192,534
Judicial Branch *	\$1,508,352	\$125,065	\$125,065	\$0	\$0	\$0
Labor And Employment	\$633,223	(\$10,140)	\$0	\$0	\$0	(\$10,140)
Law (Attorney General's Office)	\$131,625	\$30,232	\$8,776	\$3,797	\$16,901	\$758
Legislative Branch *	\$17,787	\$3,302	\$3,302	\$0	\$0	\$0
Local Affairs	\$128,068	\$19,433	\$18,033	\$600	\$800	\$0
Military and Veterans Affairs	\$128,068	\$26,675	\$26,675	\$0	\$0	\$0
Natural Resources	\$1,302,021	(\$81,266)	\$1,597	(\$83,369)	\$493	\$13
Personnel & Administration	\$241,905	\$13,771	\$3,677	\$1,309	\$8,785	\$0
Public Health and Environment	\$490,926	(\$135,536)	\$0	\$0	(\$135,536)	\$0
Public Safety	\$3,119,869	(\$8,822)	\$240,343	(\$84,180)	(\$164,985)	\$0
Regulatory Agencies	\$135,182	\$30,168	\$1,551	\$25,418	\$3,169	\$30
Revenue	\$1,010,311	(\$43,449)	(\$19,190)	(\$24,259)	\$0	\$0
State *	\$21,345	\$3,239	\$0	\$3,239	\$0	\$0
Transportation	\$6,076,096	(\$123,347)	\$0	(\$123,347)	\$0	\$0
Treasury *	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$35,654,335	(\$757,683)	(\$354,044)	(\$273,482)	(\$325,001)	\$194,844

Note: Fund splits are estimates based on the FY 2016-17 Long Bill. The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

*Includes non-appropriated institutions of Higher Education. Fund splits are estimates only.

PAYMENTS TO RISK MANAGEMENT AND PROPERTY FUNDS

The Risk Management Unit is located within the Department of Personnel & Administration's Division of Human Resources. It manages the State's self-funded property, liability, and workers' compensation insurance programs. The State's Payment to Risk Management and Property Funds common policy consists of two programs: the Liability Program and the Property Program.

The Liability Program manages claims and lawsuits filed against the State for negligence in occurrences such as automobile accidents, employment discrimination, and road maintenance. During a typical year, approximately 1,800 liability claims are filed against the State, most of which are dismissed due to the Colorado Governmental Immunity Act (CGIA). The majority of expenditures from the Liability Premiums line item are related to federal law, where the focus is on civil rights and employment discrimination. For individual departments, the liability portion of department-wide expenditures is caught in the Payment to Risk Management and Property Funds line item, which also includes the Property Premiums described below.

The Property Program manages the State's incurred costs for self-insured property exposures (e.g., floods, wind, fires, and theft). The Risk Management Unit administers large policy deductibles, and pursuant to statute, State agencies and institutions of higher education pay the first \$5,000 per claim. Policy premiums are allocated to State agencies and institutions of higher education based on pro-rata building and content values.

By industry standards, the State of Colorado is considered self-insured as it covers the liability for losses in these areas at least up to the first \$100,000, though many losses are covered to a considerably higher limit. The excess policies carried by the State protect it from extreme cases where a particular loss could jeopardize the overall solvency of the risk management funds.

FY 2017-18 ESTIMATED COSTS – LIABILITY

Calculation Methodology

The Department contracts with an actuary to estimate two primary components of the liability allocations for each department. First, the actuary estimates the total current liability the State is facing based upon a multi-year analysis of actual losses and/or claims by each department. Second, using the same loss/claim data, the actuary estimates the allocation for each department as a percentage of the total liability.

Once the Department has the actuary's estimates, calculations to determine the allocable cost pool begin. The allocable pool is determined by adding estimated overhead costs, program and policy costs, and a fund balance adjustment. Finally, the actuary's allocations are applied to the allocable pool.

Overhead Costs

The following table shows the development of the overhead costs for the Risk Management Unit, which includes the workers’ compensation, property, and liability programs. The Department allocates the overhead costs to each program proportionally, based on the total estimated personal services expenditures for each program. Please refer to the Workers’ Compensation Calculation of Program Overhead section for a description of each component included in the table.

Calculation of Program Overhead for FY 2017-18					
Description	FY 2016-17 Appropriation	FY 2017-18 Request	Liability	Property	Workers' Comp
Overhead Allocation %		100.0%	38.4%	14.4%	47.2%
Personal Services	\$847,621	\$847,621	\$325,706	\$121,843	\$400,072
Total Compensation Common Policies	\$161,550	\$163,201	\$62,711	\$23,460	\$77,030
Operating and OIT Common Policies	\$166,393	\$212,591	\$81,689	\$30,560	\$100,342
Operating Expenses	\$68,427	\$68,427	\$26,294	\$9,836	\$32,297
Indirect Costs	<u>\$189,850</u>	<u>\$214,251</u>	<u>\$82,328</u>	<u>\$30,798</u>	<u>\$101,125</u>
Total Program Overhead	\$1,433,841	\$1,506,091	\$578,728	\$216,497	\$710,866

Program and Policy Costs

The following table details Liability Program and Policy Costs for the FY 2017-18, including the overhead expenses as determined above, in the Calculation of Program Overhead for FY 2017-18 table.

Liability Program and Policy Costs		
Description	FY 2016-17 Appropriation	FY 2017-18 Request
(C) Risk Management Services		
Program Overhead Expenses	\$556,330	\$578,728
Total Actuarial and Broker Services	\$32,073	\$32,073
Risk Management Information System	<u>\$63,683</u>	<u>\$64,434</u>
Total Risk Management Program Administration	\$652,086	\$675,235
2) Liability		
<i>Liability Claims</i>	\$7,013,148	\$5,492,182
<i>Liability Excess Policy</i>	\$349,400	\$363,825
<i>Liability Legal Services</i>	\$3,985,654	\$4,556,435
Total Liability	\$11,348,202	\$10,412,442
C-SEAP Funding	\$1,326,116	\$1,524,876
Adjustment to Targeted Fund Balance	<u>(\$834,044)</u>	<u>\$879,763</u>
Total Liability Allocations	\$12,492,360	\$13,492,316

The following text provides a brief description of each component and any considerable changes to the amount or methodology from prior submissions.

- **Total Risk Management Program Administration:** This includes program overhead, Broker Fees incurred by the State for an independent broker to source the various excess policies required by the State, and RMIS Service Fees represent the costs incurred by the State for its tracking system. For FY 2017-18 the RMIS contract amount was increased due to a contract renewal and bid process.
- **Liability Claims:** This value is actuarially determined for the Department on an annual basis. The State’s actuary takes into account previous loss experience and a number of other historical and forecasted trends to develop this figure.
- **Liability Excess Policy:** This policy exists to protect the State from any auto-related liability incurred outside of the State or claims brought in federal court. Inside the State, the State’s liability is limited to \$600,000 by the Colorado Governmental Immunity Act. The cost represented in the table is the value the Department anticipates paying for this coverage in FY 2017-18.
- **Liability Legal Services:** The legal expenses line is estimated by the Department’s actuary and presented in its report to the State each year. This appropriation is necessary to defend the State against liability lawsuits in which it is named as the defendant.
- **C-SEAP Funding:** Beginning in FY 2013-14, the funding for the Colorado State Employee Assistance Program was transitioned from the Workers’ Compensation allocations to the Liability allocations. In addition to other adjustments in Departmental allocations, the FY 2017-18 request includes an increase of \$1,100 in the Operating Common Policies line which accounts for one employee moving into Capitol Complex Leased Space effective July 1, 2016 per SB 16-178. A detailed calculation for C-SEAP funding is provided below.

Calculation of FY 2017-18 CSEAP Funding Request		
Description	FY 2016-17 Appropriation	FY 2017-18 Request
Personal Services	\$817,704	\$817,704
Total Compensation Common Policies	\$192,028	\$208,009
Operating Expenses	\$53,794	\$53,794
Operating Common Policies	\$232,794	\$280,755
Indirect Costs	<u>\$29,796</u>	<u>\$164,614</u>
Total	\$1,326,116	\$1,524,876

- **Adjustment to Targeted Fund Balance:** The following table shows the calculation of the target fund balance adjustment. The Department uses the year end fund balance for the most recent fiscal year, then adds anticipated revenues and subtracts anticipated expenditures for the current fiscal year and request year to calculate the fund balance adjustment. For FY 2017-18, the Department requests a reserve balance of five percent of the total projected expenditures from the Liability Fund, plus 25 percent of the prospective claims payouts.

Liability Fund Balance Adjustment	
FY 2015-16 End-of-Year Fund Balance	\$1,885,011
FY 2016-17 Expenditure Estimate	(\$13,326,404)
FY 2016-17 Agency Billings	\$12,489,059
FY 2016-17 Estimated End-of-Year Fund Balance	\$1,047,666
Targeted Fund Balance %'s	5%/25%
TARGET FUND BALANCE FY 2017-18	\$1,927,429
Increase / (Decrease) to Common Policy Request	\$879,763

FY 2017-18 ESTIMATED COSTS – PROPERTY

Calculation Methodology

The Department surveys state agencies annually to determine the total value of the State’s building and building contents. Allocations are assigned proportionally, based on a department’s or institution’s percentage of assets or holdings relative to the State’s total asset pool.

Once the Department has determined the property allocations, calculations to determine the allocable cost pool begin. The allocable pool is determined by adding estimated overhead costs, program and policy costs, and a fund balance adjustment. Finally, the property allocations are applied to the allocable pool.

Overhead Costs

The following table shows the development of the overhead costs for the Risk Management Unit, which includes the workers’ compensation, property, and liability programs. The Department allocates the overhead costs to each program proportionally, based on the total estimated personal services expenditures for each program. Please refer to the Workers’ Compensation Calculation of Program Overhead section for a description of each component included in the table.

Calculation of Program Overhead for FY 2017-18					
Description	FY 2016-17 Appropriation	FY 2017-18 Request	Liability	Property	Workers' Comp
Overhead Allocation %		100.0%	38.4%	14.4%	47.2%
Personal Services	\$847,621	\$847,621	\$325,706	\$121,843	\$400,072
Total Compensation Policies	\$161,550	\$163,201	\$62,711	\$23,460	\$77,030
Operating and OIT Common Policies	\$166,393	\$212,591	\$81,689	\$30,560	\$100,342
Operating Expenses	\$68,427	\$68,427	\$26,294	\$9,836	\$32,297
Indirect Costs	<u>\$189,850</u>	<u>\$214,251</u>	<u>\$82,328</u>	<u>\$30,798</u>	<u>\$101,125</u>
Total Program Overhead	\$1,433,841	\$1,506,091	\$578,728	\$216,497	\$710,866

Program and Policy Costs

The following table details the total FY 2017-18 costs for the Property Program, including the overhead expenses as determined above, in the Calculation of Program Overhead for FY 2017-18 table.

Property Program and Policy Costs		
Description	FY 2016-17 Appropriation	FY 2017-18 Request
(C) Risk Management Services		
Program Overhead Expenses	\$205,039	\$216,497
Actuarial and Broker Services	\$202,500	\$187,427
RMIS Service Fees	\$63,683	\$64,434
Total Risk Management Program Administration	\$471,222	\$468,358
(3) Property		
Property Policies	\$5,179,922	\$5,449,696
Property & Boiler Policies	\$4,563,000	\$4,839,678
Terrorism Premium	\$230,000	\$230,000
Flood Zone A Premiums	\$25,000	\$0
Crime Policy	\$361,922	\$380,018
Policy Deductibles and Payouts	\$2,600,000	\$2,860,000
Adjustment to Targeted Fund Balance	(\$145,880)	(\$184,439)
Total Property Allocations	\$8,105,264	\$8,593,615

The following text provides a brief description of each component and any considerable changes to the amount or methodology from prior submissions.

- **Total Risk Management Program Administration:** This includes program overhead, Broker Fees incurred by the State for an independent broker to source the various excess policies required by the State, and RMIS Service Fees represent the costs incurred by the State for its tracking system. For FY 2017-18 the RMIS contract amount was increased due to a contract renewal and bid process.
- **Property Policies:** Property & Boiler policies cover the State's approximately \$9 billion in buildings, assets, and real property from loss with a \$500,000 deductible. The terrorism premium funds a terrorism policy to secure the same type of coverage as offered under the Property & Boiler policies for losses caused by acts of terrorism. Flood Zone Premiums represents the additional cost to the State for having insurance coverage for those properties within a flood zone; for FY 2017-18 the Flood Zone Premiums have been removed because the State is no longer paying premiums for flood zones. The crime policy allows the State to protect itself from employee acts of dishonesty including employee theft of money or property (physical or intellectual).
- **Policy Deductibles and Payouts:** This is the estimated payout for residuals, required by the policies above. With the exception of incidents of losses over \$500,000, the State is self-funded for the majority of the claims filed under the property policy.
- **Adjustment to Targeted Fund Balance:** The following table shows the calculation of the target fund balance adjustment. The Department uses the year end fund balance for the most recent fiscal year, then adds anticipated revenues and subtracts anticipated expenditures for the current fiscal year and request year to calculate the fund balance adjustment. For FY 2017-18, the Department requests a reserve balance of five percent of the total projected expenditures from the Property Fund, plus ten percent of the prospective claims payouts.

Property Fund Balance Adjustment	
FY 2015-16 End-of-Year Fund Balance	\$1,046,231
FY 2016-17 Expenditure Estimate	(\$8,251,144)
FY 2016-17 Agency Billings	\$8,114,255
FY 2016-17 Estimated End-of-Year Fund Balance	\$909,342
Targeted Fund Balance %'s	5%/10%
TARGET FUND BALANCE FY 2017-18	\$724,903
Increase / (Decrease) to Common Policy Request	(\$184,439)

COST ALLOCATION TO DEPARTMENTS – LIABILITY AND PROPERTY

The following tables show the allocated percentages as well as the total amount allocated to each department or institution for FY 2017-18. The property and liability allocations are appropriated in a single line item; therefore, the Department has also provided a table to show the incremental calculation in total, and also a series of tables with the fund splits.

FY 2017-18 Liability Allocations for State Agencies			
Agency	Code	% Allocation	\$ Base Allocation
Agriculture	AG	0.891%	\$120,218
Corrections	CO	24.329%	\$3,282,519
Education	ED	0.531%	\$71,595
Governor	EX	2.288%	\$308,700
Health Care Policy & Financing	HC	0.970%	\$130,819
Higher Education	HE	8.966%	\$1,209,766
Human Services	HS	11.096%	\$1,497,050
Judicial	JD	7.151%	\$964,877
Labor & Employment	LA	0.795%	\$107,246
Law	LW	1.943%	\$262,154
Legislature	LE	0.130%	\$17,540
Local Affairs	LO	0.345%	\$46,587
Military Affairs	MA	0.275%	\$37,142
Natural Resources	NR	3.214%	\$433,579
Personnel	GS	0.562%	\$75,870
Public Health & Environment	PH	1.185%	\$159,846
Public Safety	PS	13.465%	\$1,816,678
Regulatory Agencies	RG	1.364%	\$184,001
Revenue	RV	2.136%	\$288,256
Secretary of State	ST	0.843%	\$113,700
Transportation	HI	17.492%	\$2,360,124
Treasury	TR	0.030%	\$4,049
Allocation Totals		100.000%	\$13,492,316

FY 2017-18 Liability Allocations for Higher Education			
Agency	Code	% Allocation	\$ Base Allocation
Adams State	AS	0.000%	\$0
Arapahoe Community College	AR	4.459%	\$53,942
Auraria Education Center	AU	2.054%	\$24,852
Aurora Community College	CA	2.197%	\$26,575
Denver Community College	CD	4.801%	\$58,083
CSU - Global	CG	2.115%	\$25,585
Front Range Community College	FR	6.438%	\$77,881
College Access Network	GL	1.286%	\$15,556
Colorado Commission HigherEd	HE	0.793%	\$9,590
Historical Society	HS	0.755%	\$9,131
Lamar Community College	LA	0.578%	\$6,992
Metropolitan State	ME	22.074%	\$267,041
CO School of Mines	MI	19.311%	\$233,621
Morgan Community College	MO	0.854%	\$10,337
Northeastern Junior College	NE	1.202%	\$14,542
Northwestern Community College	NW	1.167%	\$14,118
College Invest	OB	0.441%	\$5,339
Community College System	CC	8.632%	\$104,424
Otero Junior College	OT	0.802%	\$9,699
Pikes Peak Community College	PP	6.172%	\$74,667
Private Occupational School	PS	0.051%	\$621
Pueblo Community College	PV	3.876%	\$46,892
Red Rocks Community College	RR	3.438%	\$41,588
CSU Pueblo	SC	4.865%	\$58,852
Trinidad State Junior College	TR	1.640%	\$19,838
Allocation Totals		100.00%	\$1,209,766

FY 2017-18 Property Allocations for State Agencies					
Department	Building & Contents Value	% Allocation	\$ Allocation	Flood Zone A Premiums	Total
Agriculture	\$81,150,259	0.80%	\$68,974	\$0	\$68,974
Corrections	\$1,625,009,649	16.07%	\$1,381,202	\$0	\$1,381,202
Education	\$72,153,466	0.71%	\$61,327	\$0	\$61,327
Governor	\$91,524,043	0.91%	\$77,792	\$0	\$77,792
Health Care Policy & Financing	\$4,046,765	0.04%	\$3,440	\$0	\$3,440
Higher Education	\$3,642,705,684	36.03%	\$3,096,175	\$0	\$3,096,175
Human Services	\$936,819,641	9.27%	\$796,265	\$0	\$796,265
Judicial	\$183,639,850	1.82%	\$156,088	\$0	\$156,088
Labor & Employment	\$37,917,387	0.38%	\$32,228	\$0	\$32,228
Legislature	\$5,594,609	0.06%	\$5,457	\$0	\$5,457
Local Affairs	\$13,185,841	0.06%	\$4,755	\$0	\$4,755
Law	\$6,419,716	0.13%	\$11,208	\$0	\$11,208
Military Affairs	\$118,156,522	1.17%	\$100,429	\$0	\$100,429
Natural Resources	\$520,177,431	5.14%	\$442,133	\$0	\$442,133
Personnel	\$689,620,349	6.82%	\$586,154	\$0	\$586,154
Public Health & Environment	\$86,248,965	0.85%	\$73,309	\$0	\$73,309
Public Safety	\$156,705,938	1.55%	\$133,195	\$0	\$133,195
Regulatory Agencies	\$20,795,173	0.21%	\$17,675	\$0	\$17,675
Revenue	\$54,050,754	0.53%	\$45,941	\$0	\$45,941
Secretary of State	\$7,897,247	0.08%	\$6,713	\$0	\$6,713
Transportation	\$1,756,532,763	17.37%	\$1,492,993	\$0	\$1,492,993
Treasury	\$190,226	0.00%	\$162	\$0	\$162
Allocation Totals	\$10,110,542,277	100%	\$8,593,615	\$0	\$8,593,615

FY 2017-18 Estimated Property Allocations for Higher Education				
Agency	Code	Building & Contents Value	% Allocation	\$ Allocation
Adams State	AS	\$0	0.000%	\$0
Arapahoe Community College	AR	\$143,274,969	3.933%	\$121,778
Auraria Education Center	AU	\$680,486,752	18.681%	\$578,390
Aurora Community College	CA	\$42,170,235	1.158%	\$35,843
Denver Community College	CD	\$37,158,610	1.020%	\$31,584
Colorado Commission HigherEd	HE	\$556,225	0.015%	\$473
College Access Network	GL	\$31,254	0.001%	\$27
College Invest	OB	\$750,550	0.021%	\$638
CSU Pueblo	SC	\$357,959,628	9.827%	\$304,253
Front Range Community College	FR	\$225,343,016	6.186%	\$191,534
Historical Society	HS	\$134,939,553	3.704%	\$114,694
Lamar Community College	LA	\$59,212,394	1.626%	\$50,329
Metropolitan State	ME	\$81,582,776	2.240%	\$69,343
Morgan Community College	MO	\$51,859,520	1.424%	\$44,079
Northeastern Junior College	NE	\$139,651,286	3.834%	\$118,699
Northwestern Community College	NW	\$60,985,242	1.674%	\$51,835
Occupational Ed. Division	OE	\$159,134,986	4.369%	\$135,259
Otero Junior College	OT	\$71,509,727	1.963%	\$60,781
Pikes Peak Community College	PP	\$192,859,453	5.294%	\$163,924
Pueblo Community College	PV	\$153,962,835	4.227%	\$130,863
Red Rocks Community College	RR	\$137,299,805	3.769%	\$116,700
CO School of Mines	MI	\$791,785,181	21.736%	\$672,990
Trinidad State Junior College	TR	\$120,191,688	3.300%	\$102,159
Western State	WS	\$0	0.000%	\$0
Allocation Totals		\$3,642,705,684	100.00%	\$3,096,175

Combined Allocation for Payment to Risk Management and Property Funds

Payments to Risk Management and Property Fund Request FY 2017-18					
Department	Liability Base Need	Property Need	Total Liability + Property	FY 2016-17 Long Bill	Incremental Adjustment
Agriculture	\$120,218	\$68,974	\$189,192	\$174,536	\$14,656
Corrections	\$3,282,519	\$1,381,202	\$4,663,721	\$4,241,910	\$421,811
Education	\$71,595	\$61,327	\$132,922	\$108,806	\$24,116
Office of Governor	\$308,700	\$77,792	\$386,492	\$472,774	(\$86,282)
Personnel & Administration	\$75,870	\$586,154	\$662,024	\$631,502	\$30,522
Health Care Policy	\$130,819	\$3,440	\$134,259	\$176,936	(\$42,677)
Higher Education	\$1,209,766	\$3,096,175	\$4,305,941	\$3,895,287	\$410,654
Transportation	\$2,360,124	\$1,492,993	\$3,853,117	\$3,646,531	\$206,586
Human Services	\$1,497,050	\$796,265	\$2,293,315	\$1,871,071	\$422,244
Judicial	\$964,877	\$156,088	\$1,120,965	\$873,467	\$247,498
Labor & Employment	\$107,246	\$32,228	\$139,474	\$119,189	\$20,285
Legislature	\$17,540	\$5,457	\$22,997	\$17,043	\$5,954
Local Affairs	\$46,587	\$4,755	\$51,342	\$49,452	\$1,890
Law	\$262,154	\$11,208	\$273,362	\$253,820	\$19,542
Military Affairs	\$37,142	\$100,429	\$137,571	\$129,598	\$7,973
Natural Resources	\$433,579	\$442,133	\$875,712	\$778,683	\$97,029
Public Health	\$159,846	\$73,309	\$233,155	\$186,522	\$46,633
Public Safety	\$1,816,678	\$133,195	\$1,949,873	\$2,359,895	(\$410,022)
Regulatory Agencies	\$184,001	\$17,675	\$201,676	\$210,548	(\$8,872)
Revenue	\$288,256	\$45,941	\$334,197	\$312,968	\$21,229
Secretary of State	\$113,700	\$6,713	\$120,413	\$90,123	\$30,290
Treasury	\$4,049	\$162	\$4,211	\$2,653	\$1,558
Totals	\$13,492,316	\$8,593,615	\$22,085,931	\$20,603,314	\$1,482,617

FY 2017-18 RISK MANAGEMENT DEPARTMENT FUNDING REQUESTS

Summary for Payments to Risk Management						
Department	Request	Base Adj.	GF	CF	RF	FF
Agriculture	\$189,192	\$14,656	\$14,656	\$0	\$0	\$0
Corrections	\$4,663,721	\$421,811	\$405,192	\$16,619	\$0	\$0
Education	\$132,922	\$24,116	\$24,116	\$0	\$0	\$0
Governor's Office	\$386,492	(\$86,281)	(\$27,473)	\$0	(\$58,808)	\$0
Health Care Policy and Financing	\$134,259	(\$42,677)	(\$21,338)	\$0	\$0	(\$21,339)
Higher Education	\$4,305,941	\$410,654	\$0	\$408,484	\$2,170	\$0
Human Services	\$2,293,315	\$422,244	\$225,505	\$34,158	(\$32,934)	\$195,515
Judicial Branch *	\$1,120,965	\$247,498	\$247,498	\$0	\$0	\$0
Labor And Employment	\$139,474	\$20,285	\$4,053	\$1,257	\$0	\$14,975
Law (Attorney General's Office)	\$273,362	\$19,542	\$6,060	\$2,900	\$10,171	\$411
Legislative Branch *	\$22,997	\$5,954	\$5,954	\$0	\$0	\$0
Local Affairs	\$51,342	\$1,890	\$1,760	\$110	\$20	\$0
Military and Veterans Affairs	\$137,571	\$7,973	\$7,973	\$0	\$0	\$0
Natural Resources	\$875,712	\$97,029	\$9,783	\$84,772	\$1,531	\$943
Personnel & Administration	\$662,024	\$30,522	\$8,149	\$2,900	\$19,473	\$0
Public Health and Environment	\$233,155	\$46,633	\$0	\$0	\$46,633	\$0
Public Safety	\$1,949,873	(\$410,022)	\$24,311	\$121,346	(\$555,679)	\$0
Regulatory Agencies	\$201,676	(\$8,872)	\$494	(\$11,475)	\$2,875	(\$766)
Revenue	\$334,197	\$21,229	\$8,165	\$13,064	\$0	\$0
State *	\$120,413	\$30,290	\$0	\$30,290	\$0	\$0
Transportation	\$3,853,117	\$206,586	\$0	\$206,586	\$0	\$0
Treasury *	\$4,211	\$1,558	\$1,558	\$0	\$0	\$0
TOTAL	\$22,085,931	\$1,482,618	\$946,416	\$911,011	(\$564,548)	\$189,739

Note: Fund splits are estimates based on the FY 2016-17 Long Bill. The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

*Includes non-appropriated institutions of Higher Education, subject to final appropriation by JBC. Fund splits are estimates only.

CAPITOL COMPLEX LEASED SPACE

The Capitol Complex facilities encompass approximately 1.3 million square feet. Facilities management includes housekeeping, grounds maintenance, and property management functions for the Capitol Complex adjacent to the State Capitol Building, 1881 Pierce Street, the Kipling Campus, and North Campus as well as other facilities in Grand Junction and Camp George West.

This line item provides funding for payments to the Department of Personnel & Administration to manage the Capitol Complex. Agencies are allocated a portion of the total management cost realized by the Department of Personnel & Administration based on occupied square feet per campus.

FY 2017-18 ESTIMATED COSTS

The Department of Personnel & Administration is required by statute to recover only the costs associated with operating and maintaining the buildings within the Capitol Complex. Therefore, the Department is generally not allowed to under or over-recover funding from the agencies occupying Capitol Complex space.

Capitol Complex Leased Space (CCLS) allocations are determined by aggregating the costs associated with maintaining the program to an allocable pool, then splitting the allocable pool among all user agencies. These costs are aggregated for each of the three primary campuses: Camp George West, Grand Junction, and Denver. Once the total costs are determined, the Department calculates the effective rate per square foot by dividing the total cost of the allocable pool by the total number of square feet in the complex. Next, the Department distributes the total cost among each department based on the square feet each department occupies at each campus. The following table provides the total estimated costs for the Capitol Complex Lease Space request.

FY 2017-18 Capitol Complex Leased Space Base Adjustment		
Description	FY 2016-17 Appropriation	FY 2017-18 Request
Personal Services	\$3,174,718	\$3,174,718
Total Compensation Common Policies	\$715,533	\$718,755
Operating Expenses	\$2,709,468	\$2,709,468
Capitol Complex Repairs	\$56,520	\$56,520
Operating and OIT Common Policies	\$1,057,398	\$1,382,694
Depreciation Estimate	\$194,614	\$272,000
Energy Performance Depreciation	\$1,469,769	\$2,478,000
Utilities	\$3,650,254	\$3,283,656
Capitol Complex Security	\$405,243	\$405,243
Indirect Costs	\$313,715	\$1,041,130
Sprint Leased Tower Space	(\$39,681)	(\$46,295)
Total Base Costs	\$13,707,551	\$15,475,889
Fund Balance Adjustment	\$1,260,886	\$1,475,074
Total Allocable Cost	\$14,968,437	\$16,950,963
Allocated Square Feet	1,283,875	1,273,241
Estimated Cost Per Square Foot	\$11.66	\$13.31

The following text provides a brief description of each component and any considerable changes to the amount or methodology from prior submissions.

- **Personal Services:** The amount requested for Personal Services accounts for the base building impact of Salary Survey and Merit Pay.
- **Total Compensation Common Policies:** This includes funding for the following: Health, Life, and Dental, Short-term Disability, AED, SAED, Salary Survey, Merit Pay and Shift Differential.
- **Operating Expenses:** The Department requests a continuation level of funding for operating expenses.
- **Capitol Complex Repairs:** A continuation level of funding for Capitol Complex Repairs is included for FY 2017-18. The General Assembly appropriates funding to this line item to account for some of the HVAC repairs that must take place for the Capitol Complex to operate effectively.
- **Operating and OIT Common Policies:** This includes the program's need for the following centrally appropriated line items: Workers' Compensation, Legal Services, Administrative Law Judge Services, Payment to Risk Management and Property Funds, Leased Space, Capitol Complex Leased Space, Payments to OIT, and CORE Operations.
- **Depreciation Estimate:** This cost accounts for the depreciation of equipment as estimated by the Department's accounting group. Including depreciation in the cost pool allows the State to recover funding outlays for capital expenses in the program. Per federal government requirements, the inclusion of depreciation is the only acceptable methodology for recovering these types of expenses.
- **Energy Performance Depreciation:** The Energy Performance Depreciation line item has increased from year-to-year based on the inclusion of the depreciation associated with Phase 4 of the Department's energy performance contracts. Essentially, the Department finances improvements to the State's buildings by signing agreements with vendors to perform capital improvements to energy consuming systems to save money in excess of the cost of the contract through lower utility bills. Due to federal rules published by the Office of Management and Budget, the State is not allowed to recover the full cost of the financing over the term of the financing period if it is less than the useful life of the improvement. Per federal government requirements, the inclusion of depreciation is the only acceptable methodology for recovering these types of expenses.
- **Utilities:** See the Utilities Methodology section below. In addition to the utilities amount, this represents the cost of the Performance Contract interest payments.
- **Capitol Complex Security:** This cost is for the Colorado State Patrol to provide security within the Capitol Complex, primarily the State Capitol. A continuation level of funding has been requested though the allocation should be updated once any updates to this figure are known.
- **Indirect Costs:** This represents the program's share of indirect costs for FY 2017-18.
- **Sprint Leased Tower Space:** The Department of Personnel & Administration leases land to Sprint for a cell tower at Camp George West. This funding offsets expenses at Camp George West.
- **Fund Balance Adjustment:** The CCLS request includes a targeted fund balance adjustment as a part of the common policy request. For this year, the Department requests a 8.25 percent

fund balance target plus a \$1.6 million dollar capital asset set-aside as set by JBC in FY 2016-17. The purpose of this is to build a capital outlay reserve in DPA’s revolving fund that will be used for the future replacement of capital assets.

Estimate of Fund Balance Adjustment for FY 2017-18	
Description	Amount
FY 2015-16 End-of-Year Cash Balance	\$1,740,801
FY 20115-16 Capital Asset Set-Aside	\$1,600,000
FY 2015-16 End-of-Year Fund/Cash Balance	\$140,801
Estimated FY 2016-17 Expenditures	\$13,707,551
Estimated FY 2016-17 Revenues	\$14,968,436
Estimated FY 2016-17 End-of-Year Balance	\$1,401,686
FY 2017-18 Estimated Base Expenditures	\$15,475,889
Targeted Fund Balance (8.25%)	\$1,276,761
Additional Capital Outlay Reserve	\$1,600,000
Total Target Reserve	\$2,876,761
Addition/(Reduction) Required to Reach Target	\$1,475,075

UTILITIES METHODOLOGY

For FY 2017-18, the Department of Personnel & Administration has continued the established utilities methodology for the common policy submission, with the exception of the elimination of Camp George West utilities. Agencies occupying Camp George West are now charged directly for utilities use, except for water & sewer. The utilities request for the Capitol Complex program was constructed, by campus, using the following methodology:

1. Determine the total usage by utility type.
2. Determine the total billing by utility type.
3. Determine the full-year’s effective rate for each utility by campus.
4. Apply the estimated growth factor.
5. Take the product of the rate determined in step #4 and the total actual usage determined in #1 – this is the total utility need for the utility type for each campus.

The following tables detail the calculation outlined on the previous page:

FY 2017-18 Utilities Build for Capitol Complex Leased Space					
	Utility Type				
	Electric	Gas	Steam	Water & Sewer	Total Utilities Need
Denver					
FY 2015-16 Total Usage	22,251,854	91,509	11,503	27,975,000	
FY 2015-16 Total Billing	\$1,794,093	\$69,533	\$340,425	\$199,201	
FY 2015-16 Average Billing Rate	0.08060	0.7598	29.5945	0.0071	
Estimated Rate Increase FY 2015-16 to FY 2017-18	5%	5%	5%	3%	
Projected Rate	0.0846	0.7978	31.0742	0.0073	
FY 2017-18 Estimated Need by Utility	\$1,882,507	\$73,006	\$357,447	\$204,218	\$2,517,178
	Electric	Gas	Steam	Water & Sewer	Total Utilities Need
Grand Junction					
FY 2015-16 Total Usage	700,000	7,942		963,000	
FY 2015-16 Total Billing	\$56,024	\$4,438		\$2,932	
FY 2015-16 Rate for June Billing Only	0.0800	0.5588		0.0030	
Estimated Rate Increase FY 2015-16 to FY 2017-18	5%	5%		3%	
Projected Rate	0.0840	0.5867		0.0031	
FY 2017-18 Estimated Need by Utility	\$58,800	\$4,660		\$4,918	\$68,378
	Electric	Gas	Steam	Water & Sewer	Total Utilities Need
Camp George West					
FY 2015-16 Total Usage				114,750	
FY 2015-16 Total Billing				\$74,130	
FY 2015-16 Rate for June Billing Only				0.6460	
Estimated Rate Increase FY 2015-16 to FY 2017-18				3%	
Projected Rate				0.6654	
FY 2017-18 Estimated Need by Utility				\$76,355	\$76,355

In addition to utilities costs, the utilities line item is used to pay interest and principal payments for performance contracts. The performance contract detail is outlined below:

FY 2017-18 Utilities Line Item Build		
Description	FY 2016-17 Appropriation	FY 2017-18 Request
Allocated Utilities	\$2,943,579	\$2,661,911
Performance Contract Interest Payment	\$679,452	\$621,745
Subtotal Allocated Amount	\$3,623,031	\$3,283,656
Performance Contract Principal Payment	\$1,144,984	\$1,240,248
True-Up Steam Rebates	\$336,646	\$345,063
Total Request Utilities Line Item Request	\$5,104,661	\$4,868,967

CAPITOL COMPLEX LEASED SPACE COST ALLOCATION TO DEPARTMENTS

The following tables show the total square foot per agency, square foot campus rates, and request amounts for each department or institution for FY 2017-18.

Square Foot Allocation Per Location by Agency						
Agency	Denver	Pierce	North Campus	Grand Junction	Camp George West	Total
Corrections	0	0	0	0	46,696	46,696
Correctional Industries	0	0	0	0	18,672	18,672
Education	42,049	0	0	0	0	42,049
Governor, Lt Governor, OSPB	19,780	0	0	0	0	19,780
OIT	13,853	0	0	1,346	0	15,199
Health Care Policy and Financing	33,264	0	0	0	0	33,264
Human Services	89,429	0	0	0	0	89,429
Labor & Employment	0	0	5,381	4,149	0	9,530
Legislature	142,740	0	0	0	0	142,740
Local Affairs	38,107	0	0	3,783	0	41,890
Military and Veterans Affairs	0	0	0	0	55,865	55,865
Natural Resources	79,277	0	0	0	0	79,277
Personnel	125,593	0	82,034	2,853	0	210,480
Public Health and Environment	0	0	0	4,477	0	4,477
Public Safety	93,226	0	0	0	166,368	259,594
Revenue	73,685	89,031	2,119	5,919	0	170,754
Transportation	100	0	0	12,618	13,703	26,421
Treasury	3,351	0	0	0	0	3,351
CSU Forest Service	0	0	0	0	3,773	3,773
Total	754,454	89,031	89,534	35,145	305,077	1,273,241

FY 2017-18 Estimated Cost per Square Foot					
Description	Denver	Pierce	North Campus	Grand Junction	Camp George West
Cost per Square Foot	\$19.99	\$11.48	\$2.98	\$8.14	\$0.97

FY 2017-18 Total Estimated Need by Agency						
Agency	Denver	Pierce	North Campus	Grand Junction	Camp George West	Total
Corrections	\$0	\$0	\$0	\$0	\$45,225	\$45,225
Correctional Industries	\$0	\$0	\$0	\$0	\$18,084	\$18,084
Education	\$840,502	\$0	\$0	\$0	\$0	\$840,502
Governor, Lt Governor, OSPB	\$395,375	\$0	\$0	\$0	\$0	\$395,375
OIT	\$276,903	\$0	\$0	\$10,956	\$0	\$287,859
Health Care Policy and Financing	\$664,902	\$0	\$0	\$0	\$0	\$664,902
Human Services	\$1,787,563	\$0	\$0	\$0	\$0	\$1,787,563
Labor & Employment	\$0	\$0	\$16,025	\$33,772	\$0	\$49,797
Legislature	\$2,853,177	\$0	\$0	\$0	\$0	\$2,853,177
Local Affairs	\$761,707	\$0	\$0	\$30,792	\$0	\$792,499
Military and Veterans Affairs	\$0	\$0	\$0	\$0	\$54,104	\$54,104
Natural Resources	\$1,584,639	\$0	\$0	\$0	\$0	\$1,584,639
Personnel	\$2,510,432	\$0	\$244,299	\$23,223	\$0	\$2,777,954
Public Health and Environment	\$0	\$0	\$0	\$36,441	\$0	\$36,441
Public Safety	\$1,863,460	\$0	\$0	\$0	\$161,126	\$2,024,586
Revenue	\$1,472,862	\$1,022,294	\$6,310	\$48,178	\$0	\$2,549,643
Transportation	\$1,999	\$0	\$0	\$102,707	\$13,271	\$117,977
Treasury	\$66,982	\$0	\$0	\$0	\$0	\$66,982
CSU Forest Service	\$0	\$0	\$0	\$0	\$3,654	\$3,654
Total	\$15,080,503	\$1,022,294	\$266,634	\$286,069	\$295,464	\$16,950,963

Legislature Detail	
Capitol Complex Leased Space Allocation	\$2,853,177
Parking at 1525 Sherman	\$31,200
Conference Center Rental	\$1,500
Total	\$2,885,877

FY 2017-18 CCLS DEPARTMENT FUNDING REQUESTS

Summary for Capitol Complex Leased Space						
Department	Request	Base Adj.	GF	CF	RF	FF
Corrections	\$63,309	\$4,941	\$3,529	\$1,412	\$0	\$0
Education	\$840,502	\$116,848	\$25,695	\$13,436	\$18,636	\$59,081
Governor's Office	\$683,234	\$105,715	\$56,325	\$0	\$49,390	\$0
Health Care Policy and Financing	\$664,902	\$92,436	\$46,218	\$0	\$0	\$46,218
Human Services	\$1,787,563	\$224,990	\$118,109	\$10,604	\$11,509	\$84,768
Labor And Employment	\$49,797	\$24,059	\$5,125	\$0	\$0	\$18,934
Legislative Branch *	\$2,853,177	\$396,654	\$396,654	\$0	\$0	\$0
Local Affairs	\$792,499	\$114,118	\$38,800	\$6,846	\$59,342	\$9,130
Military and Veterans Affairs	\$54,104	\$4,222	\$4,222	\$0	\$0	\$0
Natural Resources	\$1,584,639	\$227,460	\$48,889	\$115,731	\$38,030	\$24,810
Personnel & Administration	\$2,777,954	\$346,596	\$137,535	(\$92,026)	\$301,087	\$0
Public Health and Environment	\$36,441	\$1,259	\$0	\$0	\$1,259	\$0
Public Safety	\$2,024,586	\$72,588	\$755,030	\$59,540	(\$741,982)	\$0
Revenue	\$2,549,644	\$234,460	\$159,907	\$74,553	\$0	\$0
Transportation	\$117,977	\$6,585	\$0	\$6,585	\$0	\$0
Treasury *	\$66,982	\$9,312	\$9,312	\$0	\$0	\$0
CSU Forest Service	\$3,654	\$285	\$0	\$285	\$0	\$0
TOTAL	\$16,950,964	\$1,982,528	\$1,805,350	\$196,966	(\$262,729)	\$242,941

* Non-Executive branch agencies are not required to submit budget proposals to the Governor's Office. The amounts included in this table represent the estimated need and fund splits were estimated based on the FY 2016-17 Long Bill.

Note: The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above.

COLORADO OPERATIONS AND RESOURCE ENGINE (CORE)

In 2011, the State Auditor published a risk assessment regarding the sustainability of operations under the State’s accounting system called Colorado Financial Reporting System (COFRS). The report concluded that “COFRS is at significant risk of partial or complete failure and can no longer be supported by outside vendors or maintained by existing resources within the State. Responding to the concerning findings of the risk assessment, the General Assembly provided the Governor’s Office of Information Technology (OIT) an appropriation in FY 2012-13, funded through common policy allocations, to begin the modernization of COFRS.

The replacement system for COFRS now operates as the Colorado Operations Resource Engine (CORE). During FY 2015-16, there were over 4,000 CORE users that produced over five million documents or records across budget, accounting and procurement. Starting in FY 2015-16 the administrative responsibility for CORE was transferred from OIT to DPA. Along with this transfer, DPA now has oversight of the common policy used to bill agencies for use of the system.

FY 2017-18 CORE ESTIMATED COSTS

For FY 2017-18, the request includes a base adjustment to the CORE Operations line item for each department based on updated program expenditures anticipated for FY 2017-18. The descriptions and table below provide the amount and rationale behind each of the request components and outline any departure from the previously requested amounts or methodologies. The Department submits an adjustment for this common policy annually, based on final and historical final document count in the most recent complete fiscal year.

FY 2017-18 CORE Operations Base Adjustment		
Description	FY 2016-17 Appropriation	FY 2017-18 Request
Personal Services	\$1,793,977	\$1,793,977
Total Compensation Common Policies	\$344,542	\$353,910
Operating Expenses	\$1,369,408	\$1,369,408
Operating and OIT Common Policies	\$259,015	\$519,111
Payment for CORE and Support Modules	\$5,276,152	\$5,282,872
Depreciation	\$4,901,742	\$3,300,000
Fund Balance Adjustments	(\$3,436,625)	(\$1,841,797)
Total	\$10,508,211	\$10,777,481

- **Personal Services:** The amount requested for Personal Services accounts for the base building impact of Salary Survey and Merit Pay, if any.
- **Total Compensations Common Policies:** This includes funding for the CORE program staff for the following: Health, Life, and Dental, Short-term Disability, AED, SAED, Salary Survey and Merit Pay.
- **Operating and OIT Common Policies:** This includes the program’s need for the following centrally appropriated line items: Workers’ Compensation, Legal Services, Payment to Risk

Management and Property Funds, Leased Space, Capitol Complex Leased Space, Payments to OIT, and CORE.

- **Operating Expenses:** A continuation level of funding has been requested for operating expenses.
- **Payments for CORE and Support Modules:** This line item allows DPA to submit payments to the CORE vendor for Managed Services and Labor Data Collection (LDC). This line increased by \$6,720 for additional ECM storage, per the Department’s FY 2016-17 S-01, BA-01 Perceptive Licenses request.
- **CORE Depreciation Expense:** Calculating the depreciable value of the CORE system is necessary in order to properly bill cash and federal sources of revenue for their proportional share of the implementation and ongoing costs of the system. Depreciation is calculated based on a 10-year straight-line schedule, with the total value of the CORE asset set at \$42,297,914. The depreciation is anticipated to remain stable for the depreciable term of the asset.
- **Fund Balance Adjustment:** The fund balance adjustment is the mechanism which the Department adjusts rates up or down to utilize any over/under collections from the previous fiscal year. CORE operations have two funds to utilize for this purpose, the adjustment in the table above shows the net impact of both of these funds.

The Supplier Database Cash Fund receives revenues from rebates on statewide price agreements. Prior to CORE implementation, this fund supported Contract and Procurement functions. The CORE Operations common policy allocation has been subsidized with \$1,265,043 cash funds in FY 2017-18 from the Supplier Database Cash Fund. The Department has requested to retain a reserve of eight and a quarter percent of the estimated FY 2016-17 year end fund balance.

FY 2017-18 Supplier Database Fund 2810 Fund Balance Projection	
Description	Amount
Final Fund Balance - FY16 Projected	\$3,353,185
Projected FY17 Revenue	\$2,189,536
Projected FY17 Expense	\$4,163,927
Final Fund Balance - FY17 Proj.	\$1,378,794
Fund Balance Reserve - 8.25% PS/OE	\$113,751
Addition/(reduction) to Allocations	(\$1,265,043)

The Statewide Financial Information Technology Systems Cash Fund was created to allow DPA to collect and expend revenues for the CORE common policy. For FY 2017-18, the CORE common policy allocation has been subsidized with \$576,754 cash funds from the Statewide Financial Information Technology Systems Cash Fund. The Department has requested to retain a fund balance reserve of 8.25 percent of Personal Service and Operating Expenses projected for FY 2016-17.

FY 2017-18 Statewide Financial IT System 6140 Fund Balance Projection	
Description	Amount
Final Fund Balance - FY16 Projected	\$3,309,227
Projected FY17 Revenue	\$10,508,211
Projected FY17 Expense	\$12,979,705
Final Fund Balance - FY17 Proj.	\$837,733
Fund Balance Reserve - 8.25% PS/OE	\$260,979
Addition/(reduction) to Allocations	(\$576,754)

CORE COST ALLOCATION TO DEPARTMENTS

CORE Operations allocations to departments are based on the final and historical final document count from the most recent fiscal year. The requested allocation uses the total of all personal services and operating expenditures projected for the program operations (See FY 2017-18 CORE Operations Request Table) and allocates the cost proportionally by department, according to the prior fiscal year's final and historical final document count in CORE. The following table shows the requested allocation by agency.

FY 2017-18 CORE Incremental Need by Department					
Agency	FY 2016-17 Approp	% CORE Documents	Estimated Allocation for FY 2017-18	Incremental Need over/(under)	% Change
Agriculture	\$102,499	0.91%	\$98,064	(\$4,435)	-4.33%
Corrections	\$404,620	3.68%	\$396,192	(\$8,428)	-2.08%
Education	\$282,536	2.08%	\$223,689	(\$58,847)	-20.83%
Governor	\$370,445	2.94%	\$316,668	(\$53,777)	-14.52%
Health Care Policy and Financing	\$1,417,701	13.92%	\$1,499,911	\$82,210	5.80%
Higher Education	\$158,645	1.51%	\$162,811	\$4,166	2.63%
Human Services	\$1,304,572	9.71%	\$1,046,437	(\$258,135)	-19.79%
Judicial	\$856,852	7.35%	\$792,563	(\$64,289)	-7.50%
Labor and Employment	\$308,946	2.35%	\$253,348	(\$55,598)	-18.00%
Law	\$62,453	0.52%	\$56,186	(\$6,267)	-10.03%
Legislature	\$38,702	0.30%	\$32,296	(\$6,406)	-16.55%
Local Affairs	\$467,101	3.75%	\$404,028	(\$63,073)	-13.50%
Military and Veterans Affairs	\$52,829	0.51%	\$55,052	\$2,223	4.21%
Natural Resources	\$2,611,690	26.10%	\$2,812,835	\$201,145	7.70%
Personnel	\$303,032	2.62%	\$281,870	(\$21,162)	-6.98%
Public Health and Environment	\$567,559	8.13%	\$876,638	\$309,079	54.46%
Public Safety	\$295,027	2.87%	\$309,227	\$14,200	4.81%
Regulatory Agencies	\$161,891	1.70%	\$183,321	\$21,430	13.24%
Revenue	\$422,525	6.32%	\$680,600	\$258,075	61.08%
State	\$15,906	0.15%	\$15,909	\$3	0.02%
Transportation	\$147,984	1.08%	\$116,227	(\$31,757)	-21.46%
Treasurer	\$154,696	1.52%	\$163,609	\$8,913	5.76%
Total	\$10,508,211	100.00%	\$10,777,481	\$269,270	2.56%

FY 2017-18 CORE DEPARTMENT FUNDING REQUESTS

Summary for CORE Operations						
Department	Request	Base Adj.	GF	CF	RF	FF
Agriculture	\$98,064	(\$4,435)	\$0	(\$4,435)	\$0	\$0
Corrections	\$396,192	(\$8,428)	(\$7,433)	(\$477)	(\$518)	\$0
Education	\$223,689	(\$58,847)	(\$22,342)	(\$7,369)	(\$29,136)	\$0
Governor's Office	\$316,668	(\$53,777)	(\$141,488)	(\$57,817)	\$203,815	(\$58,287)
Health Care Policy and Financing	\$1,499,911	\$82,210	\$28,845	\$14,136	\$0	\$39,229
Higher Education	\$162,811	\$4,166	\$0	(\$12,235)	\$16,401	\$0
Human Services	\$1,046,437	(\$258,135)	(\$132,720)	(\$52,195)	\$0	(\$73,220)
Judicial Branch *	\$792,563	(\$64,289)	(\$64,289)	\$0	\$0	\$0
Labor And Employment	\$253,348	(\$55,598)	\$0	(\$23,590)	\$0	(\$32,008)
Law (Attorney General's Office) *	\$56,186	(\$6,267)	(\$1,482)	(\$617)	(\$3,970)	(\$198)
Legislative Branch *	\$32,296	(\$6,406)	(\$6,406)	\$0	\$0	\$0
Local Affairs	\$404,028	(\$63,073)	(\$27,121)	\$0	(\$30,276)	(\$5,676)
Military and Veterans Affairs	\$55,052	\$2,223	\$2,223	\$0	\$0	\$0
Natural Resources	\$2,812,835	\$201,146	\$20,675	\$209,660	(\$22,056)	(\$7,133)
Personnel & Administration	\$281,870	(\$21,162)	(\$5,650)	(\$2,010)	(\$13,502)	\$0
Public Health and Environment	\$876,638	\$309,079	\$16,046	\$0	\$293,033	\$0
Public Safety	\$309,227	\$14,200	\$2,849	\$37,895	(\$26,544)	\$0
Regulatory Agencies	\$183,321	\$21,430	\$3,609	\$20,838	\$425	(\$3,442)
Revenue	\$680,600	\$258,075	\$103,407	\$154,668	\$0	\$0
State *	\$15,909	\$3	\$0	\$3	\$0	\$0
Transportation	\$116,227	(\$31,757)	\$0	(\$31,757)	\$0	\$0
Treasury *	\$163,609	\$8,913	\$4,011	\$4,902	\$0	\$0
TOTAL	\$10,777,481	\$269,271	(\$227,266)	\$249,600	\$387,672	(\$140,735)

* Non-Executive branch agencies are not required to submit budget proposals to the Governor's Office. The amounts included in this table represent the estimated need and fund splits were estimated based on the FY 2016-17 Long Bill.

Note: The table above only includes the base request for FY 2017-18. Any additional changes due to change requests from this or other departments are not reflected in the numbers above

VEHICLE LEASE PAYMENTS

This line item includes the costs agencies experience from vehicle lease-purchase loan payments, plus a management fee collected by DPA. These costs represent fixed costs for State vehicles. Depending on the length of the lease-purchase agreement and the replacement policy for State fleet vehicles, departments' Vehicle Lease Payments appropriations are adjusted annually. If warranted, these incremental base adjustments are addressed through a decision item prepared by DPA.

The Vehicle Lease Payments line item does not include the variable costs for State fleet vehicles, which are also set by DPA. Variable costs include the cost of maintenance, fuel, and auto insurance for department operated vehicles. These costs are funded within an individual department's operating and/or program line items. Since these costs are appropriated within individual departments, changes in funding needs for the variable costs will be addressed on a case-by-case basis unless a change is substantial enough to warrant a statewide request. If a statewide request is deemed appropriate, DPA will author the request with the corresponding input from affected agencies. For the November 1 Budget Submission for FY 2017-18 no request for variable vehicle costs has been submitted.

For FY 2017-18, the Department has submitted a funding request, R-02 Annual Fleet Vehicle Request, to replace 824 fleet vehicles (408 which are designated as potential compressed natural gas). This will require an increase of \$1,251,586 in appropriated funds for all state agencies' Vehicle Lease Payment appropriations, and an increase of \$2,859,694 for the Department's Vehicle Replacement Lease/Purchase line item for FY 2017-18.