

# Strategic Plan

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# **Department of Personnel & Administration**



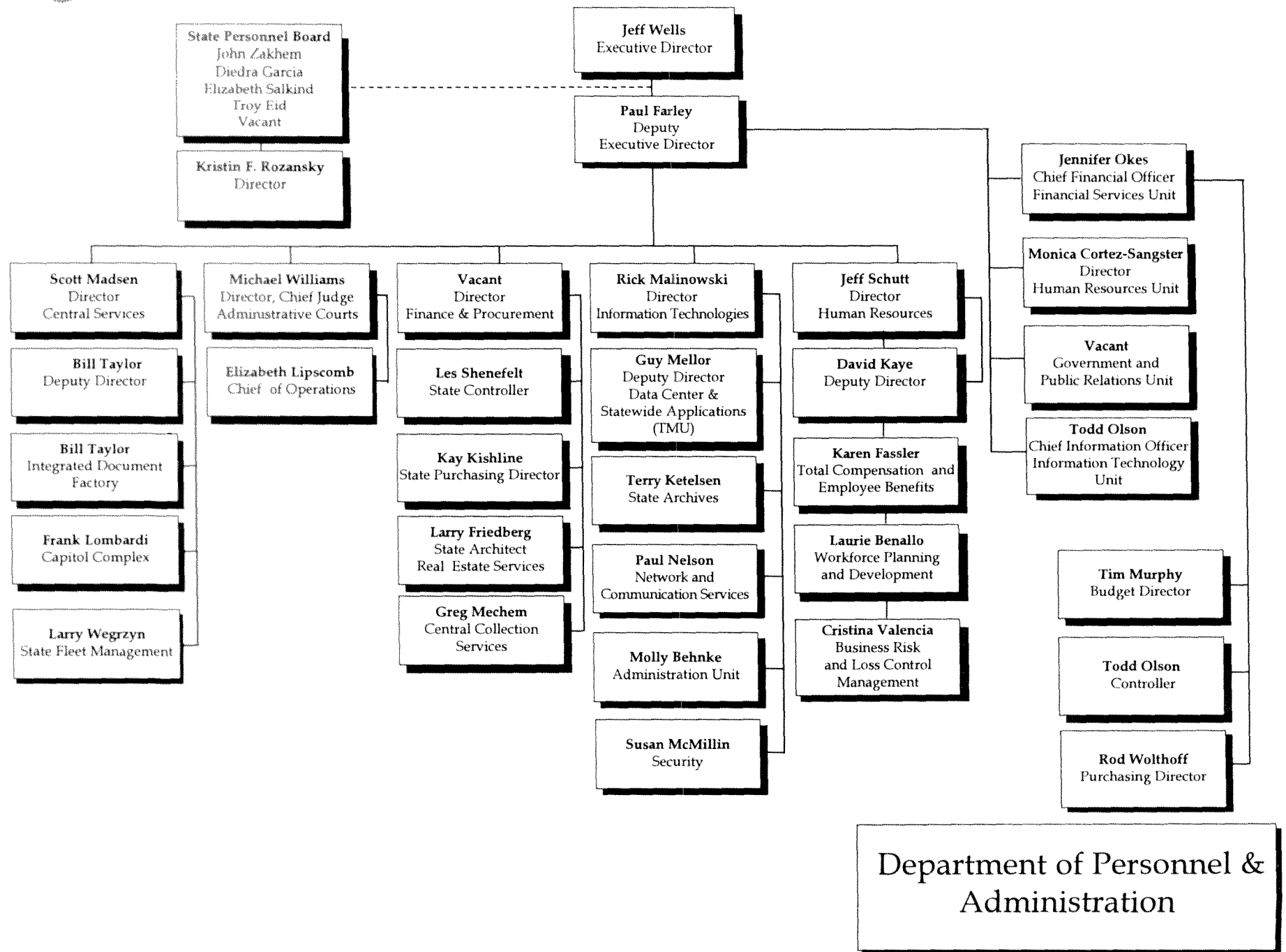
# **DPA**

## **Strategic Plan FY 2006-07**

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# Department of Personnel & Administration Strategic Plan FY 2006-2007

## **Mission Statement**

The Department of Personnel & Administration is the State agency that is tasked with providing the essential business infrastructure necessary for the efficient and effective operation of all State government agencies and programs. Our constant focus is on achieving this mission by maintaining and delivering the highest levels of service and providing the best value possible to each of our customers, while adhering diligently to stringent professional, ethical and service delivery standards.

## **Departmental Focus**

The Department of Personnel & Administration (DPA) provides the human capital, information, tools, resources and materials needed for Colorado State government to serve the public. The programs and functions of DPA are not generally those that are highly visible or easily recognized by citizens. Nevertheless, the programs and functions provided by DPA are vitally important to the efficient and effective operation of State government. In essence, DPA manages the business systems and processes that support State government and is the business infrastructure for the State.

DPA's mission is not limited to only one department or even one branch of government. DPA serves the entire State and all of State government in various ways. DPA provides a multitude of support services including, but not limited to, management of the State's human resource services, State financial and purchasing oversight, management of State buildings and real estate services, management and administration of the State's automotive fleet, operation of the State's printing center and mail services, maintenance of State buildings, facilities and grounds, management of the State's technology infrastructure, and hearing legal administrative appeals.

The personnel of DPA are the subject matter experts tasked with facilitating and managing State resources and the business systems and processes of State government. Their roles include planning, coordinating, integrating, monitoring and reporting about these business systems and processes. They are responsible for developing, selecting, protecting and distributing business assets and resources in support of statewide public policies, priorities and initiatives.

This plan details the Department's vision, mission, goals, and strategic objectives and seeks to provide a meaningful, descriptive overview of the Department from an organizational perspective, and with regard to background and trend analysis related to the Department and the environment in which we operate. The plan will also help us direct our efforts by coordinating resources and priorities within the Department and across State agencies in order to perform our work most efficiently and effectively on behalf of the customers that we serve. The Department will periodically amend the

Strategic Plan to address feedback from our customers and employees, based on assessment of our performance by external stakeholders, and to incorporate the impact of emerging State needs and legislative priorities.

## Divisions of DPA

DPA services the entire State through its various divisions, which are summarized below.

### **Executive Office**

The Executive Office is responsible for essential duties that impact not only the entire Department, but also a multitude of State agency customers. This office provides the Department with operational management direction, policy formulation and core internal functions in the areas of financial services, human resources, and communications and legislative relations. One of the Department's main areas of focus in the past two fiscal years has been improving the management of internal operations.

The Financial Services Unit is responsible for providing a central source for accountability, coordination and sound fiscal management in areas related to budgeting, accounting and contract management functions. In addition, the Unit is tasked with departmental financial oversight, internal payroll processing, analysis of the fiscal impact of legislation, and communications with and deliverables to the Joint Budget Committee, the Office of State Planning and Budgeting, and Legislative Council. Because of the statewide nature of DPA activities, the Department continues to be especially active in its coordination with all Executive Branch and Legislative Branch agencies. In addition, the Information Technology Unit (ITU) develops applications and provides information systems maintenance and support for the internal business units of DPA under the direction of the Department CIO who resides in the Executive Office. ITU staff are budgetarily aligned within the Division of Information Technologies, Technology Management Unit which also manages statewide administrative applications.

The Human Resources Unit (HRU) administers the Department's internal personnel functions by providing human resources support and services, including job evaluation, compensation, benefits administration, employee relations, orientation, recognition, and training coordination. The HRU assists appointing authorities in operating effectively within the Civil Service System, and facilitates consistency across the Department in the handling of internal personnel related issues.

The Government & Public Affairs Unit is responsible for Department communications and the Department's relationship with the General Assembly. The Unit director serves as both the Department's Public Information Officer (PIO) and Legislative Liaison. This unit communicates relevant information to all State employees through the publication of *Stateline* (a monthly publication for State employees), communicates Department-specific issues in a monthly departmental newsletter, is the main point of contact for all open records requests, and responds to all local and national media inquiries. Further, the Legislative Liaison develops and advocates the Department's positions on proposed

legislation and responds to inquiries from the Governor's Office, legislators, legislative staff, and constituents.

### **Division of Human Resource (DHR)**

The Division of Human Resources (DHR) has the responsibility of effectively managing the entire State Personnel System. DHR creates, maintains and enhances statewide human resource rules, programs, and systems in cooperation with State agencies and other stakeholders so that agencies can recruit, hire, and retain workforces best suited to their missions. DHR supports agencies and their employees by administering health insurance and other employee benefits systems for State employees, and by preparing the annual Total Compensation Report for the General Assembly.

Additional components of the Division include Risk Management Services (Liability, Property and Workers' Compensation programs), the Colorado State Employee Assistance Program (C-SEAP), and the Professional Development Center (Training Services). Risk Management Services offers comprehensive safety and loss control programs and resources, provides insurance coverage for State buildings and assets, and insures the State by administering and covering liability and State employee workers' compensation claims. C-SEAP professionals provide State employers and employees with confidential counseling, mediation, support, educational and referral services, and facilitates preventative intervention processes to help managers and supervisors curtail workplace issues before they become liabilities.

The Workforce Planning & Systems Unit develops, implements and maintains the systems that enable the State to recruit, retain, and develop an effective workforce. The three primary functions of this unit are employee selection, workforce planning and development and support of automated human resources systems.

Finally, the Professional Development Center (the Training Unit) offers State agencies and employees flexible and interactive training opportunities that include career development, leadership training, and supervisory certificate programs.

### **State Personnel Board (SPB)**

The State Personnel Board adjudicates employment disputes within the State classified system and is responsible for promulgating rules to ensure that State employment is based on merit and fitness. Within this context, the Board employs Administrative Law Judges (ALJs), conducts administrative hearings, promulgates rules under the authority of the State Administrative Procedures Act, and facilitates dispute resolution.

The Board is constitutionally established with five members, each serving five-year terms. The Governor appoints three members and the remaining two members are elected by State employees.

The cases presented to the Board include issues of discrimination, retaliation under the State Employee Protection Act, layoff and retention disputes, wrongful discipline and

other employment related issues. The Board's staff conducts settlement conferences, facilitates settlement negotiations between State agencies and their employees, and encourages parties to resolve their cases on their own terms, whenever possible. The Board additionally conducts training for departments and/or agencies upon agency request.

The Board ultimately seeks to provide guidance in achieving and maintaining a sound, comprehensive, and uniform system of human resource management through rules, decisions, communication, and training.

### **Division of Central Services (DCS)**

The Division of Central Services (DCS) provides the best value to the State in every service we offer and to every customer we serve. DCS provides support and service needs for State agencies in the areas of State buildings and facilities, grounds maintenance, State fleet vehicles and motor pool services, commercial art, printing, duplicating, imaging, microfilming, data entry, copiers, mailing, State identification cards and administration of the Statewide Travel Management Program.

The Division's three long-term goals are to create the highest possible value for our customers, to develop and sustain a thriving team of employees, and to be recognized as industry leaders. DCS is able to provide competitively priced and high value services through solid management and consolidated service programs. Because of its sizable customer base, the Division is able to coordinate and control common support services while providing lower costs through economies of scale and volume.

The Integrated Document Factory (IDF) contains Reprographics Services (Design Center, Quick Copy Center, Copier Management and Print Shop) and offers central administration for provision of printing, copying, design and commercial art services to customers statewide. IDF also includes Mail Services, which provides complete mail processing services, combined with a metro area distribution network for mail and printed materials and the Document Solutions Group, which delivers micrographics, data entry, digital imaging, and indexing services to customers while operating facilities in both Denver and Pueblo.

State Fleet Management (SFM) provides management oversight for all of the vehicles in the fleet program. SFM provides vehicle purchasing, management of maintenance, repairs and preventive services, collision management, vehicle reassignment, and fleet monitoring and reporting. SFM also manages the auction and salvage of older vehicles and operates the State Motor Pool.

Facilities Maintenance (Capitol Complex) is responsible for the property management and maintenance for all State buildings and facilities located downtown and at the Lakewood, Grand Junction, Camp George West and North Denver Campus locations.



With regard to all of the services referenced above, the Division is responsible for statewide coordination of services and required funding, including calculating and establishing rates for all services referenced, and in some cases calculating and identifying appropriation needs for all State agencies who utilize its facilities and services.

### **Division of Finance and Procurement (DFP)**

The Division of Finance and Procurement contains four primary components that provide leadership, oversight and guidance to State agencies and institutions of higher education in the management of State financial affairs, public procurement processes, construction and real estate programs, and provides a central collection function for debts owed to the State.

The State Controller's Office provides management, monitoring and oversight of the State's financial affairs. The State Controller's Office promulgates fiscal rules, policies and procedures related to the unified accounting system (COFRS); issues warrants to pay State debts; develops procedures and administers training related to contract approval; manages the Vendor Offset Program and the Fraud Hotline; and estimates TABOR revenue to assist in budget planning.

The State Purchasing Office manages the Procurement Program with duties that include the promulgation of the State's procurement rules; BIDS electronic vendor notification system; procurement education and leadership; procurement and administration of statewide price agreements; conducting procurement services for non-delegated agencies; and appeals authority for bid protests. The Supplier Database Unit primarily supports business operational and database needs of the State Purchasing Office.

The Real Estate Services Program integrates statutory oversight responsibilities with comprehensive design, construction and real estate expertise. This group provides assistance and training to State agencies and institutions relating to general-funded capital construction requests, coordination of controlled maintenance requests, and all aspects of real estate transactions.

Finally, this Division includes Central Collection Services, a program that serves as a central accounts receivable function and actively collects debts owed to State agencies, departments and institutions after initial collections efforts have been unsuccessful.

### **Division of Information Technologies (DoIT)**

The Division of Information Technologies (DoIT) operates the computing and network infrastructure utilized by all State agencies to accomplish their respective business functions and program objectives for the State of Colorado and its citizens. This infrastructure includes the State's data center, telecommunications including the Multi-Use Network (MNT) and the Digital Trunked Radio system, and application systems support for statewide systems through the Technology Management Unit. DoIT also

provides and contributes to statewide planning efforts related to telecommunications as well as supporting the Governor's Office of Innovation and Technology, and all other information technology oriented agencies and programs in the State in their efforts to provide statewide information technology solutions for citizen-centric business initiatives.

Communication Services provides the information network backbone for the statewide public safety communications network. This backbone provides both wired and wireless services including voice, video, and data. A primary function of Communications Services is to carry "public safety" two-way voice traffic for the Colorado State Patrol, the Departments of Corrections, Transportation, Natural Resources, and local public safety agencies and first responders. This responsibility includes operation and maintenance of the State's Digital Trunked Radio system.

Network Services plans, coordinates, integrates, and provides cost effective and efficient telecommunication capabilities and network solutions that satisfy the business needs of its customers and other stakeholders, who include not only State agencies, but also local government entities, and the citizens of the State. Network Services provides voice and data communication infrastructure including the Multi-use Network (MNT), frame relay and ATM services. In addition, this work unit provides much of the voice communication services for State agencies, and on behalf of all State agencies DPA provides management and administration of the long distance contract that is utilized by all branches of State government in Colorado.

The Computer Services Unit is responsible for the management and operation of the State's Data Center (sometimes known as the General Government Computer Center or GGCC). The Data Center is separated into operational support and technical support. Both of these groups provide support and assistance to State agencies. The unit's responsibility requires the maintenance and operation of the Data Center on a 24-hour basis, 365 days a year. It is also responsible for maintenance of operating software and databases to accomplish its functions.

Information and Archival Services manages and operates the State's archival and records management program to protect, preserve and maintain the legal documents for Colorado territorial and State government. This unit also develops and approves record retention policies and destruction schedules for all State agencies, counties, cities, school districts, and special districts in order to fulfill its mission to preserve and manage State records.

The Technology Management Unit (TMU) manages statewide administrative applications used in support of core business functions in Colorado State government agencies. TMU provides application development and ongoing software support for statewide applications, including the State's mainframe, the Colorado Financial Reporting System (COFRS), multiple statewide personnel, payroll and benefits systems, and the Financial Data Warehouse. TMU also does currently include a subset that primarily develops applications and information systems for the internal business units of DPA under the direction of the Department CIO who resides in the Executive Office.

In addition, DoIT includes Order Billing and Customer Services sections. Order Billing staff processes various requests for voice, video and data services requested by State and local government entities and is responsible for the collection of user charges for telecommunication services provided by the Department of Personnel & Administration. The Customer Services section functions as an advocate for DoIT's customers and its purpose is to ensure the smooth delivery of information services to the customer in a timely manner. A "Help Desk" function allows this unit to interface directly with the customer to resolve issues with the State's network, mainframe operations, application servers at the Data Center, and other services offered by DoIT.

### **The Office of Administrative Courts**

The Office of Administrative Courts (formerly the Division of Administrative Hearings) provides an easily accessible, independent and cost-effective administrative law adjudication system in Colorado. This Office is one of 24 central panels of independent administrative law judges in the United States. The judges are independent from the agencies for which they conduct hearings and decide cases. This Office hears and decides administrative law matters for a total of more than 50 State departments, agencies, boards and county departments. The Office of Administrative Courts serves the State's citizens from three offices; the main office in Denver, the Western Regional Office in Grand Junction, and the Southern Regional Office in Colorado Springs. The operation of regional offices allows citizens to have easier access to administrative hearings without having to travel to the Denver metro area.

This Office conducts all workers' compensation merits hearings for the entire state; all public benefits cases (food stamps, Colorado Works/AFDC, 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, teachers, engineers, etc.); and all Secretary of State cases where a citizen has filed a complaint under the Fair Campaign Practices Act.

## DPA ENVIRONMENTAL SCAN

### Department Background

On July 1, 1995, House Bill 95-1362 merged the Departments of Administration & Personnel. The new Department was formally named the Department of Personnel. Over the years the Department has undergone many name changes but today conducts its business as the Department of Personnel & Administration (DPA).

As a result of HB 95-1362 the major business and operational systems of State government, including personnel and support services, were brought under the same management authority. This provided DPA and the State of Colorado with the opportunity to address complexities and inefficiencies within these systems in a more streamlined manner. A unified commitment, mission, and strategy resulted in more efficient coordination and planning which allowed DPA to generate effective results in improving the overall services of State government.

DPA's responsibilities are mandated by statute and are diverse and wide ranging. The statutory authority is found in Title 24 of the Colorado Revised Statutes (CRS) and Section 13 of the Colorado Constitution. DPA generally does not determine or implement public policy that directly affects citizens. It is primarily an internal support agency for State government that assists agencies in delivering services to citizens. In addition, the programs and functions of DPA are not typically those that are visible or easily recognized by citizens, however, they are critical to the efficient and effective operation of State government. DPA is one of State government's primary central management and oversight entities, and employees within this agency bring unique experience and expertise to the management of government assets and human resources direction, including the State Personnel System. DPA understands government requirements, business imperatives and are cognizant of the overriding need to reduce costs for taxpayers and State agencies. DPA is also in a unique position of being able to directly realize significant statewide efficiencies due to the global nature of services provided by the Department.

### DPA Customers

Employees are an important base of our internal customers and are the State's most valuable resource. DPA serves over 32,000 public employees. We are committed to ensuring that our human resources processes provide for the best recruitment, selection, job evaluation, compensation, and retention methods. Our goal is to develop an environment in which employees can be productive, creative and function at their highest level.

DPA's institutional customers include State departments, institutions of higher education, the General Assembly, local government entities, and the public. Because DPA operates as a business and service center for programs conducted throughout State government,

we carry out the leadership responsibilities of our mission in partnership with other State agencies. We believe that our success depends upon offering quality and value to our customers and stakeholders by providing economically efficient and sound services while adhering to the highest standards of integrity.

## **Key Trends Emerging Issues and Concerns**

With the help of our customers and stakeholders, we have identified several critical factors, including trends affecting our business and issues or concerns that we need to address. By clearly identifying the critical factors, we were able to successfully address many of these issues, and continue to include them as a key component of our business strategies.

### **Inconsistent communication with DPA stakeholders**

The communication and information that DPA historically provided to its stakeholders was sometimes limited in scope and inconsistent in delivery. This led to a lack of understanding of the true needs of our customers and stakeholders. The appropriate tools and resources for communication of rules and statutes that impacted our customers and the services that DPA provides were not being utilized to the extent necessary. Among other concerns, it was determined that customers suffered as a result of the Department not having the appropriate Service Level Agreements in place, having a limited number of information sessions for employees and customers, and exhibiting a history of neglected customer service awareness. There was also a sense that the data that was shared was unreliable.

Key strategies utilized to address this concern included continual updates of the Department's website(s) to provide the most comprehensive and accurate information related to the many services and issues that the Department is tasked with providing and managing; multiple "town meetings" for State employees to keep them informed about various current and proposed policies, rules and processes that impacted them; the reinstatement of Statewide Fiscal Management Meetings to address critical statewide budget, finance and accounting issues with controllers and budget and fiscal officers statewide; and active and continuous participation in many industry-specific forums and associations to disseminate information to stakeholders and customers (including the Controller's Forum, the monthly MVAC meeting for State Vehicle Coordinators in multiple agencies throughout the State, PPUG (the Payroll Processors Users Group), the State Risk Management Advisory Group (SRMAG), etc. Because constant communication with and feedback from our many customers and stakeholders ultimately generates the most effective method of understanding their needs and priorities, this process continues to be an ongoing focus of the Department in its operations.

### **Constitutionally Frozen and Outdated Personnel System**

The State Personnel System, as defined in statute and in the State constitution, is outdated and inflexible. The system limits the State's ability to be competitive with the private sector and in some cases other governmental agencies. In part to address this concern, the Department participated actively in the drafting of legislation to reform the Civil Service System during the 2004 Legislative Session. The associated proposed constitutional reforms were defeated during the November 2004 general election, but most parties

directly involved understand the need to continue to work within the process to achieve much needed reform within the Civil Service System and State Personnel System.

### **Technology**

Because of DPA's involvement with and reliance on technology the Department constantly analyzes trends associated with the industry. Currently there is a shift from the use of mainframes to client servers. The availability of more robust networks allows for faster and higher quality information transfer. The Department continues to improve its processes for information technology management toward platforms that will provide the optimal level of benefits and efficiencies to customers, while providing the appropriate mechanism and controls required to minimize security risks.

### **Insurance Challenges**

In recent years, the property/casualty insurance industry has posted substantial net losses. These losses have translated into higher premiums, increased deductibles, and reductions in coverage. Costs for other risk management premiums such as workers' compensation and liability insurance are and have been facing similar increases. The DPA Risk Management Program is also faced with addressing the continuation of issues presented by the passage of HB 04-1009, which allows institutions of higher education to opt-out of the Risk Management Program and pursue their own independent programs. To date some higher education institutions have already either opted out, or contemplated opting out of various components of the Risk Management programs, and the Department continues to focus on providing the optimal level of risk management services while acknowledging the detrimental impacts that HB 04-1009 places on economies of scale and other operational aspects of Risk Management.

Similarly, the costs for health insurance continue to rise significantly. Various components of the State's health insurance plan (medical, hospitalization, pharmacy) have faced escalating increases and this trend is not foreseen to change significantly in the near future. This is consistent with similar trends occurring nationwide. The Department sought to mitigate these increases, to the extent possible, and provide greater control over the volatility in premium costs by transitioning back to self-funding its health benefits plans for State employees to allow for greater control over plan design, and in an attempt to address these escalating costs.

### **Projects to Retire EMPL**

DPA is progressing on two projects that will allow us to retire EMPL. The first is to deploy CPPS as our system for recording transactions affecting employees and positions. The second project is a Human Resource Data Warehouse (HRDW) to archive and report both current and historical data on employees, positions, job classes, and the workforce.

## Legislation of Impact to the Department from the 2005 Legislative Session

- *HB 05 - 1113 - Concerning Permanent Partial Disability Benefits*  
 This bill increases the combined temporary disability and permanent partial disability settlement caps on individual workers' compensation claims. These caps had not been increased in several years. Even though the cap increase was moderate, there will be an impact to the State Risk Management Workers' Compensation Fund.
- *HB 05 - 1330 - Concerning the Sale of a Legal Interest in an Eligible State Facility if the General Fund Statutory Reserve is Projected to be Less Than One-Half of the Required Amount for the 2005-06 Fiscal Year, Provided that the Eligible State Facility is Simultaneously Leased Back by the State Pursuant to a Lease-Purchase Agreement*  
 Permits the Governor to direct the Executive Director of the Department of Personnel to attempt to sell a legal interest in one or more eligible State facilities, if, for the fiscal year 2005-06 only, the revenue estimate prepared by the Office of State Planning and Budgeting in June, September, or December of 2005 indicates that general fund expenditures for such fiscal year, based on appropriations then in effect, will result in the use of one half or more of the statutory general fund reserve. Authorizes the Executive Director to sell a legal interest in one or more eligible State facilities, in order that the net proceeds from such sale may be used for general fund expenditures and retained as part of the statutory general fund reserve for the fiscal year 2005-06.
- *SB 05 - 070 - Concerning Insurance Coverage for Military Personnel.*  
 This bill requires that any insurer that has a covered accident or health insurance policy for an individual who is deployed or is called to active duty may not reduce or cancel that policy for the individual's failure to maintain coverage during their active duty status. This is a minor issue that affects State employees enrolled in the State's health, life and dental insurance plans.
- *SB 05 - 073 - Concerning Employment After Retirement for Retirees of the Public Employees' Retirement Association*  
 This bill counts work under any arrangement by a PERA retiree for a PERA employer toward the 110-day per calendar year limit. Those State agencies (DPA included) that hire PERA retirees will now have to budget for PERA contributions for those individuals.
- *SB 05 - 132 - Concerning Higher Education, and, in Connection Therewith, Making Modifications to the "College Opportunity Fund Act"*  
 A late amendment to this bill requires each governing board of a higher education institution to adopt travel policies for employees. The bill also states that any rules adopted by the State Controller or the Executive Director of DPA that imposes restrictions regarding the use of travel services or travel agencies shall not apply to higher education institutions.



- *SB 05 - 172 - Concerning Limitations on the Expenditure of Moneys in the Group Benefit Plans Reserve Fund*

This legislation clarifies that the Group Benefit Plans Reserve Fund is not a general asset of the State and that in the event that DPA moves to self-fund its benefits plans that the reserve shall only be used for premiums, claims, costs, and other administrative fees and costs associated with the plans. The legislation further clarifies that the moneys in the Group Benefit Plans Reserve Fund shall not be appropriated dollars and cannot be used by the Executive Director of DPA or the General Assembly for any other purpose.

- *SB 05 -185 - Concerning State Administrative Hearings*

This legislation changes the name of the Division of Administrative Hearings to the Office of Administrative Courts and codifies the Courts as a Type 2 State agency. It requires the Executive Director of DPA, at a minimum, to establish and maintain administrative offices and courts in Denver, the Southern Region, and the Western Slope. It also requires Administrative Law Judges (ALJ's) employed by the Division to meet the same qualifications as a District Court judge. It grants the ALJ's power to issue subpoenas and administer oaths and to encourage the use of alternative dispute resolution.

- *HB 05 - 1231 Concerning State Employee Defined Contribution Plans (Technical Changes to SB04-257)*

This bill corrects parts of the Deferred Compensation/Defined Benefit statutes regarding State employees. The bill provides clarification on plan elections for new employees and for those with less than a 12-month break in service as well as PERA retirees who return to State service. The bill also states that neither State Deferred Compensation participants nor PERA Deferred Compensation participants may continue coverage in those plans if they transfer to a job in an institution of higher education. The legislation also allows the State 401(a) Plan Committee to retain professional advisors and independent consultants or experts to advise it regarding the proper discharge of the Committee's fiduciary duty "if necessary".

- *HB 05 - 1083 - Concerning Changes to the Department of Military & Veterans' Affairs*

An amendment to this bill allows State employees who are also members of the military to be entitled to State employee benefits after he or she has been serving for 30 consecutive days. This option would be available only if the individual were not a salaried member of the military forces, and only if there are sufficient appropriations available for the State's contribution.

- *HB 05 - 1286 - Concerning the Elimination of the Automatic Repeal of the Department of Personnel's Authority to Deposit User Charges of Public Safety Radio Systems Into the Telecommunications Revolving Fund*

This bill eliminated the automatic repeal of the Department of Personnel's authority to deposit user charges of public safety radio systems into the telecommunications revolving fund. In summary, this allows DoIT Communications Services (including the Digital Trunked Radio System) to remain cash funded indefinitely. Had this bill not been

enacted, there would have been the need for between \$3 – 4 million dollars of annual general fund appropriations to cover program costs in the absence of billings to agencies as exists in the cash funded environment.

### Legislation of Impact to the Department from the 2004 Legislative Session

- *HB 04 - 1020 – State Employee Incentive Programs for Cost Savings Innovations*  
 This bill was introduced to help alleviate problems associated with the fragmented incentive program that was in statute. Previously the incentive program established in 24-30 Part 8, C.R.S. was complicated, caused unnecessary employee confusion with other statutory references, and had never been successfully implemented. This new legislation took the confusing language out of statute and calls for the State Personnel Director to make a recommendation to the legislature on how an incentive program should be structured.
- *SB 04 - 233 - Construction of a Parking Structure in the Capitol Complex*  
 In an effort to increase parking in the Capitol Complex, this bill allows DPA the ability to issue Certificates of Participation to pay for the construction of a six level parking structure at the corner of 14<sup>th</sup> and Lincoln, across from the State Capitol. No State funds will be expended, as the entire structure will be paid for solely from the revenues collected from State employees parking in the Capitol Complex.
- *HB 04 - 1449 - Establishment of the State Employee Benefit Plan Year*  
 Provides authority for the State Personnel Director to establish the annual group benefit plan year on either a calendar year or fiscal year basis.
- *HB 04 - 1446 - State Employees Receiving Compensation from More than One Agency*  
 Allows officers and employees in the State Personnel System whose compensation is determined pursuant to the State constitution and the State Personnel System Act to receive compensation or fees from more than one department or institution of higher education to the extent permitted by rules adopted by the State Personnel Director that are consistent with overtime provisions contained in State and federal law. Referred to as the “Moonlighting Bill”.
- *HB 04 - 1009 – Allowing Higher Education to Elect to be Exempt from Certain State Administrative Restrictions*  
 Through this bill, the governing board of each institution of Higher Education will have the opportunity to elect to be exempt from the following: the State motor vehicle fleet system, the Division of Risk Management (Workers’ Compensation, Liability and Property programs) and the State’s procurement code.
- *SB 04 - 257 – Concerning Modifications to the Retirement Plans for Public Employees*  
 Passed during the final days of the session, this bill, as amended by the Senate Appropriations Committee, revises statutes governing the Public Employees’ Retirement

Association (PERA) and sets forth a new program allowing new State employees hired on or after January 1, 2006 the opportunity to enroll in the Public Officials' and Employees' Defined Contribution Plan. This legislation also requires the State as an employer to deliver to PERA an amortization equalization disbursement, essentially increasing the employer contribution to the PERA Trust Fund, to amortize unfunded liability beginning on January 1, 2006.

- *SB 04 - 132 - Modify Existing PERA Benefit Plans*

The PERA Board of Trustees initiated this bill to help improve the funded status of the PERA trust funds. Provisions include ending MatchMaker contributions for payrolls for which the payroll period ends June 1, 2004, reducing interest credit on member contributions to a maximum of 5 percent per year, setting the due date for PERA contributions at five business days after payroll date, and reallocation of .08 percent of salary of employer contributions to the PERA pension trust funds rather than to the PERA Health Care Trust Fund. It also adjusted the retirement benefits for new PERA members hired on or after July 1, 2005.

## Key Accomplishments For Fiscal Year 2004-2005

The need to be responsive to and supportive of the needs of our customers continued to be a significant factor that drove DPA's focus and operations during the past year. The Department has focused on the priorities of all customers and stakeholders to ensure that we are being responsive to all of our customers needs. The following is a brief synopsis of a few of the major accomplishments achieved by DPA this past fiscal year in support of our customers' needs.

- *Leased Space Consolidation* – Historically DPA has been spread out over multiple facilities, including several separate locations located in the downtown Denver area, and has maintained multiple Capitol Complex and private sector obligations for leased space in the downtown area alone. During FY 2004-05, the Department was able to negotiate favorable terms on private leased space in the downtown area (633 17<sup>th</sup> Street) that is sufficient to relocate approximately one half of DPA's current employees, including all of the staff from the Executive Office, CSEAP, the State Personnel Board staff, the Division of Finance and Procurement, and the Office of Administrative Courts. In addition, some of the administrative staff and management from the Division of Central Services are consolidating during the process, relocating within the Capitol Complex, the new space at 633 17<sup>th</sup> Street, and North Campus (which already housed State Fleet Management, Reprographics Services and Mail Services).

The consolidation has benefited not only DPA, but other State agencies, as space vacated by DPA has become available for other agencies to do similar consolidations in the interest of both operational efficiencies and cost savings, and because the move has facilitated the availability of critical "swing space" in the Capitol Complex for tenant agencies who will be temporarily displaced as a result of the Capitol Life Safety project. Ultimately, because of the diversity of services provided by DPA statewide, it will continue to be necessary to maintain several facilities/locations for Department staff and operations, however, the current leased space consolidation is already providing desired efficiencies, while also generating materially significant savings over the life of the lease.

- *Construction of Parking Structure in the Capitol Complex* – The Department received authorization through the enactment of Senate Bill 04-233 to issue Certificates of Participation to pay for the construction of a new parking facility in the Capitol Complex. This structure will be paid for solely from revenues collected from State employees parking in the Capitol Complex. Currently, the structure (located at 13<sup>th</sup> and Lincoln) is in process of being completed, with construction anticipated to be completed near the end of calendar year 2005. The four-story structure will have nearly 650 parking spaces and one elevator, and was designed to accommodate future growth of two more floors and two additional elevators.
- *Truth in Rates* - The Department has implemented a "Truth in Rates" philosophy in recent fiscal years to ensure that rates for each DPA service accurately reflect the cost of providing the service. As part of this effort, DPA has identified numerous changes to the rate setting methodologies used throughout the Department. The Department again worked to strengthen the review and approval process during this past spring and early summer, finalizing rates for

FY 2005-06 for telecommunications and network services and publishing FY 2005-06 Central Services rates during the spring, as anticipated. The Department will continue to analyze the current rate structures and methodologies, will work proactively with our customers to address the overall impact of the FY 2005-06 rates, and will implement any necessary rate adjustments as appropriate.

Truth-in-Rates initially focused on the heavily rate-oriented Divisions of Central Services and Information Technology, however, in the past two fiscal years, the focus has been extended to all divisions and rates within the Department.

- *Higher Education Opt-out* – As has been previously identified, HB 04-1009 allowed institutions of higher education the opportunity to opt out of various centralized statewide programs and services, including Risk Management, Workers' Compensation, and the State Fleet Management program. It was initially anticipated that the fiscal, programmatic, operational and policy-oriented uncertainties associated with this issue could provide a severe obstacle to DPA's efforts to administer statewide programs. This effort was already difficult enough given the significant scope of DPA's responsibility and statutory authority, and the fiscal constraints inherent in the past several fiscal years. However, the Department, thanks to the diligent effort of its staff and management, has risen to the task and overcome this potential obstacle. It is recognized that this issue will continue to require continual analysis in upcoming fiscal years, as it will be ongoing and will continue to impact not only DPA, but also our other customers.
- *Coordination with Customers/Stakeholders (Implementation of CBMS)* – During the past fiscal year, the Colorado Benefits Management System was finally implemented after years of development. DPA, specifically the Division of Central Services and the Division of Information Technologies, contracted to assist with some client correspondence functions, along with some data entry conversion work. Ultimately, even to the limited extent that DPA was involved in the CBMS project, there were multiple operational difficulties and potential financial issues that had to be addressed, and the Department is proud of the efforts that it made and the services it provided for the benefit of State government and citizens of Colorado. This is another issue that will not go away in the foreseeable future, and the Department intends to continue to do all that is necessary to deliver superior levels of services to all of our external customers.
- *Succession Planning* – DPA, like all other State agencies, is faced with an aging workforce, and as more Division Directors, subject matter experts, and other essential employees near retirement age, secession planning has become a critical priority. This issue was, and is, especially relevant to DPA in the current environment, as the Department has been required to locate and appoint suitable replacements for the retired director positions in both the Division of Central Services, and the State Personnel Board recently. In addition, the current State Controller assumed his duties only 1 ½ years ago, and the Division Director for the Division of Finance and Procurement has announced his pending retirement in the fall.

In its customary fashion, DPA has sought to fill key management and staff positions through a process that results in the best pool of applicants from within, from other State agencies,

and from the private sector. Also of importance in this area is a project that the Department initiated during the latter stages of FY 2004-05 to evaluate and implement a pilot for knowledge management applications within existing appropriations that would help to facilitate a successful transition upon the exit of key resources.

- *Document Direct* - Via a web-based COFRS reporting mechanism (Document Direct), the Department successfully implemented a process for distribution of reports from DPA billing systems (including utilization data) to customers statewide. As a result, high priority billing reports associated with services provided by the Division of Central Services, and the Division of Information Technologies (telecommunications and data center services) have been discontinued in hard copy, and are instead distributed electronically in order to allow for faster and more reliable access for customers. This process extends to all COFRS monthly reports previously distributed as well, which is of significant benefit to Controllers, budget officers and program managers statewide.
- *Self-Funding* – In FY 2004-05, DPA and DHR staff completed the analysis and procurement process to assess the feasibility of returning to self-funding health and dental benefits programs. That analysis validated that self-funding was feasible and saved money over fully insured products. Consequently, a new chapter for employee benefits began on July 1, 2005. The State is returning to self-funding its health and dental benefits plans for State employees through a relationship with a new vendor, Great-West Healthcare, and an existing vendor, Delta Dental. We also have moved the benefits cycle to the fiscal year to better align with the State's budgetary process. In addition, an analysis of health savings accounts (HSA), in part to report to the General Assembly as required by SB 04-94, resulted in the creation of a high deductible health plan (HDHP) that is HSA-qualified. Finally through an arrangement between the third party administrator and a financial institution sponsoring an HSA, the State was also able to offer an HSA along with the HDHP for July 1, 2005.
- *Colorado Multi-Jurisdictional Vest Advisory Committee* - The State of Colorado has created the Colorado Multi-Jurisdictional Vest Advisory Committee (“CO-MJVAC”). The committee is to address issues in the body armor industry and to ensure officer safety. The committee will be comprised of members of the law enforcement community, public agency procurement officials, and vest manufacturers. The Colorado Verification Test (“CVT”) has produced information demonstrating a need for more education about product assurance of body armor, as well as a need for officer education regarding testing, maintenance, and care of body armor.

This committee will consider and study a variety of topics, involving test standards, testing criteria, maintenance and care of body armor, information gathering and dissemination, and general education regarding body armor.

- *Capitol Life Safety Project* – The Department continued with Life Safety upgrades to the State Capitol Building. This project will ensure that the Capitol is made safe for State employees working in the building as well as the many citizens and out-of-state travelers who visit the Capitol daily.

- *Total Compensation* – Staff designed and tested an online survey tool in an attempt to assess the relative importance or priority of the major components of total compensation to State employees. Actual conduct of the survey has been delayed until it can be placed on the website, which is scheduled to occur in July 2005.

## Vision Statement

The five-year vision of the Department of Personnel and Administration is articulated in three important areas: Customers, Credibility and Communication.

### Customers

Our customers are the numerous State and local governmental entities who seek superior quality service. DPA will strive to compete favorably with private vendors offering the same or comparable services. It is vitally important that DPA serves State and local governments well on behalf of Colorado citizens as constituents demand an accountable, cost-effective, and efficient government. DPA will continue to be an indispensable contributor toward this end.

### Credibility

Credibility is the foundation for building even greater trust with our customers. It is critical to promote accountability by demonstrating credibility and integrity throughout the Department operationally, and in performance of services we provide to customers. Integrity across all divisions of the Department is key to achieving and maintaining credibility, and will allow DPA to coalesce as a cooperative confederation of varied services rather than a disjointed collection of miscellaneous services.

### Communication

Communicating more effectively with the customers we serve and other stakeholders is critical to the mission of the Department. In order to facilitate effective communication we must utilize electronic communications and develop new methods to interface with and educate our stakeholders. To more successfully communicate with our customers, we must use a personalized and proactive approach and allow our customers' priorities to drive the work that we do.



**DPA Goals**

Departmental goals are identified in order to transform the Department's vision and mission into a practical plan of action for current and future fiscal years. During the strategic planning process last fiscal year, the Department identified seven key goals that encompassed the most critical issues impacting the Department. These goals are not necessarily short-term, and continue into the current cycle. The following is a list of the primary goals of the Department.

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**IDENTIFY AND IMPLEMENT PROCESS REFORM**

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**IDENTIFY AND IMPLEMENT FINANCIAL REFORM**

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**MAINTAIN TRUTH-IN-RATES PHILOSOPHY DEPARTMENTWIDE**

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**ENHANCE THE ABILITY OF THE STATE TO RECRUIT AND RETAIN AN EFFECTIVE WORKFORCE**

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**CREATE AND ENHANCE STAKEHOLDER RELATIONSHIPS**

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**PLAY A CENTRAL ROLE IN USING INFORMATION TECHNOLOGY TO STREAMLINE GOVERNMENT**

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**ESTABLISH AND IMPLEMENT DEPARTMENT CULTURE AND OPERATIONAL FRAMEWORK**

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## DPA Objectives

Objectives for the Department must meet the criteria of being specific, measurable, action-oriented, realistic, and time-limited. The objectives translate the Department's goals into specific operational processes. Similar to the identified goals, the departmental objectives remain somewhat constant in this cycle, however some have dropped off and new objectives have been identified as they relate to the key departmental goals (new objectives added since the development and submission of last year's Strategic Plan are italicized and underlined for reference). The objectives that are most critical for achievement of the Department's goals are listed under the goal to which they align.

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### IDENTIFY AND IMPLEMENT PROCESS REFORM

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- Facilitate continuous improvement of the structures, systems and processes currently in place by enhancing the quality and timeliness of work products, services, and information delivered to customers and other external partners.
- Evaluate the Department's operational practices to identify changes and efficiencies necessary to meet the fiscal challenges of State budgeting in the 2000's.
- Define and implement clear programmatic roles to determine in which cases centralization or decentralization of applications, programs and functions will yield more effective operations and generate efficiencies.
- Implement an internal auditing function to proactively address performance issues that impact the effectiveness and integrity of operations.
- Institute an aggressive mechanism/process for monitoring and tracking compliance activities resulting from formal performance related audit recommendations.
- Continue to improve our capability to initiate and manage change. This objective concerns activities that will improve the Department's ability to identify and initiate new programs needed, or changes to existing programs, as well as to be responsive to external changes.
- Develop and conduct surveys with criteria by which the quality and value of our most important products and interdepartmental communications can be judged.
- *The Business Risk and Loss Control Program's 5-year strategy is to establish a framework for innovative partnerships at all levels of State government to maximize the investment in people and other resources, to further protect state assets, resources, and property and engage in aggressive and successful loss control activities for liability, property and workers' compensation programs.*

- Develop and implement meaningful metrics to measure the effectiveness and return on investment of programs and identify adjustments or improvements.

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## **IDENTIFY AND IMPLEMENT FINANCIAL REFORM**

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- Continue with efforts to revise and improve the fiscal management and reporting structure for internal department operations and statewide common policies, to provide central oversight and consistency in process for the budget, contracting, finance and accounting functions. The Department seeks to integrate financial processes, which will combine existing separate processes into one efficient and consistent process.
- Improve the accuracy and timeliness of financial and budget information internally and externally as well as increase communications with user agencies, including the OSPB and JBC.
- To develop efficiencies, increase the quantity and quality of internal training of Department staff in the budgeting, contracting, finance, accounting and human resources functionalities.
- The Financial Services Unit will continue to convene Statewide Fiscal Management meetings on a monthly to quarterly basis to facilitate communication on central budget and common policy issues and to enhance statewide fiscal coordination and discussion of issues.

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## **MAINTAIN THE TRUTH-IN-RATES PHILOSOPHY DEPARTMENTWIDE**

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- Continue the Truth-in-Rates philosophy to ensure that rates recover the cost of services and remain competitive.
- Annually review and analyze all rates in coordination with applicable division management, Department Controller, CFO and Budget Director.
- Annually publish rates for external distribution by July 1.
- Revisit and revise any outdated or inefficient rate setting and cost allocation methodologies proactively.
- Develop models to support and justify the appropriate targeted fund balance for all cash funds and implement methods necessary to maintain the fund balance(s) on an ongoing basis.

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**ENHANCE THE ABILITY OF THE STATE TO RECRUIT AND RETAIN AN EFFECTIVE WORKFORCE**

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- The Division of Human Resources' 5-year strategy is to create a comprehensive, integrated, flexible total compensation package and the business systems that support the State as a competitive employer and employee choice for a diverse workforce.
- Identify and use data sources and analyses for self-funded benefits to monitor utilization, financial status, and plan design and cost containment effectiveness.
- Significantly enhance the training and professional development opportunities available to the State workforce.
- Develop relationships with stakeholders (i.e Budget Officers, HR Directors, employee associations, OSPB, and the General Assembly) that will close the funding gap between actual and prevailing contribution levels in employee benefits.
- The Department will work to develop processes to help State agencies begin to identify and plan for the succession of key positions. The Department, along with feedback from stakeholders, will seek to assess needs, prioritize objectives, and develop succession-planning tools.
- Utilize the exit interview process to determine further potential improvements that will increase the ability to retain valuable State employees.

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**CREATE AND ENHANCE STAKEHOLDER RELATIONSHIPS**

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- Continue to develop centralized department-wide databases for applicable functions (legislative, audit tracking, contracting, customer, etc.).
- Facilitate and coordinate statewide and common policy related change requests and legislation that affects multiple stakeholders and State departments.
- Develop a process with external stakeholders in the Executive and Legislative Branch to facilitate constructive feedback on critical issues.
- Continue to develop and maintain strategic legislative relationships.
- Schedule Statewide Fiscal Management Meetings (monthly and quarterly as needed) with agency controllers and fiscal and budget officers.

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**PLAY A CENTRAL ROLE IN USING INFORMATION TECHNOLOGY TO STREAMLINE GOVERNMENT**

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- Continue to play lead role in proactively addressing statewide information technology security related issues.
- Enhance statewide disaster recovery functionality.
- Continue to maximize network and computer infrastructure priorities to generate optimal capacity and efficiencies in costs.
- Promote server consolidation via virtual servers as a statewide priority.
- Aggressively pursue the remaining funding needed for completion of the Digital Trunked Radio project on behalf of State, federal, and local stakeholders.
- Retirement of EMPL and incorporation of functionality in CPPS and other Statewide personnel databases.
- Lead efforts to ensure that statewide Information Technology infrastructure projects, applications and enhancements are acquired and deployed in a manner that optimally integrates concepts with the existing infrastructure, and provides maximum efficiencies and return on investment.

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**ESTABLISH AND IMPLEMENT DEPARTMENT CULTURE AND OPERATIONAL FRAMEWORK**

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- The Executive Office will play a key role in central financial oversight and approval processes (including rates) in order to bring consistency to the disparate operations of multiple divisions with different focus, customers and services.
- Manage a consistent look and feel to all publications and all portions of the Department's website.
- Continue to centralize administrative functions, to the extent possible, to allow divisions to focus on program priorities and operations.