



OFFICE OF THE GOVERNOR

Policy Change Proposal
January 27, 2009

Todd Saliman
Director, OSPB

Proposal for Statewide Furlough

Proposal:

This proposal would require five days of furlough during FY 2009-10 for all State employees, except those providing twenty-four hour care seven days a week, and excluding employees within Higher Education and the Colorado Department of Transportation. The estimated placeholder impact for this proposal is \$7.6 million General Fund. Legislation would be required.

Summary of Request:

- Similar to what is allowable per 24-50-109.5, C.R.S. (2008), the Governor's Office is proposing legislation to permit the Governor to require five furlough days for all State employees that are not providing twenty-four hour care seven days a week.
- Positions exempt from this proposal would include troopers within Colorado State Patrol, correctional and police officers hired by the State, and State employees that provides twenty-four hour direct medical care.
- Colorado Department of Transportation and Higher Education employees are excluded from this proposal due to their unique funding streams.
- Furlough days would need to be staggered by Executive Directors to maintain adequate coverage for continuation of State services.
- Based on preliminary data, it is estimated that five furlough days would save the State \$7.6 million General Fund and \$7.4 million cash funds during FY 2009-10. Additional re-appropriated and federal funds are also saved and identified in the calculations section of this fact sheet.
- The preliminary figures in this fact sheet will need to be updated once agencies can identify all specific positions that would be exempted and the appropriate revenue sources associated with all employees, as applicable.
- After further work with the Department of Personnel and other affected departments, Schedule 13s from all departments will be submitted to the Joint Budget Committee.

Table 1: Information used to Determine Fund Split Percentages

| | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds |
|--------------------------------|----------------|----------------|---------------|----------------------|---------------|
| All Agencies | \$159,522,993 | \$80,173,964 | \$42,801,607 | \$13,429,618 | \$23,117,804 |
| Percent of Total Funds | 100.0% | 50.3% | 26.8% | 8.4% | 14.5% |
| Corrections | (\$31,786,950) | (\$30,741,645) | (\$434,941) | (\$599,438) | (\$10,925) |
| Percent of Total Funds | 100.0% | 96.7% | 1.4% | 1.9% | 0.0% |
| Public Safety | (\$8,965,481) | (\$1,511,086) | (\$6,214,016) | (\$644,543) | (\$595,836) |
| Percent of Total Funds | 100.0% | 16.9% | 69.3% | 7.2% | 6.6% |
| Human Services | (\$26,035,496) | (\$13,843,259) | (\$2,873,379) | (\$5,053,085) | (\$4,265,774) |
| Percent of Total Funds | 100.0% | 53.2% | 11.0% | 19.4% | 16.4% |
| Total Excluding Agencies Above | \$92,735,066 | \$34,077,974 | \$33,279,272 | \$7,132,552 | \$18,245,269 |
| Percent of Total Funds | 100.0% | 36.7% | 35.9% | 7.7% | 19.7% |

Figures Above are based on December 2008 Payroll as reported by the State Controller in an e-mail on 1/20/2009 to JBC Staff. Corrections, Public Safety, and Human Services total payroll was used to estimate the fund splits associated with exempted positions, however, it is not anticipated that all staff within these agencies will be exempt.

Table 2: Exempt and Non-Exempt Payroll and Impact of 5 Furlough Days

| | Total Positions | Total Funds | General Fund | Cash Funds | Reappropriated Funds | Federal Funds |
|---|-----------------|-----------------|-----------------|----------------|----------------------|----------------|
| Total Exempt and Non-Exempt | 26,620 | \$1,518,979,140 | \$763,417,087 | \$407,557,227 | \$127,876,925 | \$220,127,901 |
| Percent of Total Funds | | 100.0% | 50.3% | 26.8% | 8.4% | 14.5% |
| Exempted | (9,292) | (\$476,750,136) | (\$380,422,236) | (\$33,538,817) | (\$47,715,740) | (\$15,073,343) |
| Percent of Total Funds | | 100.0% | 79.8% | 7.0% | 10.0% | 3.2% |
| Non-Exempted | 17,328 | \$1,042,229,004 | \$382,994,851 | \$374,018,410 | \$80,161,185 | \$205,054,558 |
| Percent of Total Funds | | 100.0% | 36.7% | 35.9% | 7.7% | 19.7% |
| Impact of Furlough on Payroll for Non-Exempt | | \$4,008,573 | \$1,473,057 | \$1,438,532 | \$308,312 | \$788,671 |
| Impact of 5 Furlough Days on Payroll Only (Oct 31 2008 Pay) | | \$20,042,865 | \$7,365,286 | \$7,192,662 | \$1,541,561 | \$3,943,357 |
| Impact on Total Salary Items less PERA and Medicare (non-add) | | \$17,959,557 | \$6,599,718 | \$6,445,037 | \$1,381,327 | \$3,533,474 |
| Impact to Short Term Disability (0.13%) | | \$23,347 | \$8,580 | \$8,379 | \$1,796 | \$4,594 |
| Impact to AED (2.00% blended) | | \$359,191 | \$131,994 | \$128,901 | \$27,627 | \$70,669 |
| Impact to SAED (1.25% blended) | | \$224,494 | \$82,496 | \$80,563 | \$17,267 | \$44,168 |
| Impact of 5 Furlough Days on Payroll and Benefits | | \$20,649,898 | \$7,588,356 | \$7,410,504 | \$1,588,250 | \$4,062,788 |

Total Fund figures are reflective of October 31, 2008 pay from the Department of Personnel and Administration. Fund splits are estimated based on the information provided by the State Controller to JBC staff in a 1/20/2009 e-mail.

Assumptions and Tables to Show Calculations:

- See attached tables for the estimated impact of five furlough days in FY 2009-10.
- Information provided by the State Controller on January 20, 2009 was used to estimate the fund splits associated with this proposal. However, a data pull by the Department of Personnel and Administration was used to allow for the best identification of positions that provide services twenty-four hours a day, seven days a week.
- Only a portion of staff at the Department of Human Services, Department of Public Safety, and the Department of Corrections would be exempt from a mandatory furlough; however, to estimate fund splits for the exempted positions, the entire agencies' fund split percentages were utilized as a reasonable proxy.
- Job classifications that provide services twenty-four hours a day, seven days a week require overtime employees or additional employees to cover their shifts. Therefore, it is not a cost savings to require furloughs for these classifications.
- To ensure fairness across State employees, and in the spirit of 24-50-109.5, C.R.S. (2008), furloughs will not be based upon the fund source of the position.

Current Statutory Authority or Needed Statutory Change:

Legislation will be required to grant the Governor the authority to require five furlough days for most State positions in FY 2009-10. The savings for the five days will already be in the Long Bill if this proposal is accepted by the General Assembly. In addition, although no furloughs are expected or budgeted for in FY 2008-09, the bill would give the Governor authority to require up to three furlough days in FY 2008-09 if necessary to balance the budget. Furlough days for General Funded positions taken in June will count in FY 2009-10 due to the pay-date shift.



CAPITAL CONSTRUCTION

*Budget Reduction Proposal
January 23, 2009*

Todd Saliman
OSPB Director

Reduce FY 2009-10 Capital Construction Request

Proposal:

On November 1, 2008, OSPB submitted to the Capital Development Committee the FY 2009-10 Prioritized Capital Construction as required by Section 24-37-304 (1) (c.3) (II), C.R.S. (2008). This request was updated on December 10, 2008. OSPB proposes to reduce that request with this January 23, 2009 adjustment. The number of items above the funding request line set by the Governor has been reduced to four. These four items include annual payments for certificates of participation, the Colorado Integrated Tax Architecture, and Level I Controlled Maintenance. Although 31 items are below the line and are indicated on the attachment, the new list below illustrates shows eight items below the line for contextual purposes only.

| Capital Construction Funds Priority List | | | |
|---|-------------------------------|---|---------------------|
| <small>OSPB Priority</small> | Agency | Project | CCF |
| 1 | CU - Health Sciences | Anschutz Medical Campus Certificates of Participation | \$5,142,063 |
| 2 | Corrections | CSP II COP Payment | \$10,736,853 |
| 3 | Personnel and Administration | Level I Controlled Maintenance | \$22,335,321 |
| 4 | Revenue | Colorado Integrated Tax Architecture | \$7,444,907 |
| OSPB Recommendation | | SUBTOTAL CONTINUATION ABOVE THE LINE | \$45,659,144 |
| 5 | Human Services | Suicide Risk Mitigation at the Colorado Mental Health Institutes at Fort Logan and Pueblo | \$5,029,005 |
| 6 | Human Services | Veterans Domiciliary Care Center at Fitzsimons | \$200,000 |
| 7 | Personnel and Admin | Digital Trunked Radio (DTR) Buildout | \$6,009,707 |
| 8 | Personnel and Administration | Level II Controlled Maintenance | \$33,348,696 |
| 9 | Military and Veterans Affairs | Readiness Center for Ft Lupton (formerly Lakewood) | \$5,661,451 |
| 10 | Human Services | Safety and Security Infrastructure - Grand Junction Regional Center | \$638,000 |
| 11 | Human Services | DYC Northeast Region Youth Services Center, Phase 2 of 3 | \$4,022,678 |
| 12 | Personnel and Admin | Colorado State Capitol Dome Exterior Enclosure Stabilization | \$8,600,000 |

Continued on the attachment

Summary of Request:

In order to address the current financial crisis, the Office of State Planning and Budgeting must withdraw the two FY 09-10 capital construction requests for Suicide Risk Mitigation at the Colorado Mental Health Institutes and Veterans Domiciliary Care Center at Fitzsimons. These projects had been recommended for funding. These are very important projects for the State, and they should be at the top of the list once funding returns.

This request revises the General Fund transfer need specified in the December 10, 2008 letter to the Capital Development Committee. Please see the following table.

| General Fund Transfer Assumptions | FY 2009-10 | FY 2010-11 | FY 2011-12 |
|---|---------------------|---------------------|---------------------|
| Balance in the Capital Construction Fund at the End of FY 2008-09 | \$3,026,023 | \$0 | \$0 |
| HB 1310 Transfer from Two Years Prior | \$13,960,565 | \$0 | \$0 |
| Projected Interest Earned in the Prior Year | \$10,793,108 | \$5,565,635 | \$3,007,629 |
| Appropriations to the Corrections Expansion Reserve Fund | (\$1,976,068) | (\$2,684,165) | (\$1,126,485) |
| Requested FY 2009-10 Expenditures (from CCF and CERF) | (\$50,862,641) | (\$49,769,736) | (\$47,711,346) |
| Expenditures from the Corrections Expansion Reserve Fund | \$5,203,497 | \$2,684,165 | \$1,126,485 |
| Total General Fund Transfer Needed | \$19,855,516 | \$44,204,101 | \$44,703,717 |
| Comparison with Last Letter to CDC - December 10, 2008 | | | |
| December 10 | \$25,738,841 | \$49,360,081 | \$51,952,745 |
| Difference | (\$5,883,325) | (\$5,155,980) | (\$7,249,028) |
| Reasons for Adjustment | | | |
| DHS Suicide Risk Management Removal | \$5,029,005 | \$4,297,904 | \$4,269,942 |
| DHS Veterans Domiciliary Removal | \$200,000 | \$1,855,500 | \$2,499,500 |
| Interest Earnings Decreasing (deappropriated dollars and transferred to HEMAR Fund) | (\$2,371,702) | (\$997,424) | \$479,586 |
| Prior Year Fund Balance Increasing (difference of deappropriations and HEMAR Fund Transfer) | \$3,026,023 | \$0 | \$0 |
| Total of Changes | \$5,883,326 | \$5,155,980 | \$7,249,028 |

Because there are no HB 02-1310 transfers projected in the near future, a General Fund transfer is needed to cover essential projects. The General Fund transfer results in a reduction of funds available for state programs that are financed under the 6% appropriations limit. The calculation applies a spending pattern to all transfers and appropriations into the Capital Construction Fund of 30% in year one, 60% in year two, and 10% in year three. In order to reduce strain on General Fund transfers, OSPB uses the balance from the Corrections Expansion Reserve Bills as the fund is infused to cover portions of certain Corrections projects.

The interest projection assumes a rate of return of 3.40% in the current year, in-line with actual returns experienced to date in FY 2008-09 as supplied by the Treasurer's Office website. OSPB applied this interest rate to the current balance in the fund, in addition to expected transfers, rather than assuming the entire balance is committed. The average monthly balance remaining in the fund at the end of FY 2007-08 (as reported by the State Treasurer's website) was also assumed to be accruing interest.

Current Statutory Authority or Needed Statutory Change:

24-37-304 (1) (c.3), C.R.S. (2008) (1) *In addition to the responsibilities enumerated in section 24-37-302, the office of state planning and budgeting shall: (c.3) (I) Ensure submission of all capital construction and controlled maintenance requests and proposals for the acquisition of capital assets by each state department, institution, and agency to the capital development committee no later than September 1 of each year; (II) Submit the recommended priority of funding of capital construction projects of all state*

departments, institutions, and agencies to the capital development committee no later than November 1 of each year.

Although no statutory change is needed to eliminate these projects from the request, it does change the General Fund transfer amount to the Capital Construction Fund, which is done via a legislative action.

| FY 2009-10 Capital Requests Priority Lists | | | | | |
|--|-------|------------------|-------------------------------|---|----------------------|
| As of | | January 23, 2009 | | | |
| Capital Construction Funds List | | | | | |
| OSPB Priority | Ref # | Dept Priority | Agency | Project | CCF |
| 1 | S-119 | 1 | CU - Health Sciences | Anschutz Medical Campus Certificates of Participation | \$5,142,063 |
| 2 | S-2 | 1A | Corrections | CSP II COP Payment | \$10,736,853 |
| 3 | NA | NA | Personnel and Administration | Level I Controlled Maintenance | \$22,335,321 |
| 4 | S-109 | 1 | Revenue | Colorado Integrated Tax Architecture | \$7,444,907 |
| OSPB Recommendation | | | | SUBTOTAL CONTINUATION ABOVE THE LINE | \$45,659,144 |
| 5 | S-65 | 1 | Human Services | Suicide Risk Mitigation at the Colorado Mental Health Institutes at Fort Logan and Pueblo | \$5,029,005 |
| 6 | S-71 | 1 | Human Services | Veterans Domiciliary Care Center at Fitzsimons | \$200,000 |
| 7 | S-105 | 1 | Personnel and Administration | Digital Trunked Radio (DTR) Buildout | \$6,009,707 |
| 8 | NA | NA | Personnel and Administration | Level II Controlled Maintenance | \$33,348,696 |
| 9 | S-75 | 1 | Military and Veterans Affairs | Readiness Center for Ft Lupton (formerly Lakewood) | \$5,661,451 |
| 10 | S-70 | 3 | Human Services | Safety and Security Infrastructure - Grand Junction Regional Center | \$638,000 |
| 11 | S-61 | 1 | Human Services | DYC Northeast Region Youth Services Center, Phase 2 of 3 | \$4,022,678 |
| 12 | S-117 | 1 | Personnel and Administration | Colorado State Capitol Dome Exterior Enclosure Stabilization | \$8,600,000 |
| 13 | S-63 | 1 | Human Services | Secure Intensive Treatment Facility for Persons with Developmental Disabilities | \$1,179,725 |
| 14 | S-72 | 2 | Human Services | Additions and Renovations to the State and Veterans Nursing Home In Rifle | \$82,500 |
| 15 | S-12 | 1 | School for the Deaf and Blind | Life Safety and Program Renovation | \$692,665 |
| 16 | S-107 | 1 | Public Safety | Multi-Agency Public Safety Solution | \$845,250 |
| 17 | S-69 | 2 | Human Services | Infrastructure Replacement – Statewide Capital Renewal, Phase 1 of 4 | \$3,700,660 |
| 18 | S-67 | 3 | Human Services | Food Service Renovation at the Colorado Mental Health Institute at Fort Logan | \$268,400 |
| 19 | S-64 | 2 | Human Services | Specialized Treatment Homes for the Developmentally Disabled at Grand Junction and Wheat Ridge Regional | \$556,710 |
| 20 | S-116 | 1 | Historical Society | Cumbres and Toltec Scenic Railroad Track Rehabilitation | \$1,546,000 |
| 21 | S-110 | 2 | Revenue | Remittance Processing Data Entry | \$2,436,415 |
| 22 | S-4 | 3 | Corrections | Community Parole Mobile Data Management System | \$1,280,577 |
| 23 | S-7 | 6 | Corrections | IT Disaster Recovery System | \$782,250 |
| 24 | S-112 | 4 | Revenue | Data Center Improvements | \$445,477 |
| 25 | S-76 | 2 | Military and Veterans Affairs | Readiness Center for N Colorado Springs | \$7,111,823 |
| 26 | S-16 | 4 | Historical Society | Georgetown Loop Railroad Locomotive | \$150,000 |
| 27 | S-77 | 3 | Military and Veterans Affairs | Readiness Center of Windsor | \$3,053,893 |
| 28 | S-108 | 2 | Public Safety | Colorado State Patrol Aircraft Replacement | \$2,108,760 |
| 29 | S-68 | 1 | Human Services | Department-wide Facilities Master Plan | \$952,875 |
| 30 | S-9 | 8 | Corrections | IT Browser Based DCIS | \$1,688,715 |
| 31 | S-8 | 7 | Corrections | IT Network Device and Infrastructure Replacement | \$1,888,500 |
| 32 | S-62 | 2 | Human Services | DYC Expansion of Sol Vista at the Mental Health Institute at Pueblo | \$998,283 |
| 33 | S-78 | 4 | Military and Veterans Affairs | Readiness Center of Alamosa | \$1,998,555 |
| 34 | S-6 | 5 | Corrections | San Carlos Correctional Facility Expansion, Phase II of II | \$73,948,111 |
| 35 | S-66 | 2 | Human Services | Replacement of the Colorado Mental Health Institutes at Fort | \$1,497,300 |
| | | | | SUBTOTAL NONPRIORITIZED PROJECTS | \$172,722,982 |
| | | | | TOTAL CCF PROJECTS | \$218,382,126 |