

## COMMON POLICIES

Certain types of budget requests are common among state departments and require a common policy for establishing the requested level of funding. Common policies ensure that the same assumptions are used in developing budget requests and are appropriated in specific line items within individual departments.

Common Policies can be separated into two general categories: total compensation or personal services common policies and operating common policies.

Personal services common policies (often called “POTS”) are expenditures that are related to a department’s staffing. POTS are centrally appropriated to a department’s Executive Director’s Office and are distributed down to Personal Services line items within the Long Bill. These include: Salary Survey and Senior Executive Service, Pay for Performance; Amortization Equalization Disbursement (AED); Supplemental Amortization Equalization Disbursement (SAED); Shift Differential; Short-term Disability; and Health, Life and Dental. Most of these common policy amounts are driven by employees’ salaries, the only exception being Health, Life and Dental (HLD) insurance. Unlike operating common policies, these anticipated costs are reflected only in an individual department’s budget. There is no corresponding spending authority within another department’s budget.

In order to calculate these personal services common policy amounts, departments completed Total Compensation templates in July and August 2011. These amounts represent a department’s best estimate of the personal services costs for the fiscal year. This includes position-by-position detail and the corresponding fund split information. These spreadsheets serve as the basis for the statewide total compensation documents.

Total compensation information will be calculated once during the budget cycle. In prior years, the Executive Branch has attempted to update its total compensation budget submission during the course of the budget cycle. This has created some confusion as the base numbers have changed with each update. Calculating this information one time is an attempt to alleviate that problem.

Operating common policies refer to a variety of statewide services provided by three lead agencies, the Department of Personnel and Administration (DPA), the Governor’s Office of Information Technology (OIT) and the Department of Law. Individual departments receive direct funding for these line items through individual common policy line items in their budgets. The Departments, in turn, pay the lead agency for the services provided. In order to receive and spend the funding, the lead agencies need corresponding spending authority in their budgets that appear as reappropriated funds.

DPA oversees a number of common policy line items, including: Workers’ Compensation; Administrative Law Judge Services; Payment to Risk Management and Property Funds; Vehicle Lease Payments; and Capitol Complex Leased Space. Those common policies overseen by the OIT include: Purchase of Services from Computer

Center; Multiuse Network Payments; Management and Administration of OIT; and Communications Services Payments. The Department of Law oversees the Legal Services line items that appear in each department's budget.

In addition, Leased Space is considered a common policy. However, the funding appears only in an individual department's budget with no corresponding spending authority in the DPA budget.

For FY 2012-13 the Executive Branch has prepared this document to serve as the State's requested funding levels for each common policy. Its purpose is to provide information on the components of each policy and the methodology used to determine the amounts. This includes statewide estimated FY 2012-13 estimated costs, any requested changes to policies, cost allocation to the departments and the FY 2012-13 requested funding levels for each department. Its purpose is to provide a clear set of common policy descriptions that can be used throughout the budget process.

This information in this document was primarily provided by DPA and OIT. Both worked with individual agencies to provide the information.

## **PERSONAL SERVICES COMMON POLICIES**

The requested amounts for these common policies are calculated in the Total Compensation templates completed by each department. The amounts that appear for the following line items also appear in department individual budget submissions.

### ***SALARY SURVEY AND SENIOR EXECUTIVE SERVICE***

This line item refers to the requested base salary increases for State employees. The Salary Survey and Senior Executive Service request is determined by calculating the amounts necessary for departments to cover the costs of salary increases based on the Total Compensation Survey performed annually by the Department of Personnel and Administration. Working with the State Personnel Director, the Governor's Office considers current fiscal constraints, industry trends and the recommendations made in the Department of Personnel and Administration's Total Compensation Report, per Section 24-50-104 (4) (c), C.R.S. **For FY 2012-13, the Executive Branch is not requesting any funding for this line item due to budget constraints.**

### ***PERFORMANCE-BASED PAY***

The Total Compensation Survey includes recommendations on Performance-based Pay as required under Section 24-50-104 (1) (c), C.R.S. The Performance Based Pay appropriation provides funding for increases in pay (both base-building and one-time in nature) based on a State employee's individual performance. The amounts required for this line item are calculated using available statewide funding levels and the State Personnel Director's recommendation through the Total Compensation reports. **For FY 2012-13, the Executive Branch is not requesting any funding for this line item due to budget constraints.**

### ***AMORTIZATION EQUALIZATION DISBURSEMENT (AED)***

Pursuant to S.B. 04-257, beginning in January, 2006, 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 in each calendar year until it reaches the maximum contribution rate of 5.0 percent for the calendar year 2017.

The amount required by each department is a product of their total salary costs and the percent contribution as determined by statute on a calendar year basis. For budgeting purposes, the yearly percentages specified by statute are converted to an average percentage need and calculated in the Total Compensation templates completed by each department. For FY 2012-13, the blended percentage contribution is 3.20 percent of salaries.

The following table reflects the AED request by department for FY 2012-13.

FY 2012-13 SUMMARY FOR AED - Executive Agencies							
Department	FY 2012-13 Request	Change from Prior Year	Fund Split for Appropriation Change				
		Total	GF	CF	HUTF	RF	FF
Agriculture	\$458,594	\$55,043	\$27,549	\$23,604	\$0	\$0	\$3,890
Corrections	\$10,438,247	\$1,585,379	\$1,531,006	\$54,373	\$0	\$0	\$0
Education	\$1,062,265	\$231,520	\$26,188	\$8,319	\$0	\$33,196	\$163,817
Governor's Office	\$2,346,849	\$463,154	\$86,392	\$21,224	\$0	\$357,633	(\$2,095)
HCPF	\$707,962	\$174,565	\$95,393	\$320	\$0	\$11,380	\$67,472
Higher Education	\$292,915	\$69,569	\$0	\$33,986	\$0	\$20,394	\$15,189
Human Services	\$6,819,417	\$870,514	\$262,169	\$197,455	\$0	\$258,096	\$152,794
Labor and Employment	\$1,883,884	\$232,557	\$0	\$87,718	\$0	\$0	\$144,839
Local Affairs	\$343,895	\$88,342	\$41,631	\$3,508	\$0	\$3,944	\$39,259
Military Affairs	\$224,000	\$31,306	\$1,836	(\$589)	\$0	\$0	\$30,059
Natural Resources	\$2,811,167	\$364,940	\$38,969	\$203,494	\$0	\$8,676	\$113,801
Personnel and Administration	\$650,391	\$108,249	\$32,651	\$11,737	\$0	\$63,861	\$0
Public Health	\$2,687,245	\$611,647	\$10,705	\$175,959	\$0	\$52,355	\$372,628
Public Safety	\$2,676,783	\$335,020	\$122,897	\$21,649	\$127,457	(\$3,652)	\$66,669
Regulatory Agencies	\$1,095,520	\$215,159	\$5,133	\$194,779	\$0	\$9,120	\$6,127
Revenue	\$2,279,425	\$287,074	\$253,292	\$19,384	\$14,398	\$0	\$0
Transportation	\$404,882	\$86,665	\$0	\$83,148	\$0	\$3,517	\$0
<b>Total</b>	<b>\$37,183,441</b>	<b>\$5,810,703</b>	<b>\$2,535,811</b>	<b>\$1,140,068</b>	<b>\$141,855</b>	<b>\$818,520</b>	<b>\$1,174,449</b>

Note: Non Executive Branch offices are not required to submit budget submissions to the Governor's Office. This includes Judicial, Law, Legislature, Secretary of State and Treasury.

### ***SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT (SAED)***

Similar to the Amortization Equalization Disbursement line item, the Supplemental Amortization Equalization Disbursement (SAED) line item increases employees' 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.

Per statute, the funding comes from funds that would have otherwise gone to State employees as part of salary increases. Even though no salary increases have been granted in recent years due to the economic downturn, the State has provided funding for the Supplemental Amortization Equalization Disbursement line item. The amount required by each department for SAED is a product of their total salary costs and the percent contribution as determined by statute on a calendar year basis. For budgeting purposes, the yearly percentages specified by statute are converted to an average percentage need

and calculated in the Total Compensation templates completed by each department. For FY 2012-13, the blended percentage contribution is 2.75% of salaries.

The following table reflects the SAED request by department for FY 2012-13.

<b>FY 2012-13 SUMMARY FOR SAED - Executive Agencies</b>							
<b>Department</b>	<b>FY 2012-13 Request</b>	<b>Change from Prior Year</b>	<b>Fund Split for Appropriation Change</b>				
			<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>HUTF</b>	<b>RF</b>
Agriculture	\$394,105	\$69,369	\$30,533	\$33,991	\$0	\$0	\$4,845
Corrections	\$8,970,369	\$1,903,362	\$1,842,672	\$60,690	\$0	\$0	\$0
Education	\$912,884	\$247,353	\$42,960	\$12,524	\$0	\$33,153	\$158,716
Governor's Office	\$2,016,824	\$497,987	\$81,143	\$19,536	\$0	\$393,760	\$3,548
HCPF	\$608,246	\$180,613	\$94,100	\$3,467	\$0	\$9,780	\$73,266
Higher Education	\$251,723	\$72,248	\$0	\$37,866	\$0	\$19,739	\$14,643
Human Services	\$5,859,820	\$1,075,540	\$424,594	\$175,555	\$0	\$294,185	\$181,206
Labor and Employment	\$1,618,963	\$299,074	\$0	\$113,185	\$0	\$0	\$185,889
Local Affairs	\$295,525	\$90,479	\$39,301	\$5,357	\$0	\$8,950	\$36,871
Military Affairs	\$192,500	\$38,044	\$5,979	(\$343)	\$0	\$0	\$32,408
Natural Resources	\$2,415,847	\$452,461	\$60,020	\$266,470	\$0	\$12,514	\$113,457
Personnel and Administration	\$558,931	\$123,283	\$39,077	\$12,176	\$0	\$72,030	\$0
Public Health	\$2,309,351	\$642,215	\$20,273	\$191,479	\$0	\$57,550	\$372,913
Public Safety	\$2,300,361	\$420,079	\$132,460	\$26,961	\$194,281	\$5,066	\$61,311
Regulatory Agencies	\$941,462	\$234,195	\$6,282	\$211,429	\$0	\$10,861	\$5,623
Revenue	\$1,958,882	\$361,950	\$283,646	\$57,147	\$21,157	\$0	\$0
Transportation	\$347,946	\$92,235	\$0	\$88,487	\$0	\$3,748	\$0
<b>Total</b>	<b>\$31,953,739</b>	<b>\$6,800,487</b>	<b>\$3,103,040</b>	<b>\$1,315,977</b>	<b>\$215,438</b>	<b>\$921,336</b>	<b>\$1,244,696</b>

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### ***SHIFT DIFFERENTIAL***

The Shift Differential line item addresses the adjustment necessary to compensate employees for work performed outside of normal work schedules. These are second and third shift workers whose scheduled work hours fall outside of the regular Monday through Friday, 8:00 am to 5:00 pm work schedule. Typically, in order to sufficiently staff the second and third shifts, departments offer higher wages to employees willing to work non-traditional hours. The request for this line item is calculated annually at 80% of the level of prior year actual expenditures for this function. The following table reflects the Shift Differential Request by department for FY 2012-13.

FY 2012-13 SUMMARY FOR SHIFT DIFFERENTIAL - Executive Agencies							
Department	FY 2012-13 Request	Change from Prior Year	Fund Split for Appropriation Change				
			Total	GF	CF	HUTF	RF
Agriculture	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Corrections	\$6,312,578	\$1,739,965	\$1,732,954	\$7,011	\$0	\$0	\$0
Education	\$84,142	\$18,387	\$18,387	\$0	\$0	\$0	\$0
Governor's Office	\$77,532	(\$30,347)	\$0	\$0	\$0	(\$30,347)	\$0
HCPF	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Higher Education	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Human Services	\$4,074,969	\$865,228	\$600,384	\$1,510	\$0	\$261,750	\$1,584
Labor and Employment	\$14,460	\$4,726	\$0	\$0	\$0	\$0	\$4,726
Local Affairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Military Affairs	\$22,507	\$6,401	\$0	\$0	\$0	\$0	\$6,401
Natural Resources	\$31,879	\$14,147	\$0	\$14,147	\$0	\$0	\$0
Personnel and Administration	\$40,389	\$9,106	\$0	0	\$0	\$9,106	\$0
Public Health	\$14,722	\$3,812	(\$124)	\$1,795	\$0	(\$15)	\$2,156
Public Safety	\$320,608	\$76,116	\$10,262	\$21,560	\$38,259	\$6,034	\$0
Regulatory Agencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue	\$173,714	\$49,724	\$5,472	\$5,022	\$39,230	\$0	\$0
Transportation	\$24,452	\$2,951	\$0	\$3,556	\$0	(\$605)	\$0
<b>Total</b>	<b>\$11,191,952</b>	<b>\$2,760,216</b>	<b>\$2,367,335</b>	<b>\$54,601</b>	<b>\$77,489</b>	<b>\$245,923</b>	<b>\$14,867</b>

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### ***SHORT-TERM DISABILITY (STD)***

The Short-term Disability appropriation is used to provide partial payment of an employee's salary in the event that an individual becomes disabled and cannot perform his or her work duties. All employees have this employer-paid, payroll-based benefit. This benefit is calculated on an annual basis. For FY 2012-13, the Executive Branch is requesting a short-term disability contribution of 0.177 percent of salaries. The following table shows the Short-term Disability request by department for FY 2012-13.

FY 2012-13 SUMMARY FOR SHORT-TERM DISABILITY - Executive Agencies							
Department	FY 2012-13 Request	Change from Prior Year	Fund Split for Appropriation Change				
			Total	GF	CF	HUTF	RF
Agriculture	\$25,366	(\$81)	\$729	(\$812)	\$0	\$0	\$2
Corrections	\$577,365	\$14,249	\$13,219	\$1,030	\$0	\$0	\$0
Education	\$58,757	\$5,990	(\$1,411)	(\$302)	\$0	\$1,182	\$6,521
Governor's Office	\$129,810	\$12,532	\$3,801	\$991	\$0	\$8,613	(\$873)
HCPF	\$39,146	\$6,940	\$3,492	\$454	\$0	\$629	\$2,365
Higher Education	\$15,902	\$1,782	\$0	\$353	\$0	\$814	\$615
Human Services	\$376,649	\$931	(\$14,572)	\$10,091	\$0	\$4,027	\$1,385
Labor and Employment	\$104,203	\$372	\$0	(\$501)	\$0	\$0	\$873
Local Affairs	\$19,022	\$2,824	\$1,805	(\$138)	\$0	(\$569)	\$1,726
Military Affairs	\$12,390	\$154	(\$522)	(\$56)	\$0	\$0	\$732
Natural Resources	\$155,493	\$526	(\$1,602)	(\$1,713)	\$0	(\$237)	\$4,078
Personnel and Administration	\$35,975	\$1,705	\$246	\$354	\$0	\$1,105	\$0
Public Health	\$148,637	\$17,296	(\$976)	\$4,031	\$0	\$1,090	\$13,151
Public Safety	\$148,060	(\$256)	\$2,996	\$15	(\$5,022)	(\$1,364)	\$3,119
Regulatory Agencies	\$60,597	\$4,023	\$19	\$4,538	\$0	(\$823)	\$289
Revenue	\$126,080	(\$439)	\$4,669	(\$4,660)	(\$448)	\$0	\$0
Transportation	\$22,395	\$2,279	\$0	\$2,187	\$0	\$92	\$0
<b>Total</b>	<b>\$2,055,847</b>	<b>\$70,827</b>	<b>\$11,893</b>	<b>\$15,862</b>	<b>(\$5,470)</b>	<b>\$14,559</b>	<b>\$33,983</b>

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**HEALTH, LIFE, AND DENTAL (HLD)**

Each Department’s Health, Life, and Dental (HLD) appropriation is designed to cover the State's contribution for the premium on each employee's HLD insurance policy. The State offers four categories of coverage for medical and dental insurance: Employee Only, Employee plus Children, Employee plus Spouse, and Family.

Pursuant to statute, the State Personnel Director provides its recommendation of what the State’s contributions to each of these policies should be after considering a number of factors including total compensation, industry trends, and fiscal constraints. The State Personnel Director’s recommendation is then presented in the August 1 Total Compensation Letter and Report, which is submitted to the Governor’s Office and the General Assembly for review. The official requests for funding the HLD, appropriations have been submitted by each department within their November 1 requests.

Currently, contributions to health and dental insurance are broken down by four distinct tiers: Employee (Tier 1), Employee and Spouse (Tier 2), Employee and Children (Tier 3), and Employee, Spouse, and Children (Tier 4). In addition, the Executive Branch is requesting an appropriation of \$9.40 per permanent employee per month for the State’s contribution for life insurance. The following table shows the contributions that have been recommended and included in the November 1 request for FY 2012-13 for Health, Life and Dental.

<b>FY 2012-13 Health and Dental Monthly State Contributions by Tier</b>				
<b>Tier</b>	<b>Tier Description</b>	<b>Health</b>	<b>Dental</b>	<b>Life</b>
1	Employee	\$368.42	\$23.74	\$9.40
2	Employee + Spouse	\$623.42	\$38.30	\$9.40
3	Employee + Child(ren)	\$659.66	\$39.34	\$9.40
4	Family	\$914.5	\$51.18	\$9.40



Due to fiscal constraints, the Executive Branch is requesting for the employer contribution for the health insurance to remain constant for FY 2012-13. As a result, the requested levels of funding for each department are outlined in the following table.

FY 2012-13 SUMMARY FOR HEALTH, LIFE AND DENTAL - Executive Agencies							
Department	FY 2012-13 Request	Change from Prior Year	Fund Split for Appropriation Change				
			GF	CF	HUTF	RF	FF
Agriculture	\$1,696,378	\$64,871	\$30,111	\$22,981	\$0	\$0	\$11,779
Corrections	\$39,367,150	\$1,968,803	\$1,896,100	\$72,703	\$0	\$0	\$0
Education	\$3,091,525	(\$48,677)	(\$138,517)	\$61,631	\$0	(\$82,034)	\$110,243
Governor's Office	\$6,453,369	(\$64,159)	\$161,806	\$30,129	\$0	(\$235,227)	(\$20,867)
HCPF	\$1,970,066	(\$54,511)	\$98,221	(\$95,681)	\$0	\$49,661	(\$106,712)
Higher Education	\$1,182,299	\$154,131	\$0	\$113,418	\$0	(\$5,533)	\$46,245
Human Services	\$24,610,909	(\$351,378)	(\$86,625)	\$55,452	\$0	(\$163,408)	(\$156,797)
Labor and Employment	\$6,138,461	(\$533,396)	\$0	\$27,461	\$0	\$0	(\$560,857)
Local Affairs	\$1,037,215	\$12,107	(\$17,342)	\$24,717	\$0	(\$100,314)	\$105,046
Military Affairs	\$740,736	\$104,659	\$3,429	(\$63)	\$0	\$0	\$101,293
Natural Resources	\$9,097,603	\$92,391	\$3,912	(\$90,543)	\$0	(\$67,575)	\$246,597
Personnel and Administration	\$2,118,222	(\$4,318)	(\$15,111)	\$19,208	\$0	(\$8,415)	\$0
Public Health	\$7,495,927	\$416,086	(\$36,626)	\$130,819	\$0	(\$85,398)	\$407,291
Public Safety	\$8,774,502	\$110,211	(\$12,312)	\$29,212	\$5,743	\$54,048	\$33,519
Regulatory Agencies	\$2,957,012	\$83,124	\$11,932	\$61,500	\$0	(\$9,672)	\$19,364
Revenue	\$7,961,077	\$557,162	\$723,081	(142,128)	(\$23,791)	\$0	\$0
Transportation	\$1,103,040	\$105,674	\$0	\$95,270	\$0	\$10,404	\$0
<b>Total</b>	<b>\$125,795,491</b>	<b>\$2,612,780</b>	<b>\$2,622,059</b>	<b>\$416,086</b>	<b>(\$18,048)</b>	<b>(\$643,463)</b>	<b>\$236,144</b>

Note: Non Executive Branch offices are not required to submit budget submissions to the Governor's Office. This includes Judicial, Law, Legislature, Secretary of State and Treasury.



## **WORKERS' COMPENSATION**

This line item provides funding for payments made by departments to the Department of Personnel and 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 within DPA's Risk Management Unit.

Workers' Compensation claims are by far the most costly and volatile liability the State faces on a year-to-year basis. In general, the State realizes approximately 5,000 workers' compensation claims in any given year. However, it is generally accepted that during downturns in the overall economy, both the frequency and magnitude of workers' compensation claims tend to increase. For example, in the prior two fiscal years, the State incurred considerably more workers' compensation claims than anticipated.

### ***Actuary's Estimated Costs***

In a typical year, the Department contracts with an actuary to estimate two critical 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. Secondly, using the same loss/claim data, the actuary estimates the allocation for each agency as a percent of the total.

The Department adjusts the actuary's estimate of total cost by adding two sets of figures. The first is an adjustment that accounts for revised total compensation and operating common policy adjustments set independently of the Risk calculation. This process accounts for a very small amount of variation in the overall allocations, as the typical adjustment is comprised of the changes in the Amortization Equalization Disbursement, Supplemental Amortization Equalization Disbursement, Purchase of Services from the Computer Center, Multi-use Network Payments, and other common policies.

The second set of adjustments includes the corrections or revisions to the various excess policies carried by the State. By industry standards, the State of Colorado is considered self-insured as it covers the liability for losses in these three 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 2012-13 ESTIMATED COSTS**

There is a two-step process to determine the total estimated costs for workers' compensation. The first step is to determine the overhead costs associated with the program and the second is to combine that amount with the estimated FY 2012-13 program costs.

### ***Overhead Costs***

The following table shows the development of the overhead costs for risk management, which includes workers' compensation, property, and liability. The Department allocates

the overhead costs to each program on a proportional basis as a function of the total estimated programmatic expenditures for each line. This table shows how each of the Personal Services, total compensation, and operating POTS have been allocated to each program.

<b>Table 1: Calculation of Program Overhead for FY 2012-13</b>				
<b>Description</b>	<b>FY 2012-13 Base Adjustment Total</b>	<b>Liability</b>	<b>Property</b>	<b>Workers' Comp</b>
<b>Overhead Allocation %</b>	<b>100.0%</b>	<b>9.0%</b>	<b>16.7%</b>	<b>74.4%</b>
<b>Personal Services</b>	<b>\$649,324</b>	\$58,163	\$108,240	\$482,921
<b>Pots Allocations</b>				
Health, Life and Dental	<b>\$81,609</b>	\$7,310	\$13,604	\$60,695
Short-term Disability	<b>\$1,027</b>	\$92	\$171	\$764
Salary Survey	<b>\$0</b>	\$0	\$0	\$0
Performance-based Pay	<b>\$0</b>	\$0	\$0	\$0
Amortization Equalization Disbursement (AED)	<b>\$18,571</b>	\$1,663	\$3,096	\$13,812
Supplemental AED	<b>\$15,959</b>	\$1,430	\$2,660	\$11,869
<b>Pots Allocations Subtotal</b>	<b>\$117,166</b>	<b>\$10,495</b>	<b>\$19,531</b>	<b>\$87,140</b>
<b>Operating Expenses</b>	<b>\$57,122</b>	<b>\$5,117</b>	<b>\$9,522</b>	<b>\$42,483</b>
<b>Operating Common Policies</b>				
Workers' Comp	<b>\$4,702</b>	\$421	\$784	\$3,497
Payment to Risk Mgt/Property Funds	<b>\$10,035</b>	\$899	\$1,673	\$7,463
Leased Space	<b>\$2,566</b>	\$230	\$428	\$1,908
Capitol Complex Leased Space	<b>\$26,030</b>	\$2,332	\$4,339	\$19,359
GGCC	<b>\$39,013</b>	\$3,495	\$6,503	\$29,015
OIT Administration	<b>\$2,011</b>	\$180	\$335	\$1,496
<b>Operating Common Policies Subtotal</b>	<b>\$84,355</b>	<b>\$7,556</b>	<b>\$14,061</b>	<b>\$62,738</b>
<b>Audit Expense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Indirect Costs</b>	<b>\$178,656</b>	<b>\$16,003</b>	<b>\$29,781</b>	<b>\$132,872</b>
<b>Total Program Overhead</b>	<b>\$1,086,622</b>	<b>\$97,334</b>	<b>\$181,135</b>	<b>\$808,153</b>

The table above shows the various components that comprise the total overhead costs. The following text provides a brief description of each component.

- **Personal Services:** The amount requested for Personal Services is the base amount requested for this line item in FY 2012-13 per the Department's Reconciliation and Schedule 3s. The Personal Services request annualizes the

PERA swap funding that was removed in FY 2011-12 back into the appropriation for FY 2012-13. The value shown in the table is the sum of the FY 2012-13 Base Request for all Personal Services line items within the Risk Management program.

- Amortization Equalization Disbursement and Supplemental Amortization Equalization Disbursement: These costs are statutory increases in the amount of money that is contributed to make the State's retirement plan solvent. In addition, to the extent that salaries change or the program hires additional FTE, the AED and SAED portion of the overhead costs may vary significantly.
- Health, Life, and Dental, and Short-term Disability: The Health, Life, and Dental overhead cost is a function of the number of FTE employed and the annual changes that are included as a result of open enrollment. The FY 2012-13 enrollment is based on the current enrollment as shown in the Department's internal projections. The short-term disability request is a function of the total salary estimated to be paid through this program and the cost as specified in the Department's contract with the short-term disability provider. For FY 2012-13, that percent is expected to hold steady at 0.177%.
- Workers' Compensation: The internal allocation of workers compensation is based on the department's total allocation as well as the number of FTE in the line item relative to the entire department. This value is the FY 2011-12 allocation under the Department's assumption that the FY 2011-12 fund splits will be corrected.
- Property and Liability (Risk): Similar to the workers' compensation allocation, the internal allocation of property and liability is based on the department's total allocation as well as the number of FTE in the line item relative to the entire department. This value is the FY 2011-12 allocation under the Department's assumption that the FY 2011-12 fund splits will be corrected.
- Leased Space: The Leased Space allocation is based upon the Department's FY 2011-12 estimated allocation for the risk program. It should be noted that this expense is for private leased space, not the State-managed Capitol Complex Leased Space.
- OIT Administration: The OIT Administration line is allocated based upon FTE. This allocation will fluctuate with the department allocations set forth by the Governor's Office of Information Technology and what they are known to be as of the date the common policy is assembled and submitted for consideration.
- Audit Expense: In the past, the Department has required funding to pay for an audit of the risk management program. The Department is not expected to undergo an audit in FY 2012-13, therefore no funding is required.
- Indirect Cost Assessment: The Department does not have any control over its indirect cost assessment allocation. This value is based on the FY 2011-12 appropriation.

***Total Estimated Costs***

The following table details the total FY 2012-13 costs for Workers' Compensation.

<b>Table 2: Calculation of Workers' Compensation Costs for FY 2012-13</b>	
<b>Description</b>	<b>FY 2012-13 Budget Request</b>
<b>Program Overhead Expenses</b>	<b>\$808,153</b>
<b>Premium Line Expenses</b>	
Prospective Claims Payout	\$34,907,605
TPA Fees	\$2,150,000
Loss Control Incentives	\$50,000
DHS Prior Year Claim Payments	\$150,000
Excess Policy	\$449,893
Litigation Costs	\$500,000
CDLE Permit	\$2,000
CDLE Surcharge	\$500,000
Actuarial Services	\$39,500
RMIS Service Fees	\$45,816
Broker Service Fees	\$13,943
<b>(2) Division of Human Resources, (C) Risk Management Services, Workers' Compensation Premiums</b>	<b>\$38,808,757</b>
<b>C-SEAP Funding</b>	<b>\$1,061,475</b>
<b>Adjustment to Targeted Fund Balance</b>	<b>\$3,703,629</b>
Requested Policy Adjustments	\$130,198
<b>Total Workers' Compensation Allocations</b>	<b>\$44,512,212</b>

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

- **Prospective Claims Payouts:** This amount is actuarially determined for each fiscal year given prior years' loss experiences, including severity and frequency. This is per the actuary's most recent report on prospective losses.
- **TPA Fees:** These are the third-party administrator (TPA) fees that the Department incurs for having a third-party administer and track workers' compensation claims against the State. This is necessary due to the volume and complexity of the work associated with this task.
- **Loss Control Incentives:** This funding is part of the funding required by the Department to implement and maintain various loss-control programs through-out the State. This is a continuation level of funding from the prior year.
- **DHS Prior Year Payouts:** This is based on actual prior year payouts for the Department of Human Services that should not be allocated to other agencies.

These payments are for claims that the State agreed to pay on an on-going basis until the claim is closed.

- **Excess Policy:** This is the excess workers' compensation policy that limits the amount of the State's financial exposure in any one workers' compensation occurrence to \$10 million and then provides coverage for the next \$50 million. This policy would typically apply in the instance of multiple injuries in one incident, such as a building fire or a terrorism event. This policy is required by the Division of Workers' Compensation as a requirement of the state's self-insurance permit. The amount was increased from \$25 million to \$50 million in response to a 2010 audit recommendation.
- **Litigation Costs:** This cost represents the amount of money the Department anticipates spending to have legal representation at workers' compensation hearings, as well as expenses for expert opinions.
- **CDLE Permit:** All organizations in Colorado who self-insure for workers' compensation are required to have a permit issued by the Division of Workers' Compensation. The permit is reissued each year and this fee is then paid to the Division of Workers' Compensation to review the updated information and reissue the permit.
- **CDLE Surcharge:** This is an amount imposed by the Division of Workers' Compensation on all self-insured employers to fund the subsequent injury fund. The surcharge is based on payroll and the types of jobs performed by state employees.
- **Broker Fees:** This is the cost incurred by the State for an independent broker to source the various excess policies required by the State to effectively protect the State against various liabilities.
- **RMIS Service Fees:** The RMIS Service Fees line represents the costs incurred by the State for the risk management information system. This system tracks claims for the liability, property, and workers' compensation programs and is therefore allocated across all three programs.
- **C-SEAP Funding:** The Colorado State Employee Assistance Program, whose funding comes from workers' compensation allocations to State agencies, is built into the allocation model so that the costs associated with that program can be recouped. Please see the Appendix at the end of this section for a detailed breakout of these costs.
- **Adjustment to Targeted Fund Balance:** Part of the required analysis for the risk management operating common policy adjustment is an estimate of the funding necessary to reach the targeted fund balance. Table 3 shows the calculation for the targeted fund balance adjustment. Essentially, the Department calculates the fund balance for a given fund at the end of the most recent fiscal year, adds the revenues (which are the appropriations for respective departments), subtracts the anticipated expenditures, and calculates the amount it needs to collect or refund through reduced appropriations to maintain the targeted fund balance percentage. In FY 2011-12, the JBC adopted a targeted fund balance of 5% for the liability

and property funds. For workers' compensation, the Department has targeted a fund balance of 8.0% due to the volatile nature of the program.

**Table 3: Estimate of Adjustment Required to Attain Targeted Fund Balance**

<b>Description</b>	<b>Liability</b>	<b>Property</b>	<b>Workers' Comp</b>
FY 2010-11 End-of-Year Fund Balance	\$3,100,605	\$3,067,798	\$6,843,686
FY 2011-12 Expenditure Estimate	(\$7,576,260)	(\$8,925,709)	(\$41,770,488)
FY 2011-12 Agency Billings	\$6,269,075	\$6,269,047	\$34,477,444
FY 2011-12 Estimated End-of-Year Fund Balance	\$1,793,420	\$411,136	(\$449,358)
Targeted Fund Balance %'s	5.0%	5.0%	8.0%
TARGET FUND BALANCE FY 2011-12	\$354,371	\$443,978	\$3,254,271
Increase / (Decrease) to Common Policy Request	(\$1,439,049)	\$32,842	\$3,703,629

## **REQUESTED POLICY ADJUSTMENT**

### ***Description of Problem***

In January of 2011, Pinnacol Assurance, the State's Third Party Administrator (TPA) for Workers' Compensation, notified the Department's Office of Risk Management that it would be terminating its contract with the State of Colorado. Due to the fact that the Department does not have the spending authority, FTE, or expertise to administer the volume of workers' compensation claims, the Department went through the RFP process, select a new third-party administrator, and sign a contract to go into effect July 1, 2011. This contract, which does include traditional TPA duties and agreements, does not include an allowance for the loss control portion previously offered by Pinnacol (and included in the Pinnacol contract). The Office estimates that replacing these loss control services by contracting with another company would cost the State at least \$250,000.

Without a loss control program in place, the State will likely lose much of the ground it has gained from the health and safety program set into place by Pinnacol staff. Further, the Office will lose the opportunity to further avoid dangerous and expensive claims as well as risk the safety of the workforce and the balance of the workers' compensation fund. The United States Department of Labor estimates that comprehensive loss control programs can reduce costs by 20 to 40%. Based on these numbers, the State may recognize an additional cost to the workers' compensation program of approximately \$4 million.

### ***Requested Solution***

The Department proposes to replace the loss control program that is no longer being provided by the third-party administrator with 2.0 FTE that will develop and maintain the program internally. The two new loss control specialists will devote their time to offering statewide trainings on a wide variety of topics that will help prevent workers' compensation claims, such as: proper lifting, ergonomic evaluations, safety in the workplace, etc. The following table provides a break-out of the costs associated with this request for FY 2012-13 and the out-year.



<b>Description</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Level of Employment	2.0 GP IV	2.0 GP IV
Annual Salary	\$93,480	\$93,480
AED	\$2,991	\$3,365
SAED	\$2,571	\$3,038
STD	\$165	\$165
HLD	\$8,842	\$8,842
PERA	\$9,488	\$9,488
FICA	\$1,355	\$1,355
Supplies @ \$500/\$500	\$1,000	\$1,000
Computer @ \$900/\$0	\$1,800	\$0
Office Suite Software @ \$330/\$0	\$660	\$0
Office Equipment @ \$3,473/\$0 (includes cubicle and chair)	\$6,946	\$0
Telephone Base @ \$450/\$450	\$900	\$900
<b>Total FTE Costs</b>	<b>\$130,198</b>	<b>\$121,633</b>

***Consequences If Not Funded***

If this request is not funded, the Department will be required to go out to bid for a loss control contractor at a cost of approximately \$250,000. However, if the General Assembly does not fund loss control in the program, the Department anticipates a dramatic increase in costs in the Workers' Compensation premiums line item.

***Impact on the Current Common Policy Adjustment***

The requested policy adjustment has been built into the allocated base for workers' compensation premiums for the current request. The following table shows the incremental impact of this proposed policy on each department.

<b>Department</b>	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>HUTF</b>	<b>FF</b>
Agriculture	\$531	\$11	\$520	\$0	\$0	\$0
Corrections	\$24,820	\$24,035	\$785	\$0	\$0	\$0
Education	\$1,384	\$529	\$121	\$170	\$0	\$564
Office of Governor	\$1,190	\$145	\$0	\$1,045	\$0	\$0
Personnel & Administration	\$705	\$217	\$58	\$430	\$0	\$0
Healthcare Policy & Finance	\$99	\$50	\$0	\$0	\$0	\$49
Higher Education	\$8,735	\$8,629	\$91	\$15	\$0	\$0
Transportation	\$26,744	\$0	\$0	\$0	\$26,744	\$0
Human Services	\$39,830	\$19,381	\$3,859	\$14,473	\$0	\$2,117
Judicial	\$5,474	\$5,474	\$0	\$0	\$0	\$0
Labor & Employment	\$1,736	\$0	\$520	\$0	\$0	\$1,216
Legislature	\$100	\$100	\$0	\$0	\$0	\$0
Local Affairs	\$162	\$151	\$5	\$6	\$0	\$0
Law	\$234	\$63	\$24	\$140	\$0	\$7
Military Affairs	\$216	\$80	\$0	\$0	\$0	\$136
Natural Resources	\$5,138	\$199	\$4,786	\$27	\$0	\$126
Public Health	\$1,354	\$0	\$0	\$1,354	\$0	\$0
Public Safety	\$9,036	\$9,036	\$0	\$0	\$0	\$0

<b>Table 5: Incremental Impact of Policy Request</b>						
<b>Department</b>	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>HUTF</b>	<b>FF</b>
Regulatory Agencies	\$224	\$7	\$206	\$7	\$0	\$4
Revenue	\$2,462	\$1,359	\$919	\$0	\$184	\$0
Secretary of State	\$22	\$0	\$22	\$0	\$0	\$0
Treasury	\$3	\$3	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$130,199</b>	<b>\$69,469</b>	<b>\$11,916</b>	<b>\$17,667</b>	<b>\$26,928</b>	<b>\$4,219</b>

## **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 following tables show the allocations to State agencies and institutions for the workers' compensation premiums line item by fund source, for the FY 2012-13 Total Request and the FY 2012-13 Incremental Base Request.

<b>Department/Agency</b>	<b>Workers' Comp Total Need</b>	<b>FY 2011-12 Long Bill</b>	<b>Total Incremental Adjustment</b>
Agriculture	\$180,422	\$176,054	\$4,368
Corrections	\$8,456,946	\$6,165,344	\$2,291,602
Education	\$471,792	\$280,433	\$191,359
Office of Governor	\$405,515	\$238,235	\$167,280
Personnel & Administration	\$240,133	\$216,983	\$23,150
Healthcare Policy & Finance	\$33,583	\$29,651	\$3,932
Higher Education	\$2,976,305	\$3,411,490	(\$435,185)
Transportation	\$9,112,354	\$6,992,454	\$2,119,900
Human Services	\$13,721,376	\$9,986,978	\$3,734,398
Judicial	\$1,865,076	\$1,672,725	\$192,351
Labor & Employment	\$591,393	\$457,276	\$134,117
Legislature	\$33,982	\$32,838	\$1,144
Local Affairs	\$55,364	\$45,762	\$9,602
Law	\$79,763	\$66,843	\$12,920
Military Affairs	\$73,508	\$58,445	\$15,063
Natural Resources	\$1,750,710	\$1,403,091	\$347,619
Public Health	\$461,278	\$303,605	\$157,673
Public Safety	\$3,078,826	\$2,145,119	\$933,707
Regulatory Agencies	\$76,436	\$70,066	\$6,370
Revenue	\$838,845	\$717,073	\$121,772
Secretary of State	\$7,541	\$5,210	\$2,331
Treasury	\$1,065	\$1,769	(\$704)
<b>Totals</b>	<b>\$44,512,213</b>	<b>\$34,477,444</b>	<b>\$10,034,769</b>

## FY 2012-13 DEPARTMENT FUNDING REQUESTS

<b>Table 8: FY 2012-13 Workers' Compensation Request</b>						
<b>Department</b>	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>HUTF</b>	<b>FF</b>
Agriculture	\$4,368	(\$34,575)	\$38,943	\$0	\$0	\$0
Corrections	\$2,291,602	\$2,219,140	\$72,462	\$0	\$0	\$0
Education	\$191,359	\$73,137	\$16,744	\$23,499	\$0	\$77,979
Office of Governor	\$167,280	\$20,408	\$0	\$146,872	\$0	\$0
Personnel & Administration	\$23,150	\$7,142	\$1,901	14,107	\$0	\$0
Healthcare Policy & Finance	\$3,931	\$1,966	\$0	\$0	\$0	\$1,966
Higher Education <sup>1</sup>	10,546	0	\$9,840	\$706	\$0	\$0
Transportation <sup>2</sup>	\$125,074	\$0	\$125,074	\$0	\$0	\$0
Human Services	\$3,734,398	\$1,817,240	\$361,786	\$1,356,927	\$0	\$198,445
Judicial	\$192,351	\$192,351	\$0	\$0	\$0	\$0
Labor & Employment	\$134,117	\$0	48,458	0	\$0	\$85,659
Legislature	\$1,144	\$1,144	\$0	\$0	\$0	\$0
Local Affairs	\$9,602	\$8,929	\$302	\$371	\$0	\$0
Law	\$12,920	\$2,731	\$1,429	\$8,405	\$0	\$355
Military Affairs	\$15,063	\$5,131	\$0	\$0	\$0	\$9,932
Natural Resources	\$347,619	(\$131,365)	\$482,014	(\$15,220)	\$0	\$12,192
Public Health	\$157,673	\$0	\$0	\$157,673	\$0	\$0
Public Safety	\$933,707	\$933,707	\$0	\$0	\$0	\$0
Regulatory Agencies	\$6,370	\$210	\$5,849	\$211	\$0	\$100
Revenue	\$121,772	\$67,204	\$45,478	\$0	\$9,090	\$0
Secretary of State	\$2,331	\$0	\$2,331	\$0	\$0	\$0
Treasury	(\$704)	(\$704)	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$8,485,676</b>	<b>\$5,183,796</b>	<b>\$1,212,611</b>	<b>\$1,693,551</b>	<b>\$9,090</b>	<b>\$386,628</b>

<sup>1</sup> In addition to these amounts, Higher Education's allocation includes a \$445,731 reduction in non-appropriated funds.

<sup>2</sup> In addition to these amounts, The Department of Transportation's allocation includes an additional \$1,994,826 in non-appropriated funds.

Note: Non-Executive branch offices do not submit budgets to the Governor's Office. The fund split amounts for these agencies are estimates.

## APPENDIX

The following is a detailed breakout of the C-SEAP funding request.

Description	FY 2012-13 Budget Request
<b>Personal Services</b>	<b>\$621,877</b>
<b>Pots Allocations</b>	
Health, Life and Dental	\$113,403
Short-term Disability	\$998
Salary Survey	\$0
Performance-based Pay	\$0
Amortization Equalization Disbursement (AED)	\$18,050
Supplemental AED	\$15,512
<b>Pots Allocations Subtotal</b>	<b>\$147,963</b>
<b>Operating Expenses</b>	<b>\$52,844</b>
<b>Operating Common Policies</b>	
Workers' Comp	\$5,531
Payment to Risk Mgt/Property Funds	\$11,806
Leased Space	\$67,204
GGCC	\$45,688
OIT Administration	\$2,368
<b>Operating Common Policies Subtotal</b>	<b>\$132,597</b>
<b>Indirect Costs</b>	<b>\$106,194</b>
<b>Total</b>	<b>\$1,061,475</b>

## 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 2012-13 ESTIMATED COSTS

<b>Table 1: FY 2012-13 Administrative Law Judge Estimated Costs</b>	
<b>Description</b>	<b>FY 2012-13 Request</b>
Personal Services	\$3,266,376
Health, Life, and Dental	\$262,753
Performance Based Pay	\$0
AED/SAED	
STD	\$175,642
Operating Expenses	\$134,597
Indirect Costs	\$185,047
Leased Space - Denver, Co Spgs	\$313,802
Capitol Complex - Grand Junction	\$11,567
Workers' Comp	\$22,124
Prop and Liability	\$47,223
OIT Administration	\$9,472
Purchase of Services from the Computer Center	\$220,006
MNT	\$21,471
Legal Services	\$6,096
<b>Total</b>	<b>\$4,676,176</b>

The bullets below provide the amount and rationale behind each of the components of the request and, to the extent necessary; outline any departure from the previously requested amounts or methodologies. The Department submits this common policy on an annual basis based upon a historical cost allocation methodology and costs are estimated using

the best known information as of a certain date. For this reason and since common policy portion of the November 1 request must be finalized well in advance of the actual submission date, there may be a difference between what the common policy is requesting and the updated figures presented in the November 1 request.

- **Personal Services:** The amount requested for Personal Services is the base amount requested for this line item in FY 2012-13 per the Department's Reconciliation and Schedule 3s. For the request year, the Department has requested an adjustment to its Personal Services appropriation to account for the Cash Funds revenue from Miscellaneous School Districts.
- **Health, Life, and Dental:** The Health, Life, and Dental overhead cost is a function of the number of FTE employed and the annual changes that are included as a result of open enrollment. The FY 2012-13 enrollment is based on the current enrollment as shown in the Department's internal projections.
- **Amortization Equalization Disbursement, Supplemental Amortization Equalization Disbursement and Short-term Disability:** These costs are statutory increases in the amount of money that is contributed to make the State's retirement plan solvent. The short-term disability request is a function of the total salary estimated to be paid through this program and the cost as specified in the Department's contract with the short-term disability provider. For FY 2012-13, that percent is expected to hold steady at 0.177%.
- **Workers' Compensation:** The internal allocation of workers compensation is based on the Department's total allocation as well as the number of FTE in the line item relative to the entire department. This value is the FY 2011-12 allocation under the Department's assumption that the FY 2011-12 fund splits will be corrected.
- **Property and Liability (Risk):** Like the workers' compensation allocation, the internal allocation of property and liability is based on the department's total allocation as well as the number of FTE in the line item relative to the entire Department. This value is the FY 2011-12 allocation under the Department's assumption that the FY 2011-12 fund splits will be corrected.
- **Purchase of Services from the Computer Center:** This amount is a function of the total allocation to the Department. The internal allocation takes into account the fact that a number of services are used by all employees and therefore allocated on an FTE basis. However, the allocation has an additional component that accounts for a portion of the services that are specific to programs and are therefore allocated specifically to those programs on a proportional basis.
- **OIT Administration and MNT:** The OIT Administration line is allocated based on FTE. The MNT allocation is based upon actual program usage within DPA. Both of these allocations will fluctuate with the allocations set forth by the Governor's Office of Information Technology and what they are known to be as of the date the common policy is assembled and submitted to the OSPB for final consideration.
- **Legal Services:** The legal services allocation is based upon a three-year average of actual utilization. This is a conservative estimate but due to the fact that the historical cost allocation methodology will account for significant variation in the

actual for FY 2012-13 in a subsequent year, over- or under-expenditures will be accounted for through other common policy actions.

## COST ALLOCATION TO DEPARTMENTS

The Administrative Law Judge allocations are determined using a historical cost allocation model, which is the sum of all personal services and operating expenditures projected for the line item each fiscal year allocated proportionally by department as demonstrated in the prior fiscal year's actual usage.

<b>Department</b>	<b>Total Hours</b>	<b>FY 2010-11 % Utilization</b>	<b>FY 2012-13 Request</b>	<b>FY 2011-12 Appropriation</b>	<b>FY 2012-13 Incremental Need</b>
Agriculture	22.30	0.07%	\$3,359	\$0	<b>\$3,359</b>
Corrections	29.60	0.10%	\$4,458	\$4,189	<b>\$269</b>
Education	420.20	1.35%	\$63,293	\$36,017	<b>\$27,276</b>
HCPF	3,283.00	10.58%	\$494,509	\$422,830	<b>\$71,679</b>
Higher Education	4.40	0.01%	\$663	\$467	<b>\$196</b>
Human Services	5,933.20	19.11%	\$893,701	\$728,086	<b>\$165,615</b>
Labor	17,934.70	57.77%	\$2,701,454	\$2,431,194	<b>\$270,260</b>
Law	7.30	0.02%	\$1,100	\$0	<b>\$1,100</b>
Personnel	30.20	0.10%	\$4,549	\$2,890	<b>\$1,659</b>
Public Health	10.80	0.03%	\$1,627	\$8,144	<b>(\$6,517)</b>
Regulatory Agencies	1,911.00	6.16%	\$287,849	\$405,007	<b>(\$117,158)</b>
Revenue	91.30	0.29%	\$13,752	\$3,576	<b>\$10,176</b>
State	737.00	2.37%	\$111,012	\$29,600	<b>\$81,412</b>
Transportation	4.40	0.01%	\$663	\$674	<b>(\$11)</b>
Misc. School Districts	625.30	2.01%	\$94,187	\$42,057	<b>\$52,130</b>
<b>TOTAL</b>	<b>31,044.70</b>	<b>100%</b>	<b>\$4,676,176</b>	<b>\$4,114,731</b>	<b>\$561,445</b>

Table 2 shows how the total cost for the Administrative Law Judge common policy is allocated to individual departments within the State. To determine the allocable percentages by agency, the Department uses a historical cost allocation methodology that accounts for actual usage in the most recent fiscal year. The total actual usage, which is a sum of the Administrative Law Judge and Paralegal hours used by agency, is the basis of this proportional allocation.

For FY 2012-13, there are three updates to this allocation. The first two changes stem from the fact that the Department of Agriculture and the Department of Law have a requested appropriation for FY 2012-13 but did not have a requested appropriation for FY 2011-12. The historical cost allocation methodology used to determine FY 2011-12's allocations did not show any usage for these departments in FY 2009-10, but did not show usage in FY 2010-11.

The third update that merits additional description is the allocation for miscellaneous school districts. The school districts, which have appeared in prior allocations, use the Administrative Law Judge services and pay a blended hourly rate. This revenue is Cash Fund revenue and, in order for the Department to be able to use these funds, drives a Cash Fund appropriation need. However, the State does not appropriate the funds associated with the miscellaneous school districts. To the extent that the estimated contribution by the school districts is expected to change in any given year, the Department believes that it is appropriate to adjust the Cash Fund spending authority in the line item to reflect that need. Therefore, the Department has included a base adjustment in its schedules to account for an additional \$94,187 in Cash Fund revenue from the school districts.



## FY 2012-13 DEPARTMENT FUNDING REQUESTS

<b>Department</b>	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>HUTF</b>	<b>FF</b>
Agriculture	\$3,359	\$0	\$3,359	\$0	\$0	\$0
Corrections	\$269	\$269	\$0	\$0	\$0	\$0
Education	\$27,276	\$0	\$22,568	\$4,708	\$0	\$0
HCPF	\$71,679	\$35,840	\$0	\$0	\$0	\$35,839
Higher Education	\$196	\$0	\$196	\$0	\$0	\$0
Human Services	\$165,615	\$101,025	\$9,937	\$0	\$0	\$54,653
Labor	\$270,260	\$0	\$270,260	\$0	\$0	\$0
Law	\$1,100	\$301	\$118	\$681	\$0	\$0
Personnel	\$1,659	\$0	\$1,659	\$0	\$0	\$0
Public Health	(\$6,517)	\$0	\$0	(\$6,517)	\$0	\$0
Regulatory Agencies	(\$117,158)	(\$5,397)	(\$111,761)	\$0	\$0	\$0
Revenue	\$10,176	\$0	\$10,176	\$0	\$0	\$0
State	\$81,412	\$0	\$81,412	\$0	\$0	\$0
<b>Total</b>	<b>\$509,326</b>	<b>\$132,038</b>	<b>\$287,924</b>	<b>(\$1,128)</b>	<b>\$0</b>	<b>\$90,492</b>

Note: The table does not include values for Miscellaneous School Districts. Also, Non-Executive branch offices do not submit budgets to the Governor's Office. The fund split amounts for these agencies are estimates.

In addition to these amounts, The Department of Transportation's allocation includes a reduction of \$11 in non-appropriated funds.

### ***Future Considerations***

The Administrative Law Judge services program has begun to take on additional work from the Department of Education due to the requirements of a relatively new federal grant. The Department is conscious of the fact that it is statutorily required to set its rates to recover its costs but, due to the fact that appropriations are set based upon an historical use methodology, the common policy has yet to catch up with the costs it will likely bill to the Department of Education in FY 2011-12. Therefore, the Department has taken the position that it will bill the Department of Education separately (using the rate developed for miscellaneous school districts) for the work associated with this federal grant. Any over-collection of funds will be addressed through a common policy fund balance adjustment in next year's request for FY 2013-14. In addition, the next year's common policy submission will incorporate the adjustment for additional work borne as a result of the federal grant and no additional direct billing will be necessary.



## **PAYMENTS TO RISK MANAGEMENT AND PROPERTY FUNDS**

The State's Risk Management process consists of two programs: the Liability Program and the Property Program. This line item pays for premiums related to these insurance coverages, broker services, third party administration fees, legal services related to these programs.

The Risk Management Services unit is managed within the Department of Personnel and Administration's Division of Human Resources. It is part of the State's self-funded property, liability, and workers' compensation insurance programs.

The Liability Premiums line item pays for 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 2,200 liability claims are filed against the State, most of which are dismissed due to the Colorado Governmental Immunity Act (CGIA). Most of the payment dollars expended through the Liability Premiums line item are related to federal law, where the focus is on civil rights and employment. 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 Premiums line item funds the State's incurred costs for self-insured property exposures (e.g., floods, wind, fires, and theft). Risk Management Services 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.

### ***Actuary's Estimated Costs***

In a typical year, the Department contracts with an actuary to estimate two critical components of the overall liability allocations for each department. First, the actuary estimates the total current liability the State is facing based upon a three year analysis of actual losses and/or claims by each department. Secondly, using the same loss/claim data, the actuary estimates the allocation for each agency as a percent of the total. The estimated allocations include the percent allocations for each of the entities within Higher Education. The Department uses the first set of data to determine total cost to be allocated statewide and uses the second set as information that determines the final allocations to departments.

The Department adjusts the actuary's estimate of total cost by adding two sets of figures. The first is an adjustment that accounts for revised total comp and operating common policy adjustments set independently of the Risk calculation. This process accounts for a very small amount of variation in the overall allocations, as the typical adjustment is comprised of the changes in the Amortization Equalization Disbursement, Supplemental Amortization Equalization Disbursement, Purchase of Services from the Computer Center, Multi-use Network Payments, and other common policies.

The second set of adjustments includes the corrections or revisions to the various excess policies carried by the State. By industry standards, the State of Colorado is considered self-insured as it covers the liability for losses in these three 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 2012-13 ESTIMATED COSTS**

There is a two-step process to determine the total estimated costs for workers' compensation. The first step is to determine the overhead costs associated with the program and the second is to combine that amount with the estimated FY 2012-13 program costs.

#### ***Overhead Costs***

The following table shows the development of the overhead costs for risk management, which includes workers' compensation, property, and liability. The Department allocates the overhead costs (Overhead Allocation %) to each program on a proportional basis as a function of the total estimated programmatic expenditures for each line.

<b>Description</b>	<b>FY 2012-13 Base Adjustment Total</b>	<b>Liability</b>	<b>Property</b>	<b>Workers' Comp</b>
<b>Overhead Allocation %</b>	<b>100.0%</b>	<b>9.0%</b>	<b>16.7%</b>	<b>74.4%</b>
<b>Personal Services</b>	<b>\$649,323</b>	\$58,163	\$108,240	\$482,921
<b>Pots Allocations</b>				
Health, Life and Dental	<b>\$81,609</b>	\$7,310	\$13,604	\$60,695
Short-term Disability	<b>\$1,027</b>	\$92	\$171	\$764
Salary Survey	<b>\$0</b>	\$0	\$0	\$0
Performance-based Pay	<b>\$0</b>	\$0	\$0	\$0
Amortization Equalization Disbursement (AED)	<b>\$18,571</b>	\$1,663	\$3,096	\$13,812
Supplemental AED	<b>\$15,959</b>	\$1,430	\$2,660	\$11,869
<b>Pots Allocations Subtotal</b>	<b>\$117,166</b>	<b>\$10,495</b>	<b>\$19,531</b>	<b>\$87,140</b>

<b>Table 1: Calculation of Program Overhead for FY 2012-13</b>				
<b>Description</b>	<b>FY 2012-13 Base Adjustment Total</b>	<b>Liability</b>	<b>Property</b>	<b>Workers' Comp</b>
<b>Operating Expenses</b>	<b>\$57,121</b>	<b>\$5,117</b>	<b>\$9,522</b>	<b>\$42,483</b>
<b>Operating Common Policies</b>				
Workers' Comp	\$4,702	\$421	\$784	\$3,497
Payment to Risk Mgt/Property Funds	\$10,035	\$899	\$1,673	\$7,463
Leased Space	\$2,565	\$230	\$428	\$1,908
Capitol Complex Leased Space	\$26,030	\$2,332	\$4,339	\$19,359
GGCC	\$39,013	\$3,495	\$6,503	\$29,015
OIT Administration	\$2,012	\$180	\$335	\$1,496
<b>Operating Common Policies Subtotal</b>	<b>\$84,357</b>	<b>\$7,556</b>	<b>\$14,061</b>	<b>\$62,738</b>
<b>Audit Expense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Indirect Costs</b>	<b>\$178,656</b>	<b>\$16,003</b>	<b>\$29,781</b>	<b>\$132,872</b>
<b>Total Program Overhead</b>	<b>\$1,086,623</b>	<b>\$97,334</b>	<b>\$181,135</b>	<b>\$808,153</b>

A detailed description of the overhead costs related to liability and property expenses was provided on pages 11-13. Please refer to these pages for more information.

***Total Liability Costs***

The allocations in the following table are described in the subsequent text.

<b>Table 2: Calculation of Liability Program &amp; Legal Services Costs for FY 2012-13</b>	
<b>Description</b>	<b>FY 2012-13 Budget Request</b>
<b>Program Overhead Expenses</b>	<b>\$97,334</b>
<b>Premium Line Expenses</b>	
Prospective Losses Estimate	\$3,943,416
Excess Auto	\$299,151
Crime Policy	\$337,648
Actuarial Services	\$39,500
Broker Service Fees	\$8,573
RMIS Service Fees	\$45,816
Litigation Costs	\$0
<b>(2) Division of Human Resources, (C) Risk Management Services, Liability Premiums</b>	<b>\$4,674,104</b>

<b>Table 2: Calculation of Liability Program &amp; Legal Services Costs for FY 2012-13</b>	
<b>Description</b>	<b>FY 2012-13 Budget Request</b>
<b>(2)Division of Human Resources, (C) Risk Management Services, Legal Expenses</b>	<b>\$2,315,975</b>
<b>Adjustment to Targeted Fund Balance</b>	<b>(\$1,439,049)</b>
<b>Total Liability Allocations</b>	<b>\$5,648,364</b>

The table above shows the various components that comprise the total allocation for the Liability portion of the Payment to Risk Management and Property Funds appropriation. The following text provides a brief description of each component and any considerable changes to the amount or methodology from prior submissions.

- **Prospective Losses Estimate:** 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.
- **Excess Auto:** This policy exists to protect the State from any auto-related liability that may be incurred outside of the State. 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 2012-13.
- **Crime Policy:** The crime policy protects the State from losses incurred as a result of criminal or dishonest behavior by State employees. The amount in the chart represents the amount the Department expects to pay for this excess policy in FY 2012-13.
- **Actuarial Fees:** These are the costs incurred by the State for the estimation of the State’s total liability and the allocations by State agency and institution of higher education.
- **Broker Fees:** This is the cost incurred by the State for an independent broker to source the various excess policies required by the State to effectively protect the State against various liabilities.
- **RMIS Service Fees:** The RMIS Service Fees line represents the costs incurred by the State for the risk management information system. This system tracks claims for the liability, property, and workers’ compensation programs and is therefore allocated across all three programs.
- **Legal Expenses:** 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 protect the State against liability lawsuits in which it is named as the defendant.
- **Adjustment to Targeted Fund Balance:** See the Adjustment to Targeted Fund Balances section that deals specifically with this adjustment.

### ***Total Property Costs***

The allocations in the following table are described in the subsequent text.

<b>Table 3: Calculation of Property Program Costs for FY 2012-13</b>	
<b>Description</b>	<b>FY 2012-13 Budget Request</b>
<b>Program Overhead Expenses</b>	<b>\$181,135</b>
<b>Premium Line Expenses</b>	
Property & Boiler Policies	\$4,394,224
Auto Physical Damage	\$19,455
Terrorism Premium	\$300,000
Flood Zone A Premiums	\$23,495
Broker Service Fees	\$225,000
RMIS Service Fees	\$45,816
Policy Deductibles and Residuals	\$3,690,427
<b>(2) Division of Human Resources, (C) Risk Management Services, Property Premiums</b>	<b>\$8,698,417</b>
<b>Adjustment to Targeted Fund Balance</b>	<b>\$32,842</b>
<b>Total Property Allocations</b>	<b>\$8,912,394</b>

The table above shows the various components that comprise the total allocation for the Property portion of the Payment to Risk Management and Property Funds appropriation. The following text provides a brief description of each component and any considerable changes to the amount or methodology from prior submissions.

- **Property & Boiler Policies:** These policies cover the State’s approximately \$9 billion in buildings, assets, and real property from loss with a \$500,000 deductible (thus the State is still considered self-insured). The value in the chart represents the State’s anticipated cost for these policies in FY 2012-13.
- **Auto Physical Damage:** This policy provides physical damage coverage for vehicles that are leased, rented or borrowed for state use. Typically when an auto is leased, rented or borrowed the owner of the vehicle requires a policy to cover physical damage to the vehicle while in the care, custody and control of the State. This policy is a cost effective alternative to purchasing a separate policy for every vehicle that is leased, rented or borrowed. The value in the chart represents the State’s anticipated cost for this policy in FY 2012-13.
- **Terrorism Premium:** Due to the fact that terrorism is an exclusion under nearly every policy, the State is required to buy an additional policy to secure the same type of coverage as offered under the Property & Boiler policies.
- **Flood Zone Premiums:** This is the additional cost to the State for having insurance coverage for those properties that are deemed to be within a flood zone.

- **Broker Fees:** This is the cost incurred by the State for an independent broker to source the various excess policies required by the State to effectively protect the State against various liabilities.
- **RMIS Service Fees:** The RMIS Service Fees line represents the costs incurred by the State for the risk management information system. This system tracks claims for the liability, property, and workers' compensation programs and is therefore allocated across all three programs.
- **Policy Deductibles and Residuals:** This is the amount that the risk management estimates that it will need to pay the residuals as required by the policies above. With the exception of incidents of extreme loss, which are covered by the policies above, the State is self-funded for the majority of the claims filed under the property policy.
- **Adjustment to Targeted Fund Balance:** See the section below that deals specifically with this adjustment.

***Adjustment to Targeted Fund Balances***

Adjustment to Targeted Fund Balance: Part of the required analysis for the risk management operating common policy adjustment is an estimate of the funding necessary to reach the targeted fund balance. The table below shows the calculation for the targeted fund balance adjustment. Essentially, the Department calculates the fund balance for a given fund at the end of the most recent fiscal year, adds the revenues (which are the appropriations for respective departments), subtracts the anticipated expenditures, and calculates the amount it needs to collect or refund through reduced appropriations to maintain the targeted fund balance percentage. In FY 2011-12, the JBC adopted a targeted fund balance of 5% for the liability and property funds.

<b>Description</b>	<b>Liability</b>	<b>Property</b>	<b>Workers' Comp</b>
FY 2010-11 End-of-Year Fund Balance	\$3,100,605	\$3,067,798	\$6,843,686
FY 2011-12 Expenditure Estimate	(\$7,576,260)	(\$8,925,709)	(\$41,770,488)
FY 2011-12 Agency Billings	\$6,269,075	\$6,269,047	\$34,477,444
FY 2011-12 Estimated End-of-Year Fund Balance	\$1,793,420	\$411,136	(\$449,358)
Targeted Fund Balance %'s	5.0%	5.0%	8.0%
TARGET FUND BALANCE FY 2011-12	\$354,371	\$443,978	\$3,254,271
Increase / (Decrease) to Common Policy Request	(\$1,439,049)	\$32,842	\$3,703,629



## COST ALLOCATION TO DEPARTMENTS

The allocations to State agencies for are determined in separate and distinct ways. For the liability program, the Department's actuary performs an analysis of loss history and forecasted trends to determine the appropriation allocations of the total liability pool. For the property program, the allocations are determined as a proportional allocation based upon an agency or institutions percent of assets or holdings relative to the State's total asset pool.

The following tables show the allocated percentages as well as the total allocated to each agency or institution for FY 2012-13. As the property and liability allocations are appropriated in a single line item, the Department has also provided a table that shows the incremental calculation in total, and also a series of tables with the fund splits for each action. Please see the Appendix for a detailed description of allocations to Higher Education institutions.

<b>Table 5: Liability Allocations for All Agencies</b>		
<b>Agency</b>	<b>% Allocation</b>	<b>\$ Allocation</b>
Agriculture	0.821%	\$46,396
Corrections	29.094%	\$1,643,318
Education	0.154%	\$8,687
Governor	1.175%	\$66,363
DPA	0.911%	\$51,457
Health Care Policy	1.421%	\$80,252
<b>Higher Education</b>	<b>4.712%</b>	<b>\$266,151</b>
Transportation	21.162%	\$1,195,301
Human Services	10.847%	\$612,661
Judicial	3.889%	\$219,642
Labor & Emp.	0.369%	\$20,859
Legislature	0.116%	\$6,575
Local Affairs	0.166%	\$9,359
Law Dept	1.450%	\$81,901
Military Affairs	0.403%	\$22,769
Nat. Resources	5.784%	\$326,713
Public Health	0.574%	\$32,416
Public Safety	12.780%	\$721,883
Reg. Agencies	1.933%	\$109,205
Revenue	1.870%	\$105,624
Secretary of State	0.352%	\$19,894
Treasury	0.013%	\$734
<b>Allocation Totals</b>	<b>100%</b>	<b>\$5,648,160</b>

<b>Table 6: Property Allocations for All State Agencies</b>					
<b>Agency</b>	<b>Building &amp; Contents Value</b>	<b>% Allocation</b>	<b>\$ Allocation</b>	<b>Flood Zone A Premiums</b>	<b>Total \$ Allocation with Flood Premiums</b>
Agriculture	\$91,042,723	1.026%	\$91,217	\$0	\$91,217
Corrections	\$1,415,442,562	15.954%	\$1,418,145	\$0	\$1,418,145
Education	\$68,906,037	0.777%	\$69,038	\$0	\$69,038
Governor	\$89,130,311	1.005%	\$89,300	\$0	\$89,300
Pers & Admin (DPA)	\$594,187,591	6.697%	\$595,322	\$0	\$595,322
Health Care Policy	\$4,055,376	0.046%	\$4,063	\$0	\$4,063
<b>Higher Education</b>	<b>\$3,281,733,780</b>	<b>36.990%</b>	<b>\$3,287,999</b>	<b>\$23,495</b>	<b>\$3,311,494</b>
Transportation	\$1,672,556,890	18.852%	\$1,675,750	\$0	\$1,675,750
Human Services	\$764,333,012	8.615%	\$765,792	\$0	\$765,792
Judicial	\$19,149,921	0.216%	\$19,186	\$0	\$19,186
Labor & Emp.	\$7,891,171	0.089%	\$7,906	\$0	\$7,906
Legislature	\$7,250,495	0.082%	\$7,264	\$0	\$7,264
Local Affairs	\$5,285,258	0.060%	\$5,295	\$0	\$5,295
Law Dept	\$5,876,176	0.066%	\$5,887	\$0	\$5,887
Military Affairs	\$124,732,726	1.406%	\$124,971	\$0	\$124,971
Nat. Resources	\$453,788,923	5.115%	\$454,655	\$0	\$454,655
Public Health	\$59,519,000	0.671%	\$59,633	\$0	\$59,633
Public Safety	\$99,125,848	1.117%	\$99,315	\$0	\$99,315
Reg. Agencies	\$19,758,983	0.223%	\$19,797	\$0	\$19,797
Revenue	\$80,157,695	0.903%	\$80,311	\$0	\$80,311
Secretary of State	\$7,847,248	0.088%	\$7,862	\$0	\$7,862
Treasury	\$190,224	0.002%	\$191	\$0	\$191
<b>Allocation Totals</b>	<b>\$8,871,961,947</b>	<b>100%</b>	<b>\$8,888,899</b>	<b>\$23,495</b>	<b>\$8,912,394</b>

***Combined Allocation for Payment to Risk Management and Property Funds***

<b>Table 7: FY 2012-13 Allocations by Department: Payments to Risk Management and Property Fund</b>					
<b>Department/Agency</b>	<b>Liability Need</b>	<b>Property Need</b>	<b>Total Liability + Property</b>	<b>FY 2011-12 Long Bill</b>	<b>Incremental Adjustment</b>
Agriculture	\$46,396	\$91,217	\$137,613	\$108,062	<b>\$29,551</b>
Corrections	\$1,643,318	\$1,418,145	\$3,061,463	\$2,823,339	<b>\$238,124</b>
Education	\$8,687	\$69,038	\$77,725	\$53,752	<b>\$23,973</b>
Office of Governor	\$66,363	\$89,300	\$155,663	\$116,359	<b>\$39,304</b>
Personnel & Administration	\$51,457	\$595,322	\$646,779	\$463,141	<b>\$183,638</b>
Healthcare Policy & Finance	\$80,252	\$4,063	\$84,315	\$77,888	<b>\$6,427</b>
Higher Education	\$266,151	\$3,311,494	\$3,577,645	\$2,765,585	<b>\$812,060</b>
Transportation	\$1,195,302	\$1,675,750	\$2,871,052	\$2,533,271	<b>\$337,781</b>
Human Services	\$612,662	\$765,792	\$1,378,454	\$1,159,905	<b>\$218,549</b>
Judicial	\$219,643	\$19,186	\$238,829	\$232,018	<b>\$6,811</b>
Labor & Employment	\$20,860	\$7,906	\$28,766	\$53,501	<b>(\$24,735)</b>
Legislature	\$6,575	\$7,264	\$13,839	\$11,433	<b>\$2,406</b>
Local Affairs	\$9,360	\$5,295	\$14,655	\$13,562	<b>\$1,093</b>
Law	\$81,902	\$5,887	\$87,789	\$92,047	<b>(\$4,258)</b>
Military Affairs	\$22,769	\$124,971	\$147,740	\$110,330	<b>\$37,410</b>
Natural Resources	\$326,713	\$454,655	\$781,368	\$760,527	<b>\$20,841</b>
Public Health	\$32,416	\$59,633	\$92,049	\$86,714	<b>\$5,335</b>
Public Safety	\$721,884	\$99,315	\$821,199	\$787,107	<b>\$34,092</b>
Regulatory Agencies	\$109,206	\$19,797	\$129,003	\$106,459	<b>\$22,544</b>
Revenue	\$105,624	\$80,311	\$185,935	\$161,458	<b>\$24,477</b>
Secretary of State	\$19,894	\$7,862	\$27,756	\$22,264	<b>\$5,492</b>
Treasury	\$734	\$191	\$925	\$0	<b>\$925</b>
<b>Totals</b>	<b>\$5,648,168</b>	<b>\$8,912,394</b>	<b>\$14,560,562</b>	<b>\$12,538,722</b>	<b>\$2,021,840</b>

## FY 2012-13 DEPARTMENT FUNDING REQUESTS

<b>Table 8: FY 2012-13 Payments to Risk Management and Property Fund Request</b>						
<b>Department</b>	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>HUTF</b>	<b>FF</b>
Agriculture	\$29,551	(\$7,326)	\$36,877	\$0	\$0	\$0
Corrections	\$238,124	\$228,599	\$9,525	\$0	\$0	\$0
Education	\$23,973	\$33,955	(\$3,403)	(\$6,579)	\$0	\$0
Office of Governor	\$39,304	\$11,791	\$0	\$27,513	\$0	\$0
Personnel & Administration	\$183,638	\$52,015	\$15,630	115,993	\$0	\$0
Healthcare Policy & Finance	\$6,427	\$3,214	\$0	\$0	\$0	\$3,213
Higher Education <sup>1</sup>	(\$1,130)	\$0	(\$1,133)	\$3	\$0	\$0
Transportation	\$337,781	\$0	\$337,781	\$0	\$0	\$0
Human Services	\$218,548	\$128,709	\$22,038	\$32,351	\$0	\$35,450
Judicial	\$6,811	\$6,811	\$0	\$0	\$0	\$0
Labor & Employment	(\$24,735)	\$0	(\$5,780)	\$0	\$0	(\$18,955)
Legislature	\$2,406	\$2,406	\$0	\$0	\$0	\$0
Local Affairs	\$1,093	\$1,017	\$66	\$10	\$0	\$0
Law	(\$4,258)	\$0	\$0	(\$4,258)	\$0	\$0
Military Affairs	\$37,410	\$37,410	\$0	\$0	\$0	\$0
Natural Resources	\$20,841	(\$5,664)	\$28,486	(\$1,006)	\$0	(\$975)
Public Health	\$5,335	\$0	(\$9,069)	\$14,404	\$0	\$0
Public Safety	\$34,092	(\$233,470)	\$0	\$267,562	\$0	\$0
Regulatory Agencies	\$22,544	\$744	\$20,700	\$747	\$0	\$353
Revenue	\$24,476	\$10,530	\$12,007	\$0	\$1,939	\$0
Secretary of State	\$5,492	\$0	\$5,492	\$0	\$0	\$0
Treasury	\$925	\$925	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,208,648</b>	<b>\$271,666</b>	<b>\$469,217</b>	<b>\$446,740</b>	<b>\$1,939</b>	<b>\$19,086</b>

<sup>1</sup> In addition to these amounts, Higher Education's allocation includes an additional \$813,190 in non-appropriated funds.

Note: Non-Executive branch offices do not submit budgets to the Governor's Office. The fund split amounts for these agencies are estimates.

## APPENDIX

School/Agency	FY 2012-13	
	% Allocation	\$ Allocation
Arapahoe	5.236%	\$13,936
Adams	0.000%	\$0
Auraria	5.711%	\$15,200
Revised Allocations from Actuary for FY 2012-13 - Higher Education	3.381%	\$9,000
Denver CC	1.778%	\$4,733
CSU - Global	0.628%	\$1,672
Front Range	8.166%	\$21,733
College Access Network	7.988%	\$21,261
CCHE	0.276%	\$733
Historical Society	1.735%	\$4,618
Lamar	0.276%	\$733
Metropolitan	19.780%	\$52,646
School of Mines	14.498%	\$38,587
Morgan	0.401%	\$1,067
Northeastern JC	0.526%	\$1,400
Northwestern JC	0.451%	\$1,200
College Invest	0.276%	\$733
CCCOES Admin	1.478%	\$3,933
Otero	0.326%	\$867
Pikes Peak	7.406%	\$19,711
Private Occupational School	0.113%	\$301
Pueblo	3.306%	\$8,800
Red Rocks	2.104%	\$5,600
USC	8.552%	\$22,761
Trinidad	1.303%	\$3,467
Western	4.306%	\$11,460
<b>Allocation Totals</b>	<b>100.000%</b>	<b>\$266,151</b>

		FY 2012-13 Estimated Allocations		Flood Zone A Premiums	Total \$ Allocation with Flood Premiums
Agency	Building & Contents Value	% Allocation	\$ Allocation		
Arapahoe	\$132,070,940	4.025%	\$132,351	\$0	\$132,351
Adams	\$0	0.000%	\$0	\$0	\$0
Auraria	\$563,445,587	17.173%	\$564,644	\$11,974	\$576,618
Revised Allocations from Actuary for FY 2012-13 - Higher Education	\$18,123,487	0.552%	\$18,162	\$0	\$18,162
Denver CC	\$13,071,249	0.398%	\$13,099	\$0	\$13,099
Front Range	\$215,232,309	6.560%	\$215,690	\$0	\$215,690
College Access Network	\$1,055,902	0.032%	\$1,058	\$0	\$1,058
CCHE	\$556,225	0.017%	\$557	\$0	\$557
Historical Society	\$22,004,967	0.671%	\$22,052	\$0	\$22,052
Lamar	\$52,706,103	1.606%	\$52,818	\$11,521	\$64,339
Metropolitan	\$19,253,623	0.587%	\$19,295	\$0	\$19,295
School of Mines	\$826,436,395	25.188%	\$828,194	\$0	\$828,194
Morgan	\$42,528,433	1.296%	\$42,619	\$0	\$42,619
Northeastern JC	\$106,285,180	3.239%	\$106,511	\$0	\$106,511
Northwestern JC	\$54,286,157	1.655%	\$54,402	\$0	\$54,402
College Invest	\$1,149,760	0.035%	\$1,152	\$0	\$1,152
CCCOES Admin	\$127,073,474	3.873%	\$127,344	\$0	\$127,344
Otero	\$65,178,497	1.987%	\$65,317	\$0	\$65,317
Pikes Peak	\$165,240,119	5.036%	\$165,591	\$0	\$165,591
Pueblo	\$90,741,899	2.766%	\$90,935	\$0	\$90,935
Red Rocks	\$101,510,235	3.094%	\$101,726	\$0	\$101,726
USC	\$258,956,444	7.893%	\$259,507	\$0	\$259,507
Trinidad	\$121,568,995	3.705%	\$121,827	\$0	\$121,827
Western	\$282,546,657	8.612%	\$283,147	\$0	\$283,147
<b>Allocation Totals</b>	<b>\$3,281,022,636</b>	<b>100.0%</b>	<b>\$3,287,998</b>	<b>\$23,495</b>	<b>\$3,311,493</b>

## **CAPITOL COMPLEX LEASED SPACE**

This item provides funding for payments to the Department of Personnel and Administration for its management of leased space within the Capitol Hill Campus, Camp George West, and the Grand Junction State Building. Agencies are allocated a portion of the total management cost realized by the Department of Personnel and Administration based on square footage occupied by each affected agency.

The Capitol Complex facilities encompass approximately 900,000 square feet and its management includes housekeeping, grounds maintenance, and property management functions for the Capitol Complex, the State Capitol Building, 1881 Pierce Street, the Kipling “campus”, and North Campus as well as various other facilities in Grand Junction and Camp George West.

### **FY 2012-13 ESTIMATED COSTS**

The Department of Personnel and Administration is required by statute to only recover the costs associated with operating and maintaining the buildings within the Capitol Complex system. Therefore, the Department is not allowed to consistently under- or over-recover funding from the departments and programs that are charged for the state-owned space. One-time adjustments are exempt from this requirement as the on-going operation of the fund itself requires adjustments.

Like many of the other operating common policies, the Capitol Complex Leased Space allocations are determined by aggregating all of the costs associated with maintaining the program and then splitting the total costs among all agencies as equitably as possible. For Capitol Complex, this means combining expenditures such as Personal Services, Personal Services POTS allocations, operating common policy costs, utilities, depreciation, programmatic overhead, and indirect costs. In general, 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 operation by the total number of square feet in the complex. Once the costs are aggregated, the Department allocates the total cost among each agency as a proportion of the square footage each agency occupies at each campus. Note that for Camp George West, only a portion of the utility bills (water and sewer) are allocated in the rate and all other utilities are charged directly to each agency.

The table on the following page provides the total estimated costs for the Capitol Complex request.

<b>Table 1: FY 2012-13 Capitol Complex Leased Space Estimated Costs</b>	
<b>Line Items</b>	<b>FY 2012-13 Estimated Totals</b>
Personal Services Appropriation	\$2,830,887
Salary Survey	\$0
Performance Based Pay	\$0
Amortization Equalization Disbursement	\$80,273
Supplemental Amortization Equalization Disbursement	\$68,986
Shift Differential	\$14,989
Short-term Disability	\$4,441
Health, Life, and Dental	\$369,415
<b><i>Personal Services and POTS Appropriation</i></b>	<b><i>\$3,368,991</i></b>
Operating Expenses	\$1,884,035
Capitol Complex Repairs	\$56,520
Capitol Complex Leased Space	\$30,450
Vehicle Lease Payments Estimate	\$7,455
Depreciation Estimate	\$37,931
Energy Performance Depreciation	\$1,437,551
Leased Space Estimate	\$747
Workers' Compensation	\$30,532
Payments to Risk Management	\$65,167
OIT	\$13,071
GGCC	\$252,199
Utilities	\$4,011,538
Capitol Complex Security	\$367,663
Compensated Absences Estimate	\$0
Indirect Cost Assessment	\$457,027
<b><i>Sub-total</i></b>	<b><i>\$8,651,886</i></b>
<b><i>Total Costs</i></b>	<b><i>\$12,020,877</i></b>
1% Billable Vacancy	\$120,209
Sprint Leased Tower Space	(\$31,622)
Fund Balance Adjustment	\$33,759
<b><i>Total Billable Costs</i></b>	<b><i>\$12,143,223</i></b>
Allocated Square Footage	1,257,261
<b><i>Estimated Cost Per Square Foot</i></b>	<b><i>\$9.66</i></b>

\*Note: Because the gas and electric utilities at Camp George West are passed-through to the specific agency, the estimated cost is not built into this table.



For the FY 2012-13 Capitol Complex Leased Space operating common policy adjustment, the Department is requesting adjustments based on standard increases in the cost of maintaining the State's buildings. The figures represented in the table above are the aggregate values for all campuses within the State (Denver, Camp George, and Grand Junction). The bullets below provide the rationale behind and a brief explanation of each of the components of the request and outline significant departures from the previously requested amounts or methodologies. The Department submits this common policy on an annual basis based upon a historical allocation methodology and costs are estimated using the best known information as of a certain date. For this reason and since a number of other decisions rely upon relatively stable common policy figures, there may be a difference between what the common policy is requesting to allocate and the need estimated by external and internal service providers for the request year.

- **Personal Services:** The amount requested for Personal Services is the base amount requested for this line item in FY 2012-13 per the Department's Reconciliation and Schedule 3s. The Personal Services request annualizes the PERA swap funding that was removed in FY 2011-12 back into the appropriation for FY 2012-13. The value shown in the table is the sum of the FY 2012-13 Base Request for all Personal Services line items within the Capitol Complex program.
- **Health, Life, and Dental, and Short-term Disability:** The Health, Life, and Dental overhead cost is a function of the number of FTE employed and the annual changes that are included as a result of open enrollment. The FY 2012-13 enrollment is based on the current enrollment as shown in the Department's internal projections. The short-term disability request is a function of the total salary estimated to be paid through this program and the cost as specified in the Department's contract with the short-term disability provider. For FY 2012-13, that percentage is expected to hold steady at 0.177%.
- **Amortization Equalization Disbursement and Supplemental Amortization Equalization Disbursement:** These costs are statutory increases in the amount of money that is contributed to make the State's retirement plan solvent.
- **Shift Differential:** The Department has built in \$14,989 in shift differential pay for recovery through the Capitol Complex Leased Space allocations. Shift differential is used to compensate those employees who perform duties that require them to work second and third shift.
- **Operating Expenses:** The allocable amount of Operating Expenses is the sum of the Department's FY 2012-13 Base Requests for Operating Expenses for all of the Capitol Complex program. These values are reflected in the Department's Reconciliation and Schedule 3s.
- **Capitol Complex Repairs:** This value reflects the amount that has been requested, on a continuation basis, for FY 2012-13. 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. These are costs that are outside of the normal Operating Expenses line item.
- **Capitol Complex Leased Space:** This is an internal allocation of costs for the space that the program's staff occupies within the Capitol Complex itself.

- Workers' Compensation: The internal allocation of workers compensation is based on the department's total allocation as well as the number of FTE in the line item relative to the entire department. This value is the FY 2011-12 allocation under the Department's assumption that the FY 2011-12 fund splits will be corrected.
- Vehicle Lease Payments: The Vehicle Lease Payments allocation is the anticipated FY 2011-12 cost for the vehicles directly associated with the Capitol Complex program.
- 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 costs from all fund sources for the use of equipment.
- Energy Performance Depreciation: The Energy Performance Depreciation line item has increased considerably on a year-to-year basis due to 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 Capitol improvements to energy consuming systems that will save money in excess of the cost of the contract through lower utility bills. However, 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. Rather, the State must only recover the depreciable portion as it is allowed through the standard accounting process.
- Leased Space: This is the Department's internal allocation of private leased space costs to the program.
- Property and Liability (Risk): Like the workers' compensation allocation, the internal allocation of property and liability is based on the department's total allocation as well as the number of FTE in the line item relative to the entire department. This value is the FY 2011-12 allocation under the Department's assumption that the FY 2011-12 fund splits will be corrected.
- Purchase of Services from the Computer Center allocation is a function of the total allocation to the Department. The internal allocation takes into account the fact that a number of services are used by all employees and therefore allocated on an FTE basis. However, the allocation has an additional component that accounts for a portion of the services that are specific to programs and are therefore allocated specifically to those programs on a proportional basis.
- OIT Administration and MNT: The OIT Administration line is allocated based upon FTE. The MNT allocation is based upon actual usage by program within DPA. Both of these allocations will fluctuate with the allocations set forth by the Office of Information Technology and what they are known to be as of the date the common policy is assembled and submitted to the OSPB for final consideration.
- Utilities: See the section below that describes the methodology the Department used to estimate utilities costs for FY 2012-13.
- Capitol Complex Security: This cost is for the Colorado State Patrol to provide security within the Capitol Complex, primarily the State Capitol. This estimate is typically updated with the assistance of JBC Staff on an annual basis.
- DCS Overhead Estimate: In prior years, the Department of Personnel and Administration aggregated costs at the Division level (Division of Central Services) and then allocated those costs to each program as a lump sum. The Department has

improved the transparency of the process by allocating the costs to these programs directly. Therefore, there is no allocation for DCS Overhead in this year's common policy request.

- **1% Billable Vacancy:** The 1% billable vacancy has been requested and approved for the Department in nearly every year since 2000, with the exception being FY 2011-12. The billable vacancy line item exists so that the Department can manage the maintenance and utilities costs if a department needs to vacate a building or space.
- **Sprint Leased Tower Space:** The Department of Personnel and Administration leases land to Sprint for a cell tower that the company has constructed and maintains at Camp George West. Recently, the Department renegotiated the contract and was able to secure additional funding (roughly twice of what was paid in prior years) for that lease. This funding offsets expenses at Camp George West only.
- **Fund Balance Adjustment:** This is the first year that the Department has included a targeted fund balance adjustment as a part of the common policy request. However, due to the history of this line, the Department feels that this is a necessary step toward ensuring compliance with the limitations set out in statute (16.5% of total expenditures) as well as limitation placed on the federal fund balance by the Division of Cost Allocation within the federal Department of Health and Human Services. For this year, the Department has a 16.5% fund balance target and estimates that it will need an additional \$33,759 to achieve that reserve level.

## **REQUESTED POLICY ADJUSTMENT FOR UTILITIES METHODOLOGY**

For FY 2011-12, the Department of Personnel and Administration has refined its methodology for requesting utilities for each of the campuses by utility type. In the FY 2011-12 request, the Department adjusted its utilities base by reducing its total appropriation by its reversion in the most recent year, added an adjustment for the Commanche Plant, as well as a 1.5% utilities increase due to ever-increasing costs, and then separated the utilities request by campus. However, this method proved problematic and therefore a more refined and defensible method has been utilized for the FY 2012-13 request. The Department would like to emphasize that this methodology has been incorporated into this request.

For FY 2012-13, the utilities request for the Capitol Complex program has been constructed using the following methodology:

For each campus with the Capitol Complex:

1. Determine total usage by utility type
2. Determine total billing by utility type
3. Determine the last known rate for the utility type in the most recent month. For this request, the most recent month was June of 2011. The Department doesn't advocate using the quotient of #2 to #1 above as this gives an average rate for the year and, given that rates generally increase, the last known rate is likely to be the best base for the upcoming year.
4. Apply the estimated growth factor, provided by the energy company, to the rate specified in #3 above to determine the rate applied to usage in the upcoming year. With the exception of water and sewer, the growth rate estimated was approximately

- 5% for FY 2010-11 to FY 2011-12. The Department has made an assumption that this will be enough of an increase to cover the compounded growth to FY 2012-13.
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 that utility type for that campus.
  6. Specific Adjustments
    - a. For the Denver Campus, the interest expenses associated with each of the energy performance contract phases must then be added to get to the total need.
    - b. For Camp George West, the Department must then allocate the total cost of electric and gas utilities across specific departments as these expenses are “pass-throughs.”

The following tables provide the actual figures behind the calculation outlined above:

<b>Table 2: Utilities Build for Capitol Complex Leased Space</b>					
<b>Step</b>		<b>Utility Type</b>			
		<b>Electric</b>	<b>Gas</b>	<b>Steam</b>	<b>Water &amp; Sewer</b>
<b>Denver</b>					
1	FY 2010-11 Total Usage	23,585,633	123,267	15,098	31,541,864
2	FY 2010-11 Total Billing	\$1,948,744	\$87,722	\$252,395	\$178,723
3	FY 2010-11 Rate for June Billing Only	0.0946	0.6407	17.2330	0.0057
4	Estimated Rate Increase FY 2010-11 to FY 2012-13	5%	5%	5%	3%
4	Projected Rate	0.0993	0.6727	18.0947	0.0059
5	FY 2012-13 Estimated Need by Utility	\$2,342,053	\$82,922	\$273,198	\$186,097
	FY 2012-13 Combined Need by Campus	<b>\$2,884,270</b>			
<b>Grand Junction</b>					
1	FY 2010-11 Total Usage	740,000	19,739	-	678,000
2	FY 2010-11 Total Billing	\$64,410	\$13,722	\$0	\$3,650
3	FY 2010-11 Rate for June Billing Only	0.0997	0.7000	-	0.0026
4	Estimated Rate Increase FY 2010-11 to FY 2012-13	5%	5%	5%	3%
4	Projected Rate	0.1047	0.7350	-	0.0027
5	FY 2012-13 Estimated Need by Utility	\$77,478	\$14,508	\$0	\$1,831
	FY 2012-13 Combined Need by Campus	<b>\$93,817</b>			
<b>Camp George West</b>					

<b>Table 2: Utilities Build for Capitol Complex Leased Space</b>					
<b>Step</b>		<b>Utility Type</b>			
		<b>Electric</b>	<b>Gas</b>	<b>Steam</b>	<b>Water &amp; Sewer</b>
1	FY 2010-11 Total Usage	2,073,654	145,743	-	17,017,000
2	FY 2010-11 Total Billing	\$203,025	\$102,651	\$0	\$101,131
3	FY 2010-11 Rate for June Billing Only	0.1111	0.7005	-	0.0067
4	Estimated Rate Increase FY 2010-11 to FY 2012-13	5%	5%	5%	3%
4	Projected Rate	0.1167	0.7355	-	0.0069
5	FY 2012-13 Estimated Need by Utility	\$241,995	\$107,194	\$0	\$117,417
	FY 2012-13 Combined Need by Campus	<b>\$466,606</b>			

<b>Table 3: Incremental Adjustments to the FY 2012-13 Denver Campus Utility Line</b>	
<b>Description</b>	<b>Amount</b>
FY 2012-13 Estimated Utility Need	\$2,884,270
Phase I Performance Contract Interest Payment	\$280,784
Phase II Performance Contract Interest Payment	\$138,117
Phase III Performance Contract Interest Payment	\$401,462
Phase IV Performance Contract Interest Payment	\$95,671
<b>Total Estimated Need for Denver Utilities Appropriation</b>	<b>\$3,800,304</b>

<b>Table 4: Camp George % Usage by Department</b>		
<b>Department</b>	<b>Electric</b>	<b>Gas</b>
Corrections	23.54%	27.88%
Correctional Industries	3.13%	8.01%
Transportation	11.13%	9.56%
Public Safety	46.23%	44.92%
Local Affairs	5.29%	0.79%
Military Affairs	10.28%	7.48%
CSU/CAEE	0.40%	1.35%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

<b>Department</b>	<b>Electric</b>	<b>Gas</b>	<b>Total</b>
Corrections	\$56,956	\$29,884	\$86,840
Correctional Industries	\$7,582	\$8,591	\$16,173
Transportation	\$26,936	\$10,250	\$37,186
Public Safety	\$111,868	\$48,152	\$160,020
Local Affairs	\$12,811	\$851	\$13,662
Military Affairs	\$24,866	\$8,020	\$32,886
CSU/CAEE	\$977	\$1,445	\$2,422
<b>Total</b>	<b>\$241,996</b>	<b>\$107,193</b>	<b>\$349,189</b>

***Square Footage Change***

It should be noted that the Department of Personnel and Administration vacated approximately 32,526 square feet at the North Campus location which is the primary driver of the reduced allocation for the Department. Recently, the space in one of the buildings at North Campus was closed due to asbestos contamination. The Department is working with the State Architect’s Office to resolve this issue without additional appropriations.

**COST ALLOCATION TO DEPARTMENTS**

<b>Department</b>	<b>Total Denver Buildings</b>	<b>Pierce St</b>	<b>North Campus</b>	<b>Grand Junction</b>	<b>Camp George West</b>	<b>Total All Buildings</b>
Agriculture	13,553	0	0	0	0	13,553
Corrections	0	0	0	0	46,696	46,696
Correctional Industries	0	0	0	0	18,672	18,672
Education	44,433	0	0	0	0	44,433
General Assembly	111,981	0	0	0	0	111,981
Governor, Lt Governor & OSPB	36,066	0	0	924	0	36,990
Health Care Policy	31,512	0	0	0	0	31,512
Human Services	99,087	0	0	3,104	0	102,191
Law	101,685	0	0	0	0	101,685
Local Affairs	33,228	0	0	3,458	18,830	55,516
Military Affairs	0	0	0	0	55,865	55,865
Natural Resources	69,107	0	0	0	0	69,107
Personnel & Administration (DPA)	54,830	0	44,807	1,459	0	101,096
Public Health	0	0	0	3,996	0	3,996
Public Safety	79,825	0	0	0	131,855	211,680
Regulatory Agencies	0	0	0	769	0	769
Revenue	74,580	116,448	5,700	5,869	0	202,597
Transportation	100	0	0	12,305	21,386	33,791
Treasurer	4,379	0	0	0	0	4,379
Labor & Employment	0	0	4,364	1,295	0	5,659
CSU Forest Service	0	0	0	1,320	3,773	5,093
<b>Total Square Footage Billed</b>	<b>754,366</b>	<b>116,448</b>	<b>54,871</b>	<b>34,499</b>	<b>297,077</b>	<b>1,257,261</b>

Description	Location				
	Denver	Pierce	North Campus	Grand Junction	Camp George West
Post Cost-Elimination Rate	\$14.06	\$6.71	\$3.58	\$7.26	\$1.04

Agency	Location						Total
	Denver	Pierce	North Campus	Grand Junction	Camp George West	Camp George West Utilities*	
Agriculture	\$190,529	\$0	\$0	\$0	\$0	\$0	\$190,529
Corrections	\$0	\$0	\$0	\$0	\$48,668	\$86,840	\$135,508
Correctional Industries	\$0	\$0	\$0	\$0	\$19,461	\$16,173	\$35,634
Education	\$624,643	\$0	\$0	\$0	\$0	\$0	\$624,643
General Assembly	\$1,574,237	\$0	\$0	\$0	\$0	\$0	\$1,574,237
Governor, Lt Governor, OSPB	\$507,019	\$0	\$0	\$6,711	\$0	\$0	\$513,730
Health Care Policy and Financing	\$442,998	\$0	\$0	\$0	\$0	\$0	\$442,998
Human Services	\$1,392,972	\$0	\$0	\$22,545	\$0	\$0	\$1,415,517
Law	\$1,429,495	\$0	\$0	\$0	\$0	\$0	\$1,429,495
Local Affairs	\$467,122	\$0	\$0	\$25,116	\$19,625	\$13,662	\$525,525
Military Affairs	\$0	\$0	\$0	\$0	\$58,224	\$32,886	\$91,110
Natural Resources	\$971,511	\$0	\$0	\$0	\$0	\$0	\$971,511
Personnel & Administration	\$770,804	\$0	\$160,192	\$10,597	\$0	\$0	\$941,593
Public Health	\$0	\$0	\$0	\$29,024	\$0	\$0	\$29,024
Public Safety	\$1,122,186	\$0	\$0	\$0	\$137,423	\$160,020	\$1,419,629
Regulatory Agencies	\$0	\$0	\$0	\$5,585	\$0	\$0	\$5,585
Revenue	\$1,048,451	\$781,918	\$20,378	\$42,628	\$0	\$0	\$1,893,375
Transportation	\$1,406	\$0	\$0	\$89,375	\$22,289	\$37,186	\$150,256
Treasurer	\$61,560	\$0	\$0	\$0	\$0	\$0	\$61,560
Labor & Employment	\$0	\$0	\$15,602	\$9,406	\$0	\$0	\$25,008
CSU Forest Service	\$0	\$0	\$0	\$9,588	\$3,932	\$2,422	\$15,942
Construction-Annex Life/Safety	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Vacated - CCD North Campus	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$10,604,933</b>	<b>\$781,918</b>	<b>\$196,172</b>	<b>\$250,575</b>	<b>\$309,622</b>	<b>\$349,189</b>	<b>\$12,492,409</b>

## FY 2012-13 DEPARTMENT FUNDING REQUESTS

<b>Table 9: FY 2012-13 Incremental Need by Department</b>				
<b>Agency</b>	<b>FY 2011-12 Appropriation</b>	<b>FY 2012-13 Base Need</b>	<b>FY 2012-13 Requested Base Change</b>	<b>Total Incremental Change</b>
Agriculture	\$171,145	\$190,529	\$19,384	\$19,384
Corrections	\$98,626	\$135,508	\$36,882	\$36,882
Correctional Industries	\$28,104	\$35,634	\$7,530	\$7,530
Education	\$561,093	\$624,643	\$63,550	\$63,550
General Assembly	\$1,414,077	\$1,574,237	\$160,160	\$160,160
Governor, Lt Governor, OSPB	\$462,762	\$513,730	\$50,968	\$50,968
Health Care Policy and Financing	\$397,928	\$442,998	\$45,070	\$45,070
Human Services	\$1,275,866	\$1,415,517	\$139,651	\$139,651
Law	\$1,284,061	\$1,429,495	\$145,434	\$145,434
Local Affairs	\$476,277	\$525,525	\$49,248	\$49,248
Military Affairs	\$83,459	\$91,110	\$7,651	\$7,651
Natural Resources	\$872,671	\$971,511	\$98,840	\$98,840
Personnel & Administration	\$846,033	\$941,593	\$95,560	\$95,560
Public Health	\$31,686	\$29,024	(\$2,662)	(\$2,662)
Public Safety	\$1,274,883	\$1,419,629	\$144,746	\$144,746
Regulatory Agencies	\$6,098	\$5,585	(\$513)	(\$513)
Revenue	\$1,723,682	\$1,893,375	\$169,693	\$169,693
Transportation	\$154,047	\$150,256	(\$3,791)	(\$3,791)
Treasurer	\$55,297	\$61,560	\$6,263	\$6,263
Labor & Employment	\$29,169	\$25,008	(\$4,161)	(\$4,161)
CSU Forest Service	\$16,592	\$15,942	(\$650)	(\$650)
Construction-Annex Life/Safety	\$0	\$0	\$0	\$0
Vacated - CCD North Campus	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$11,263,556</b>	<b>\$12,492,409</b>	<b>\$1,228,853</b>	<b>\$1,228,853</b>



**Table 11: FY 2012-13 Capitol Complex Leased Space Request**

<b>Department</b>	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>HUTF</b>	<b>FF</b>
Agriculture	\$19,384	\$15,812	\$3,572	\$0	\$0	\$0
Corrections	\$44,412	\$36,882	\$7,530	\$0	\$0	\$0
Education	\$63,550	\$9,183	\$6,724	\$16,320	\$0	\$31,323
General Assembly	\$160,160	\$160,160	\$0	\$0	\$0	\$0
Governor, Lt Governor, OSPB	\$50,967	\$0	\$0	\$50,967	\$0	\$0
Health Care Policy and Financing	\$45,070	\$22,535	\$0	\$0	\$0	\$22,535
Human Services	\$139,652	\$63,977	\$7,506	\$8,146	\$0	\$60,023
Law	\$145,434	\$25,420	\$16,692	\$99,816	\$0	\$3,506
Local Affairs	\$49,247	\$18,141	\$1,830	\$23,323	\$0	\$5,954
Military Affairs	\$7,651	\$4,832	\$0	\$0	\$0	\$2,819
Natural Resources	\$98,841	\$24,674	\$42,670	\$19,389	\$0	\$12,108
Personnel & Administration	\$95,561	\$105,225	\$3,581	(\$13,245)	\$0	\$0
Public Health	(\$2,662)	\$0	\$0	(\$2,662)	\$0	\$0
Public Safety	\$144,745	\$0	\$1,781	\$93,088	\$49,876	\$0
Regulatory Agencies	(\$513)	\$0	(\$513)	\$0	\$0	\$0
Revenue	\$169,694	\$129,013	\$56,722	\$0	(\$16,041)	\$0
Treasurer	\$6,263	\$6,263	\$0	\$0	\$0	\$0
Labor & Employment	(\$4,161)	\$0	(\$2,913)	\$0	\$0	(\$1,249)
<b>Total</b>	<b>\$1,233,295</b>	<b>\$622,116</b>	<b>145,182</b>	<b>\$295,143</b>	<b>\$33,835</b>	<b>\$137,019</b>

Note: In addition to the above amounts, the Department of Transportation's allocation reflects a reduction of \$3,792. Also, the CSU Forest Service reflects a reduction of \$650.

In addition, Non-Executive branch offices do not submit budgets to the Governor's Office. The fund split amounts for these agencies are estimates.



## **VEHICLE LEASE PAYMENTS**

This line item includes the costs agencies experience from vehicle lease-purchase loan payments, plus a small 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, an agency's Vehicle Lease Payments appropriation will need to be adjusted annually. If warranted, these incremental base adjustments will be addressed through a decision item prepared by DPA. For FY 2012-13 please see DPA Decision Item R-5 for a complete description of this statewide request.

In addition, 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 agency 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 authorize the request with the corresponding input from affected agencies. For the November 1 Budget Submission for FY 2012-13 no request for variable vehicle costs has been submitted.

## **LEGAL SERVICES**

This category represents the cost of purchasing legal services from the Department of Law. Funding for these amounts is appropriated to departments with corresponding spending authority in the Department of Law. For FY 2012-13 Departments used a continuation blended attorney/paralegal rate of \$75.71 per hour for the November 1 submission. As a result, continuation funding is requested. If a department is requesting additional hours over their FY 2011-12 appropriated levels, a decision item would be required by the individual department.



## LEASED SPACE

The funding in this line item is for leased space outside of the Capitol Complex facilities. Each Department is responsible for reviewing and managing its use of leased space. The specific budget action required in this area depends on the circumstances facing the Department.

If a department is planning to move into new space or expand square footage and the total projected funding need for all leased space costs is greater than the Department's base appropriation, a Decision Item or Supplemental is required. The Decision Item is submitted by the individual department and the request not coordinated by DPA.

However, if a department projects that additional funding in the base appropriation is needed for FY 2012-13 but the increase is driven by existing lease escalators and not new leases or expanded footage, no Decision Item has been submitted but the amounts need to be reflected in a departments base budget. These amounts are reflected in this section. For FY 2012-13 there are two Departments that are reflecting an increase in their base leased space appropriation.

Department of Revenue. For FY 2012-13 the Department is reflecting an increase in total funds of \$79,248 that includes \$38,710 General Fund and \$40,538 of cash funds. The Leased Space increases totals 2.8% from FY 2011-12. The Department currently has 29 contracts that are driving the overall increase in Leased Space. While these contracts vary in lease terms, they all include annual escalators to the cost per square foot between 3% and 5%. The majority of these leases is for Driver's License offices throughout the state, but also includes several Regional Service Centers along with Tax Audit and Compliance, Medical Marijuana, Lottery, and Gaming offices.

Governor's Office. The Governor's Office of Information Technology indicates that an \$800,000 increase is due to the continued phase in of the transfer of e-Fort costs from the Department of State to OIT pursuant to SB 10-148.

<b>Department</b>	<b>Total</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>HUTF</b>	<b>FF</b>
Governor, Lt Governor, OSPB	\$800,000	\$0	\$0	\$800,000	\$0	\$0
Revenue	\$79,248	\$38,710	\$40,538	\$0	\$0	\$0
<b>Total</b>	<b>\$879,248</b>	<b>\$38,710</b>	<b>\$40,538</b>	<b>\$800,000</b>	<b>\$0</b>	<b>\$0</b>



## **OFFICE OF INFORMATION TECHNOLOGY COMMON POLICIES**

The Governor's Office of Information Technology (OIT) is funded through four common policy line items. Departments are appropriated funding in their annual budgets and then pay OIT for services provided.

### ***Management and Administration of OIT***

This common policy provides the funding for these overhead functions through annual agency allocations. SB 08-155 required that billing methodologies be developed to allocate costs for central OIT administrative services, including a "back-office" business services staff for financial and human resource services to the consolidated office. Beginning with FY 2008-09, allocations were made to Executive Branch agencies for this function, which included not only the statewide IT management function referenced above as established pursuant to SB 08-155, but also the management/administration function historically provided by the OIT Administration Unit. Costs associated with management and oversight, and back-office business functions are allocated to Executive Branch departments based on their proportionate level of IT expenditures.

In addition, with the passage of SB 08-155, all IT related functions for the State were consolidated under the Governor's Office of Information Technology. As part of the consolidation process, all agencies' chief information officers and support staff associated with information technology procurement, accounting, and budgetary disciplines were transferred to the Governor's Office.

### ***Communications Services***

The OIT Communications Services Unit plans, coordinates, integrates and provides effective and efficient Statewide Public Safety networks for the Departments of Public Safety, Transportation, Corrections, Natural Resources and many other State and local government agencies. The state microwave radio infrastructure and the Digital Trunked Radio System (DTRS) provides interoperability between public safety agencies and emergency first responders to almost 200 sites on nearly 95% of the State's roadways and serves more than 950 state, local, federal and tribal agencies. The unit also provides engineering and design services to State and local governments using land based, mobile and microwave technologies. Communications Services staff work in consultation with local, tribal, State, and federal government departments, institutions, and agencies governed by the Federal Communications Commission to assist in formulating current and long-range telecommunications plans involving radio, microwave, wireless data, and public-safety radio communications systems.

In FY 2003-04, the JBC established the Communications Services common policy. The appropriation for this line item is used for payments to support the statewide secure Digital Trunked Radio system. Allocations are made based on each customer's share of program recoverable costs, which is calculated based on proportionate radio inventory.

### ***Multi-use Network Payments***

The goal of the Multi-use Network (MNT) is to increase telecommunications services and economic development in the State's rural areas. The network is an enterprise-class service providing secure, high-speed broadband access over carrier-class infrastructure. The MNT is truly the Colorado State Network, and provides cost-effective, quality, high-speed broadband data communications and Internet access to Colorado's public sector (e.g., state agencies, schools, colleges, libraries, hospitals and local governments).

Costs experienced by OIT are allocated to the affected agencies based on the following methodology: a) base costs are determined for each affected agency based on an agency's circuit inventory; b) each agency's base cost is compared relative to the total circuit inventory costs to determine an agency's utilization percentage; c) this utilization percentage is used to allocate the remaining total shared network infrastructure costs.

### ***Purchase of Services from the Computer Center***

OIT is responsible for the management and operation of the State's Data Center facilities. In this capacity, OIT plans, manages, operates and delivers the computing infrastructure to all State agencies and certain institutions of higher education. There are currently over 40 individual services identified within this common policy.

Allocations to users are based on historical utilization and forecasted changes, including the distribution of recoverable costs between multiple services. The amounts are adjusted annually based on actual expenditures in the subsequent budget year.

This summary document outlines the allocation methodology, summarizes total department allocations for all four IT common policies for FY 2012-13, and recommends the budget neutral consolidation of the four individual IT common policies described below into one IT common policy line item per department.

### **FY 2012-13 ESTIMATED COSTS**

OIT's total recoverable costs include program Long Bill appropriations for personal services and operating expenses, each program's share of central appropriations (i.e. workers' compensation, risk management, leased space, health/life/dental, etc), indirect cost assessment, depreciation, and projected change in compensated absences balances.

OIT tracks appropriations and expenses based on budget line items, which are unique identifiers designed by OIT to track expenditures by service category. Estimates for expenses are based on different factors, including prior year actuals (e.g., contracts, purchase orders, discretionary purchases) and new year known changes and escalators.

Management costs are spread throughout the rates of all services and all other staff are tied directly back to a service, similar to operating costs. Staff tracks their time by OIT service pool



and customer activity in a timekeeping system. The timekeeping system hours are then used to allocate staff time and dollars to services for rate setting and common policy development.

***The True-Up Process***

The federal Division of Cost Allocation (DCA) is the agency that reviews cost proposals associated with indirect cost plans, or the allocation of administrative costs (i.e. cost allocation models) to determine whether they meet with federal cost principles. This review is the basis that allows the State and its associated programs to claim, and the federal government to reimburse, approved costs. The primary concern expressed by the DCA in the past has been to ensure that when they review each service individually and by agency, that there is no cross-subsidization and that no federal programs were inappropriately being overcharged or subsidizing non-federal programs. The DCA expressed concerns that OIT needed to translate data in a manner that would identify whether individual agencies were over- or under-charged for each specific service that they utilize. For each agency, the over/under adjustment for each of the individual services is aggregated, resulting in a total positive or negative adjustment for that agency for the fiscal year in question. This “retroactive” adjustment results in additional allocations for agencies if an under-collection occurred, and reduced allocations for agencies when an over-collection occurred. Please refer to the Appendix for a detailed description of budget-to-actual true-ups by service.

**2012-13 Base Common Policy  
Total Recoverable Costs**

<b>Description</b>	<b>Appr Amt</b>
COMMUNICATIONS LOCAL SYST DEVE	\$121,000
ADMINISTRATION-PERSONAL SVCS	\$444,303
CUSTOMER SERVICES - PERS SVCS	\$840,574
COMPUTING PERSONAL SERVICES	\$44,424,962
TMU - PERSONAL SERVICES	\$2,886,684
ADMINISTRATION-OPERATING	\$6,450
CUSTOMER SERVICES - OPERATING	\$14,625
COMPUTING OPERATING EXPENSE	\$6,261,199
TMU - OPERATING EXP	\$364,371
Estimated COMPUTING INDIRECT COSTS	\$1,096,776
COMPUTING-L/P CENT PROCESSING	\$336,034
NETWORK PERSONAL SERVICES	\$7,590,673
ORDER BILLING - PERS SVCS	\$620,946
NETWORK OPERATING EXPENSE	\$16,200,371
ORDER BILLING - OPERATING	\$10,750
Estimated NETWORK INDIRECT COSTS	\$267,245
NETWORK TOLL FREE PHONE ACCESS	\$25,000

<b>Description</b>	<b>Appr Amt</b>
COMMUNICATIONS-PERSONAL SVC	\$3,637,208
COMMUNICATIONS-OPERATING	\$183,231
Estimated COMMUNICATIONS INDIRECT COST	\$715,020
Estimated LEGAL SERVICES	\$2,932
VEHICLE LEASE PAYMENTS	\$116,449
Estimated CAPITOL COMPLEX LEASED SPACE	\$198,380
COMMUNICIONS - TRAINING	\$22,000
COMMUNICATIONS - UTILITIES	\$165,002
STATEWIDE INFO TECH MGT-PROGRM	\$5,233,061
M&A COST ASSESSMENT	\$12,373
Estimated LEASED SPACE	\$2,090,839
PERSONAL SERVICES	\$1,127,581
OPERATING EXPENSES	\$150,268
Estimated LEGAL SERVICES	\$1,968
Estimated WORKERS COMPENSATION	\$209,170
Estimated PMTS TO RISK MGMT/PROP FUNDS	\$81,451
Estimated HLD, STD, AED, SAED	\$8,136,969
Comm Srvs - Public Safety Trust Fund (fully expended)	\$0
Comm Srvs - Medical Services Account	(\$66,151)
Comm Srvs - Local Systems	(\$218,200)
Estimated Depreciation	\$491,546
Estimated Change in Compensated Absences Balance	\$1,304,348
True Up - Comm Srvs 2009	\$1
True Up - Comm Srvs 2010	\$1
True Up - Comm Srvs 2011	\$162,779
True Up - GGCC 2011	\$1,031,878
True Up - Network 2009	(\$170,776)
True Up - Network 2010	(\$157,106)
True Up - Network 2011	\$857,003
True Up - OIT Admin 2009	(\$500,085)
True Up - OIT Admin 2010	(\$22,460)
True Up - OIT Admin 2011	\$84,605
<b>Total Recoverable Costs</b>	<b>\$106,393,248</b>

Recoverable costs and statewide allocations have increased in total for FY 2012-13 by approximately \$3.3 million. The major components of the increase are generally as follows:

- Budget to actual true-ups across the four common policies totals approximately \$1.2 million across all departments and common policies.
- Second, approximately \$1.3 million is the calculation of the estimated change in compensated absences.
- Third, approximately \$800,000 of the increase is due to the continued phase in of the transfer of e-Fort costs from the Department of State to OIT pursuant to SB 10-148.

### **COST ALLOCATION TO DEPARTMENTS**

Each OIT service has defined criteria by which it is divided in order to create the rate and then allocate the recoverable costs to departments. This criteria has both a historical and forecasted element. The starting point for all utilization is the most recent actual fiscal period completed (example: for FY 12-13, the historical basis for the utilization is FY 10-11). To this historical base, known or anticipated changes in agency utilization are adjusted and notated.

In most cases, costs are “pushed” down to the lowest level of service pool possible. If the cost supports multiple services that cost is allocated across services based on the relative percentage each service comprises of the total services getting allocated to (i.e., weighted average). For each operating expenditure, OIT financial staff code/allocate the expenditure into the respective service pool as they are completing payment transactions.

OIT annually calculates statewide allocations for four information technology operating common policies and the resulting allocations are included by all departments in the Executive Budget Request.

## 2012-13 Base Common Policy

### Total Dept Allocations by Common Policy

DEPT NAME	Comm Srvs	GGCC	Network	OIT Admin	Total
AGRICULTURE	13,815	635,437	196,283	17,160	<b>862,695</b>
CORRECTIONS	1,964,120	5,892,726	2,903,075	430,870	<b>11,190,791</b>
EDUCATION		193,548	97,664	(0)	<b>291,212</b>
GOVERNOR'S OFFICE		2,111,753	153,693	(36,473)	<b>2,228,973</b>
HEALTH CARE POLICY AND FINANCE		1,021,717	231,333	(335,138)	<b>917,912</b>
HIGHER ED	672	189,662	(179)	63,334	<b>253,489</b>
HIGHER ED (unappropriated)	120,234	532,417	23,327		<b>675,979</b>
HUMAN SERVICES	204,129	17,857,126	2,335,491	425,448	<b>20,822,194</b>
JUDICIAL	27,315	768,375	543,368		<b>1,339,058</b>
LABOR AND EMPLOYMENT	(981)	7,817,266	703,005	455,316	<b>8,974,607</b>
LAW	11,726	109,715	0	0	<b>121,441</b>
LEGISLATURE		56,143	0		<b>56,143</b>
LOCAL AFFAIRS	38,375	823,636	49,990	7,099	<b>919,100</b>
MILITARY AFFAIRS	29,165	352,381	87,235	(17,813)	<b>450,967</b>
NATURAL RESOURCES	1,148,157	5,324,088	2,145,800	280,608	<b>8,898,654</b>
PERSONNEL	1,676	129,921	396,464	34,626	<b>562,687</b>
PUBLIC HEALTH	31,235	5,557,586	606,614	428,848	<b>6,624,283</b>
PUBLIC SAFETY	720,298	2,554,137	1,874,082	252,030	<b>5,400,547</b>
REGULATORY AGENCIES		1,818,880	328,794	131,988	<b>2,279,662</b>
REVENUE	86,456	10,145,977	4,075,520	539,213	<b>14,847,166</b>
STATE		104,822	(669,394)	0	<b>(564,573)</b>
TRANSPORTATION	1,435,886	5,756,803	1,643,631	215,046	<b>9,051,366</b>
TREASURER		10,884	1,084	0	<b>11,968</b>
Non-Common Policy Services*		(6,162)	9,534,757	648,333	<b>10,176,927</b>
	<b>5,832,279</b>	<b>69,758,837</b>	<b>27,261,637</b>	<b>3,540,494</b>	<b>106,393,248</b>

\*Real-time billed services, including Telecom and Enterprise Project Management, as well as CSN billed to non-state agencies

## **REQUESTED POLICY ADJUSTMENT - COMBINE ALL IT COMMON POLICIES**

As part of this submission of FY 2012-13 IT Common Policies, the Executive Branch recommends the combination of the discrete IT Common Policies into one aggregated IT Common Policy; Purchase of Services from OIT. This is a budget neutral adjustment that reduces administrative burden and provides additional budget flexibility without negative impacts to current and future government transparency initiatives and objectives.

OIT has received consistent positive feedback from multiple stakeholders on this topic, including State department budget and fiscal officers. All parties have agreed that this is a beneficial solution that in no way hinders the ability of departments to allocate IT Common Policies to their respective programs and funding sources if common policy allocations are calculated and true-up at the individual service level (i.e. mainframe, server hosting, email, storage, multi-use network payments, etc.).

Given OIT's ability to isolate costs and allocations at the service level, continuing to appropriate to the four discrete common policies is no longer necessary or valuable, while the recommended change actually reduces administrative burden for departments. In order to implement this recommendation the four separate allocations presented in the Appendix should be combined by Department and appropriated in a single line item as identified above.

## **FY 2012-13 DEPARTMENT FUNDING REQUESTS**

The series of tables below identifies the FY 2012-13 allocations for all current common policies by department, includes fund splits for the incremental FY 2012-13 changes (as presented in the Executive Budget Request for each department), and a general description of year over year changes in total statewide allocations.

In addition to the tables below, refer to Exhibit A, which includes a summary of prior year budget-to-actual true-ups by common policy (note that the total FY 2012-13 allocations include the true-ups, but they are presented at Exhibit A for reference).

**FY 2012-13 SUMMARY FOR PURCHASE OF SERVICES FROM COMPUTER CENTER**

Department	FY 2012-13 Request	Total Base Adj.	GF	CF	HUTF	RF	FF
Agriculture	635,437	114,946	84,541	30,405	0	0	0
Corrections	5,892,726	498,652	498,652	0	0	0	0
Education	193,548	49,294	49,294	0	0	0	0
Governor's Office	2,111,753	2,111,753	1,313,552	0	0	798,201	0
HCPF	1,021,717	185,874	94,605	0	0	0	91,269
Higher Education <sup>1</sup>	189,662	82,522	0	71,640	0	10,882	0
Human Services	17,857,126	3,613,098	1,846,899	45,431	0	64,587	1,656,181
Judicial *	768,375	257,838	257,838	0	0	0	0
Labor and Employment	7,817,266	1,169,616	0	231,080	0	0	938,536
Law *	109,715	36,527	0	0	0	36,527	0
Legislature *	56,143	4,075	4,075	0	0	0	0
Local Affairs	823,636	56,822	16,876	0	0	13,061	26,885
Military Affairs	352,381	173,571	173,571	0	0	0	0
Natural Resources	5,324,088	-87,520	656,386	194,551	0	-1,042,305	103,848
Personnel and Administration	129,921	-2,501,226	-568,478	-288,473	0	-1,644,275	0
Public Health	5,557,586	51,294	21,207	331,682	0	359,906	-661,501
Public Safety	2,554,137	-73,931	-222,918	-8,203	163,566	-6,376	0
Regulatory Agencies	1,818,880	123,758	4,310	119,448	0	0	0
Revenue	\$10,145,977	\$999,941	\$679,276	\$249,652	\$30,568	\$40,445	\$0
State *	104,822	103,182	0	103,182	0	0	0
Transportation <sup>2</sup>	5,756,803	-729,926	0	-729,926	0	0	0
Treasury *	10,884	-121,178	-121,178	0	0	0	0
<b>TOTAL</b>	<b>\$69,232,583</b>	<b>\$6,118,982</b>	<b>\$4,788,508</b>	<b>\$350,469</b>	<b>\$194,134</b>	<b>(\$1,369,347)</b>	<b>\$2,155,218</b>

\* Non-Executive branches that do not submit budget proposals to the Governor's Office.

Fund Splits have been estimated based on the FY 2010-11 Long Bill.

<sup>1</sup> - in addition to this amount, Higher Education's allocation includes \$532,417 of non-appropriated funds.

<sup>2</sup> -Total allocation for Department of Transportation is from non-appropriated funds. Fund splits are estimated.

General components of year over year change	
Compensated balances annual change	\$ 970,000
E-FORT out year annualization per SB 10-148	\$ 800,026
Management & Administration re-distribution	\$ 3,100,000
FY 11 Budget to actual True-up	\$ 1,031,878

**FY 2012-13 SUMMARY FOR MULTIUSE NETWORK PAYMENTS**

Department	FY 2012-13 Request	Total Base Adj.	GF	CF	HUTF	RF	FF
Agriculture	196,283	13,592	5,312	8,280	0	0	0
Corrections	2,903,075	599,998	581,889	18,109	0	0	0
Education	97,664	69,266	69,266	0	0	0	0
Governor's Office	153,693	108,694	-30,411	0	0	139,105	0
HCPF	231,333	3,433	1,717	0	0	0	1,716
Higher Education <sup>1</sup>	0	-74,792	0	-74,792	0	0	0
Human Services	2,335,491	-757,565	-498,257	-6,552	0	-66,282	-186,474
Judicial *	543,368	130,867	130,867	0	0	0	0
Labor and Employment	703,005	-218,057	0	-104,667	0	0	-113,390
Law *	0	0	0	0	0	0	0
Legislature *	0	0	0	0	0	0	0
Local Affairs	49,990	-132,623	0	0	0	0	-132,623
Military Affairs	87,235	27,329	27,329	0	0	0	0
Natural Resources	2,145,800	-40,440	184,929	141,190	0	-273,659	-92,900
Personnel and Administration	396,464	217,537	108,592	34,187	0	74,758	0
Public Health	606,614	-80,969	-10,613	-1,014	0	26,301	-95,643
Public Safety	1,874,082	189,604	767,852	-53,864	14,651	-539,035	0
Regulatory Agencies	328,794	178,969	6,353	172,616	0	0	0
Revenue	\$4,075,520	\$977,323	\$646,708	\$291,877	\$34,153	\$4,585	\$0
State *	0	-66,234	0	-66,234	0	0	0
Transportation <sup>2</sup>	1,643,631	-451,145	0	-451,145	0	0	0
Treasury *	1,084	1,084	1,084	0	0	0	0
<b>TOTAL</b>	<b>\$18,373,126</b>	<b>\$695,871</b>	<b>\$1,992,617</b>	<b>(\$92,009)</b>	<b>\$48,804</b>	<b>(\$634,227)</b>	<b>(\$619,314)</b>

\* Non-Executive branches do not submit budget proposals to the Governor's Office. Fund Splits estimated based on the FY 2010-11 Long Bill.

<sup>1</sup> - in addition to this amount, Higher Education's allocation includes \$23,327 of non-appropriated funds.

<sup>2</sup> - Total allocation for Department of Transportation is from non-appropriated funds. Fund splits are estimated.

General components of year over year change	
Compensated balances annual change	\$ 160,000
Depreciation adjustment	\$ (50,000)
Management & Administration re-distribution	\$ 900,000
FY 09 Budget to actual True up	\$ (170,776)
FY 10 Budget to actual True-up	\$ (157,106)
fy 11 Budget to actual True up	\$ 857,003
Incr in Telecomm & Direct Billings/Reduction in MNT	\$ (750,000)

**FY 2012-13 SUMMARY FOR MANAGEMENT AND ADMINISTRATION OF OIT**

Department	FY 2012-13 Request	Total Base Adj.	GF	CF	HUTF	RF	FF
Agriculture	17,160	-117,696	-91,111	-26,585	0	0	0
Corrections	430,870	-8,450	-8,450	0	0	0	0
Education	0	0	0	0	0	0	0
Governor's Office	0	-84,524	-71,195	-3,704	0	-4,306	-5,319
HCPF	0	-631,234	-315,617	0	0	0	-315,617
Higher Education	63,334	-34,942	0	-34,942	0	0	0
Human Services	425,448	-1,234,761	-939,342	-19,657	0	-100,008	-175,754
Judicial *	0	0	0	0	0	0	0
Labor and Employment	455,316	16,198	0	9,971	0	0	6,227
Law *	0	0	0	0	0	0	0
Legislature *	0	0	0	0	0	0	0
Local Affairs	7,099	-66,684	-860	0	0	-55,637	-10,187
Military Affairs	0	-60,776	-60,776	0	0	0	0
Natural Resources	280,608	-269,305	38,225	-121,631	0	-184,934	-965
Personnel and Administration	34,626	-58,270	-15,618	-5,065	0	-37,587	0
Public Health	428,848	-205,671	0	0	0	-4,814	-200,857
Public Safety	252,030	-146,256	0	0	-114,532	-31,724	0
Regulatory Agencies	131,988	-146,691	-5,245	-141,446	0	0	0
Revenue	\$539,213	(\$508,260)	(\$420,353)	(\$62,002)	(\$11,151)	(\$14,754)	\$0
State *	0	0	0	0	0	0	0
Transportation <sup>1</sup>	215,046	-725,209	0	-725,209	0	0	0
Treasury *	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>\$3,281,586</b>	<b>(\$4,282,531)</b>	<b>(\$1,890,342)</b>	<b>(\$1,130,270)</b>	<b>(\$125,683)</b>	<b>(\$433,764)</b>	<b>(\$702,472)</b>

\* Non-Executive branches that do not submit budget proposals to the Governor's Office. Fund Splits estimated based on the FY 2010-11 Long Bill

<sup>1</sup> The Department of Transportation allocation includes a \$234,741 reduction in appropriated funds & a \$490,468 reduction in non-appropriated funds. Fund splits are estimated.

General components of year over year change	
Compensated balances annual change	\$ 61,000
Management & Administration re-distribution	\$ (4,400,000)
FY 09 Budget-to-actual True up	\$ (500,085)
FY 10 Budget-to-actual True up	\$ (22,460)
FY 11 Budget-to-actual True up	\$ 84,605



**FY 2012-13 SUMMARY FOR COMMUNICATION SERVICES PAYMENTS**

Department	FY 2012-13 Request	Total Base Adj.	GF	CF	HUTF	RF	FF
Agriculture	13,815	-727	-5,829	5,102	0	0	0
Corrections	1,964,120	227,603	227,603	0	0	0	0
Education	0	0	0	0	0	0	0
Governor's Office	0	0	0	0	0	0	0
HCPF	0	0	0	0	0	0	0
Higher Education	0	0	0	0	0	0	0
Human Services	204,129	3,110	2,666	0	0	444	0
Judicial *	27,315	15,154	15,154	0	0	0	0
Labor and Employment	0	-1,200	0	-382	0	0	-818
Law *	11,726	3,361	1,214	899	0	454	794
Legislature *	0	0	0	0	0	0	0
Local Affairs	38,375	10,011	2,562	0	0	0	7,449
Military Affairs	29,165	16,164	16,164	0	0	0	0
Natural Resources	1,148,157	87,586	0	87,586	0	0	0
Personnel and Administration	1,676	787	-51	0	0	838	0
Public Health	31,235	24,337	0	0	0	24,337	0
Public Safety	720,298	56,072	0	1,798	61,032	-5,164	-1,594
Regulatory Agencies	0	0	0	0	0	0	0
Revenue	\$86,456	\$15,955	\$2,645	\$11,483	\$1,827	\$0	\$0
State *	0	0	0	0	0	0	0
Transportation	1,435,886	374,715	0	374,715	0	0	0
Treasury *	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>\$5,712,353</b>	<b>\$832,928</b>	<b>\$262,128</b>	<b>\$481,201</b>	<b>\$62,859</b>	<b>\$20,909</b>	<b>\$5,831</b>

\* Non-Executive branches that do not submit budget proposals to the Governor's Office. Fund Splits estimated based on the FY 2010-11 Long Bill.

<sup>1</sup> - in addition to this amount, Higher Education's allocation includes \$120,234 of non-appropriated funds.

<sup>2</sup> -Total allocation for Department of Transportation is from non-appropriated funds. Fund splits are estimated.

General components of year over year change	
Compensated balances annual change	\$ 25,000
Backfill of Public Safety Trust Fund	\$ 163,979
Management & Administration re-distribution	\$ 286,000
FY 09 Budget-to-actual True up	\$ 1
FY 10 Budget-to-actual True up	\$ 1
FY 11 Budget-to-actual True up	\$ 162,779
Operating appropriation increase	\$ 48,600

**APPENDIX**

*Budget-to-Actual True-Ups*

**Governor's Office of Information Technology  
2010-11 Common Policy True Up**

**GGCC**

<b>DEPT NAME</b>	<b>True Up Allocation</b>	<b>Revenue Collected</b>	<b>Over/(Under)</b>
AGRICULTURE	363,905	412,809	<b>(48,904)</b>
CORRECTIONS	4,149,527	4,087,980	<b>61,547</b>
EDUCATION	69,219	44,880	<b>24,339</b>
GOVERNOR'S OFFICE	1,218,378	157,925	<b>1,060,453</b>
HEALTH CARE POLICY AND FINANCE	601,221	352,754	<b>248,467</b>
HIGHER ED	113,340	191,340	<b>(78,000)</b>
HIGHER ED (unappropriated)	81,863	(214)	<b>82,076</b>
HUMAN SERVICES	13,613,624	12,528,434	<b>1,085,190</b>
JUDICIAL	378,437	262,883	<b>115,554</b>
LABOR AND EMPLOYMENT	6,381,254	5,748,346	<b>632,909</b>
LAW	54,714	34,989	<b>19,725</b>
LEGISLATURE	44,367	57,632	<b>(13,265)</b>
LOCAL AFFAIRS	665,519	641,138	<b>24,381</b>
MILITARY AFFAIRS	156,354	134,035	<b>22,319</b>
NATURAL RESOURCES	4,631,497	4,834,692	<b>(203,195)</b>
PERSONNEL	3,366,851	4,993,722	<b>(1,626,871)</b>
PUBLIC HEALTH	4,858,261	5,063,647	<b>(205,385)</b>
PUBLIC SAFETY	1,744,229	1,797,927	<b>(53,698)</b>
REGULATORY AGENCIES	1,493,355	1,527,554	<b>(34,199)</b>
REVENUE	9,656,972	9,742,226	<b>(85,254)</b>
STATE	106,281	75,943	<b>30,338</b>
TRANSPORTATION	5,846,359	5,821,700	<b>24,659</b>
TREASURER	54,370	99,515	<b>(45,145)</b>
Non-Common Policy Services*		6,162	<b>(6,162)</b>
	<b>59,649,897</b>	<b>58,618,019</b>	<b>1,031,878</b>

**Governor's Office of Information Technology**

**2010-11 Common Policy True Up**

**Network**

<b>DEPT NAME</b>	<b>True Up Allocation</b>	<b>Revenue Collected</b>	<b>Over/(Under)</b>
AGRICULTURE	180,644	140,790	<b>39,853</b>
CORRECTIONS	2,254,483	2,240,058	<b>14,425</b>
EDUCATION	45,596	0	<b>45,596</b>
GOVERNOR'S OFFICE	30,207	55,734	<b>(25,527)</b>
HEALTH CARE POLICY AND FINANCE	160,405	160,411	<b>(6)</b>
HIGHER ED	21,573	29,196	<b>(7,623)</b>
HIGHER ED (unappropriated)	12,575		<b>12,575</b>
HUMAN SERVICES	3,095,750	2,837,353	<b>258,396</b>
JUDICIAL	443,684	270,664	<b>173,020</b>
LABOR AND EMPLOYMENT	777,626	822,826	<b>(45,200)</b>
LOCAL AFFAIRS	172,875	113,849	<b>59,026</b>
MILITARY AFFAIRS	46,338	23,160	<b>23,178</b>
NATURAL RESOURCES	2,110,037	1,951,511	<b>158,527</b>
PERSONNEL	179,232	157,073	<b>22,158</b>
PUBLIC HEALTH	565,247	578,446	<b>(13,199)</b>
PUBLIC SAFETY	1,685,932	1,215,024	<b>470,908</b>
REGULATORY AGENCIES	133,168	92,860	<b>40,308</b>
REVENUE	3,361,361	3,452,765	<b>(91,404)</b>
STATE	49,550	318,188	<b>(268,638)</b>
TRANSPORTATION	1,795,408	1,804,777	<b>(9,369)</b>
	<b>17,121,689</b>	<b>16,264,686</b>	<b>857,003</b>

**Common Policy True Up**

**FY09 and FY10**

**Network**

<b>DEPT NAME</b>	<b>FY09 Over/(Under)</b>	<b>FY10 Over/(Under)</b>
CORRECTIONS	152,871	154,597
EDUCATION	(5,869)	(5,832)
GOVERNOR'S OFFICE	52,201	52,334
HUMAN SERVICES	(389,738)	(387,394)
JUDICIAL	(4,720)	(4,312)
LABOR AND EMPLOYMENT	(4,904)	(4,817)
LOCAL AFFAIRS	(45,224)	(45,196)
MILITARY AFFAIRS	9,084	9,084
NATURAL RESOURCES	6,210	7,528
PERSONNEL	94,359	94,560
PUBLIC HEALTH	(4,154)	(4,082)
PUBLIC SAFETY	(17,686)	(16,224)
REVENUE	358,955	362,705
STATE	(224,414)	(223,987)
TRANSPORTATION	(147,747)	(146,070)
	<b>(170,776)</b>	<b>(157,106)</b>

**Governor's Office of Information Technology  
2010-11 Common Policy True Up**

**Communication Services**

<b>DEPT NAME</b>	<b>True Up Allocation</b>	<b>Revenue Collected</b>	<b>Over/(Under)</b>
AGRICULTURE	13,719	13,550	<b>169</b>
CORRECTIONS	1,703,342	1,624,537	<b>78,805</b>
HIGHER ED (unappropriated)	95,209	87,780	<b>7,429</b>
HUMAN SERVICES	155,024	187,760	<b>(32,736)</b>
JUDICIAL	15,914	11,377	<b>4,537</b>
LABOR AND EMPLOYMENT	274	1,110	<b>(836)</b>
LAW	7,683	7,744	<b>(61)</b>
LOCAL AFFAIRS	29,907	26,314	<b>3,593</b>
MILITARY AFFAIRS	17,011	12,163	<b>4,849</b>
NATURAL RESOURCES	997,091	981,206	<b>15,885</b>
PERSONNEL	1,098	832	<b>266</b>
PUBLIC HEALTH	14,268	6,382	<b>7,886</b>
PUBLIC SAFETY	628,052	614,520	<b>13,532</b>
REVENUE	68,320	65,346	<b>2,974</b>
TRANSPORTATION	1,038,248	981,761	<b>56,487</b>
	<b>4,785,160</b>	<b>4,622,382</b>	<b>162,779</b>

**Governor's Office of Information Technology**

**FY 09 & FY 10 Common Policy True Up**

**Communication Services**

<b>DEPT NAME</b>	<b>FY09 Over/(Under)</b>	<b>FY10 Over/(Under)</b>
AGRICULTURE	(1,261)	(1,347)
CORRECTIONS	(68,575)	(64,243)
HIGHER ED (unappropriated)	396	276
HUMAN SERVICES	23,593	29,599
JUDICIAL	374	3,549
LABOR AND EMPLOYMENT	(78)	(392)
LAW	1,518	1,167
LOCAL AFFAIRS	(1,576)	923
MILITARY AFFAIRS	907	3,254
NATURAL RESOURCES	(10,684)	(38,406)
PERSONNEL	(58)	168
PUBLIC HEALTH	(453)	6,898
PUBLIC SAFETY	(17,707)	(19,649)
REVENUE	1,558	977
TRANSPORTATION	72,047	77,227
	<b>1</b>	<b>1</b>

**Governor's Office of Information Technology  
2010-11 Common Policy True Up**

**OIT Mgmt & Admin**

<b>DEPT NAME</b>	<b>True Up Allocation</b>	<b>Revenue Collected</b>	<b>Over/(Under)</b>
AGRICULTURE	150,924	146,246	<b>4,678</b>
CORRECTIONS	1,179,918	1,103,127	<b>76,791</b>
EDUCATION	500,000	500,000	<b>(0)</b>
GOVERNOR'S OFFICE	221,969	229,459	<b>(7,490)</b>
HEALTH CARE POLICY AND FINANCE	513,338	561,419	<b>(48,081)</b>
HIGHER ED	69,487	62,121	<b>7,366</b>
HUMAN SERVICES	2,155,598	2,139,148	<b>16,451</b>
LABOR AND EMPLOYMENT	632,555	664,778	<b>(32,223)</b>
LAW	40,828	40,828	<b>(0)</b>
LOCAL AFFAIRS	90,847	75,672	<b>15,175</b>
MILITARY AFFAIRS	59,777	60,316	<b>(539)</b>
NATURAL RESOURCES	616,178	606,870	<b>9,307</b>
PERSONNEL	103,488	90,717	<b>12,771</b>
PUBLIC HEALTH	817,245	732,371	<b>84,874</b>
PUBLIC SAFETY	537,288	522,859	<b>14,429</b>
REGULATORY AGENCIES	157,123	138,966	<b>18,157</b>
REVENUE	972,379	1,078,767	<b>(106,389)</b>
STATE	44,493	44,493	<b>(0)</b>
TRANSPORTATION	1,042,661	1,023,333	<b>19,328</b>
	<b>9,906,097</b>	<b>9,821,491</b>	<b>84,605</b>

**Common Policy True Up**

**FY09 and FY10**

**OIT Mgmt & Admin**

<b>DEPT NAME</b>	<b>FY09 Over/(Under)</b>	<b>FY10 Over/(Under)</b>
AGRICULTURE	5,077	7,405
CORRECTIONS	33,630	40,560
GOVERNOR'S OFFICE	(34,713)	(31,599)
HEALTH CARE POLICY AND FINANCE	(218,329)	(73,413)
HUMAN SERVICES	(141,747)	(55,127)
LABOR AND EMPLOYMENT	56,850	100,022
LOCAL AFFAIRS	(21,950)	8,292
MILITARY AFFAIRS	(8,602)	(8,672)
NATURAL RESOURCES	(30,556)	(1,798)
PERSONNEL	9,552	12,303
PUBLIC HEALTH	22,559	43,925
PUBLIC SAFETY	(39,244)	(3,045)
REGULATORY AGENCIES	5,590	14,945
REVENUE	(22,547)	78,851
TRANSPORTATION	(115,655)	(155,109)
	<b>(500,085)</b>	<b>(22,460)</b>