

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0405

Date: April 5, 2013

Prime Sponsor(s): Sen. Giron
Rep. Duran

Bill Status: Senate Judiciary

Fiscal Analyst: Jonathan Senft (303-866-3523)

TITLE: CONCERNING EMPLOYMENT CONDITIONS FOR CORRECTIONAL OFFICERS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures General Fund	at least \$19,258,542	\$2,740,432
FTE Position Change	1.9 FTE	1.9 FTE
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill creates several labor-related requirements for the Department of Corrections (DOC). Specifically, this bill requires the DOC to:

- establish a 7-to-14 day work period, and that overtime pay be calculated at the same rate as 85 hours of work over a 14 day period or equivalent;
- implement time-and-a-half pay for correctional officers who work shifts exceeding 12 hours within a 24-hour period;
- establish a bi-weekly payment schedule for all covered DOC employees;
- provide all DOC employees with a pay stub that includes hours worked, rate of pay, overtime, paid leave, and compensatory time balances; and
- establish regulations to create greater flexibility in staffing, such as shift substitution, and voluntary overtime lists.

The DOC is also required to create an employee-verifiable timekeeping and payroll system, as well as to establish procedures for how certified employees may be demoted as a result of lack of service, lack of work, lack of funds, or reorganization. The DOC is required to report to the General Assembly on January 15, 2014 regarding staffing levels at its facilities. This bill applies only to DOC employees, and does not apply to employees working for other departments who may have matching job classifications.

State Expenditures

This bill increases state expenditures by at least \$19,258,542 and 1.9 FTE for FY 2013-14, and \$2,740,432 and 1.9 FTE for FY 2014-15, within the DOC. These expenditures are explained below and itemized in Table 1.

Department of Corrections. This bill requires the DOC to alter several personnel practices. The DOC currently uses a 28-day pay period, and allows overtime between 160 and 171 hours worked in such a period. This bill removes this overtime parameter, and requires that overtime is paid to employees after 85 hours in a 14 day period, or at the same rate for a shorter period. Based on historical use of overtime under current policy, the revised period for calculating overtime will increase costs by an estimated \$184,835.

In addition, this bill requires that overtime is paid when DOC officers work 12 or more hours within a 24-hour period. Based on the number of shifts that were in excess of 12 hours in CY 2012, the cost for this change is estimated at \$2,476,989. It should be noted that this bill may cause staffing changes that reduce this cost.

This bill also requires that DOC officers be paid bi-weekly, as opposed to the current 28-day schedule. House Bill 12-1246 eliminated the pay date shift for employees paid on a bi-weekly basis, but not for employees paid monthly. By shifting to a bi-weekly pay period, the DOC will be required to have an extra pay period in FY 2013-14 to undo the pay date shift for these employees at a one-time impact of \$16,519,878.

The administration of payroll systems on a bi-weekly basis is more labor intensive because it requires the issuance of paychecks more frequently, involving increased workload to tally overtime and time off, enter data into payroll systems, process paychecks, and resolve disputes. In FY 2013-14, it is estimated that the DOC requires \$76,840 and 1.9 FTE to accommodate this increased frequency. In FY 2014-15, \$78,608 and 1.9 FTE is required.

Department of Personnel and Administration (DPA). Costs may be incurred within the State Personnel Board from additional cases being heard as result of provisions in this bill. Case filings are dependent on myriad factors, therefore the specific caseload increase is not estimated. Any significant in State Personnel Board caseload can be absorbed within existing appropriations or handled within the budgeting process.

Governor's Office of Information Technology. This bill requires the creation of a new payment system. One-time costs associated with establishing this system have not been estimated pending additional information from OIT, although initial estimates range between \$2-3 million. However, current fiscal rules within DPA prohibit a separate payroll system from being used in order to avoid the cost of maintaining different systems. In the event a separate payroll system is established, an interface with the current payroll system (COFRS) is required for DPA. The estimated cost of programming this interface is \$80,000. This fiscal note does not include this cost because it is unknown whether this would be included in the cost of creating the full system.

Table 1. Expenditures Under SB13-210		
Cost Components	FY 2013-14	FY 2014-15
Overtime Payments From New Overtime Threshold	\$184,835	\$184,835
Overtime Payments From Time-and-a-half Provision	2,476,989	2,476,989
Pay Date Shift	16,519,878	0
Personal Services (DOC)	71,187	77,658
FTE	1.9	1.9
Operating Expenses and Capital Outlay	5,653	950
TOTAL	\$19,258,542	\$2,740,432

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under SB13-210*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$12,718	\$12,718
Supplemental Employee Retirement Payments	4,767	5,393
TOTAL	\$17,485	\$18,111

**More information is available at: <http://colorado.gov/fiscalnotes>*

State Appropriations

For FY 2013-14, the Department of Corrections requires a General Fund appropriation of \$19,258,542 and 1.9 FTE.

Departments Contacted

Corrections
Human Services
Personnel

Governor's Office of Information Technology
Labor