Stateline

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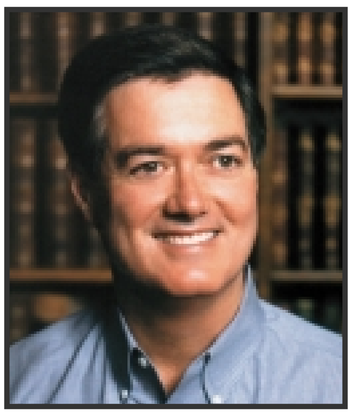

Colorado Enjoyed a Productive Legislative Session

By Governor Bill Owens

May saw the end of the 2004 Legislative Session. I am happy to report success on a number of key issues.

On the November ballot will be a measure to reform Colorado's antiquated personnel system, a high priority for me since I took office. This reform has been well over a half-century in coming. Government must keep pace with changing times. Nowhere was this more evident than in Colorado's civil service system.

Under the old rules, which were established in 1918 and have remained largely unchanged, it sometimes took six months to fill a state job. Those rules also often protected the jobs of employees who performed poorly, therefore placing an extra burden on the vast majority of state employees who perform their jobs well. I greatly appreciate the bi-partisan support these changes found in the State Legislature.

The Legislature also passed and I signed into law landmark legislation related to higher education. With the creation of the College Opportunity Fund, Colorado became the first state in the nation to send students to college with vouchers. Beginning in the fall of 2005, every graduating Colorado high-school student who decides to pursue the dream of higher education will have a stipend, just waiting to be used as a down-payment on that dream.

It is our boldest step yet in making higher education a reality for all Coloradans. We are changing how public higher education is funded, and we're doing it in a way that empowers students and strengthens our great colleges and universities.

I'm also proud to announce another higher-education bill I signed into law: the National Guard Tuition Bill, which offers up to $650,000 in tuition assistance for the Guard. That is a marked increase from previous years. These extra funds will be invaluable to the effort to recruit and retain more Coloradans for the National Guard, paying for about 85 percent of each individual's college tuition. The Guard has carried a heavy burden in recent years and we're proud to offer enlistees more help in paying for their tuition. The great men and women of the Guard have shown dedication, honor, and citizenship.

I hope that you and your families have a safe and enjoyable Colorado summer.

Colorado Wine Industry Continues Growth

By Philip Drozda
Communications Intern, DPA

When most people hear "Colorado agriculture," they may not think of wine. They may think of wheat, or cattle, but probably don't picture acres of vineyards and orchards stretching across Colorado. Nevertheless, Colorado's "best kept agricultural secret" is thriving and shows no signs of slowing down. While mostly composed of small, family-owned enterprises, Colorado's wine industry has been expanding both in size and in name recognition for the past several years.

After several years of drought Colorado's vineyards are rebounding with an increase in production and sales. The wine industry has blossomed, and wine production is now the fastest growing agricultural industry in the state. Doug Caskey, the executive director of the Colorado Wine Industry Development Board, said "we are witnessing the maturation of Colorado's wine industry. Today there are more wineries in Colorado producing more premium-quality wines than ever before."

The Colorado Wine Industry Development Board operates under the authority of the Department of Agriculture and promotes the development and expansion of the wine industry. The Board itself receives its funding from a fee on winemaking produce and on all wine sold in the state. Last year Colorado produced 506,214 liters of wine, which translates into about $6.75 million in retail sales. Currently there are 49 wineries in all of Colorado and well over 400 acres of land devoted to vineyards and orchards for winemaking.

The history of Colorado wine dates back a century, but Prohibition halted production in the 1920s. The industry took decades to recover, with most Colorado vineyards planted only within the past 15 years. Colorado wine has a unique taste brought on by Colorado's distinctive climate and high elevation. Wineries are located all over the state, including the Front Range and Southern Rockies, but most vineyards are found in Mesa and Delta counties on the Western Slope. Colorado vineyards are some of the highest vineyards in the world. This high elevation, anywhere from 4000 to 7000 feet above sea level, creates hot days, cool nights, and low humidity during prime grape growing season. This climate is highly conducive to winemaking, but also presents challenges. Aside from the threat of drought, the most daunting challenge is that the frost-free growing season averages only 150 to 182 days.

Colorado wineries make and market an eclectic variety of wines, many with unique regional flavors and names. They range from Chardonnays and Merlots to wines made from honey, plums, peaches, and cherries. The industry is starting to take Colorado wines seriously, as evidenced by the large number of awards that the wineries have won in the past few years. Colorado wineries have proven themselves in regional, national, and even international competition. With wine festivals, tastings, and winery tours taking place all around the state, the wine industry also makes a contribution to tourism.

For more information about upcoming events and Colorado wines, contact Doug Caskey of the Colorado Wine Industry Development Board at 720-304-3406, or visit their website at **www.coloradowine.com.**

CFMA/CIMA/CSMA Present Awards at Annual Spring Conference

The Colorado Fiscal Manager Association (CFMA), the Colorado Information Management Association (CIMA) and the Colorado State Managers Association (CSMA,) recently hosted their joint Spring Conference and presented a number of awards to outstanding state employees.

CFMA presented the Department of Personnel and Administration's Central Accounting Unit with their Outstanding Fiscal Office Award. The unit is managed by Department Controller Todd Olson, and his Deputy Brenda Berlin. Other members are Sue Brooks, DeAnn Royval, Adam Bannister and John Donnelly. State Controller Art Barnhart was named CFMA Fiscal Manager of the Year and Ruth King of the Department of Natural Resources is the CFMA 2004 Employee of the Year.

CIMA named the Department of Agriculture's John Picanso CIO of the Year Award.

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GOVERNOR'S STAR AWARDS HONOR OUTSTANDING STATE EMPLOYEES

BY JULIE POSTLETHWAIT, COMMUNICATIONS COORDINATOR, DPA

The annual Governor's State Top Achievement Recognition (STAR) Awards enjoyed a strong attendance this year as employees from across the state took the time to honor fellow employees that strive for excellence and work to make the State of Colorado a wonderful place to live and work.

This year Jeff Wells, Executive Director of the Department of Personnel & Administration and the Department of Labor and Employment served as Master of Ceremonies, Lt. Governor Jane Norton provided the keynote address. Joe Morales, Executive Director of the Department of Public Safety, led the Pledge of Allegiance.

The CDLE Appeals Section receives their award from Marva Hammonds, Executive Director of the Department of Human Services, on the far right.

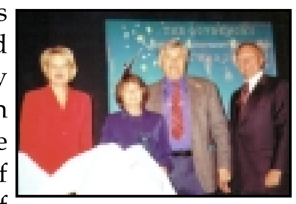
The Governor's Group Productivity Award recognizes a group of employees that have demonstrated outstanding initiative and creativity resulting in improved service to customers, greater efficiency and a cost savings to the State. This year's winner was the Appeals Section of the Department of Labor and Employment.

Leo Seeba (left) and presenter Joe Morales, Executive Director of the Department of Public Safety .

The Governor's Citizenship Award recognizes an individual or a group of in-individuals who have exhibited exemplary voluntary service to the community or acts of heroism outside the job setting. This award was presented to Leo Seeba of the Department of Military Affairs is 2004 STAR Citizen of the Year.

The Freemont Correctional Facility Employee Council.

The Rudy Livingston Service Award recognizes an employee or a group of employees providing assistance or encouragement to fellow state employees above and beyond what is expected as part of their job. The Freemont Correctional Facility Employee Council took home this award.



From left to right; Jane Norton, Donice Neal, presenter Miller Hudson and Jeff Wells.

The Governor's Outstanding Service Award recognizes exemplary performance throughout an individual career in the state system, Donice Neal of the Department of Corrections received this honor.

From left to right: Jane Norton, Stacey Stegman, presenter Mike Beasley, Executive Director of Local Affairs and Jeff Wells.

The Governor's Leadership Award recognizes a manager, supervisor or lead worker with the state, who has at least two years of experience as a manager with program responsibility, or as a supervisor or lead worker, whose primary function is supervision of more than three employees. This year two outstanding state employees received this award; Stacey Stegman of the Department of Transportation and Guy Mellor of the Department of Personnel and Administration.

From left to right: Jane Norton, Guy Mellor, presenter Mike Beasley, Executive Director of Local Affairs and Jeff Wells.

Pictured from left to right: Jane Norton, Jeff Byers and presenter Dan Hopkins, Governor Owens' Press Secretary.

This year's Employee of the Year is Jeff Byers of the Department of Revenue. The Employee of the Year Award is for an individual employee who does not function in supervisory or managerial capacities. This employee demonstrates exemplary performance, dedication to their job, and a willingness to go above and beyond the normal expectations of their job.

The finalist selection committee was made up of 2003 award winners Karen Fassler, David Harris and Terry Zamell. The award winner selection committee was made up of State Representative Angie Paccione, Director of the Office of State Planning and Budgeting Nancy McCallin and Executive Director of the Department of Natural Resources Russ George.

As usual the selection committee had its work cut-out for them while choosing this year's winners as a number of this year's nominations were in support of such an outstanding group of employees.

LEGISLATIVE WRAP-UP

BY JEFF WOODHOUSE
LEGISLATIVE LIAISON AND PIO, DPA

The end of the 2004 legislative session came in sharp contrast to the end of last year's session. In 2003, the Capitol was abuzz over the State's redistricting plan that was traveling through each of the chambers and the subsequent court decision that would interpret its validity.

This year, there was no such drama. Most of the substantive bills had either been passed or killed by the last day of the session and by the afternoon of the final day all that remained was honoring those term-limited legislators who were serving their last hours under the golden dome.

Earlier in the session, however, many bills were debated that will have a significant impact on state employees. Here are some of the highlights:

Reform of the State Civil Service System - Passed
For a more detailed analysis on the reform that was passed, please refer to this month's article "Civil Service Reform Goes to the November Ballot," on page three. Highlighted changes include: replacing employee selection's "rule of 3" with the "rule of 6", not more than .45% of the certified state workforce shall by exempt from the personnel system, temporary employees are extended from six to nine months, "bumping" rights are vested after five years of state service and contracting for traditional government services is allowed as long as certified employees do not lose pay, status or tenure.

Leave Benefits for State Employees - Failed
The area of leave management is becoming one of the most complex to administer in the state personnel system. Sick leave is the only remaining form of earned leave that has portions specified by statute, specifically the amount of sick leave earned per year, the maximum accrual, and details on the conversion of excess accrual at the end of the year. Because it is in statute, the director cannot react to market practice nor address employee needs. If this bill would have passed, the director would have been able to better address other portions of a complete sick leave program and coordinate it with other types of leave, such as the Family and Medical Leave Act (FMLA).

Decisions Regarding State Employee Health Benefits - Passed
This bill allows the State personnel director to adopt procedures to determine benefit eligibility requirements and percentage of the State contribution to health benefits for all employees who work less than full time. It also requires the inclusion of any proposed changes to the group benefits policy in the annual compensation report that is submitted to the General Assembly.

State Employee Incentive Programs – Passed
This bill was introduced to help alleviate problems associated with the fragmented incentive program that is in statute. Currently, the incentive program established in C.R.S. 24-30 Part 8 is complicated, causes unnecessary employee confusion with other statutory references and has never been successfully implemented. This new law will take out of statute the confusing language and calls for the state personnel director to make a recommendation to the legislature on how an incentive program should be structured.

Modifications to the Retirement Plans for Public Employees - Passed
Passed during the final few days of the session, this bill sets forth a new program allowing new state employees the opportunity to enroll in a defined contribution plan.

Construction of Parking Structure in the Capitol Complex - Passed
In an effort to increase parking in the Capitol Complex, this bill allows DPA the ability to issue Certificates of Participation to pay for the construction of a six-level parking structure at the corner of 14th and Lincoln across from the State Capitol. No state funds will be expended as the entire structure will be paid for solely from the revenues collected from state employees parking in the Capitol Complex.

Establishment of the State Employee Benefit Plan Year - Passed
Authorizes the state personnel director to establish the annual group benefit plan year on a calendar or fiscal year basis.

State Employees Receiving Compensation From More Than One Agency - Passed
Referred to as the "Moonlighting Bill", this legislation allows employees in the state personnel system to receive compensation from more than one department or institution of higher education to the extent permitted by rules adopted by the state personnel director.

Certain Higher Education Employees Exempt from State Personnel System - Passed
This Legislative Audit Committee bill allows for the modification of the criteria for determining which administrative employees of education institutions are exempt from the State personnel system.

Allowing Higher Education to be Exempt from Certain State Functions - Passed
Through this bill, the governing board of each institution of Higher Education will have the

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2004 Total Compensation Package

By Jeffrey Wells
Executive Director, DPA & CDLE

This past legislative session was a pretty good one for state employees. The legislature passed a state budget that provides a $47 million increase in employee compensation. When Governor Owens signed the budget, commonly called the *Long Bill,* he brought to an end an uphill battle we had been fighting since early November 2003. As you may remember, I recommended to the legislature's Joint Budget Committee (JBC) that the State provide salary increases based on the Annual Compensation Survey and for pay for performance awards, along with an increase in the amount the State contributes for group benefit plans. Working with the General Assembly and the Governor's Office of State Planning and Budgeting we were able to provide funds for each of these three areas of total compensation for the 2004-05 fiscal year budget.

Salary ranges for all nine occupational groups will be adjusted for the new fiscal year to reflect the results of the Annual Compensation Survey, and to maintain market competitive salary ranges.

The General Assembly appropriated $26.1 million to provide all employees, except those evaluated as *"needs improvement"* (Level 1), a 2% salary increase. After a year of no effective cash compensation increases, I felt it was important to provide such an increase for all employees who meet performance expectations. These funds will also be used to bring those employees that fall below their new range minimum up to their adjusted range minimum.

Additionally, $13.7 million was set aside for performance based pay increases, allowing the State to reward and encourage its high level performers. In order to provide statewide consistency in payouts and to accommodate the various department's budgets, I have provided agencies the following ranges for setting their performance salary increases:

Level 2 (Proficient)		Level 3 (Commendable)		Level 4 (Outstanding)	
Low	High	Low	High	Low	High
0.0%	1.0%	0.5%	2.0%	1.5%	5.0%

My grandmother used to tell me to look for the silver lining in problem areas. Because of budget shortfalls last year the legislature was unable to fund increases based on the annual compensation survey. However, even without funding, the pay ranges were increased based on competitive market levels as reported in the survey. The silver lining is, that virtually 100% of the workforce will now be able to accept their performance awards as a base building salary adjustment.

The Long Bill also provides $8 million to be used to increase the amount the State contributes to employee health, life and dental benefits. Below is a chart that compares the new monthly total contribution levels for health, life and dental, which will begin January 1, 2005, to current total levels. This continues the commitment of the Administration and DPA to close the gap between State contributions to employee benefits and prevailing practices in both the private and public sectors.

Tier	Calendar Year 2004	Calendar Year 2005
Employee Only	$173.92	$199.00
Employee Plus One	$250.39	$324.44
Family	$344.33	$440.97

Our State has weathered some difficult financial times these past few years and it has been the employees that have carried much of that burden. State employees face demands all the time in the form of new changes, new challenges, and new expectations. How you have responded to all the changes and ever-rising expectations is something in which the State can take a lot of pride. Thousands of Coloradoans benefit every day from your being there. This year's budget reflects our and Governor Owens' commitment to those employees that have continued to serve our state's citizens through these difficult times.

Civil Service Reform Goes to the November Ballot

By Paul Farley
Deputy Executive Director, DPA

On April 30, the Colorado House of Representatives concurred with Senate amendments to HCR 04-1005 and HB 1373, sending the proposed constitutional changes to voters this fall. The House action followed nearly six weeks of negotiations between senators, labor organizations, and the Department of Personnel & Administration (DPA). The major points of contention surrounded the number and types of additional positions that could be exempted from the personnel system, and changes to personal services contracting. The final compromise was made through the cooperative efforts of Senator Bob Hagedorn (D-Aurora) and DPA Executive Director Jeff Wells.

"The passage of this legislation marks the first time in 80 years that there will be substantive improvement to the state's personnel system. For example, by enlarging the pool of qualified job candidates from three to six, the State is in a better position to hire the best possible candidates for all state jobs," Wells said. Trying to balance concerns about overseas outsourcing against the realities of a global economy proved to be one of the more difficult points of contention. Senator Hagedorn noted that, "We (the legislature) spent long hours and worked with a number of employee organizations to ensure all concerned had an opportunity to participate in the creation of this legislation" If approved by the voters, HCR 1005 would make constitutional changes, while HB 1373 makes implementing statutory changes, as well as additional statutory improvements that can be made without a constitutional amendment. Senate sponsor Norma Anderson (R-Lakewood) praised the legislation, saying, "It is gratifying to have had a part in modernizing the system to increase government efficiency and create a system that is more user-friendly for employees and management."

The reform effort began over a year ago with the Commission on Civil Service Reform established by Governor Owens in March 2003. The Commission, co-chaired by former Governor Richard Lamm and then-DPA Executive Director Troy Eid, held public meetings and heard testimony throughout the State with employees and experts in public administration before issuing its report and recommendations in October. Executive Director Wells then invited employee organizations to join in crafting a balanced legislative package based upon the problems identified by the Commission. The Colorado Association of Public Employees (CAPE), Local 821 of the American Federation of State, County, and Municipal Employees (ASFCME Local 821), and the Association of Colorado State Patrol Professionals (ACSPP) actively participated in the discussions and negotiations, and have endorsed the reform package.

While the legislation had its origins in the Commission on Civil Service Reform, most of the bills' provisions as originally introduced were narrower than or entirely different from the Commission's recommendations. For example, while the Commission recommended that appointing authorities be able to hire any qualified applicant, the legislation calls for expanding the "rule of 3" to a "rule of 6"; grounds for discipline would *not* be removed from the Constitution, as the Commission recommended, but instead are only being revised and clarified; and rather than exempting the Senior Executive Service from the civil service and allowing the General Assembly to determine the number, the legislation provides for a constitutional limit on the number of these exemptions. Employees currently occupying positions that would be exempted would have the right to be grandfathered with the full civil service protections they enjoy now.

Perhaps the biggest changes are in the areas of retention rights ("bumping") and contracting. While the Commission recommended only allowing bumping to vacant positions, the compromise legislation rejects this in favor of having bumping rights "vest" after five years of state service – much like PERA rights currently do. This eliminates the domino effect in positions held by newer employees, but still protects and recognizes seniority and the importance of employees who have made a career of state service.

The Commission also had recommended creating a new constitutional provision regarding contracting, and then following up with statutory changes to improve the process. The compromise legislation *did not* make any constitutional changes, but instead focuses on improving the contracting process we currently have. Before any contract could be signed, it will have to meet requirements relating to both cost-effectiveness and quality, and include protections against improper delegations of critical governmental functions, as well as sanctions for poor, late, or incomplete performance by contractors. Any contracting adversely affecting any employee's pay, status, or tenure is *flatly prohibited*, and if a vacant position is eliminated in order to outsource a service, the contacting department must document and justify the decision and provide advance notice to employees. Employees disagreeing with the decision will be able to seek administrative, and ultimately, judicial review, to ensure the contract is consistent with the law. DPA will maintain a public contract database so that it will be possible, for the first time, to effectively monitor the impact that contracting has on the civil service system. The changes are detailed and interested employees are encouraged to review the specific provisions for themselves.

In a joint statement, CAPE, AFSCME Local 821, and ACSPP said that the legislation "is vastly different from the recommendations in the Civil Service Reform Commission report," and will "preserve the fundamental principles of a merit-based civil service while streamlining obsolete provisions and strengthening employee protections."

The House Business Affairs & Labor Committee amended the legislation to reduce the number of

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exempt front-office staff, and to limit the total number of exempt senior managers. The following week, the full House of Representatives further reduced the maximum number of senior manager exemptions from 1% to fi% of the certified workforce, and reduced the front-office department exemptions to two. As amended, the proposed constitutional amendment passed by a vote of 49 to 15, while the proposed statute passed by a vote of 47 to 17. The final version which was passed by the Senate was narrower still, with the total number of exemptions limited to 0.45% of the workforce, as well as providing additional contracting requirements. The Senate approved the revised resolution by a vote of 29 to 6, and the revised bill by a vote of 24 to 11.

CIVIL SERVICE REFORM AT AT GLANCE

Current Provisions	Proposed Changes
Merit principle: Colorado Constitution, Article XII, Section 13(1), "Appointments and promotions to offices and employments in the personnel system of the state shall be made according to merit and fitness,… without regard to race, creed, or color or political affiliation."	Retain in Constitution; add "sex and age" as a prohibited type of discrimination.
1. *Selection:* Requires that not only candidates be qualified, but also there be a competition and a resulting ranking of candidates with only the top three being eligible for appointment.	Replace competitive testing with comparative assessment of qualifications; replaced "rule of 3" with a "rule of 6."
2. *Residency:* Requires that all state employees reside in Colorado. Also requires that all applicants reside in Colorado unless granted a waiver by the State Personnel Board.	Eliminate requirement for applicants; keep requirement for employees but allow General Assembly to make exceptions. Add U.S. residency requirement as well for employees.
3. *Exemptions*: Department heads, members of boards and commissions, staff of the Governor and Lt. Governor, assistant attorneys general, higher ed faculty and administrators.	In addition, not more than 0.45% of the certified workforce for both senior managers and department head staff may be exempt. Exempt employees receive 60 days' notice of termination. Auditor's staff remain in civil service.
4. *Temporaries:* Limited to six months. temporary appointments.	Extend from six months to nine out of any twelve month period. Eligible list for vacant permanent positions must be established within three months, temporary appointments expire upon appointment of permanent employee, and prohibiting successive temporary appointments.
5. *Governance:* A patchwork of constitution provisions, statutes, Board rules and Director's procedures, as interpreted by court rulings.	Personnel Director to regulate selection, classification, compensation, performance standards, voluntary separations; Personnel Board to regulate grievances, discipline, involuntary separations, appeals, and hearings, except as otherwise determined by General Assembly acting by bill; board members limited to two terms; state employees now permitted to serve on Board.
6. *Retention rights (bumping):* Established by statute and Personnel Board rule, a permanent certified employee has retention rights whenever his or her position is eliminated for lack of work, lack of funds, or reorganization. These rights entitle the employee to be transferred into other positions for which he or she has experience and is qualified, even if in some cases it means taking the position of another, less senior employee.	Vesting of bumping rights after 5 years of state service.
7. *Discipline:* Constitutional language describes four types of misdeeds for which a certified employee may be disciplined: "failure to comply with standards of efficient service or competence, or for willful misconduct, willful failure or inability to perform his duties, or final conviction of a felony or any other offense which involves moral turpitude."	Revise constitutional list, and allow General Assembly to provide by law; eliminate technical procedural reversals.
8. *Grievances:* Process established by the State Personnel Board rules. Once a decision is rendered by the highest level of relief in an agency, an employee may petition the Board for discretionary review.	Tiered approach for review by department head only or personnel board as well, depending on nature of grievance.
9. *Contracting*: Court decisions interpreting weak legislative standards led to restriction of contracting for services traditionally performed by state employees.	No constitutional change; specifically authorizes contracting for traditional government services; technical statutory changes to improve accountability, especially with respect to personal services to be performed overseas.
10. *Veteran's preference:* Complex point system detailed in the Colorado Constitution, Article X11, Section 15.	Preference through a percentage rather than points; authorize either numerical or non-numerical selection methodology. Extend preference to members of national guard and armed forces reserve serving more than 24 months, a portion of which was during hostilities.

BASIC PROCUREMENT TRAINING OFFERED

Basic Procurement Training is a two and a half day course facilitated by the State Purchasing Office and covers all aspects of the procurement process. The training is offered free of charge and is held in downtown Denver. Training sessions are scheduled for July 20, 21, 22; August 24, 25 26; September 21, 22, 23; October 19, 20, 21; and November 30, December 1, 2.

Completion of the entire Basic Procurement Training course qualifies you for 17 seminar contact hours for the Institute for Supply Management (CPM, APP) and the National Institute of Governmental Purchasing (CPPO, CPPB) professional procurement certification programs.

To register or request more information, please send an e-mail to Bob Siefken in the State Purchasing Office at the following address: **Bob.siefken@state.co.us.**

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opportunity to elect to be exempt from the following: the State motor vehicle fleet system, the division of risk management and the State's procurement code.

Changes to PERA's MatchMaker Program – Passed

The PERA Board of Trustees initiated this bill to help improve the funded status of the PERA trust funds. Provisions include: ending MatchMaker contributions for payrolls for which the payroll period ends June 1, 2004, reduce interest credit on member contributions to a maximum of 5 percent per year, set the due date for PERA contributions at five business days after payroll date, reallocate 0.08 percent of salary of employer contributions to the PERA pension trust funds rather than to the PERA Health Care Trust Fund. It also adjusted the retirement benefits for new PERA members hired on or after July 1, 2005.

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The CSMA awards included 2004 Manager of the Year Jillian Jacobellis, PhD. M.S., from the Department of Public Health and Environment and the Distinguished Career Award was presented to Annie Mabry of the Department of Human Services.

Congratulations to each of the recipients and thank you for a job well done.