COLORADO
Division of Human Resources
Department of Personnel & Administration

Potential financial shortfalls may force state agencies and institutions of higher education to consider staffing changes, temporary or permanent, to alleviate budget pressure. There are many options for reducing personal services costs. In order to avoid losing valuable talent and the severe effect on employee morale, layoffs should be the last solution for consideration.

It is critical that Human Resources, budget staff, and leadership work together to understand the full scope (e.g. timing, funding source, statutory obligations) of the shortfall, then choose a mitigation plan that will minimize impact on staff while continuing to provide critical services to the residents of Colorado. It's highly advised that an agency consult with the Attorney General's Office before pursuing any action. This document outlines the most common staffing-related budget reduction options that may be available to leadership for reducing labor costs and filling budget short falls.

Strategy	Option	Authority	Requirements/Rule/Statute	Time to Implement	Advantages and Considerations	Employee Pay & Benefits	Unemployment
Position Management	Keep Positions Vacant	Executive Director or President	- Examine and evaluate vacant positions in terms of workload and business necessity	No mandate	- Minimizes impact to employees - Places extra work on employees who may already be working at capacity	N/A	N/A
	Absorb Duties	Executive Director or President	- Examine positions in terms of workload and business necessity to determine where current resources can absorb additional job duties from vacant positions as necessary	No mandate	- Minimizes impact to employees - Places extra work on employees who may already be working at capacity	N/A	N/A
	Abolish Vacant Positions	Executive Director or President	- Abolish vacant positions no longer necessary	No mandate	- Realize cost savings for salary and benefits allotted for position	N/A	N/A
Hiring / Pay Freeze	Statewide	Governor	- Executive Order - OSPB General Guidelines - Exemption Process - Hiring/Pay Freeze Policy - Hiring/Pay Freeze FAQs	No mandate	- Minimizes impact to employees - Day to day workload may increase as staff resources are reduced leading to risk of burnout	N/A	N/A
	Agency Wide or Program	Executive Director or President	- Hiring/Pay Freeze Policy	No mandate	- Personnel services budget impact must be justified and approved as determined by the agency - Day to day workload may increase as staff resources are reduced leading to risk of burnout	N/A	N/A
Reductions in Hours / Furlough	Job Sharing	Executive Director or President	- A detailed work plan will be needed to outline the specifics of the agreement - All parties must enter agreement voluntarily - Cannot be forced or mandated	No mandate	- Allows an agency to retain experienced workers and possibly avoid layoffs - Can allow for greater work/life effectiveness for participants	- Pay is reduced according to the arrangement - Leave accrual is prorated during reduction as well as service credit - Agency continues to pay insurance premiums as long as the employee covers their share	- Even though these options are voluntary, the employee will have the option to apply for unemployment benefits. It is up to CDLE to make the eligibility determination. NOTE: If triggered unemployment compensation will come from the agency budget
	Voluntary Reduction in Hours	Executive Director or President	- Requests should be made to all employees in writing, noting the specific time period - Completed individual written agreements	No mandate	- Employee has predictable time away from work and can adjust personal budget accordingly - Temporary reduction to part-time could influence future personal services funding	- Pay and position FTE is reduced for the specified time period - Leave accrual is prorated during reduction as well as years of service credit toward retirement - Agency continues to pay premiums as long as the employee covers their share	- Even though these options are voluntary, the employee will have the option to apply for unemployment benefits. It is up to CDLE to make the eligibility determination. NOTE: If triggered unemployment compensation will come from the agency budget

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	Voluntary Reduction in Pay	Executive Director or President	- For fiscal emergency or other budget reasons - Voluntary reduction in pay policy (Rule 3-10) - Employee may agree to voluntarily - Shall be approved in writing by the appointing authority and employee	No mandate	- If funds become available at a later date, the department may restore base pay to any rate up to, and including, the former base pay. This policy shall not be used to substitute for other provisions in this chapter	- Pay is reduced for the specified time period - Leave accrual is well as years of service credit toward retirement remain the same.	N/A
	Voluntary Furlough	Executive Director or President	- Voluntary Furlough Policy - Voluntary Furlough Agreement - Rule 5-17(B)	No mandate	- Voluntary Furlough cannot exceed 72 work days in fiscal year. They do not have to be consecutive. - If an employee has a Family Medical Leave (FML) or Short-term Disability (STD) qualifying event they will be removed from voluntary furlough - Employee cannot take leave while on furlough - If triggered, unemployment compensation will come from agency budget - FLSA exempt employees' pay is reduced pro rata in the workweek in which a furlough occurs	- Employees are not paid while on furlough and cannot opt to take accrued leave while on furlough - Leave accrual/service credit remain the same - Agency continues to pay premiums as long as the employee covers their share. - PERA benefit may be reduced depending on whether or not the employee continues to work and extends their retirement date	- Even though these options are voluntary, the employee will have the option to apply for unemployment benefits and it will be up to CDLE to make the eligibility determination. NOTE: If triggered unemployment compensation will come from the agency budget
	Mandatory Furlough	Governor; or General Assembly in conjunction with the Governor and State Personnel Director	- The Governor will issue an Executive Order outlining mandatory furlough details; or - The General Assembly through Joint Resolution and the Governor will declare a fiscal emergency pursuant to CRS 24-50-109.5	No mandate	- Employees exempted from furloughs because of job type reduce furlough savings - Employees cannot take leave on furlough days, except for Jury Duty Leave - If triggered, unemployment compensation will come from agency budget - FLSA exempt employees' pay is reduced pro rata in the workweek in which a furlough occurs	- Employees are not paid while on furlough and cannot opt to take accrued leave while on furlough - Leave accrual/service credit remain the same - Agency continues to pay premiums as long as employee covers their share - PERA benefit may be reduced depending on whether or not the employee continues to work and extends their retirement date	- If an employee is working fewer than 32 hours a week and earning less than the weekly amount that unemployment benefits pay (approximately 55 percent of their average wage over a 12-month time period), they may receive unemployment benefits
Redeployment or Reorganization	Vacant Position within Department	Executive Director or President	- Agreement among appointing authorities in all divisions to first consider, interview, and offer positions to current employees	No mandate	- Employee must be qualified for the new position - If change results in anything other than a lateral movement for the employee, upward or downward allocation process must be followed - New position must be offered, and employee may decline the offer - Requires collaboration with other appointing authority	- Employee cannot be paid over the max of the new position's class - Leave accrual, service credit, and benefits remain the same	N/A

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	Vacant Position within another Department	Executive Director or President	- Agreement among departments to first consider, interview, and offer positions to current employees. - Coordinate efforts between HR offices	No mandate	- Employee must be qualified for entry in to the new class - If change results in anything other than a lateral movement for the employee, upward or downward allocation process must be followed - Position must be offered, and employee may decline the offer - Requires collaboration with other departments	- Employee cannot be paid over the max of new position's class - Leave accrual, service credit, and benefits remain the same	N/A
Post Employment Compensation	Voluntary Separation Incentive	Executive Director - the Attorney General Office will need to be involved	- Post employment Compensation plan (policy) must be in place first. An agreement must be completed (Rule 3-51, 3-52, 3.54). The agreement is separate from the plan (policy) and must be drafted and approved by the Attorney General Office and pre-approved and signed off on by the State Controller.	There is a 45 day waiting period from the time a final offer is made before payment can be made due to Older Workers Benefit Protection Act of 1990 (OWBPA) for employees over 40.	- Payment and benefits shall not exceed an amount equal to one week of an employee's salary for every year of service, up to 18 weeks - Plan may consider options such as a hiring preference, payment towards the continuation of health benefits, tuition or educational training vouchers, or placement on a departmental reemployment list - Must be used where more than one employee is offered an incentive opportunity to separate - If triggered, unemployment compensation will come from agency budget	- Employee is separated - Annual leave is paid out - ¼ of sick leave accrual paid out to employees eligible to retire - Employee can leave or withdraw PERA contributions - Health insurance coverage will depend on the date of separation; employees will have COBRA eligibility	- Even though these options are voluntary, the employee will have the option to apply for unemployment benefits and it will be up to CDLE to make the eligibility determination
	Severance Pay	Executive Director - the Attorney General Office will need to be involved	- Post employment Compensation plan (policy) must be in place first. An agreement must be completed (Rule 3-51, 3-52, 3.54). The agreement is separate from the plan (policy) and must be drafted and approved by the Attorney General Office and pre-approved and signed off on by the State Controller.	There is a 21 day (for one employee; more than one employee it's 45 days) waiting period from the time a final offer is made before payment can be made due to Older Workers Benefit Protection Act of 1990 (OWBPA) for employees over 40.	- Payment and benefits shall not exceed an amount equal to one week of an employee's salary for every year of service, up to 18 weeks - Plan may consider options such as a hiring preference, payment towards the continuation of health benefits, tuition or educational training vouchers, or placement on a departmental reemployment list - Severance plans are typically for one employee - If triggered, unemployment compensation will come from agency budget	- Employee is separated - Annual leave is paid out - ¼ of sick leave accrual paid out to employees eligible to retire - Employee can leave or withdraw PERA contributions - Health insurance coverage will depend on the date of separation; employees will have COBRA eligibility	- Even though these options are voluntary, the employee will have the option to apply for unemployment benefits and it will be up to CDLE to make the eligibility determination
Reduction in Force	Layoff	Executive Director - the Attorney General Office will need to be involved	- Lack of funds, lack of work or reorganization resulting in elimination of one or more occupied positions (Rule 7-6.) - Layoff Plan (Rule 7-6.B.)	60+ days till implementation Identification of positions to be abolished	- Annual leave accrual must be paid out - Unemployment compensation is paid out of agency budget - Certified employees placed on the departmental reemployment list. - Classified employees have a mandatory right to a hearing in front of the State Personnel Board	- Employee is separated - Annual leave accrual paid out - ¼ of sick leave accrual paid out to employees eligible to retire - Employee can leave or withdraw PERA contributions - Health insurance coverage will depend on the date of separation; employees will have COBRA eligibility	- If an employee is unemployed and earning less than the weekly amount that unemployment benefits pay (approximately 55 percent of their average wage over a 12-month time period), they may receive unemployment benefits