CTSI
Serving Colorado's Counties

Technical Update

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How to Assess Staffing and Benefit Costs in a Budget Process

In times of budget shortfalls, it is frequently thought to limit or restrict the staffing, benefit, or personnel budget for a unit or function. There are ways in which cutting personnel, benefits or staffing levels can have negative budget consequences down the road. Here are a list of questions to consider before a decision is made:

Is the unit or function a statutorily mandated revenue user? Are the functions which are using the most money actually mandated to be provided? Are those functions fully or only partly funded outside of county contributions? If only partly covered, how much stress does the county funded portion cause to the unit or the county? Are there other resources to cover the shortfall?

If most or some of the funds are being used for optional services, what financial benefits can be traced to those uses? Where's the financial trail for those revenues? Does that include short and long term costs? Does the benefit return in whole or in part to the county budget, or offset mandated services?

Does the department or function have a legally supportable system for charging for costs of their services, including materials, supplies and staff time attributable to those services? Do those generated funds have any productive use to generate additional funds for local use inside of the department or county, or outside of that department?

Have the costs of time off and benefit policies been estimated to predict both worst/best case scenarios? Has the cost of providing staff coverage for vacation, sick leave, FMLA, overtime coverage, and other types of time off been calculated into the budget estimates for various staffing levels? What types of benefit or leave changes will reduce the overall cost impact for maintaining essential job assignments? Do your policies show the budget changes?

Are county time-off and benefit policies designed as a whole to hire, retain, and encourage reliable attendance, to provide well rested and healthy employees, and to reward the most productive employees? Or, are those policies unintentionally retaining under-skilled or unproductive employees or encouraging costly turnover of good employees?

What staff positions provide the most labor, services, or expertise for the department, unit and county? What staff positions are the least flexible in the case of further downturn? Can any position or group of positions be economically replaced with non-labor solutions? What is the short and long term cost of replacing staff with contractors, machinery or computers?

What is the projected economic cost to the county of providing additional services such as re-employment services, food stamps, AFDC, senior services, or mandated low income services if staff is laid off, benefit programs are cut, or positions are eliminated? Will those projected increases be off-set by available county funding?

What This Means For Counties

Once there is sufficient financial information regarding staff costs and revenue production in a department, then it's possible that a focus on restructuring staff costs may be effective.

For more information, contact CTSI at 303-861-0507.