

**NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.**



HOUSE BILL 10-1409

BY REPRESENTATIVE(S) Pommer, Ferrandino, Lambert, Fischer, Hullinghorst, Labuda, McFadyen, Merrifield, Pace, Primavera, Rice, Todd, Vigil, Carroll T.;  
also SENATOR(S) Tapia, Keller, White, Bacon, Boyd, Steadman, Williams.

CONCERNING THE PROCESS BY WHICH ANNUAL SALARY INCREASES MAY BE AWARDED TO EMPLOYEES IN THE STATE PERSONNEL SYSTEM BASED ON PERFORMANCE, JOB CORE COMPETENCIES, AND YEARS OF SERVICE.

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** 24-50-104 (1) (c) (I), (1) (c.5) (V), (4) (b) (I), and (4) (c), Colorado Revised Statutes, are amended, and the said 24-50-104 (4) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

**24-50-104. Job evaluation and compensation.** (1) **Total compensation philosophy.** (c) (I) Based on a system of performance management and evaluation, the state personnel director shall adopt procedures for periodic salary increases AND FOR ANNUAL INCREMENTAL RATE INCREASES IN SALARY WITHIN THE PAY GRADE OR PAY RANGE FOR EACH POSITION AS PROVIDED IN PARAGRAPH (g) OF SUBSECTION (4) OF THIS SECTION for employees in the state personnel system based on performance.

---

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

(c.5) (V) The state personnel director shall monitor compliance with the requirements of this paragraph (c.5) and paragraph (c) of this subsection (1) and shall annually report the director's findings pertaining to the prior fiscal year no later than January 1 of the following fiscal year to the joint budget committee of the general assembly. The report shall include, by department or institution:

(A) The number of supervisors who were suspended or demoted;

(B) The percentage of all supervisors who complied with the requirements of this paragraph (c.5);

(C) The total amount of dollars appropriated for performance awards, the total amount of such dollars that were awarded to employees for performance awards, and the total amount of those dollars awarded for each performance category;

(D) THE TOTAL AMOUNT OF DOLLARS REQUESTED FOR ANNUAL INCREASES IN EMPLOYEE SALARIES PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH (g) OF SUBSECTION (4) OF THIS SECTION.

(4) **Annual compensation process.** (b) (I) The state personnel director shall prepare an annual compensation report based on the analysis of surveys conducted pursuant to paragraph (a) of this subsection (4). The purpose of the annual compensation report shall be to reflect all adjustments necessary to maintain the salary structure, state contributions for group benefit plans, and performance awards, AND ANNUAL INCREASES IN SALARY PURSUANT TO PARAGRAPH (g) OF THIS SUBSECTION (4) for the upcoming fiscal year. The state auditor is responsible for contracting with a private firm to conduct a performance audit of the procedures and application of data, including any survey conducted by the state personnel director. Beginning January 1, 2003, such audits shall be conducted every two years, and beginning January 1, 2005, the audits shall be conducted every four years. A report shall be submitted to the governor and the general assembly by the June 30 immediately following the completion of the audit.

(c) By ~~August 1, 2003, and by August 1~~ OCTOBER 1, 2010, AND BY OCTOBER 1 of each year thereafter, the state personnel director shall submit the annual compensation report and recommendations and estimated costs

for state employee compensation for the next fiscal year, covering salaries, state contributions for group benefit plans, and performance awards, AND ANNUAL INCREASES IN SALARY PURSUANT TO PARAGRAPH (g) OF THIS SUBSECTION (4) to the governor and the joint budget committee of the general assembly. The recommendations shall reflect a consideration of the results of the annual compensation survey, fiscal constraints, the ability to recruit and retain state employees, appropriate adjustments with respect to state employee compensation, and those costs resulting from implementation of section 24-50-110 (1) (a). The recommendations for state contributions for group benefit plans shall specify the annual group benefit plan year established pursuant to section 24-50-604 (1) (m). The annual compensation report shall include the results of the surveys of public or private employers and jobs for prevailing total compensation and the reasons for any deviation from prevailing total compensation in the recommendations submitted to the governor and the joint budget committee. The state personnel director shall also publish such report.

(g) (I) ON OR BEFORE OCTOBER 1, 2010, THE STATE PERSONNEL DIRECTOR SHALL ESTABLISH A PAY PLAN THAT SPECIFIES TWELVE ANNUAL INCREMENTAL SALARY RATES WITHIN THE PAY GRADE OR PAY RANGE FOR EACH JOB CLASSIFICATION IN THE STATE PERSONNEL SYSTEM.

(II) EXCEPT AS OTHERWISE PROVIDED IN SUB-SUBPARAGRAPH (C) OF THIS SUBPARAGRAPH (II), FOR THE 2010-11 FISCAL YEAR AND EACH FISCAL YEAR THEREAFTER:

(A) AN EMPLOYEE IN THE STATE PERSONNEL SYSTEM MAY ADVANCE TO A HIGHER SALARY RATE WITHIN THE APPLICABLE PAY GRADE OR PAY RANGE FOR THE EMPLOYEE'S PAY POSITION BASED ON A SATISFACTORY PERFORMANCE EVALUATION PURSUANT TO PARAGRAPH (c) OF SUBSECTION (1) OF THIS SECTION AND, ON AND AFTER JULY 1, 2012, THE ACHIEVEMENT OF THE CORE JOB COMPETENCIES ESTABLISHED PURSUANT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH (g);

(B) EACH OF THE PRINCIPAL DEPARTMENTS OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT SHALL SPECIFY IN THE ANNUAL BUDGET REQUEST FOR THE DEPARTMENT THAT IS SUBMITTED TO THE GENERAL ASSEMBLY THE AMOUNT FOR PERSONAL SERVICES NECESSARY TO ADVANCE THE EMPLOYEES OF SUCH DEPARTMENT TO HIGHER SALARY RATES WITHIN EMPLOYEES' PAY GRADES OR PAY RANGES;

(C) SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (II) SHALL APPLY IN FISCAL YEARS IN WHICH THE GENERAL ASSEMBLY MAKES AN APPROPRIATION FOR ADVANCEMENTS TO HIGHER SALARY RATES IN THE ANNUAL GENERAL APPROPRIATION ACT FOR SUCH FISCAL YEAR.

(III) ON OR BEFORE JULY 1, 2012, THE STATE PERSONNEL DIRECTOR, THE EXECUTIVE DIRECTOR OF EACH PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT, AND THE PRESIDENTS OF THE COLLEGES AND UNIVERSITIES, FOLLOWING CONSULTATION IN GOOD FAITH WITH STATE EMPLOYEE REPRESENTATIVES AND EMPLOYEE ORGANIZATIONS, SHALL IDENTIFY AND ESTABLISH CORE JOB COMPETENCIES SPECIFIC TO POSITIONS IN THE STATE PERSONNEL SYSTEM.

(IV) THE STATE PERSONNEL DIRECTOR MAY ADOPT APPROPRIATE PROCEDURES TO IMPLEMENT THIS PARAGRAPH (g).

**SECTION 2. Safety clause.** The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

---

Terrance D. Carroll  
SPEAKER OF THE HOUSE  
OF REPRESENTATIVES

---

Brandon C. Shaffer  
PRESIDENT OF  
THE SENATE

---

Marilyn Eddins  
CHIEF CLERK OF THE HOUSE  
OF REPRESENTATIVES

---

Karen Goldman  
SECRETARY OF  
THE SENATE

APPROVED \_\_\_\_\_

---

Bill Ritter, Jr.  
GOVERNOR OF THE STATE OF COLORADO