



Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 11-0368
Prime Sponsor(s): Sen. Lambert
 Rep. Kerr J.

Date: May 18, 2011
Bill Status: Postponed Indefinitely
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING THE AUTHORITY FOR EMPLOYERS IN CERTAIN DIVISIONS OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION TO MAKE OPTIONAL MODIFICATIONS TO THE CONTRIBUTION RATES TO THE ASSOCIATION.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue General Fund	potential reduction	potential reduction
State Expenditures		
FTE Position Change		
Effective Date: The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 14, 2011.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: See Local Government and Statutory Public Entity Impact sections.		

Summary of Legislation

Beginning on January 1, 2012, this bill allows employers in the school, local government or the Denver Public Schools division of the Public Employees' Retirement Association (PERA) to alter the manner in which employer and member contribution rates are paid. It allows employers to decrease the employer contribution rate and increase the member contribution rate by a corresponding amount, up to 2.5 percent of total employee salaries.

Background

The legislature enacted House Bill 10-146, which temporarily shifts 2.5 percent of the state's employer contributions to employees for FY 2010-11.

State Revenue

If employers choose to increase employees' share of PERA contributions, this bill will reduce their taxable income and affect state income tax collections credited to the General Fund. The amount of lost revenue has not been estimated.

Local Government Impact

To the extent that employers in the school, local government, or Denver Public Schools division of PERA opt to shift payment of a portion of the employer contribution rate to members, they will experience a positive fiscal impact. As this is dependent on the future actions of individual employers, no estimate of employer savings has been estimated.

Statutory Public Entity Impact

Due to the funding structure of the PERA and depending on the actuarial valuation of the assets of the affected division, each member dollar is worth between \$0.70 and \$0.80 of an employer dollar. A member dollar is deposited into the member's account and earns interest. If a member leaves or withdraws his or her money, the PERA must provide a 50 percent match on the combined amount of the member's contributions plus interest. If employers choose to shift the payment of a portion of the employer contribution, this will impact PERA's total liabilities in two ways: it will decrease the amount of funding available to the affected division and increase the amount payable to members that choose to leave the plan. These amounts have not been estimated.

Departments Contacted

Public Employees' Retirement Association