

Colorado Legislative Council Staff Fiscal Note

STATE
FISCAL IMPACT

Drafting Number: LLS 12-0728
Prime Sponsor(s): Sen. Lambert
 Rep. Swalm

Date: February 9, 2012
Bill Status: Senate Finance
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING THE COMPENSATION REPORT OF THE STATE PERSONNEL SYSTEM PREPARED BY THE STATE PERSONNEL DIRECTOR.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures	Increase - see State Expenditures section.	
FTE Position Change		
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill allows the annual compensation report of the state personnel system to be produced each even numbered year rather than annually and directs the Department of Personnel and Administration (DPA) to include retirement benefit information in the report.

Background

In 2001, the Office of the State Auditor contracted with Buck Consultants to conduct a comprehensive analysis of retirement plan designs for members of the Public Employees' Retirement Association (PERA) under Senate Bill 01-149. The cost of this report was \$125,000.

State Expenditures

This bill will increase state agency workload and may increase costs in the DPA to include retirement benefit information in the compensation report. However, it decreases workload due to publishing the report less frequently.

Inclusion of retirement benefit data. The bill requires the DPA to include retirement benefit information in its compensation report; however, the bill does not specify what benefit information must be included. The fiscal note assumes the analysis will be similar to the reporting provided for "Life Insurance and Accidental Death and Dismemberment" benefits and may include reporting on how many market employers offer retirement and tax deferred plans, the types of plans offered, when employees are eligible to participate, the percent of eligible employees participating, when the employer matches employee contributions to tax deferred plans, and vesting schedules. This level of analysis can be completed within existing appropriations, using data already available to the department.

Publication of the total compensation report. This bill allows the total compensation report to be produced biennially rather than each year. This will reduce workload in the department as a result of not having to prepare a formal written report every year. However, as the compensation analysis process must continue to be done each year in order to set common policies, the reduction in workload is anticipated to be minimal. Thus, no reduction in appropriations is required.

Departmental Differences

The DPA believes it could be required to perform analyses similar to those included in the 2001 report prepared by Buck Consultants. Based on this assumption, the DPA requests \$176,699 General Fund and 0.2 FTE in FY 2012-13, and \$18,350 General Fund and 0.3 FTE for each additional fiscal year. The department derived this estimate by inflating the \$125,000 expended for the 2001 report to current dollars (\$160,000) and including subject matter expertise at the department level.

The fiscal note assumes that the department can meet the minimum requirements of the bill by reporting information already available. In addition, because many of the data points for analysis were already designed in the 2001 report, the cost to update this information in a new report should be less than \$160,000, but cannot be determined without bidding the project. It should be noted that costs will increase if DPA is required to conduct a full scale analysis, and costs for the Public Employees' Retirement Association will also increase as a result of having to share data with the DPA. Under current law, the DPA is only able to evaluate data published by PERA in its annual financial reports.

Departments Contacted

Joint Budget Committee

Personnel and Administration