

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0509 **Date:** April 19, 2013
Prime Sponsor(s): Sen. Steadman **Bill Status:** Senate SVMA
 Rep. Levy; Gerou **Fiscal Analyst:** Kirk Mlinek (303-866-2756)

TITLE: CONCERNING THE COMPENSATION PAID TO ELECTED STATE OFFICIALS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015	FY 2015-16
State Revenue			
State Expenditures			
General Fund	\$18,465	\$52,883	\$92,802
FTE Position Change	0.3 FTE	0.3 FTE	0.3 FTE
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed. The salary increases authorized by the bill are effective January 8, 2019, except for the Attorney General, which is January 13, 2015.			
Appropriation Summary for FY 2013-2014: \$18,465 General Fund.			
Local Government Impact: None.			

Summary of Legislation

The bill increases the salaries of the Governor, Lieutenant Governor, Attorney General, Secretary of State, and State Treasurer to align with the salaries of certain judicial officials as shown in Table 1. The salary increases authorized by the bill are effective January 8, 2019, except for the Attorney General, which is January 13, 2015. Salaries are adjusted every four years to align with any changes in the salary of the corresponding judicial position.

Elected State Official	Current Salary	Proposed Salary	Salary Aligns with	\$ Increase	% Increase
Governor	\$90,000	\$147,845	Chief Justice State Supreme Court	\$57,845	64.3
Attorney General	80,000	142,140	Chief Judge Court of Appeals	62,140	77.7
Lieutenant Governor Secretary of State Treasurer	68,500	127,497	Class B County Court Judge	58,997	86.1

Proposed salaries reflect judicial officers' salaries as authorized under SB13-230, the FY 2013-14 Long Bill. Salaries of the judicial officers used as the basis for these proposed salaries in the bill could be higher on the date on which the new salaries become effective. The Colorado Constitution prohibits the General Assembly from increasing or diminishing the salaries of the Governor, Lieutenant Governor, Attorney General, Secretary of State, and State Treasurer during their official term.

The bill also revives the Colorado State Officials' Compensation Commission, which has been inactive since the late 1990s. The commission continues to be comprised of 9 members, but commission membership is altered so that it includes:

- no current elected or appointed officials, nor current state employees;
- appointments made by the President of the Senate, Speaker of the House, and the Chief Justice of the Supreme Court who must all be from different political parties; and
- 3 appointments by the Governor, of which only two members may be from the same political party, one of whom will be selected by the Governor to chair the commission.

The Governor is required to make appointments by October 1, 2013; the Speaker and the President are required to make appointments as soon as practicable after notification of the Governor's appointments. The Governor is required to call for the commission's first meeting by December 1, 2013; the commission is required to meet at least two times per year.

The commission is required to report by January 10, 2015, and by the same date in every odd-numbered year thereafter. The commission's first report is required to include:

- recommendations, if any, that the salaries of members of the General Assembly be adjusted;
- recommendations, if any, that members of the Board of Regents or the Board of Education be paid a monthly salary or stipend; and
- recommendations, if any, that the state-funded portion of district attorneys' salaries be adjusted.

Technical Note

As introduced, the bill requires the salaries paid to the elected officials to be the same amount as the total compensation paid to the judicial officials identified in the bill. Because the term "total compensation" includes salary, group benefit plans, retirement benefits, merit pay, incentives, premium pay practices, and leave, this fiscal note uses applicable benefits currently being paid to the judicial officers identified in the bill. As applied to the Attorney General, the only elected official affected by the bill in the next two fiscal years, these calculations include 13.66 percent for the state's contribution to PERA, not the 10.15 percent currently used. Judicial officials do not receive funding for short term disability insurance and, as such, that calculation has been excluded.

State Expenditures

General Fund expenditures will increase by \$18,465 in FY 2013-14, \$52,883 in FY 2014-15, and \$92,802 in FY 2015-16. When fully implemented in FY 2019-20, base salaries for the elected officials identified above will increase by \$296,976 per year based on salaries being paid to judicial officials today. Expenditures under the bill are summarized in Table 2 and discussed below.

Table 2. Expenditures Under SB13-274			
Cost Components	FY 2013-14	FY 2014-15	FY 2015-16
Personal Services (Legislative Council)	\$16,881	\$16,881	\$16,881
FTE (Research Associate II)	0.3	0.3	0.3
Personal Services (Department of Law)		34,418	74,337
Commission Meetings (2 * \$792/meeting)	1,584	1,584	1,584
TOTAL	\$18,465	\$52,883	\$92,802

Legislative Council. Expenditures in Legislative Council will increase by \$16,881 General Fund and 0.3 FTE for FY 2013-14 and into the future. This increase reflects the cost to staff the Colorado State Officials' Compensation Commission, which is revived in the bill. Although current law requires Legislative Council to staff the commission, the FTE associated with that activity was redeployed during the commission's 15-year dormancy.

Current law requires the 9-member commission to meet twice a year, and the bill requires the Governor to convene the commission by December 1, 2013. Members are not compensated, but may claim reimbursement for actual and necessary expenses. This fiscal note assumes that the commission will meet twice each year at a cost of \$1,584 (9 members * 2 meetings * \$88/member).

Department of Law. Increasing the Attorney General's salary will increase expenditures in the Department of Law by \$34,418 General Fund in FY 2014-15, and by \$74,337 General Fund in FY 2015-16 and beyond. These figures are based on the bill's effective date of January 13, 2015, as it relates to the Attorney General. These figures include a base salary increase of \$62,140 annualized to reflect a January 13, 2015, effective date.

Other budget impacts. As stated above, base salary increases for the Governor, Lieutenant Governor, Secretary of State, and Treasurer are effective January 8, 2019. This results in a partial-year expenditure impact for FY 2018-19, and a full-year impact for FY 2019-20 and into the future.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 3.

Table 3. Net Expenditures Not Included Under SB13 -274*			
Cost Components	FY 2013-14	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,016	\$1,978	\$1,864
Supplemental Employee Retirement Payments	1,036	736	367
TOTAL	\$3,052	\$2,714	\$2,231

**More information is available at: <http://colorado.gov/fiscalnotes>*

State Appropriations

For FY 2013-14, Legislative Council requires a General Fund appropriation of \$18,465 and 0.3 FTE.

Departments Contacted

Governor
State

Law
Personnel

Treasurer