

*Colorado Legislative Council Staff Fiscal Note*  
**LOCAL and STATUTORY PUBLIC ENTITY  
 FISCAL IMPACT**

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<b>Drafting Number:</b> LLS 15-0183 <b>Prime Sponsor(s):</b> Rep. Court; Wilson	<b>Date:</b> March 3, 2015 <b>Bill Status:</b> House Finance <b>Fiscal Analyst:</b> Lauren Schreier (303-866-3523)	
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**BILL TOPIC:** PERA & DENVER PUBLIC SCHOOLS 5 YEAR TRUE-UP

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures		
FTE Position Change		
Appropriation Required: None.		

*\* This summary shows changes from current law under the bill for each fiscal year.*

### Summary of Legislation

The bill reduces the Denver Public Schools Retirement Division employer contribution rate from 13.75 percent to 10.15 percent, effective January 1, 2015. The rate may be adjusted on January 1, 2020, and every fifth year thereafter.

### Background

Senate Bill 09-282 merged the assets, liabilities, and obligations of the Denver Public Schools (DPS) retirement system into the Public Employees' Retirement Association (PERA) as of January 1, 2010. At the time all school districts in the state were affiliated with the PERA except for the DPS. The bill established two separate divisions in the PERA, the Denver Public Schools Retirement Division and the Denver Public Schools Health Care Trust Fund. Both divisions are administered separately from all other PERA divisions. Senate Bill 09-282 allowed the DPS employer contribution rate to be adjusted every fifth year beginning January 1, 2015, to equalize the projected unfunded actuarially accrued liability to payroll ratio as of December 31, 2039. Under the bill, the actual contribution rate to the PERA cannot be less than the amount required to be contributed to the DPS Health Care Trust Fund plus the amount required to fund the annual increase reserve.

### Local Government Impact

The bill reduces the employer contribution rate from the DPS system from 13.75 percent to 10.15 percent effective January 1, 2015. As a result, the DPS system will contribute less to employee retirement accounts over time. The DPS employer contribution rate may be reevaluated on January 1, 2020, and every five years thereafter.



**Statutory Public Entity Impact**

The reduced employer contribution rate in HB 15-1251 will be sufficient to cover the required funding ratio of the DPS retirement division and the DPS Health Care Trust Fund by December 31, 2039. Based on actuarial liabilities, if the current 13.75 percent employer contribution rate were maintained, the DPS retirement division and the DPS Health Care Trust Fund would be funded in excess of required amounts. The 10.15 percent employer contribution rate proposed in HB 15-12512 is sufficient to fund the DPS retirement accounts by December 31, 2039.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, and affects employer contributions made on or after January 1, 2015.

**State and Local Government Contacts**

Education

Public Employees' Retirement Association