

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

Drafting Number: LLS 15-0765
Prime Sponsor(s): Sen. Lambert
 Rep. Rankin

Date: February 11, 2015
Bill Status: Senate Finance
Fiscal Analyst: Lauren Schreier (303-866-3523)

BILL TOPIC: COMPENSATION REPORT PREPARED BY STATE PERSONNEL DIRECTOR

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	\$170,000	
General Fund	\$170,000	
FTE Position Change		
Appropriation Required: \$170,000 - Department of Personnel and Administration (FY 2015-16)		

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

Summary of Legislation

Under current law, the director of the Department of Personnel and Administration (DPA) prepares an annual compensation report of the state personnel system and issues recommendations and estimated costs of the employee compensation package for the upcoming fiscal year. The bill modifies this schedule to only every odd-numbered year, and to include analysis of retirement benefits. In addition to retirement benefits, the bill requires the director of the DPA to prepare recommendations concerning state employee salaries, merit pay, and state contributions for group benefit plans for the next two fiscal years.

Background

In addition to the annual compensation report, every odd-numbered year the DPA contracts with a third party vendor to conduct an annual market analysis on pay and benefits, at a cost of \$300,000. Neither of these reports currently consider retirement benefits beyond employer contribution rates. The vendor is scheduled to complete the analysis and provide a report on August 1, 2015, and every odd-numbered year thereafter.

State Expenditures

The bill increases expenditures in the DPA by \$170,000 in FY 2015-16 and every other year thereafter. This \$170,000 in services will be contracted in FY 2015-16 and costs associated with the next biennial study will also increase by \$170,000, with the next study budgeted in FY 2016-17.

The bill requires the DPA to conduct a biennial compensation report that includes two years of analysis. Under current practice, the DPA only analyzes one year for the market analysis. Including retirement benefits and two years of analysis will increase costs by \$170,000. As a result the total cost of the biennial compensation analysis the DPA prepares will be \$470,000 for the study due August 1, 2017, and every other year thereafter.

Statutory Public Entity Impact

The bill requires the DPA to conduct a biennial compensation analysis that includes retirement benefits. As a result, the DPA may coordinate with the Public Employees' Retirement Association (PERA) to ensure data accuracy and confirm findings. Any workload increase to the PERA is anticipated to be minimal.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State Appropriations

The bill requires an appropriation of \$170,000 in FY 2015-16 to the DPA.

State and Local Government Contacts

Personnel

PERA