The bill allows a Board of Cooperative Educational Services to employ retired special education teachers in rural school districts in excess of the state pension work–after–retirement limit. The bill may increase school district expenditures beginning in FY 2020-21.

Both the BOCES and the working retiree must provide full payment of all contributions and disbursements to PERA during the time of employment, which may not exceed five consecutive years. Additionally, the employing BOCES is required to make an additional payment to PERA equal to 2 percent of the retirees salary. Statewide, BOCES may not collectively employ more than 40 total retirees during this period. The bill is repealed July 1, 2025.
School District

BOCES may employ PERA retirees to fill critical shortages of special education teachers in rural school districts. The bill increases the salary expense of these re-hired employees since the employing BOCES must pay a 2 percent fee to PERA on the salary of these employees.

Statutory Public Entity Impact

The fiscal impact of this bill is additional revenue from employee contributions to Colorado PERA; however, there the bill could minimally increase PERA's unfunded actuarial accrued liability (unfunded liability), as discussed below. Based on actuarial analysis performed by PERA, these combined impacts are expected to be revenue and cost neutral.

Additional PERA revenue. This bill increases revenue to Colorado PERA from employee contributions, employer disbursements, and a 2 percent fee on affected employees' salary. Because the bill requires that retirees fill a critical qualified staff shortage, this fiscal note assumes that, but for this bill, these vacancies would otherwise go unfilled.

PERA's unfunded liability. The increase in revenue to PERA may be offset if a PERA service member is induced by the bill to take an early retirement, and then be rehired via this new mechanism, without a reduction in retirement benefits. In this scenario, a member begins receiving benefits earlier, increasing the number of benefit payments, and therefore the cost to PERA.

Effective Date

The bill was signed into law by the Governor on July 13, 2020, and takes effect September 14, 2020, assuming no referendum petition is filed.

State and Local Government Contacts

Education  PERA  School Districts