

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 22-0864.01 Megan McCall x4215

HOUSE BILL 22-1337

HOUSE SPONSORSHIP

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House Committees
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Appropriations

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT THAT THE STATE PERSONNEL DIRECTOR**
102 **QUADRENNIALLY PRODUCE A REPORT ON COMPENSATION, AND,**
103 **IN CONNECTION THEREWITH, MODIFYING REQUIREMENTS FOR**
104 **THE COMPENSATION REPORT, INCLUDING REPORTING**
105 **DEADLINES, AND MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. Under current law, the state personnel director (director) of the department of personnel (department) is required

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
2nd Reading Unamended
April 13, 2022

HOUSE
3rd Reading Unamended
March 31, 2022

HOUSE
2nd Reading Unamended
March 30, 2022

to annually conduct surveys and produce a report concerning compensation to determine any necessary adjustments to state employee salaries, state contributions for group benefit plans, and merit pay. The bill requires the director to conduct surveys and produce the report every 4 years. The bill also changes certain reporting deadlines of the director relating to the compensation report and removes certain substantive components of the report.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-9-102, **amend**
3 (1)(d) as follows:

4 **24-9-102. Salaries of appointed state officials.** (1) The
5 following state officials shall receive annual salaries and allowances,
6 payable monthly, as follows:

7 (d) Effective July 1, 2005, public utilities commission, each
8 commissioner, an amount as set by the executive director of the
9 department of regulatory agencies based on the most recent available
10 figures contained in the ~~annual~~ QUADRENNIAL total compensation survey
11 conducted by the state personnel director pursuant to section 24-50-104
12 (4)(a) and subject to review by the state auditor and the general assembly
13 pursuant to section 24-50-104 (4)(b) and (4)(c). The commissioners'
14 salaries shall be set within the range identified in the survey for the
15 category of senior executive service and shall be uniform; except that the
16 chairman may receive a salary that is up to ten percent higher than those
17 of the other two commissioners.

18 **SECTION 2.** In Colorado Revised Statutes, 24-50-104, **amend**
19 (1)(a)(II), (1)(e), (4)(a), (4)(b)(I), (4)(c), (5)(b), (10)(a), and (10)(c); and
20 **repeal** (4)(b)(II) as follows:

21 **24-50-104. Job evaluation and compensation - state employee**
22 **reserve fund - created - definitions - repeal.** (1) **Total compensation**

1 **philosophy.** (a) (II) The state personnel director shall establish
2 technically and professionally sound survey methodologies to assess
3 prevailing total compensation practices, levels, and costs. Except as
4 provided in ~~subparagraph (III) of this paragraph (a)~~ SUBSECTION
5 (1)(a)(III) OF THIS SECTION, for purposes of this ~~paragraph (a)~~
6 SUBSECTION (1)(a), to determine and maintain salaries, state contributions
7 for group benefit plans, and merit pay that are comparable to public and
8 private employment, the state personnel director shall ~~annually~~
9 QUADRENNIALLY review the results of appropriate surveys by public or
10 private organizations, including surveys by the state personnel director
11 SET FORTH IN SUBSECTION (4)(b)(I) OF THIS SECTION. Any surveys
12 provided on a confidential basis shall not be revealed except to the state
13 auditor's office and the private firm conducting the audit required in
14 ~~paragraph (b) of subsection (4)~~ SUBSECTION (4)(b) of this section. The
15 state personnel director shall adopt appropriate procedures to determine
16 and maintain other elements of total compensation, including the payment
17 of incentive awards to employees in the state personnel system. The state
18 personnel director's review and determination of total compensation
19 practices shall not be subject to appeal except as otherwise authorized by
20 law or state personnel director procedures.

21 (e) The state personnel director shall sustain an employee's base
22 salary in the event such employee's position is placed in a lower pay range
23 due to an allocation of such employee's position, a system maintenance
24 study of all positions in a class, a general job evaluation study of the state
25 personnel system, or the ~~annual~~ QUADRENNIAL compensation survey for
26 a period not to exceed three years from the effective date of such
27 placement.

1 (4) **Quadrennial compensation process.** (a) The purpose of the
2 ~~annual~~ QUADRENNIAL compensation process is to determine any necessary
3 adjustments to state employee salaries, state contributions for group
4 benefit plans, and merit pay. The ~~annual~~ QUADRENNIAL compensation
5 survey, based on an analysis of surveys by public or private organizations,
6 including surveys by the state personnel director, shall include a fair
7 sample of public and private sector employers and jobs, including areas
8 outside the Denver metropolitan area. In order to establish confidence in
9 the selection of surveys, the state personnel director shall meet and confer
10 in good faith with management and state employee representatives.

11 (b) (I) ~~The~~ ON OCTOBER 1, 2025, AND ON OCTOBER 1 OF EACH
12 FOURTH YEAR THEREAFTER, THE state personnel director shall prepare ~~an~~
13 ~~annual~~ A QUADRENNIAL compensation report based on the analysis of
14 surveys conducted pursuant to ~~paragraph (a) of this subsection (4)~~
15 SUBSECTION (4)(a) OF THIS SECTION. The purpose of the ~~annual~~
16 QUADRENNIAL compensation report shall be to reflect all adjustments
17 necessary to maintain the salary structure, state contributions for group
18 benefit plans, and merit pay. ~~for the upcoming fiscal year. For the merit~~
19 ~~pay component, the state personnel director shall include a description of~~
20 ~~the amount necessary for merit pay for all eligible state employees, as~~
21 ~~well as the amount necessary for each priority group of state employees.~~
22 The state personnel director shall also include a detailed analysis of salary
23 ranges for all employees in the state personnel system and how
24 employees' salaries are distributed within these ranges. ~~Each department~~
25 ~~may provide the state personnel director with a recommendation~~
26 ~~regarding the amount of moneys that should be appropriated to the~~
27 ~~department for merit pay for the upcoming fiscal year. The state personnel~~

1 ~~director shall establish deadlines for the recommendations and shall~~
2 ~~include a summary of all the recommendations he or she receives in the~~
3 ~~annual compensation report.~~ THE STATE PERSONNEL DIRECTOR SHALL
4 ALSO PUBLISH THE REPORT. NOTWITHSTANDING THE REQUIREMENT IN
5 SECTION 24-1-136 (11)(a)(I), THE REQUIREMENT TO SUBMIT THE REPORT
6 REQUIRED IN THIS SUBSECTION (4)(b)(I) CONTINUES INDEFINITELY. The
7 state auditor is responsible for contracting with a private firm to conduct
8 a performance audit of the procedures and application of data, including
9 any survey conducted by the state personnel director. Beginning January
10 1, 2005, THROUGH JANUARY 1, 2021, AND BEGINNING ON JANUARY 1,
11 2026, the audits shall be conducted every four years. A report shall be
12 submitted to the governor and the general assembly by the ~~June 30~~
13 DECEMBER 30 immediately following the completion of the audit.

14 (II) ~~The general assembly reviewed the reporting requirements to~~
15 ~~the general assembly in subparagraph (I) of this paragraph (b) during the~~
16 ~~2008 regular session and continued the requirements.~~

17 (c) By September 15, 2017, and by September 15 of each year
18 thereafter through SEPTEMBER 15, 2021, AND ON OR BEFORE OCTOBER 1,
19 2022, AND ON OR BEFORE OCTOBER 1 OF EACH YEAR THEREAFTER, the
20 state personnel director shall submit ~~the annual compensation report and~~
21 recommendations and estimated costs for state employee compensation
22 for the next fiscal year, covering salaries, state contributions for group
23 benefit plans, and merit pay, to the governor and the joint budget
24 committee of the general assembly. The recommendations shall reflect a
25 consideration of the results of the ~~annual~~ QUADRENNIAL compensation
26 survey, fiscal constraints, the ability to recruit and retain state employees,
27 appropriate adjustments with respect to state employee compensation, and

1 those costs resulting from implementation of section 24-50-110 (1)(a).
2 The recommendations for state contributions for group benefit plans shall
3 specify the annual group benefit plan year established pursuant to section
4 24-50-604 (1)(m). The ~~annual compensation report~~ RECOMMENDATIONS
5 SUBMITTED TO THE DIRECTOR AND THE JOINT BUDGET COMMITTEE shall
6 include the results of the surveys of public or private employers and jobs.
7 ~~for prevailing total compensation and the reasons for any deviation from~~
8 ~~prevailing total compensation in the recommendations submitted to the~~
9 ~~governor and the joint budget committee.~~ The state personnel director
10 shall also publish such ~~report~~ RECOMMENDATIONS. This subsection (4)(c)
11 is exempt from the provisions of section 24-1-136 (11), and the periodic
12 reporting requirements of this section are effective until changed by the
13 general assembly acting by bill.

14 (5) **Pay plans.** (b) No employee in any pay plan may exceed an
15 established maximum salary amount for such plan, except as provided in
16 ~~paragraph (c) of subsection (1)~~ SUBSECTION (1)(e) of this section. The
17 maximum monthly salary for any employee whose position is assigned to
18 a nonmedical pay plan in effect prior to July 1, 1991, shall be calculated
19 based on the 1991 maximum of five thousand seven hundred ninety-four
20 dollars, plus the subsequent adjustments made under this ~~paragraph (b)~~
21 SUBSECTION (5)(b) since July 1, 1991; except that classes in the medical
22 pay plan requiring licensure as a physician or dentist shall be subject to
23 a maximum monthly salary calculated on the basis of the 1991 maximum
24 of seven thousand eight hundred twelve dollars, plus the subsequent
25 adjustments made under this ~~paragraph (b)~~ SUBSECTION (5)(b) since July
26 1, 1991. Effective July 1, 2010, the maximum monthly salary in the
27 medical pay plan shall be seventeen thousand nine hundred twenty-seven

1 dollars, plus any subsequent adjustments made under this ~~paragraph (b)~~
2 SUBSECTION (5)(b). Such amounts shall be adjusted by the state personnel
3 director in accordance with the change in the employment cost index for
4 the preceding calendar year or the percentage increase in state general
5 fund appropriations in relation to such appropriations for the preceding
6 fiscal year, whichever is greater. In no event shall such amounts exceed
7 the maximum found in the market as determined by the annual
8 ~~compensation survey~~ RECOMMENDATIONS SUBMITTED BY THE STATE
9 PERSONNEL DIRECTOR. The maximum monthly salary for the senior
10 executive service plan shall not exceed the maximum monthly salary of
11 any nonmedical pay plan by more than twenty-five percent.

12 (10) **Total compensation study including retirement benefits.**

13 (a) By January 15, 2015, ~~and by January 15 every eighth year thereafter~~
14 OCTOBER 1, 2025, AND BY OCTOBER 1 EVERY FOURTH YEAR THEREAFTER,
15 the state personnel director shall submit to the governor and the joint
16 budget committee, along with the ~~annual~~ QUADRENNIAL compensation
17 report required pursuant to ~~paragraph (b) of subsection (4)~~ SUBSECTION
18 (4)(b) of this section, an addendum with a total compensation study that
19 includes retirement benefits. NOTWITHSTANDING THE REQUIREMENT IN
20 SECTION 24-1-136 (11)(a)(I), THE REQUIREMENT TO SUBMIT THE
21 ADDENDUM REQUIRED IN THIS SUBSECTION (10) CONTINUES INDEFINITELY.

22 (c) For purposes of the addendum to the ~~annual~~ QUADRENNIAL
23 compensation report required pursuant to this subsection (10), the public
24 employees' retirement association created in article 51 of this ~~title~~ TITLE
25 24 shall provide access to official association member information and
26 data under a confidentiality agreement with the third-party compensation
27 consulting firm.

1 **SECTION 3.** In Colorado Revised Statutes, 24-50-604, **amend**
2 (3) as follows:

3 **24-50-604. Powers and duties of the director.** (3) The director
4 shall have the authority to adopt procedures to determine benefit
5 eligibility requirements and the percentage of the state contribution to
6 health benefits for all employees, as defined in section 24-50-603 (7),
7 who work less than full time, are governed by the rules established
8 pursuant to subsection (2) of this section, and are hired on or after January
9 1, 2005. The director shall include any proposed changes to the group
10 benefits policy in the ~~annual compensation report and~~ recommendations
11 submitted to the governor and the joint budget committee of the general
12 assembly pursuant to section 24-50-104 (4)(c).

13 **SECTION 4. Appropriation - adjustments to 2022 long bill.**

14 (1) To implement this act, the general fund appropriation made in the
15 annual general appropriation act for the 2022-23 state fiscal year to the
16 department of personnel for use by the division of human resources for
17 total compensation and employee engagement surveys related to state
18 agency services is decreased by \$300,000.

19 (2) For the 2022-23 state fiscal year, \$147,429 is appropriated to
20 the department of personnel. This appropriation is from the general fund
21 and is based on an assumption that the department will require an
22 additional 1.0 FTE. To implement this act, the department may use this
23 appropriation as follows:

24	Executive director's office, department administration	
25	Health, life, and dental	\$10,000
26	Short-term disability	\$128
27	Division of human resources, human resource services, state	

1 agency services

2 Personal services \$129,751 (1.0 FTE)

3 Operating Expenses \$7,550

4 **SECTION 5. Safety clause.** The general assembly hereby finds,
5 determines, and declares that this act is necessary for the immediate
6 preservation of the public peace, health, or safety.