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Fiscal Note

Drafting Number:	LLS 23-0756	Date:	February 15, 2023
Prime Sponsors:	Sen. Coleman; Hansen Rep. Bacon	Bill Status:	Senate Finance
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Bill Topic: PERA TRUE-UP OF DPS DIVISION EMPLOYER CONTRIBUTION

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> School District
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

The bill decreases the employer contribution rate for Denver Public Schools to the Public Employees' Retirement Association. It will reduce school district expenditures and statutory public entity revenue.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

Based on the "true-up" calculation performed in 2020, the bill reduces the employer contribution rate from the Denver Public Schools (DPS) Division to the Public Employees' Retirement Association (PERA) from 10.4 percent of the member's salary to 7.15 percent. The member contribution rate percentage is unchanged.

Background

When the DPS Retirement System was merged into PERA in 2009, the bill required a periodic "true-up" calculation to be performed beginning in 2015 and every five years thereafter, with the purpose of determining the total DPS Division employer contribution rate that would result in the equalization of the ratio of unfunded actuarial accrued liability over payroll between the DPS and School Divisions at the end of the 30-year period beginning January 1, 2010. The last true-up occurred through House Bill 15-1391, which reduced the DPS employer contribution rate from 13.75 percent to 10.15 percent. Senate Bill 18-200 increased employer contribution rates for all but the Local Government Division by 0.25 percent.

School District

The bill decreases the DPS Division employer contribution rate by 3.25 percent, which is estimated to free-up \$29 million in district funding per year beginning in CY 2023.

Statutory Public Entity

As discussed in the School District section, the DPS Division is anticipated to contribute approximately \$29.0 million per year less to PERA than under current law. A reduction in an employer contribution rate for the DPS Division Trust Fund may influence the automatic adjustment provision; however, this impact cannot be estimated. PERA will also have a minimal workload impact to update materials.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. The change in the employer contribution rate is effective July 1, 2023.

State and Local Government Contacts

Public Employees' Retirement Association

Denver Public Schools