

CHAPTER 88

GOVERNMENT - STATE

HOUSE BILL 24-1427

BY REPRESENTATIVE(S) Bird and Taggart, Sirota, Catlin, Duran, Frizell, Herod, Marshall, Parenti, Ricks, Snyder, Weinberg, Wilson, Winter T., Young, McCluskie;
also SENATOR(S) Bridges and Zenzinger, Kirkmeyer, Hinrichsen, Michaelson Jenet, Priola.

AN ACT

CONCERNING A REQUIREMENT THAT THE STATE AUDITOR RETAIN AN ACTUARIAL FIRM WITH EXPERIENCE IN PUBLIC SECTOR PENSION PLANS TO CONDUCT A STUDY REGARDING THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, **recreate and reenact, with amendments, 24-51-614** as follows:

24-51-614. Employee retirement benefit study. (1) (a) THE STATE AUDITOR, WITH THE CONCURRENCE OF THE ASSOCIATION, SHALL RETAIN A NATIONALLY RECOGNIZED AND ENROLLED ACTUARIAL FIRM WITH EXPERIENCE IN PUBLIC SECTOR PENSION PLANS TO CONDUCT THE STUDY DESCRIBED IN SUBSECTION (2) OF THIS SECTION. THE STATE AUDITOR SHALL ADMINISTER A COMPETITIVE SOURCE SELECTION PROCESS PURSUANT TO THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF THIS TITLE 24, TO SOLICIT INDEPENDENT THIRD-PARTY FIRMS WITH THE NECESSARY CREDENTIALS TO BID FOR PERFORMANCE OF THE STUDY. THE STATE AUDITOR SHALL SELECT A FIRM THAT HAS A HISTORY OF UNBIASED, PEER-REVIEWED RESULTS AND SHALL NOT SELECT A FIRM THAT HAS A KNOWN CONFLICT OF INTEREST THAT MAY INTERFERE WITH ITS ABILITY TO PRODUCE AN OBJECTIVE REPORT. A FIRM THAT RESPONDS TO THE SOLICITATION SHALL DISCLOSE ANY ASSOCIATION THAT IT HAD OR CURRENTLY HAS WITH A BIASED GROUP. IF, FOLLOWING GOOD FAITH EFFORTS, THE STATE AUDITOR AND THE ASSOCIATION DO NOT CONCUR REGARDING THE SELECTION OF THE FIRM BY **OCTOBER 1, 2024**, THE STATE AUDITOR SHALL RETAIN THE FIRM PREFERRED BY THE STATE AUDITOR. THE STATE AUDITOR SHALL ENTER INTO A CONTRACT WITH THE SELECTED FIRM BY **OCTOBER 31, 2024**.

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(b) THE STATE AUDITOR AND THE ASSOCIATION SHALL CONFER WITH THE OFFICE OF STATE PLANNING AND BUDGETING TO DETERMINE THE SCOPE OF THE STUDY REQUIRED BY SUBSECTION (2) OF THIS SECTION.

(2) (a) THE FIRM SELECTED PURSUANT TO SUBSECTION (1) OF THIS SECTION TO PERFORM THE STUDY REQUIRED BY THIS SUBSECTION (2) SHALL PERFORM A COMPREHENSIVE STUDY COMPARING THE COST AND EFFECTIVENESS OF THE CURRENT HYBRID DEFINED BENEFIT PLAN DESIGN ESTABLISHED IN THIS ARTICLE 51 TO ALTERNATIVE PLAN DESIGNS IN THE PUBLIC AND PRIVATE SECTOR. THE STUDY MUST INCLUDE THE FOLLOWING:

(I) A COMPARISON OF THE BENEFITS, COST, AND PORTABILITY OF BENEFITS PROVIDED BY THE ASSOCIATION IN ITS CURRENT PLAN DESIGN WITH THE BENEFITS, COST, AND PORTABILITY OF BENEFITS PROVIDED BY ALTERNATIVE PLAN DESIGNS;

(II) A COMPARISON OF THE CURRENT PLAN DESIGN TO OTHER STATEWIDE PLANS, PRIVATE SECTOR RETIREMENT PLANS, AND ANY OTHER APPROPRIATE PLANS AS DETERMINED BY THE ASSOCIATION AND THE OFFICE OF THE STATE AUDITOR;

(III) AN ANALYSIS OF THE COST TO EMPLOYEES AND EMPLOYERS THAT WOULD BE INCURRED BY TRANSITIONING FROM THE CURRENT PLAN DESIGN ADMINISTERED BY THE ASSOCIATION TO ALTERNATIVE PLAN DESIGNS;

(IV) THE IMPACT THAT A CHANGE FROM THE CURRENT PLAN DESIGN TO ALTERNATIVE PLAN DESIGNS WOULD HAVE ON EXPECTED RETIREMENT BENEFITS FOR CURRENT AND FUTURE RETIREES OF THE ASSOCIATION;

(V) THE INCREMENTAL IMPACTS THAT A CHANGE FROM THE CURRENT PLAN DESIGN TO ALTERNATIVE PLAN DESIGNS WOULD HAVE ON THE ASSOCIATION'S ABILITY TO FULLY AMORTIZE THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF EACH DIVISION OF THE ASSOCIATION; AND

(VI) THE IMPACT THAT A CHANGE FROM THE CURRENT PLAN DESIGN TO ALTERNATIVE PLAN DESIGNS WOULD HAVE ON EMPLOYERS, MEMBERS, AND TAXPAYERS RELATIVE TO THE PLAN DESIGN CURRENTLY SPECIFIED IN LAW.

(b) THE FIRM SELECTED PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL INCLUDE IN THE STUDY CONDUCTED PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION AN ANALYSIS OF THE FOLLOWING ASPECTS OF THE DEFINED BENEFIT PLAN AND THE DEFINED CONTRIBUTION PLAN ESTABLISHED BY THIS ARTICLE 51 AND ADMINISTERED BY THE ASSOCIATION:

(I) A DETERMINATION OF THE WAYS IN WHICH MEMBERS WITH DIFFERENT JOB CLASSIFICATIONS AND VARYING SALARIES BENEFIT DIFFERENTLY FROM THE DEFINED BENEFIT PLAN VERSUS THE DEFINED CONTRIBUTION PLAN;

(II) A DETERMINATION OF WHETHER THE DEFINED BENEFIT PLAN OR THE DEFINED CONTRIBUTION PLAN IS MORE ADVANTAGEOUS FOR STATE EMPLOYEES AND RETIREES; AND

(III) A DETERMINATION OF THE EXTENT TO WHICH THE DEFINED BENEFIT PLAN, AS

OPPOSED TO THE DEFINED CONTRIBUTION PLAN, ENTICES INDIVIDUALS TO WORK FOR STATE GOVERNMENT INSTEAD OF WORKING IN THE PRIVATE SECTOR OR FOR ANOTHER GOVERNMENTAL ENTITY.

(c) ON OR BEFORE AUGUST 15, 2025, THE ASSOCIATION AND THE OFFICE OF THE STATE AUDITOR SHALL DELIVER A REPORT DETAILING THE FINDINGS OF THE STUDY CONDUCTED PURSUANT TO THIS SUBSECTION (2) TO THE OFFICE OF THE GOVERNOR, THE JOINT BUDGET COMMITTEE, THE LEGISLATIVE AUDIT COMMITTEE, AND THE FINANCE COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR ANY SUCCESSOR COMMITTEES.

(3) FOR PURPOSES OF THE STUDY REQUIRED BY SUBSECTION (2) OF THIS SECTION, THE ASSOCIATION SHALL PROVIDE ACCESS TO ANONYMIZED MEMBER INFORMATION AND DATA UNDER A CONFIDENTIALITY AGREEMENT WITH THE RETAINED ACTUARIAL FIRM.

(4) THE STATE AUDITOR SHALL NOTIFY THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY IF THE STATE AUDITOR DETERMINES THAT THE AMOUNT APPROPRIATED BY THE GENERAL ASSEMBLY FOR THE PURPOSE OF THE STUDY REQUIRED BY SUBSECTION (2) OF THIS SECTION IS INSUFFICIENT TO PROCURE A VENDOR TO COMPLETE THE SCOPE OF THE WORK REQUIRED.

SECTION 2. Appropriation. For the 2024-25 state fiscal year, \$380,750 is appropriated to the legislative department for use by the office of the state auditor. This appropriation is from the general fund.

SECTION 3. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Approved: April 18, 2024