



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 25-028: PERA RISK-REDUCTION MEASURES

Prime Sponsors:

Sen. Kolker
Rep. Hamrick; Taggart

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Fiscal note status: The fiscal note reflects the introduced bill, which was recommended by the Pension Review Commission.

Summary Information

Overview. The bill requires the Public Employees’ Retirement Association (PERA) to conduct its actuarial experience study and periodical actuarial audit on a four-year schedule. The Office of State Auditor must commission an ongoing independent review of the periodic actuarial audit conducted by PERA in the preceding year.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Statutory Public Entity

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures (General Fund)	\$0	\$125,000
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill requires the Public Employees' Retirement Association's (PERA) Board of Trustees (the board) to conduct its actuarial experience study in 2025 and every four years thereafter, rather than every five years. It also requires the board to conduct its periodic actuarial audit in 2026 and every four years thereafter, rather than every five years.

Beginning in 2027, and every four years thereafter, the Office of the State Auditor (OSA) must commission an independent review of the most recent periodic actuarial audit. The OSA must use experts other than those already working on behalf of PERA, who must analyze how the periodic actuarial audit was conducted and provide an independent interpretation of the results of the periodic actuarial audit, including whether the periodic actuarial audit appropriately considered the results of the most recent actuarial experience study conducted by PERA.

Background

Pursuant to its Governance Manual, PERA currently contracts with an actuary to conduct an actuarial experience study at least once every five years. These studies review the demographics of plan members and compare actuarial assumptions to the actual economic performance of PERA's investments. The board uses these studies when considering any adjustments to their actuarial assumptions. PERA [last experience study](#) was conducted in 2020, and the next study will be published in early 2025.

Also pursuant to its Governance Manual, PERA conducts an actuarial audit at least once every five years. A periodic actuarial audit is a report that evaluates the accuracy of the actuarial experience study by having an external provider review the actuary's assumptions and replicate them. PERA's [last actuarial audit](#) was conducted in 2022, and the next audit is scheduled for 2027.

This bill codifies the required studies and accelerates the scheduled conduct for each by a year.

Finally, the Pension Review Subcommittee is currently charged with commissioning an independent review similar to the one required under the bill.¹ The last review occurred in the 2024 interim and is available on the [Pension Review Subcommittee website](#). See Technical Note.

State Expenditures

The bill increases costs in the OSA in FY 2026-27—and every four years thereafter—by an estimated \$125,000, paid from the General Fund. This \$125,000 will be spent on a contract with a third-party to review PERA's periodic actuarial audit from the preceding year. Actual costs will depend on contract terms, and may be partially incurred in FY 2027-28, depending on review completion timing. Additionally, the OSA will have an increase in workload to develop, administer, and monitor the contract, estimated at 300 staff hours every four years. This additional workload can be accomplished within existing appropriations.

¹ Section 24-51.1-101 (4)(h), C.R.S.

Statutory Public Entity

The bill increases costs for PERA, paid from the PERA trusts, by approximately \$250,000 over the next twenty years. Accelerating the schedule of actuarial experience studies and audits by a year will cause an additional two studies to occur over this time period. PERA will also have an increase in workload and administrative expenses as a result of these more frequent reporting requirements.

Technical Note

The bill creates an independent review of PERA to be commissioned by the OSA, which is redundant to the review conducted on a three-year basis by the Pension Review Subcommittee. If the bill is amended to consolidate the review into one agency, the fiscal note will be updated to reflect that cost savings.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Legislative Council Staff	Treasury
Legislative Legal Services	State Auditor
Public Employees' Retirement Association	