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FISCAL NOTE

Drafting Number: LLS 18-0680 Date: January 23, 2018
Prime Sponsors: Rep. Everett Bill Status: House SVMA
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Bill Topic: MODIFICATIONS TO PERA BOARD OF TRUSTEES

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

This bill modifies the membership for the Colorado Public Employees' Retirement Association's (PERA) board of trustees and entitles trustees to review PERA's records and information. It may have a minimal expenditure impact on the state, and will have a revenue and expenditure impact on PERA. These impacts are ongoing.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

This bill authorizes members of the Colorado Public Employees' Retirement Association (PERA) board of trustees to review all records and information within the custody and control of PERA. Upon request, PERA must provide full and timely access to any records or information requested by a trustee. The trustee may not use the records or information for personal reasons and PERA is prohibited from denying a request for any reason. Trustees are responsible for any reasonable costs associated with providing the records.

The bill also modifies the composition of the 16-member PERA board to eliminate one State Division trustee position; eliminate three School Division trustee positions; and to require the State, School, Local Government, and Judicial Division trustees elected after January 1, 2019, to be at least 20 years from retirement eligibility.

In place of the four elected members, the bill adds four additional pension experts, appointed by the Governor and confirmed by the Senate. Trustees must be appointed so that they are representational of ten years of experience in the following seven areas: investment fund management, accounting, securities law, tax law, pension management, actuarial analysis, and financial planning. No more than four of the seven may be from the same political party.

Table 1 compares the difference between PERA board composition under current law and under House Bill 18-1111.

**Table 1**  
**PERA Board Composition Under HB 18-1111**

<b>Current Law</b>	<b>HB 18-1111</b>	<b>Representing</b>	<b>Type of Appointment</b>
1	1	State Treasurer	Ex Officio – Voting
3	2	State Division	Elected*
4	1	School Division	Elected*
1	1	Local Government Division	Elected*
1	1	Judicial Division	Elected*
2	2	Retirees	Elected
3	7	Pension expertise	Governor-appointed, Senate consent
1	1	Denver Public Schools	Elected – Non-voting

\* After January 1, 2019, the bill requires these elected trustees to be at least 20 years from retirement eligibility.

**Background**

**PERA trustee compensation.** Under current law, trustees are compensated by PERA as follows:

- elected members are reimbursed for necessary expenses; and
- appointed members receive \$100 per diem and necessary expense reimbursement for up to a maximum of 20 days per year.

**State Expenditures**

Beginning in FY 2018-19, the bill may increase expenditures and workload in the Treasury Department to the extent PERA records are sought by the State Treasurer. As an ex officio trustee, the State Treasurer may use his or her office's resources to request and review records. Any expenditures that cannot be accomplished within the existing administrative budget will be addressed during the annual budget process in appropriate years. The administrative budget for the State Treasurer's office is paid for with General Fund appropriations.

**Statutory Public Entity Impact**

Revenue and expenditures will increase for PERA to respond to information requests and to compensate appointed trustees.

**Information requests.** Information requests will increase revenue and workload for PERA. Any workload increase past a certain threshold will increase administrative costs paid from PERA's trusts. Additionally, PERA has several confidentiality agreements in place with third-party vendors which may result in expenditures from PERA's trusts to the extent that information requests require PERA to break with these contracts.

**Trustee compensation.** Because the bill creates four new appointed positions which receive per diem under state law and PERA rule, PERA is expected to annually compensate these individuals by up to \$2,000 for each member (\$100 per day for a maximum of 20 days), or up to \$8,000 total beginning in FY 2019-20. Per diem payments are made from PERA's trusts.

**Effective Date**

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

PERA

Treasury