



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 24-0400
Prime Sponsors:

Date: October 25, 2023
Bill Status: Bill Request
Fiscal Analyst: John Armstrong | 303-866-6289
john.armstrong@coleg.gov

Bill Topic: **PERA EXCLUSION OF CONTRACTED EMPLOYEES FOR SCHOOLS**

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 changes the definition of a Public Employees' Retirement Association "member" to exclude contract employees who are employed by a third-party. The bill will minimally impact school districts and a statutory public entity beginning in FY 2024-25.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the bill draft requested by the Pension Review Commission.

Summary of Legislation

The bill changes the definition of a Public Employees' Retirement Association (PERA) "member" to exclude employees of a private, third-party entity with which school districts, district charter schools, or institute charter school (school) has contracted with for an educational service, activity, or undertaking. Any employees who is hired, fired, compensated, or assigned by a third-party entity which is fully separate from the school is deemed a third-party employee.

School Districts

Schools that employ third-party employees will experience cost savings from employer contributions no longer being made on behalf of third-party employees.

Statutory Public Entity

Overall, PERA will have a reduction in revenue and expenditures as a result of third-party school employees no longer being members. As described in the Technical Note below, the bill may result in certain behavioral impacts by employers and employees (earlier retirement, working while receiving retirement benefits) that could have varying impacts on PERA. These potential impacts have not been estimated at this time.

Technical Note

As drafted, the bill does not prohibit current PERA retirees from contracting with a third-party employer and receiving full retirement benefits after returning to work, nor does it prohibit an eligible active member from retiring and immediately returning to work for a PERA-affiliated employer contracted through a third-party employment agency. The fiscal note assumes that these provisions will be clarified in a future version and has not estimated this impact.

Effective Date

The bill takes effect July 1, 2024.

State and Local Government Contacts

Education Public Employees' Retirement Association