

## CHAPTER 283

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**GOVERNMENT - STATE**

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## SENATE BILL 94-222

BY SENATORS Traylor, Lacy, Rizzuto, Bird, Blickensderfer, Mutzebaugh, Norton, R. Powers, Roberts, Schaffer, Tebedo, and Wham; also REPRESENTATIVES Romero, Grampsas, and Owen.

**AN ACT**

**CONCERNING METHODS FOR DETERMINING THE COMPENSATION OF EMPLOYEES IN THE STATE PERSONNEL SYSTEM, AND, IN CONNECTION THEREWITH, CHANGING THE REPORTING DATES FOR CERTAIN REPORTS RELATED TO JOB EVALUATION AND COMPENSATION THAT ARE SUBMITTED TO THE JOINT BUDGET COMMITTEE, EXTENDING THE PRESENT METHOD FOR DETERMINING ANNUAL SALARY INCREASES, AND CREATING A VOLUNTARY PERFORMANCE-BASED PAY PILOT PROGRAM.**

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

**SECTION 1.** 24-50-104 (4) (d) (II), (5) (g) (I), and (8) (a) (I), Colorado Revised Statutes, 1988 Repl. Vol., as amended, are amended, and the said 24-50-104 (8) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

**24-50-104. Job evaluation and compensation - repeal.** (4) **Revision and maintenance of the job evaluation system.** (d) (II) Any assignments or reassignments of classes to pay grades, salary rates, salary ranges, or pay relationships required by the creation of new positions or any duly authorized reorganization or change in work method which have a fiscal impact shall be made effective, with the approval of the governor, on the ensuing July 1, except as provided in subparagraph (III) of this paragraph (d). In order for the fiscal impact of any such job evaluation study to be included in the annual general appropriation bill, the results of such study shall be submitted to the joint budget committee of the general assembly no later than ~~January 15~~ DECEMBER 1 of each year FOR THE ENSUING FISCAL YEAR. Each study shall contain a detailed fiscal impact calculation by agency and department. Other than as provided in section 24-50-109.5 or in paragraph (g) of subsection (5) of this section, the only exception to the July 1 date regarding any assignment or reassignment of classes to pay grades, salary rates, or salary ranges, including those resulting from special salary surveys, shall be made in those urgent situations where personnel shortages will endanger the health, safety, or welfare of

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

citizens of the state of Colorado and where special salary surveys utilized as a part of that study indicate that such assignment or reassignment of classes is necessary to provide salaries comparable to those prevailing in comparable kinds of employment. In such urgent situations, upon approval of the governor and the state personnel director, such changes shall be effective on the first day of the month following such approval.

(5) **Salary and fringe benefit surveys.** (g) (I) The state personnel director shall, by ~~January 7~~ DECEMBER 1 of each year, submit to the governor AND THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY the final salary and fringe benefit recommendations for the ensuing fiscal year, which report shall be published and shall include a detailed explanation of the surveys utilized to determine such recommendations, ~~Such report shall also include~~ the average percentage salary survey increase for all employee classes as computed annually by the state personnel director, ~~No later than January 15 of each year, the governor shall transmit the state personnel director's report and the estimated costs for salary and fringe benefit adjustments to the joint budget committee of the general assembly,~~ for inclusion in the general appropriation bill, including ~~with such transmittal~~ the salary adjustments of all proposed reassignments of classes to pay grades, salary rates, or salary ranges as submitted by the state personnel director pursuant to subparagraph (II) of paragraph (d) of subsection (4) of this section, which reassignments shall take effect at the start of the ensuing fiscal year unless otherwise ordered by the governor acting pursuant to section 24-50-109.5. No changes in fringe benefits which are granted by statute shall take effect until enacted by the general assembly. The salary survey and fringe benefit recommendations of the state personnel director as transmitted to the governor and the general assembly shall not be appealable. ~~For the fiscal year beginning July 1, 1987, salary survey recommendations which include a class in-grade hire rate increase shall not be implemented unless such implementation can be made within existing appropriations without laying off or terminating any employees.~~

(8) **Salary administration.** (a) (I) The state personnel director shall provide by rule, based upon a system of performance evaluation, for periodic salary increases which are based on demonstrated ability for satisfactory performance and quality of performance, for the withholding of such increases for less than satisfactory performance, and for payment of an incentive award in recognition of above-standard or outstanding performance by an employee. This subparagraph (I) is repealed, effective ~~July 1, 1995~~ JULY 1, 1997.

(d) (I) THERE IS HEREBY CREATED THE PERFORMANCE-BASED PAY PILOT PROGRAM. THE PILOT PROGRAM SHALL BE IMPLEMENTED AND COORDINATED BY THE DEPARTMENT OF PERSONNEL PURSUANT TO GUIDELINES DEVELOPED BY THE DEPARTMENT. ANY EMPLOYEE OR TEAM OF EMPLOYEES IN THE STATE PERSONNEL SYSTEM MAY PARTICIPATE IN THE PILOT PROGRAM ON A VOLUNTARY BASIS, SUBJECT TO THE APPROVAL OF THE HEAD OF THE PRINCIPAL DEPARTMENT OF THE EXECUTIVE DEPARTMENT OF STATE GOVERNMENT, OR HIS OR HER DESIGNEE, IN WHICH THAT EMPLOYEE IS EMPLOYED OR TEAM OF EMPLOYEES ARE EMPLOYED. THE HEAD OF EACH PRINCIPAL DEPARTMENT OF THE EXECUTIVE DEPARTMENT OF STATE GOVERNMENT SHALL BE RESPONSIBLE FOR ENCOURAGING VOLUNTARY PARTICIPATION IN THE PILOT PROGRAM AND FOR IMPLEMENTING THE PILOT PROGRAM IN HIS OR HER DEPARTMENT, IN COOPERATION WITH THE STATE PERSONNEL DIRECTOR.

(II) THE PILOT PROGRAM SHALL PROVIDE FOR TEAM-BASED PERFORMANCE INCENTIVES. THE PERFORMANCE INCENTIVES SHALL CONSIST OF BONUSES THAT MAY BE AWARDED TO EACH EMPLOYEE ON A TEAM OF EMPLOYEES PARTICIPATING IN THE PILOT PROGRAM. THE BONUSES SHALL BE SEPARATE FROM THE SALARIES OF THE EMPLOYEES ON SUCH A TEAM AND SHALL NOT BE INCLUDED AS PART OF THAT EMPLOYEE'S BASE SALARY. A STATE AGENCY THAT PARTICIPATES IN TEAM-BASED PERFORMANCE INCENTIVES UNDER THE PILOT PROGRAM MAY FUND THE PERFORMANCE INCENTIVES WITH NOT MORE THAN ONE PERCENT OF THE STATE AGENCY'S ANNUAL APPROPRIATION FOR PERSONAL SERVICES. A STATE AGENCY MAY HAVE ONE OR MORE TEAMS OF EMPLOYEES PARTICIPATING IN THE TEAM-BASED PERFORMANCE INCENTIVES UNDER THE PILOT PROGRAM.

(III) IN ADDITION, THE PILOT PROGRAM SHALL PROVIDE FOR INDIVIDUAL PERFORMANCE INCENTIVES. THOSE INCENTIVES SHALL CONSIST OF NON-CASH INCENTIVES THAT MAY BE AWARDED TO PARTICIPATING EMPLOYEES. NON-CASH INCENTIVES MAY INCLUDE, BUT ARE NOT LIMITED TO, ADDITIONAL CONTRIBUTIONS TO EMPLOYEE BENEFITS, PAID PARKING, PRIZES, ADDITIONAL LEAVE, RECOGNITION PROGRAMS, AND FLEXTIME.

(IV) (A) THE DEPARTMENT OF PERSONNEL SHALL CONDUCT AN ONGOING EVALUATION OF THE PILOT PROGRAM AND SHALL PRESENT REPORTS TO THE GENERAL ASSEMBLY AS PROVIDED IN THIS SUBPARAGRAPH (IV).

(B) ON OR BEFORE JANUARY 15, 1995, THE DEPARTMENT SHALL REPORT ON THE GUIDELINES DEVELOPED BY THE DEPARTMENT FOR THE PILOT PROGRAM AND THE STATE AGENCIES THAT ARE PARTICIPATING IN THE PROGRAM.

(C) ON OR BEFORE NOVEMBER 1, 1995, THE DEPARTMENT SHALL REPORT ON THE COORDINATION AND IMPLEMENTATION OF THE PILOT PROGRAM WITH STATE AGENCIES DURING THE FIRST TWELVE MONTHS OF THE PROGRAM AND SHALL, IF POSSIBLE, INCLUDE THE DEVELOPMENT AND RESULTS OF THE PROGRAM WITH THOSE PARTICIPATING STATE AGENCIES.

(D) ON OR BEFORE NOVEMBER 1, 1996, THE DEPARTMENT SHALL PRESENT A FINAL REPORT ON THE PILOT PROGRAM TOGETHER WITH RECOMMENDATIONS FOR THE FUTURE IMPLEMENTATION OF PERFORMANCE-BASED PAY PROGRAMS IN THE STATE PERSONNEL SYSTEM.

(E) IN ORDER TO EFFECTUATE THE PREPARATION AND PRESENTATION OF THE REPORTS REQUIRED PURSUANT TO THIS SUBPARAGRAPH (IV), ANY STATE AGENCY PARTICIPATING IN THE PILOT PROGRAM SHALL PROVIDE INFORMATION ON THE PROGRAM TO THE DEPARTMENT UPON REQUEST FOR THAT INFORMATION.

(F) THE REPORTS REQUIRED PURSUANT TO THIS SUBPARAGRAPH (IV) SHALL BE FILED IN ACCORDANCE WITH SECTION 24-1-136 (9).

(V) THIS PARAGRAPH (d) IS REPEALED, EFFECTIVE JULY 1, 1997.

**SECTION 2. Effective date.** This act shall take effect July 1, 1994.

**SECTION 3. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 31, 1994