

CHAPTER 246

GOVERNMENT - STATE

HOUSE BILL 96-1262

BY REPRESENTATIVES Pfiffner, Anderson, Pankey, Sullivant, and Taylor;
also SENATOR Johnson.

AN ACT

CONCERNING THE STATE PERSONNEL SYSTEM, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

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

SECTION 1. 24-50-104 (8) (a) (I) and (8) (a) (III), Colorado Revised Statutes, 1988 Repl. Vol., as amended, are amended, and the said 24-50-104 (8) (a) is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBPARAGRAPHS, to read:

24-50-104. Job evaluation and compensation - repeal. (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 This subparagraph (I) is repealed, effective ~~July 1, 1997~~ JULY 1, 2000.

(III) For the fiscal year beginning ~~July 1, 1994~~ JULY 1, 1998, and each fiscal year thereafter, the salaries of all employees may be increased or left unchanged based upon merit and performance or the expectation of performance of such employees, subject to the level of available appropriations therefor. The state personnel director shall prepare and transmit to the ~~general assembly~~ JOINT BUDGET COMMITTEE AND THE HOUSE AND SENATE STATE, VETERANS, AND MILITARY AFFAIRS COMMITTEES, no later than ~~January 1, 1994~~ OCTOBER 15, 1996, ~~recommendations for changes in the statutes necessary to implement the provisions of this subparagraph~~ (III) A PERFORMANCE-BASED PAY PLAN. THE PERFORMANCE BASED PAY PLAN SHALL

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

INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING ELEMENTS:

(A) A SYSTEM FOR PERFORMANCE EVALUATION THAT PERMITS PERIODIC SALARY INCREASES BASED ON A DEMONSTRATED ABILITY FOR SATISFACTORY PERFORMANCE AND QUALITY OF PERFORMANCE, WITHHOLDING OF SUCH INCREASES FOR LESS THAN SATISFACTORY PERFORMANCE, AND THE ESTABLISHMENT OF A JOB RATE FOR EACH OCCUPATIONAL GROUP, AFTER WHICH NO ALLOWANCE FOR STEP OR LONGEVITY INCREASE SHALL BE MADE;

(B) ANNUAL SALARY INCREASES SHALL NOT BE GUARANTEED AND SHALL BE SUBJECT TO THE LEVEL OF AVAILABLE APPROPRIATIONS THEREFOR;

(C) A MINIMUM ANNUAL SALARY INCREASE SHALL NOT BE ESTABLISHED OR GUARANTEED;

(D) ANY ANNUAL SALARY INCREASE THAT MAY BE AWARDED BY THE APPOINTING AUTHORITY SHALL BE EFFECTIVE ON JULY 1, SUBJECT TO THE LEVEL OF AVAILABLE APPROPRIATIONS, AND SHALL NOT OCCUR OR BE DEPENDENT ON THE ANNIVERSARY DATE OF EMPLOYMENT.

(IV) THE JOB RATE DESCRIBED IN SUB-SUBPARAGRAPH (A) OF SUBPARAGRAPH (III) OF THIS PARAGRAPH (a) SHALL BE ESTABLISHED THROUGH THE ANNUAL TOTAL COMPENSATION SURVEY. THE TOTAL COMPENSATION ADVISORY COUNCIL SHALL ADVISE THE STATE PERSONNEL DIRECTOR IN THE INITIAL DESIGN AND FUTURE REVISIONS OF THE PERFORMANCE-BASED PAY PLAN DESCRIBED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH (a). ON OR BEFORE DECEMBER 30, 1996, FOLLOWING CONSULTATION WITH THE JOINT BUDGET COMMITTEE, THE STATE PERSONNEL DIRECTOR SHALL FINALIZE THE PERFORMANCE-BASED PAY PLAN. THE JOB RATE ESTABLISHED FOR EACH OCCUPATIONAL GROUP SHALL BE REVIEWED AS PART OF THE ANNUAL PERFORMANCE AUDIT OF THE COMPENSATION SURVEY CONTRACTED FOR BY THE STATE AUDITOR.

(V) (A) THE STATE PERSONNEL DIRECTOR SHALL IMPLEMENT PERFORMANCE-BASED PAY OVER A PERIOD OF THREE YEARS IN THREE SEPARATE SEGMENTS PURSUANT TO SUB-SUBPARAGRAPHS (B), (C), AND (D) OF THIS SUBPARAGRAPH (V) FOR ALL OF THE STATE EMPLOYEES IN THE STATE PERSONNEL SYSTEM. THE PLAN SHALL DESCRIBE THE EMPLOYEE GROUPS, CLASSES, OR POSITIONS COMPRISING EACH OF THE THREE SEGMENTS.

(B) ON OR BEFORE JULY 1, 1998, PERFORMANCE-BASED PAY SHALL BE IMPLEMENTED FOR THE FIRST SEGMENT OF STATE EMPLOYEES DESCRIBED IN THE PERFORMANCE-BASED PAY PLAN.

(C) ON OR BEFORE JULY 1, 1999, PERFORMANCE-BASED PAY SHALL BE IMPLEMENTED FOR THE SECOND SEGMENT OF STATE EMPLOYEES DESCRIBED IN THE PERFORMANCE-BASED PAY PLAN.

(D) ON OR BEFORE JULY 1, 2000, PERFORMANCE-BASED PAY SHALL BE IMPLEMENTED FOR THE THIRD SEGMENT OF STATE EMPLOYEES DESCRIBED IN THE PERFORMANCE-BASED PAY PLAN.

(E) THE PROVISIONS OF SUBPARAGRAPH (I) OF PARAGRAPH (a) OF THIS SUBSECTION (8) SHALL NOT APPLY TO ANY EMPLOYEE WHO BECOMES COVERED BY THE PERFORMANCE-BASED PAY PLAN PURSUANT TO SUB-SUBPARAGRAPHS (B), (C), OR (D) OF THIS SUBPARAGRAPH (V).

SECTION 2. Part 5 of article 50 of title 24, Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

24-50-504.7. Commission on the privatization of personal services - creation.

(1) (a) THERE IS HEREBY CREATED A COMMISSION ON THE PRIVATIZATION OF PERSONAL SERVICES PERFORMED BY CLASSIFIED STATE EMPLOYEES CONSISTING OF THE FOLLOWING APPOINTED MEMBERS:

(I) THREE MEMBERS APPOINTED BY THE GOVERNOR;

(II) THREE MEMBERS OF THE SENATE APPOINTED BY THE PRESIDENT OF THE SENATE ONE OF WHOM SHALL BE A MEMBER OF THE MINORITY PARTY;

(III) THREE MEMBERS OF THE HOUSE OF REPRESENTATIVES APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES ONE OF WHOM SHALL BE A MEMBER OF THE MINORITY PARTY;

(IV) ONE MEMBER OF THE COLORADO ASSOCIATION OF PUBLIC EMPLOYEES, DESIGNATED BY THAT ORGANIZATION;

(V) ONE MEMBER OF THE AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, DESIGNATED BY THAT ORGANIZATION;

(VI) ONE MEMBER OF THE COLORADO FEDERATION OF PUBLIC EMPLOYEES, DESIGNATED BY THAT ORGANIZATION.

(b) THE COMMISSION SHALL MEET NO LATER THAN JULY 31, 1996, AND SHALL MEET AS OFTEN AS NECESSARY.

(c) IN CARRYING OUT ITS DUTIES UNDER THIS SECTION, THE COMMISSION MAY REQUEST STAFF ASSISTANCE FROM THE DEPARTMENT OF PERSONNEL. ALL SUCH STAFF ASSISTANCE SHALL BE PROVIDED WITHIN AVAILABLE APPROPRIATIONS.

(d) THE COMMISSION SHALL INVESTIGATE AND STUDY THE SUCCESSES AND FAILURES OF PUBLIC AND PRIVATE PERFORMANCE OF PUBLIC SERVICES IN THE STATE AND IN OTHER STATES. THE COMMISSION SHALL REPORT TO THE GENERAL ASSEMBLY ON THE RESULTS OF THAT INVESTIGATION AND STUDY AND MAY MAKE RECOMMENDATIONS ON PERSONAL SERVICES CONTRACTS, PRIVATIZATION OF CERTAIN STATE SERVICES, AND APPROPRIATE LEGISLATION. THE REPORT SHALL INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING:

(I) WHETHER PERSONAL SERVICES CONTRACTS INCREASE EFFICIENCY IN THE DELIVERY OF GOVERNMENT SERVICES IN THE STATE AND IN OTHER STATES;

(II) WHETHER THERE ARE OVERALL COST SAVINGS TO THE STATE AND IN OTHER

STATES DURING THE TERM OF SUCH CONTRACTS;

(III) THE NUMBER OF PRIVATE ENTITIES EXISTING THAT PROVIDE THE PERSONAL SERVICES CONTRACTED FOR BY THE STATE AND IN OTHER STATES;

(IV) WHETHER STATE EMPLOYEES ARE ALLOWED TO SUBMIT A BID OR PROPOSAL TO PROVIDE THE PERSONAL SERVICES CONTRACTED FOR IN THE STATE AND IN OTHER STATES AND WHETHER SUCH BIDS OR PROPOSALS WERE MADE JOINTLY OR IN COOPERATION WITH A PRIVATE ENTITY.

(e) ON OR BEFORE SEPTEMBER 1, 1997, THE COMMISSION SHALL PREPARE AND TRANSMIT TO THE GENERAL ASSEMBLY A REPORT CONTAINING THE RESULTS AND RECOMMENDATIONS DESCRIBED IN PARAGRAPH (d) OF THIS SUBSECTION (1).

(f) THE REPORT REQUIRED BY PARAGRAPH (e) OF THIS SUBSECTION (1) SHALL BE FILED IN ACCORDANCE WITH SECTION 24-1-136 (9).

(2) THIS SECTION IS REPEALED, EFFECTIVE NOVEMBER 1, 1997.

SECTION 3. Appropriation - adjustment in 1996 long bill. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the department of personnel, for the fiscal year beginning July 1, 1996, the sum of fifty-six thousand six hundred ninety-six dollars (\$56,696) and 1.0 FTE, or so much thereof as may be necessary, for the implementation of this act.

(2) In addition to any other appropriation, there is hereby appropriated, to the department of law, for the fiscal year beginning July 1, 1996, the sum of ten thousand dollars (\$10,000) and 0.1 FTE, or so much thereof as may be necessary, for the implementation of this act. Such sum shall be from amounts appropriated to the department of personnel in subsection (1) of this section.

(3) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the general fund not otherwise appropriated, to the legislative department, for allocation to the legislative council, for the fiscal year beginning July 1, 1996, the sum of four thousand seven hundred fifty-two dollars (\$4,752), or so much thereof as may be necessary, for the implementation of this act.

(4) For the implementation of this act, appropriations made in the annual general appropriation act for the fiscal year beginning July 1, 1996, shall be adjusted as follows:

(a) The general fund appropriation to the capital construction fund outlined in section 3 (1)(c) and (1)(e) is reduced by sixty-one thousand four hundred forty-eight dollars (\$61,448).

(b) The capital construction fund exempt appropriation to the department of transportation, construction projects, is reduced by sixty-one thousand four hundred forty-eight dollars (\$61,448).

SECTION 4. Future appropriations. (1) It appears that this act will require

appropriations for subsequent fiscal years, and the amount to be appropriated to the department of personnel for the fiscal year beginning July 1, 1997, is estimated to be five hundred seventy-nine thousand nine hundred twenty-four dollars (\$579,924) and 2.2 FTE.

(2) The amount to be appropriated to the department of law for the fiscal year beginning July 1, 1997, is estimated to be twenty-nine thousand nine hundred ten dollars (\$29,910) and 0.5 FTE. Such sum shall be from amounts appropriated to the department of personnel in subsection (1) of this section.

(3) The amount to be appropriated to the legislative department for the fiscal year beginning July 1, 1997, is estimated to be one thousand one hundred eighty-eight dollars (\$1,188).

SECTION 5. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitutio

Approved: June 1, 1996

Editor's note: Since this act does not contain a Safety Clause, it is subject to the referendum provisions of section 1 (3) of article V of the state constitution. See section 5 of this act for the effective date.