

CHAPTER 186

GOVERNMENT - STATE

HOUSE BILL 00-1458

BY REPRESENTATIVES Dean, Gotlieb, Lawrence, Alexander, Allen, Berry, Clapp, Decker, Fairbank, George, Grossman, Hefley, Hoppe, Johnson, Kaufman, Kester, King, Larson, Lee, Leyba, Mace, May, McElhany, McKay, McPherson, Morrison, Nuñez, Paschall, Plant, Ragsdale, Saliman, Scott, Sinclair, Smith, Spence, Spradley, Stengel, Swenson, Taylor, Tool, Veiga, Webster, T. Williams, Witwer, Young, Bacon, Chavez, Clarke, Coleman, Gagliardi, Miller, Tapia, Tochtrop, Tupa, Vigil, Windels, and Zimmerman;
also SENATORS Owen, Hernandez, Powers, and Reeves.

AN ACT

CONCERNING MODIFICATIONS TO EXISTING BENEFIT PLANS FOR MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

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

SECTION 1. 24-50-104, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

24-50-104. Job evaluation and compensation - repeal. (7.5) Conversion of sick leave into salary. (a) ANY EMPLOYEE HIRED BEFORE JULY 1, 1988, WHO HAS AN INDIVIDUAL ACCUMULATED SICK LEAVE ACCOUNT IN EXCESS OF THREE HUNDRED SIXTY HOURS AS OF JULY 1 OF ANY FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2000, BUT PRIOR TO JULY 1, 2005, AND WHO MEETS THE AGE AND SERVICE CREDIT REQUIREMENTS FOR A SERVICE RETIREMENT BENEFIT PURSUANT TO SECTION 24-51-602 OR 24-51-604, MAY ELECT TO CONVERT ALL OR A PORTION OF SUCH EXCESS ACCUMULATED SICK LEAVE INTO SALARY PURSUANT TO THE TERMS OF THIS SUBSECTION (7.5). THE PROVISIONS OF THIS SUBSECTION (7.5) SHALL ALSO APPLY TO EMPLOYEES OF THE STATE WHO ARE EXEMPT FROM THE STATE PERSONNEL SYSTEM AND WHO ARE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION; EXCEPT THAT IT SHALL BE WITHIN THE DISCRETION OF THE GOVERNING BOARD OF AN INSTITUTION OF HIGHER EDUCATION WHETHER TO APPLY THE PROVISIONS OF THIS SUBSECTION (7.5) TO ITS EMPLOYEES WHO ARE EXEMPT FROM THE STATE PERSONNEL SYSTEM AND WHO ARE MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION.

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

(b) ANY EMPLOYEE WHO IS ELIGIBLE TO MAKE AN ELECTION PURSUANT TO THIS SUBSECTION (7.5) MAY ELECT ONCE EACH FISCAL YEAR TO CONVERT ANY PORTION OR ALL OF THE EMPLOYEE'S ACCUMULATED SICK LEAVE THAT EXCEEDS THREE HUNDRED SIXTY HOURS AS OF THE BEGINNING OF THE FISCAL YEAR INTO SALARY. PAYMENT FOR SUCH SICK LEAVE IN EXCESS OF THREE HUNDRED SIXTY HOURS SHALL BE AT THE RATE OF FIFTEEN PERCENT OF THE SICK LEAVE HOURS CONVERTED. THE AMOUNT PAID AS SALARY SHALL BE PAID IN A LUMP SUM WITH THE NEXT PAYROLL CHECK OR DISTRIBUTED DURING THE REMAINDER OF THE FISCAL YEAR AT THE DISCRETION OF THE EMPLOYEE.

(c) IF AN EMPLOYEE CONVERTS SICK LEAVE INTO SALARY PURSUANT TO THIS SUBSECTION (7.5), THE EMPLOYEE SHALL NOT RETAIN SICK LEAVE THEREAFTER AT THE END OF ANY FISCAL YEAR IN EXCESS OF THE NUMBER OF DAYS OF ACCUMULATED SICK LEAVE REMAINING UPON SUCH CONVERSION.

(d) ANY AMOUNT PAID AS SALARY PURSUANT TO THIS SUBSECTION (7.5) SHALL NOT BE COUNTED IN THE EMPLOYEE'S BASE SALARY FOR THE PURPOSE OF DETERMINING SALARY ADJUSTMENTS IN SUCCEEDING YEARS.

(e) ANY AMOUNT PAID AS SALARY PURSUANT TO THIS SUBSECTION (7.5) SHALL BE CONSIDERED SALARY AS DEFINED IN SECTION 24-51-101 (42) AND SHALL BE INCLUDED IN THE CALCULATION OF THE EMPLOYEE'S HIGHEST AVERAGE SALARY PURSUANT TO SECTION 24-51-101 (25), SUBJECT TO THE LIMITATIONS SPECIFIED IN SECTION 24-51-101 (25) (b) (I). THE STATE AND THE EMPLOYEE SHALL PAY EMPLOYER AND MEMBER CONTRIBUTIONS UPON SUCH AMOUNTS AS PROVIDED IN SECTION 24-51-401.

(f) ALL PAYMENTS ALLOWED PURSUANT TO THIS SUBSECTION (7.5) SHALL BE MADE ON OR BEFORE JUNE 30, 2005.

(g) EMPLOYERS OTHER THAN THE STATE THAT ARE AFFILIATED WITH THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION ARE AUTHORIZED TO APPLY THE PROVISIONS OF THIS SUBSECTION (7.5) TO THEIR EMPLOYEES WHO ARE MEMBERS OF THE ASSOCIATION, WERE HIRED BEFORE JULY 1, 1988, AND ARE ELIGIBLE FOR SERVICE OR REDUCED SERVICE RETIREMENT. ANY SICK LEAVE CONVERTED PURSUANT TO THIS PARAGRAPH (g) MAY BE CONVERTED IN CONFORMANCE WITH SIMILAR TERMS AND CONDITIONS THAT ARE SPECIFIED FOR STATE EMPLOYEES PURSUANT TO THIS SECTION. SICK LEAVE DAYS ELIGIBLE FOR CONVERSION INTO SALARY AT THE RATE OF FIFTEEN PERCENT OF THE PER DIEM SALARY OF EACH DAY CONVERTED SHALL BE BASED ON EMPLOYEE LEAVE BALANCES AS OF DECEMBER 31, 1999, OR THE END OF THE PREVIOUS FISCAL YEAR, WHICHEVER IS EARLIER. THE BOARD OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION MAY ESTABLISH PROCEDURES TO IMPLEMENT THIS PARAGRAPH (g).

(h) THIS SUBSECTION (7.5) IS REPEALED, EFFECTIVE JULY 1, 2005.

SECTION 2. 24-51-101 (6.5) and (12), Colorado Revised Statutes, are amended to read:

24-51-101. Definitions. As used in this article, unless the context otherwise requires:

(6.5) "Base benefit" means the initial benefit for a benefit which becomes effective after ~~March 1, 1993~~ MARCH 1, 2000. For a benefit which became effective on or before ~~March 1, 1993~~ MARCH 1, 2000, "base benefit" means the total benefit payable as of ~~February 28, 1994~~ FEBRUARY 28, 2001, including the sum of the initial benefit, accumulated annual increases, and cost of living increases.

(12) "~~Consumer price index~~" means the national consumer price index for urban wage earners and clerical workers prepared by the United States department of labor for a particular calendar year.

SECTION 3. 24-51-208 (1) (f), Colorado Revised Statutes, is amended to read:

24-51-208. Allocation of moneys. (1) The moneys of the association shall be divided into several trust funds, including, but not limited to:

(f) The health care trust fund, created pursuant to the provisions of section 24-51-1201, which consists of a portion of the employer contributions equal to one and one-tenth percent of member salaries; THIRTY PERCENT OF THE AMOUNT OF ANY REDUCTION IN THE EMPLOYER CONTRIBUTION RATES AS DETERMINED IN SECTION 24-51-408.5 (5) TO AMORTIZE ANY OVERFUNDING IN EACH DIVISION'S TRUST FUND; deductions of premium amounts from monthly benefits of participating benefit recipients; premiums paid directly to the trust fund by participating benefit recipients, members, and dependents; monthly payments made by employers on behalf of participating benefit recipients, members, and dependents; and interest; in addition to a proportional share of investment income earned thereon;

SECTION 4. 24-51-401 (1.7), Colorado Revised Statutes, is amended to read:

24-51-401. Employer and member contributions. (1.7) Employers designated as state employers by rule of the board shall forward to the association by the tenth calendar day of each month a monthly contribution report and the full amount of employer and member contributions. Employers designated as school employers by rule of the board and municipal division employers shall forward to the association, by the date established by rule of the board, a monthly contribution report and the full amount of employer and member contributions. Except as provided in subsection (7) of this section and in section 24-51-408.5 (6), such contributions shall be based upon the rates for the appropriate division as set forth in the following table multiplied by the total gross salary paid to members for the preceding month:

**TABLE A
CONTRIBUTION RATES**

Division	Membership	Employer Rate	Member Rate
State and School	All Members	11.4% 10.4%	8.0%
	Except State Troopers	13.1%	10.0%
Municipal	All Members	10.0%	8.0%

Judicial	All Members	15.0% 14.0%	8.0%
----------	-------------	------------------------	------

SECTION 5. 24-51-408.5 (5) and (6) (a), Colorado Revised Statutes, are amended, and the said 24-51-408.5 (6) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

24-51-408.5. Matching employer contribution on voluntary contributions made by members to tax-deferred retirement programs. (5) If the actuarial value of assets exceeds the actuarial accrued liabilities in any division, as determined by the association's actuary, the division shall be considered overfunded by the amount of the difference. If a division is overfunded, the association's actuary shall determine NOT LATER THAN SEPTEMBER 1 OF EACH YEAR the reduction in the employer contribution rates specified in section 24-51-401 (1.7) necessary to amortize the overfunding over a period of ten years.

(6) (a) ~~Except for the state employer contribution rate for state troopers, the employer contribution rate specified in section 24-51-401 (1.7) for state and school division employers and for judicial division employers shall be reduced by one percent of salary when matching employer contributions first begin. In addition~~ COMMENCING WITH THE FISCAL YEAR THAT BEGINS JULY 1, 2001, the employer contribution rate ~~for each division for any calendar year~~ SPECIFIED IN SECTION 24-51-401 (1.7) FOR STATE AND SCHOOL DIVISION EMPLOYERS, AND FOR JUDICIAL DIVISION EMPLOYERS shall be reduced to amortize any overfunding in the respective division's trust fund by ~~one-half~~ TWENTY PERCENT of the amount of any reduction in the employer contribution rates as determined in accordance with subsection (5) of this section, BUT IN ANY CASE SUCH REDUCTION SHALL BE AT LEAST ONE-HALF OF ONE PERCENT OF SALARY FOR THE FISCAL YEAR THAT COMMENCES JULY 1, 2001, AND AT LEAST ONE-FOURTH OF ONE PERCENT OF SALARY FOR FISCAL YEARS THAT COMMENCE ON OR AFTER JULY 1, 2002. THE CALCULATION OF THE AMOUNT OF ANY REDUCTION IN THE EMPLOYER CONTRIBUTION RATES DUE TO OVERFUNDING SHALL BE DETERMINED USING THE ACTUARY'S CALCULATION FROM THE PRECEDING SEPTEMBER 1. In no event shall the total reduction in any division's employer contribution rate pursuant to this paragraph (a) change by more than one percent of salary from one year to the following year.

(a.5) THE EMPLOYER CONTRIBUTION RATE FOR THE MUNICIPAL DIVISION FOR ANY CALENDAR YEAR SHALL BE REDUCED TO AMORTIZE ANY OVERFUNDING IN THE MUNICIPAL DIVISION TRUST FUND BY TWENTY PERCENT OF THE AMOUNT OF ANY REDUCTION IN THE EMPLOYER CONTRIBUTION RATES AS DETERMINED IN ACCORDANCE WITH SUBSECTION (5) OF THIS SECTION. THE CALCULATION OF THE AMOUNT OF ANY REDUCTION IN THE EMPLOYER CONTRIBUTION RATES SHALL BE DETERMINED USING THE ACTUARY'S CALCULATION FROM THE PRECEDING SEPTEMBER 1. FOR MUNICIPAL DIVISION EMPLOYERS WITH A FISCAL YEAR THAT BEGINS LATER THAN JANUARY 1, THE CALCULATION OF THE AMOUNT OF ANY REDUCTION IN THE EMPLOYER CONTRIBUTION RATE SHALL TAKE EFFECT AT THE START OF THE EMPLOYER'S FISCAL YEAR.

SECTION 6. 24-51-602 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

24-51-602. Service retirement eligibility. (1) (c) MEMBERS WHO ARE FIFTY-FIVE YEARS OF AGE OR OLDER SHALL, UPON WRITTEN APPLICATION AND

APPROVAL OF THE BOARD, RECEIVE SERVICE RETIREMENT BENEFITS PURSUANT TO THE BENEFIT FORMULA SET FORTH IN SECTION 24-51-603, WITHOUT REDUCTION PURSUANT TO SECTION 24-51-604, IF THEY HAVE AT LEAST FIVE YEARS OF SERVICE CREDIT AND IF THE NUMBER OF YEARS OF THEIR AGE PLUS THE NUMBER OF YEARS OF THEIR SERVICE CREDIT EQUALS EIGHTY YEARS OR MORE.

SECTION 7. 24-51-1002 (1), Colorado Revised Statutes, is amended to read:

24-51-1002. Annual percentages to be used. (1) The cumulative increase applied to benefits paid shall be recalculated annually as of March 1 and shall be the ~~lesser of:~~ TOTAL PERCENT DERIVED BY MULTIPLYING THREE AND ONE-HALF PERCENT, COMPOUNDED ANNUALLY, TIMES THE NUMBER OF YEARS SUCH BENEFIT HAS BEEN EFFECTIVE AFTER MARCH 1, 2000. BENEFITS FOR VESTED INACTIVE MEMBERS WITH AT LEAST TWENTY-FIVE YEARS OF SERVICE CREDIT AND BENEFITS FOR SURVIVORS OF DECEASED VESTED INACTIVE MEMBERS WHO HAD AT LEAST TWENTY-FIVE YEARS OF SERVICE CREDIT SHALL BE INCREASED BY THE ANNUAL INCREASE SPECIFIED IN SECTIONS 24-51-1001 TO 24-51-1003 UNDER PRIOR LAW FROM THE DATE OF TERMINATION OF MEMBERSHIP OR JULY 1, 1993, WHICHEVER IS LATER, TO MARCH 1, 2000, OR THE DATE BENEFITS COMMENCE, WHICHEVER IS EARLIER.

(a) ~~The total percent derived by multiplying three and one-half percent, compounded annually, times the number of years such benefit has been effective after March 1, 1993; and~~

(b) ~~The percent increase in the consumer price index from 1992, or the year prior to the year in which the benefit becomes effective, whichever is later, to the year preceding March 1.~~

SECTION 8. Appropriations - adjustments in 2000 long bill. For the implementation of section 24-51-401 (1.7), Colorado Revised Statutes, appropriations made in the annual general appropriation act for the fiscal year beginning July 1, 2000, shall be reduced by the sum of four million eight hundred six thousand nine hundred ninety-seven dollars (\$4,806,997). Said reductions shall be derived from such sources as detailed in the following table:

DEPARTMENT	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total
Agriculture	(27,035)	(34,679)	(2,707)	(700)	(65,121)
Corrections	(1,153,655)	(4,487)	(35,546)	0	(1,193,688)
Education	(51,058)	(3,379)	(3,811)	0	(58,248)
Governor	(12,183)	0	(5,014)	0	(17,197)
Health Care Policy and Financing	(22,510)	0	0	(25,069)	(47,579)
Higher Education	(18,128)	0	0	0	(18,128)
Human Services	(558,198)	(13,184)	(286,489)	(151,742)	(1,009,613)
Judicial	(540,326)	(26,918)	0	0	(567,244)
Labor and Employment	0	(63,573)	(26,337)	(133,141)	(223,051)
Law	(20,111)	(5,126)	(62,636)	(7,246)	(95,119)
Legislature	(12,013)	0	0	0	(12,013)
Local Affairs	(12,417)	(738)	0	(6,479)	(19,634)
Military Affairs	(8,675)	0	0	(13,673)	(22,348)
Natural Resources	(97,224)	(199,880)	(35,330)	(35,910)	(368,344)

Government - State

Ch. 186

DEPARTMENT	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total
Personnel	(92,113)	(1,427)	(180,247)	0	(273,787)
Public Health and Environment	(34,764)	(62,594)	(53,063)	(89,746)	(240,167)
Public Safety	(21,031)	(8,200)	(53,784)	(2,541)	(85,556)
Regulatory Agencies	(7,024)	(119,379)	(12,860)	(1,680)	(140,943)
Revenue	(217,485)	(29,033)	(75,871)	0	(322,389)
State	0	(16,149)	0	0	(16,149)
Transportation	0	(2,826)	0	(1,756)	(4,582)
Treasury	(6,097)	0	0	0	(6,097)
Total	(2,912,047)	(591,572)	(833,695)	(469,683)	(4,806,997)

SECTION 9. Effective date - applicability. (1) Section 6 of this act shall take effect June 1, 2000, sections 1 and 4 of this act shall take effect July 1, 2000, sections 3 and 5 of this act shall take effect January 1, 2001, and sections 2 and 7 of this act shall take effect March 1, 2001.

(2) Section 6 of this act shall apply only to benefits that first become effective on or after June 1, 2000.

SECTION 10. 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 23, 2000