

CHAPTER 304

GOVERNMENT - STATE

HOUSE BILL 03-1316

BY REPRESENTATIVE(S) Spradley, Coleman, Hodge, Hoppe, Larson, Schultheis, Stafford, Stengel, Williams T., and Butcher;
also SENATOR(S) Arnold, and May R.

AN ACT

**CONCERNING MODIFICATIONS TO THE COMPENSATION PROCESS FOR STATE EMPLOYEES, AND MAKING
AN APPROPRIATION THEREFOR.**

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

SECTION 1. 24-50-104 (1) (a) (I), (1) (a) (II), (1) (a) (III) (A), (1) (e), (1) (i), and (3), Colorado Revised Statutes, are amended, and the said 24-50-104 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH CONTAINING A RELOCATED PROVISION, WITH AMENDMENTS, to read:

24-50-104. Job evaluation and compensation - repeal. (1) **Total compensation philosophy.** (a) (I) It is the policy of the state ~~in recruiting and retaining a qualified and competent work force~~ to provide prevailing total compensation to officers and employees in the state personnel system TO ENSURE THE RECRUITMENT, MOTIVATION, AND RETENTION OF A QUALIFIED AND COMPETENT WORK FORCE. FOR PURPOSES OF THIS SECTION, "TOTAL COMPENSATION" INCLUDES, BUT IS NOT LIMITED TO, SALARY, GROUP BENEFIT PLANS, RETIREMENT BENEFITS, PERFORMANCE AWARDS, INCENTIVES, PREMIUM PAY PRACTICES, AND LEAVE. FOR PURPOSES OF THIS SECTION, "GROUP BENEFIT PLANS" MEANS GROUP BENEFIT COVERAGES CONTRACTED FOR OR ADMINISTERED BY THE STATE PERSONNEL DIRECTOR FOR MEDICAL, DENTAL, AND LIFE BENEFITS.

(II) THE STATE PERSONNEL DIRECTOR SHALL ESTABLISH TECHNICALLY AND PROFESSIONALLY SOUND SURVEY METHODOLOGIES TO ASSESS PREVAILING TOTAL COMPENSATION PRACTICES, LEVELS, AND COSTS. Except as provided in subparagraph (III) of this paragraph (a), for purposes of this paragraph (a), ~~"prevailing total compensation" means the salary, benefits, including retirement benefits, and premium pay practices comparable to those found by the state personnel director in similar kinds of employment in appropriate markets of public and private employment to~~

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

determine ~~comparable rates for~~ AND MAINTAIN salaries, ~~benefits, including retirement benefits, and premium pay practices prevailing in other places of~~ STATE CONTRIBUTIONS FOR GROUP BENEFIT PLANS, AND PERFORMANCE AWARDS THAT ARE COMPARABLE TO public and private employment, the state personnel director shall annually ~~utilize~~ REVIEW the results of appropriate ~~salary and benefits~~ surveys conducted by public or private organizations, ~~and other supplemental salary or benefit surveys as deemed necessary by the director to determine and maintain comparable total compensation for the work force~~ INCLUDING SURVEYS BY THE STATE PERSONNEL DIRECTOR. ANY SURVEYS PROVIDED ON A CONFIDENTIAL BASIS SHALL NOT BE REVEALED EXCEPT TO THE STATE AUDITOR'S OFFICE AND THE PRIVATE FIRM CONDUCTING THE AUDIT REQUIRED IN PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION. THE STATE PERSONNEL DIRECTOR SHALL ADOPT APPROPRIATE PROCEDURES TO DETERMINE AND MAINTAIN OTHER ELEMENTS OF TOTAL COMPENSATION, INCLUDING THE PAYMENT OF INCENTIVE AWARDS TO EMPLOYEES IN THE STATE PERSONNEL SYSTEM. THE STATE PERSONNEL DIRECTOR'S REVIEW AND DETERMINATION OF TOTAL COMPENSATION PRACTICES SHALL NOT BE SUBJECT TO APPEAL EXCEPT AS OTHERWISE AUTHORIZED BY LAW OR STATE PERSONNEL DIRECTOR PROCEDURES.

(III) (A) THE METHODOLOGIES USED for purposes of determining and maintaining PREVAILING compensation for state troopers employed by the Colorado state patrol ~~"prevailing total compensation" has the same meaning as set forth in~~ SHALL BE THE SAME AS THE METHODOLOGIES ESTABLISHED PURSUANT TO subparagraph (II) of this paragraph (a); except that the amount of salary shall be at least ninety-nine percent of the actual average salary provided to the top three law enforcement agencies within the state that have both more than one hundred commissioned officers and the highest actual average salary.

(c.5) [Formerly 24-50-118] (I) The state personnel director shall provide for the evaluation of employee performance. Each employee shall be evaluated at least once a year. The evaluation of performance shall be used as a factor in compensation, promotions, demotions, removals, reduction of force, and all other transactions AS DETERMINED BY THE STATE PERSONNEL DIRECTOR in which considerations of quality of service are properly a factor.

(II) A supervisor, ~~which for purposes of this section shall include exempt supervisors of classified employees~~ INCLUDING A SUPERVISORY STATE EMPLOYEE NOT WITHIN THE STATE PERSONNEL SYSTEM, who does not evaluate ~~his or her~~ subordinate employees IN THE STATE PERSONNEL SYSTEM as ~~provided in~~ REQUIRED BY THIS SECTION PARAGRAPH (c.5) on at least an annual basis shall be suspended from work without pay for a period of not less than one workweek. THE PROVISIONS OF THIS SUBPARAGRAPH (II) SHALL ONLY APPLY TO SUPERVISORS WHO ARE STATE EMPLOYEES.

(III) The head of each principal department and each ~~governing board of a~~ state-supported institution of higher education, respectively, shall determine annually on May 1 whether each supervisor IN THE DEPARTMENT OR INSTITUTION has completed the mandatory performance evaluation required for each ~~of his subordinate employees~~ EMPLOYEE IN THE STATE PERSONNEL SYSTEM during the preceding twelve months. If any evaluations have still not been completed by July 1, the supervisor may be subject to demotion. ~~or termination~~ If a supervisor has not timely completed

annual performance evaluations for two consecutive years, ~~he~~ THE SUPERVISOR shall be demoted to a nonsupervisory position.

(IV) The STATE PERSONNEL director shall ~~provide by rule~~ ADOPT PROCEDURES for THE implementation of THE PROVISIONS OF this ~~section and~~ PARAGRAPH (c.5). Nothing in this ~~section~~ PARAGRAPH (c.5) shall be construed to limit the ABILITY OF THE STATE PERSONNEL director ~~from adding~~ TO PROVIDE FOR additional sanctions for noncompliance WITH THE PROVISIONS OF THIS PARAGRAPH (c.5).

(V) The state personnel director shall monitor compliance with ~~subsection (3) of this section~~ THE REQUIREMENTS OF THIS PARAGRAPH (c.5) AND PARAGRAPH (c) OF THIS SUBSECTION (1) and shall ANNUALLY report the director's findings ~~annually on~~ PERTAINING TO THE PRIOR FISCAL YEAR NOT LATER THAN January 1 OF THE FOLLOWING FISCAL YEAR to the joint budget committee of the general assembly. ~~Said~~ THE report shall include, BY DEPARTMENT OR INSTITUTION, the number of supervisors who were suspended ~~the number of supervisors who were~~ OR demoted, ~~or terminated,~~ and the percentage of all supervisors who ~~acted in compliance with this section~~ COMPLIED WITH THE REQUIREMENTS OF THIS PARAGRAPH (c.5), THE TOTAL AMOUNT OF DOLLARS APPROPRIATED FOR PERFORMANCE AWARDS, THE TOTAL AMOUNT OF SUCH DOLLARS THAT WERE AWARDED TO EMPLOYEES FOR PERFORMANCE AWARDS, AND THE TOTAL AMOUNT OF THOSE DOLLARS AWARDED FOR EACH PERFORMANCE CATEGORY.

(e) The state personnel director shall sustain an employee's base salary in the event such employee's position is placed in a lower pay range due to an allocation of such employee's position, a system maintenance study of all positions in a class, a general job evaluation study of the state personnel system, or the annual ~~total~~ compensation survey for a period not to exceed three years from the effective date of such placement. ~~For purposes of the annual total compensation survey, this paragraph (e) shall take effect beginning with the 1999 annual total compensation survey.~~

(i) ~~The state personnel director shall monitor compliance with paragraph (c) of this subsection (1) and shall report the director's findings by January 1 of each year to the joint budget committee of the general assembly. The report shall include, by agency or department, the total amount of dollars appropriated for periodic salary increases and incentive awards for the prior fiscal year, the total amount of those appropriated dollars awarded to employees for periodic salary increases and incentive awards, and the total amount of dollars awarded for each performance category.~~

(3) Total compensation advisory council. (a) A total compensation advisory council is hereby established PURSUANT TO THIS SUBSECTION (3) to advise the state personnel director on policy matters related to the total compensation program. ~~including performance-based pay and the conduct of supplemental salary or benefits surveys deemed necessary by the director under subparagraph (H) of paragraph (a) of subsection (1) of this section.~~ The total compensation advisory council shall consist of ~~eleven~~ TEN members, who shall serve without compensation, as follows:

- (I) ~~The state controller or the state controller's designee;~~
- (II) ~~The attorney general or the attorney general's designee;~~
- (III) The insurance commissioner or the insurance commissioner's designee;

(IV) A private sector total compensation specialist appointed by the state personnel director;

(V) A member of the senate appointed by the president of the senate;

(VI) A member of the house of representatives appointed by the speaker of the house of representatives; ~~and~~

~~(VII) Five members elected by employees in the state personnel system who shall serve three-year terms;~~

(VIII) ONE MEMBER APPOINTED BY THE PRESIDENT OF THE SENATE, ONE MEMBER APPOINTED BY THE MINORITY LEADER OF THE SENATE, AND TWO MEMBERS APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. THE MEMBERS APPOINTED PURSUANT TO THIS SUBPARAGRAPH (VIII) SHALL BE EMPLOYEES, AS DEFINED IN SECTION 24-50-603 (7), AND SHALL SERVE THREE-YEAR TERMS.

(IX) TWO MEMBERS APPOINTED BY THE STATE PERSONNEL DIRECTOR WHO SHALL SERVE THREE-YEAR TERMS. ONE OF THE MEMBERS APPOINTED PURSUANT TO THIS SUBPARAGRAPH (IX) SHALL BE AN EMPLOYEE, AS DEFINED IN SECTION 24-50-603 (7).

(b) ~~The state personnel director shall establish election procedures for the total compensation advisory council.~~ No more than two employees shall be elected APPOINTED from one department or institution of higher education. No employee, as defined in section 24-50-603 (7), shall be denied the right to ~~seek election~~ BE APPOINTED to and serve on the total compensation advisory council. NOTHING IN THIS SUBSECTION (3) SHALL PRECLUDE ANY PERSON, ORGANIZATION, OR GROUP FROM SUBMITTING A LIST OF POTENTIAL APPOINTEES TO ANY PERSON MAKING APPOINTMENTS TO THE COUNCIL PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (3).

(c) Nothing in this subsection (3) shall affect the total compensation advisory council existing as of ~~August 5, 1998~~ JUNE 1, 2003, or the terms of the members serving on the council as of ~~August 5, 1998~~ JUNE 1, 2003.

SECTION 2. 24-50-104 (4) (a) and (4) (b), Colorado Revised Statutes, are amended, and the said 24-50-104 (4) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

24-50-104. Job evaluation and compensation - repeal. (4) **Annual compensation process.** (a) ~~The state personnel director shall establish technically and professionally sound survey methodologies to determine prevailing total compensation practices, levels, and costs.~~ THE PURPOSE OF THE ANNUAL COMPENSATION PROCESS IS TO DETERMINE ANY NECESSARY ADJUSTMENTS TO STATE EMPLOYEE SALARIES, STATE CONTRIBUTIONS FOR GROUP BENEFIT PLANS, AND PERFORMANCE AWARDS. The annual ~~total~~ compensation survey, based on an analysis of surveys ~~conducted~~ by public or private organizations, INCLUDING SURVEYS BY THE STATE PERSONNEL DIRECTOR, shall include a fair sample of public and private sector employers and jobs, including areas outside the Denver metropolitan area. ~~Any surveys provided on a confidential basis shall not be revealed except to the state auditor's office and the private firm conducting the audit required in paragraph (b) of~~

~~this subsection (4). In order to establish confidence in the utilization of salary and fringe benefits~~ SELECTION OF surveys, the state personnel director shall meet and confer in good faith with management and STATE employee representatives ~~of the state and the total compensation advisory council. in the selection and utilization of public or private surveys or surveys conducted by the state personnel director.~~

(b) THE STATE PERSONNEL DIRECTOR SHALL PREPARE AN ANNUAL COMPENSATION REPORT BASED ON THE ANALYSIS OF SURVEYS CONDUCTED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (4). The purpose of the annual ~~total~~ compensation report shall be to reflect all adjustments necessary to maintain the ~~total compensation~~ SALARY structure, STATE CONTRIBUTIONS FOR GROUP BENEFIT PLANS, AND PERFORMANCE AWARDS for the upcoming fiscal year. ~~The total compensation survey, including any supplemental salary or benefits survey, shall not be appealable.~~ The state auditor is responsible for contracting with a private firm to conduct a performance audit of the procedures and application of data, ~~including adjustments to job rates~~ ANY SURVEY CONDUCTED BY THE STATE PERSONNEL DIRECTOR. BEGINNING JANUARY 1, 2003, such audits shall be conducted ~~annually through calendar year 2000 and every two years, beginning January 1, 2001, and EVERY TWO YEARS, AND BEGINNING JANUARY 1, 2005, THE AUDITS SHALL BE CONDUCTED EVERY FOUR YEARS.~~ A report shall be submitted to the governor and the general assembly by ~~THE June 30 1999, and every other year thereafter~~ IMMEDIATELY FOLLOWING THE COMPLETION OF THE AUDIT.

(f) ANY MONEYS APPROPRIATED PURSUANT TO THIS SUBSECTION (4) SHALL NOT BE USED TO ACHIEVE PARITY FOR EMPLOYEES OUTSIDE THE STATE PERSONNEL SYSTEM.

SECTION 3. 24-50-104 (4) (c), Colorado Revised Statutes, as amended by Senate Bill 03-273, enacted at the First Regular Session of the Sixty-fourth General Assembly, is amended to read:

(c) BY AUGUST 1, 2003, AND BY AUGUST 1 OF EACH YEAR THEREAFTER, the state personnel director shall submit the ANNUAL COMPENSATION REPORT AND ~~final total compensation~~ recommendations and estimated ~~increased~~ costs ~~including~~ FOR STATE EMPLOYEE COMPENSATION FOR THE NEXT FISCAL YEAR, COVERING SALARIES, STATE CONTRIBUTIONS FOR GROUP BENEFIT PLANS, AND PERFORMANCE AWARDS, TO THE GOVERNOR AND THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY. THE RECOMMENDATIONS SHALL REFLECT A CONSIDERATION OF THE RESULTS OF THE ANNUAL COMPENSATION SURVEY, FISCAL CONSTRAINTS, THE ABILITY TO RECRUIT AND RETAIN STATE EMPLOYEES, APPROPRIATE ADJUSTMENTS WITH RESPECT TO STATE EMPLOYEE COMPENSATION, AND those costs resulting from implementation of section 24-50-110 (1) (a). ~~to the governor and the joint budget committee of the general assembly by November 1, 2001, and by August 1 of each year thereafter and~~ THE ANNUAL COMPENSATION REPORT SHALL INCLUDE THE RESULTS OF THE SURVEYS OF PUBLIC OR PRIVATE EMPLOYERS AND JOBS FOR PREVAILING TOTAL COMPENSATION AND THE REASONS FOR ANY DEVIATION FROM PREVAILING TOTAL COMPENSATION IN THE RECOMMENDATIONS SUBMITTED TO THE GOVERNOR AND THE JOINT BUDGET COMMITTEE. THE STATE PERSONNEL DIRECTOR shall ALSO publish such report. ~~If the amount of the final total compensation recommendations and estimated costs submitted on November 1, 2001, results in an amount that exceeds the amount of general fund moneys requested for salaries as contained in the original budget requests of all the departments for the 2002-03 fiscal year, the office of state planning~~

~~and budgeting shall submit to the joint budget committee by January 24, 2002, budget amendments that reduce the amount of general fund moneys requested for purposes other than salaries in such budget requests so that the total amount of general fund moneys requested does not exceed the total amount of general fund moneys requested by all departments as contained in such original budget requests.~~

SECTION 4. 24-50-104 (4) (d) (II), Colorado Revised Statutes, as enacted by Senate Bill 03-273, enacted at the First Regular Session of the Sixty-fourth General Assembly, is amended to read:

24-50-104. Job evaluation and compensation - repeal. (4) Annual compensation process. (d) (II) TO THE EXTENT SUCH CHANGES ARE FUNDED, THE RECOMMENDED CHANGES IN STATE CONTRIBUTIONS FOR GROUP BENEFIT PLANS AND ANY ADJUSTMENTS TO THE RECOMMENDED CHANGES MADE BY THE GENERAL ASSEMBLY IN THE ANNUAL GENERAL APPROPRIATIONS ACT FOR THE NEXT FISCAL YEAR SHALL BE EFFECTIVE JANUARY 1 OF THE NEXT FISCAL YEAR. For the 2003-04 fiscal year and every fiscal year thereafter, to THE EXTENT SUCH CHANGES ARE FUNDED, the recommended changes to IN STATE EMPLOYEE salaries AND ANY ADJUSTMENTS TO THE RECOMMENDED CHANGES MADE BY THE GENERAL ASSEMBLY IN THE ANNUAL GENERAL APPROPRIATIONS ACT FOR THE FISCAL YEAR FOLLOWING THE FISCAL YEAR FOR WHICH THE RECOMMENDATIONS WERE MADE shall be effective on July 1 of the fiscal year following the fiscal year for which the ~~recommended changes~~ RECOMMENDATIONS were made, AND THE RECOMMENDED CHANGES IN STATE EMPLOYEE PERFORMANCE AWARDS AND ANY ADJUSTMENTS TO THE RECOMMENDED CHANGES MADE BY THE GENERAL ASSEMBLY IN THE ANNUAL GENERAL APPROPRIATIONS ACT FOR THE NEXT FISCAL YEAR SHALL BE EFFECTIVE JULY 1 OF THE NEXT FISCAL YEAR, unless:

(A) The general assembly, acting by bill, establishes a different effective date for that fiscal year; or

(B) The governor orders otherwise pursuant to section 24-50-109.5. ~~and such order is adopted by the general assembly through a joint resolution declaring a fiscal emergency and approved by the governor in accordance with section 39 of article V of the Colorado constitution.~~

SECTION 5. 24-50-104 (1) (c) (I), the introductory portion to 24-50-104 (1) (c) (II), and 24-50-104 (1) (c) (II) (B), (1) (c) (II) (D), (1) (c) (II) (E), (1) (c) (III), and (1) (c) (IV), Colorado Revised Statutes, are amended, and the said 24-50-104 (1) (c) (II) is further amended BY THE ADDITION OF THE FOLLOWING NEW SUB-SUBPARAGRAPHS, to read:

24-50-104. Job evaluation and compensation - repeal. (1) Total compensation philosophy. (c) (I) Based on a system of performance MANAGEMENT AND evaluation, the state personnel director shall ~~provide by rule~~ ADOPT PROCEDURES for PERIODIC SALARY INCREASES FOR EMPLOYEES IN THE STATE PERSONNEL SYSTEM BASED ON PERFORMANCE.

~~(A) Periodic salary increases for employees in the state personnel system based on demonstrated ability for satisfactory performance and quality of performance;~~

~~(B) The withholding of periodic salary increases for employees in the state personnel system based on performance that is less than satisfactory; and~~

~~(C) The payment of an incentive award to employees in the state personnel system in recognition of above standard or outstanding performance.~~

(II) ~~By September 1, 2000,~~ The department of personnel shall ~~prepare~~ DEVELOP GUIDELINES AND COORDINATE a performance ~~plan~~ SYSTEM pursuant to the provisions of subparagraph (I) of this paragraph (c) that:

~~(B) Is cost neutral as compared to the compensation plan in place for the fiscal year ending June 30, 2001, as modified each fiscal year thereafter by personal services appropriations;~~

~~(D) Emphasizes planning, management, and evaluation of employee performance; and~~

~~(E) Includes uniform and consistent guidelines for all state agencies DEPARTMENTS AND INSTITUTIONS OF HIGHER EDUCATION;~~

~~(F) PROHIBITS A FORCED DISTRIBUTION OF PERFORMANCE RATINGS; AND~~

~~(G) AUTHORIZES INDIVIDUAL AND GROUP PERFORMANCE AWARDS.~~

~~(III) The performance plan prepared in accordance with the provisions of subparagraph (H) of this paragraph (c) shall be submitted to the joint budget committee of the general assembly no later than September 1, 2000. The plan shall be implemented and coordinated by the department of personnel pursuant to guidelines developed by the department and subject to available appropriations.~~

(IV) ~~Notwithstanding section 24-50-118,~~ The state personnel director may authorize state ~~agencies~~ DEPARTMENTS AND INSTITUTIONS OF HIGHER EDUCATION to establish a ~~plan~~ PROGRAM for the particular state ~~agency~~ DEPARTMENT OR INSTITUTION to implement the performance ~~plan~~ SYSTEM prepared by the department of personnel in accordance with the provisions of this paragraph (c). The state personnel director shall encourage state ~~agencies~~ DEPARTMENTS AND INSTITUTIONS OF HIGHER EDUCATION to implement performance evaluations of employees that are as objective as possible and that, as soon as possible and wherever feasible, include an assessment from multiple sources of each employee's performance. Such sources shall include, where applicable, the employee's self-assessment, the employee's superiors, subordinates, peers, and any other applicable sources of an employee's performance. The state personnel director shall ~~establish by rule~~ ADOPT PROCEDURES TO ESTABLISH a process to resolve employee disputes related to performance evaluations that do not result in corrective or disciplinary action against the employee. Each ~~such plan of~~ PROGRAM ESTABLISHED BY a state ~~agency~~ DEPARTMENT OR INSTITUTION OF HIGHER EDUCATION PURSUANT TO THIS SUBPARAGRAPH (IV) shall be subject to the director's approval. Except as provided in paragraph (d) of subsection (5) of this section, salaries may be increased or left unchanged subject to available appropriations for the performance ~~plan~~ SYSTEM; except that no annual increase shall be guaranteed.

SECTION 6. 24-50-109.5 (2), Colorado Revised Statutes, is amended to read:

24-50-109.5. Fiscal emergencies - emergency orders. (2) With the advice and assistance of the state personnel director, the governor shall take such actions as necessary to be utilized by each principal department and each institution of higher education to reduce state personnel expenditures in the event of a fiscal emergency. Such actions shall include, but need not be limited to, separations, voluntary furloughs, mandatory furloughs, suspension of INCREASES IN salary and ~~fringe benefit survey increases~~ STATE CONTRIBUTIONS FOR GROUP BENEFIT PLANS, suspension of performance awards, or ~~merit increases~~ job-sharing, hiring freezes, forced reallocation of vacant positions, or a combination thereof. Any suspension of salary and ~~fringe benefit survey~~ increases, INCREASES IN STATE CONTRIBUTIONS FOR GROUP BENEFIT PLANS, or ~~suspension of performance awards or merit increases~~ shall apply statewide to all employees in the state personnel system. If mandatory furloughs are utilized in any principal department or institution of higher education, such furloughs shall be implemented by each appointing authority so that all employees under such authority, regardless of status, position, or level of employment, are furloughed for the same length of time, CONSISTENT WITH SECTION 24-2-103 (2). Employees of the following agencies and employees with duties as described shall not be subject to mandatory furlough: The Colorado state patrol, correctional officers, police officers, employees of the department of human services providing hands-on care, and employees providing hands-on nursing care.

SECTION 7. 24-50-208, Colorado Revised Statutes, is amended to read:

24-50-208. Voluntary separation incentive program. The state personnel ~~board~~ DIRECTOR may adopt ~~rules and regulations~~ PROCEDURES establishing a PROGRAM FOR voluntary separation ~~incentive program~~ INCENTIVES available to all state employees ~~who are subject to separation from employment~~ IN LIEU OF LAYOFFS based on a determination by the ~~governor that the department has personnel in excess of its needs due to lack~~ HEAD OF A PRINCIPAL DEPARTMENT OR INSTITUTION OF HIGHER EDUCATION THAT THE PROGRAM IS NECESSITATED BY A SHORTAGE of work, ~~lack~~ SHORTAGE of funds, or A reorganization. Any ~~such~~ program ESTABLISHED PURSUANT TO THIS SECTION shall not conflict with ~~state personnel system or public employees retirement association statutes~~ LAWS, rules, or ~~regulations~~ PROCEDURES GOVERNING THE STATE PERSONNEL SYSTEM OR THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION. A VOLUNTARY SEPARATION INCENTIVE SHALL NOT BE CONSIDERED A PERQUISITE FOR PURPOSES OF SECTION 24-30-202 (22).

SECTION 8. 24-50-603 (13), Colorado Revised Statutes, is amended to read:

24-50-603. Definitions. As used in this part 6, unless the context otherwise requires:

(13) "Short-term disability ~~insurance plan~~" means a group ~~insurance~~ policy or contract provided by a carrier for the purpose of providing short-term disability ~~insurance~~ income replacement and ~~includes provisions for coverage not to exceed six months at a maximum of sixty percent of the eligible employee's salary to be provided to any eligible employee who has exhausted all sick leave available to such employee~~ COMPLETED ANY REQUIRED WAITING PERIOD.

SECTION 9. 24-50-604 (1) (b), Colorado Revised Statutes, is amended, and the said 24-50-604 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

24-50-604. Powers and duties of the director. (1) The director shall administer and manage the state employees group benefit plans and, subject to the provisions of this part 6, has the following powers and duties:

(b) The authority and responsibility to enter into contracts with carriers for group benefit plans and to negotiate and enter into amendments to existing contracts as appropriate. Payments by the state, pursuant to such contracts, are subject to the amounts authorized in ~~section 24-50-609~~ SECTIONS 24-50-104 (4) AND 24-50-609.

(I) THE AUTHORITY AND RESPONSIBILITY TO ENTER INTO CONTRACTS OR RENEWALS FOR GROUP BENEFIT PLANS THAT ARE SELF-FUNDED, IF FEASIBLE AS DETERMINED BY THE STATE PERSONNEL DIRECTOR.

SECTION 10. 24-50-609 (1), (2), and (3), Colorado Revised Statutes, are amended to read:

24-50-609. State contributions. (1) ~~Effective January 1, 1994, through November 30, 2000, the state of Colorado shall contribute an amount necessary to pay one hundred forty-eight dollars and fifteen cents per month per single employee; one hundred eighty-four dollars and twenty-nine cents per month per employee with one covered dependent, and two hundred fifty-eight dollars and twenty-nine cents per month per employee with two or more covered dependents for each employee enrolled in group benefit plans that include enrollment in medical benefits.~~

(2) (a) ~~(H) Except as provided in subparagraph (H) of this paragraph (a), effective December 1, 2000, through November 30, 2001, the state of Colorado shall contribute an amount necessary to pay one hundred sixty dollars per month per single employee, two hundred thirty dollars per month per employee with one covered dependent, and three hundred sixteen dollars per month per employee with two or more covered dependents for each employee enrolled in group benefit plans that include enrollment in medical benefits.~~

~~(H) Effective December 1, 2000, through November 30, 2002, for employees who are elected state officials who receive compensation other than expense reimbursements from state funds, the state of Colorado shall contribute an amount necessary to pay one hundred sixty dollars per month per single employee, two hundred thirty dollars per month per employee with one covered dependent, and three hundred sixteen dollars per month per employee with two or more covered dependents for each employee enrolled in group benefit plans that include enrollment in medical benefits.~~

(b) ~~(I) Effective December 1, 2001, through November 30, 2002, for employees other than elected state officials who receive compensation other than expense reimbursements from state funds, the state of Colorado shall contribute an amount necessary to pay one hundred sixty-six dollars and twelve cents per month per single employee, two hundred thirty-nine dollars and fifteen cents per month per employee with one covered dependent, and three hundred twenty-eight dollars and eighty-seven~~

~~cents per month per employee with two or more covered dependents for each employee enrolled in group benefit plans that include enrollment in medical benefits. However, for purposes of providing parity in the amount of state contributions for all employees statewide, the state shall contribute an amount necessary to ensure that the employee contribution for any given medical benefits plan is identical for each employee enrolled in said plan, regardless of the county of residence of the employee~~

THE TOTAL PREMIUM FOR EACH PARTICULAR GROUP BENEFIT PLAN OFFERED TO STATE EMPLOYEES PURSUANT TO THIS PART 6 AND FOR EACH TIER OF SAID PLAN SHALL BE THE SAME FOR ALL ELIGIBLE EMPLOYEES. THE AMOUNT OF THE STATE CONTRIBUTION FOR EACH TIER SHALL BE DETERMINED BY THE DIRECTOR IN ACCORDANCE WITH SECTION 24-50-104 (4) AND SHALL BE THE SAME FOR ALL ELIGIBLE EMPLOYEES WITHIN THE STATE PERSONNEL SYSTEM. FOR PURPOSES OF THIS SECTION, "TIER" MEANS THE PARTICULAR COVERAGE OPTIONS OFFERED TO ELIGIBLE EMPLOYEES, INCLUDING SINGLE EMPLOYEE, EMPLOYEE WITH ONE COVERED DEPENDENT, AND EMPLOYEE WITH TWO OR MORE COVERED DEPENDENTS.

(II) Effective December 1, 2002, FOR THE 2003 CALENDAR YEAR, the state of Colorado shall contribute an amount necessary to pay one hundred sixty-six dollars and twelve cents per month per single employee, two hundred thirty-nine dollars and fifteen cents per month per employee with one covered dependent, and three hundred twenty-eight dollars and eighty-seven cents per month per employee with two or more covered dependents for each employee enrolled in group benefit plans that include enrollment in medical benefits. The amounts specified in this subparagraph (II) may be adjusted for future years in accordance with ~~subsection (3) of this section~~ SUBPARAGRAPH (I) OF THIS PARAGRAPH (b) AND SECTION 24-50-104 (4).

~~(3) (a) (I) On August 1, 2002, the director shall recommend to the joint budget committee of the general assembly that the contribution amounts specified in subparagraph (H) of paragraph (b) of subsection (2) of this section be adjusted in the next fiscal year in accordance with the change in the consumer price index for the Denver-Boulder-Greeley metropolitan statistical area for the preceding calendar year.~~

~~(H) On August 1, 2003, and on August 1 of each year thereafter, the director shall recommend to the joint budget committee of the general assembly that the contribution amounts specified in the annual general appropriations act for the current fiscal year be adjusted in the annual general appropriations act for the next fiscal year in accordance with the change in the consumer price index for the Denver-Boulder-Greeley metropolitan statistical area for the preceding calendar year.~~

~~(b) If the joint budget committee of the general assembly determines that the state contribution amounts specified in subparagraph (H) of paragraph (b) of subsection (2) of this section or in the annual general appropriations act should be adjusted, any such adjustments shall be implemented through the annual general appropriations act for the fiscal year following the fiscal year in which the recommendations are made pursuant to paragraph (a) of this subsection (3) and shall commence on December 1 of the fiscal year to which the annual general appropriations act applies. The amount of the monthly state contribution per single employee, per employee with one covered dependent, and per employee with two or more covered dependents, as adjusted pursuant to this paragraph (b), shall be specified in a headnote in the annual general appropriations act for the fiscal year in which the adjusted amounts will be implemented.~~

~~(c) In no event shall the state contribution exceed the amount recommended by the director in the annual total compensation survey prepared pursuant to section 24-50-104 (4).~~

SECTION 11. Repeal. 24-50-605 (4), Colorado Revised Statutes, is repealed as follows:

24-50-605. Group benefit plans - specifications - contracts. (4) ~~Any contracts or renewals that the director enters into for group benefit plans shall, if feasible, be self-funded programs.~~

SECTION 12. Repeal of provision being relocated in this act. 24-50-118, Colorado Revised Statutes, is repealed.

SECTION 13. Appropriation - adjustments to the 2003 long bill. For the implementation of section 24-50-104 (4) (d), Colorado Revised Statutes, appropriations made in the general appropriation act, for the fiscal year beginning July 1, 2003, for health, life, and dental, shall be decreased by the sum of one hundred eighty-two thousand four hundred ninety-four dollars (\$182,494). Said sum shall be from such sources as detailed in the following table:

Department	General Fund	Cash Funds	Cash Funds Exempt	Highway Users Tax Fund	Federal Funds	Total
Agriculture	(1,080)	(1,486)	0	0	(19)	(2,585)
Corrections	(42,503)	(73)	(1,485)	0	0	(44,061)
Education	(2,087)	(93)	(314)	0	(1,252)	(3,746)
Governor	(752)	0	(140)	0	(230)	(1,122)
Health Care Policy and Financing	(610)	0	(7)	0	(752)	(1,369)
Higher Education	(1,012)	(185)	(115)	0	0	(1,312)
Human Services	(21,358)	(117)	(8,171)	0	(4,050)	(33,696)
Judicial	(25,441)	(2,329)	0	0	0	(27,770)
Labor and Employment	0	(1,616)	(948)	0	(5,225)	(7,789)
Law	(863)	(16)	(1,779)	0	(51)	(2,709)
Local Affairs	(1,221)	(69)	(83)	0	(283)	(1,656)
Military and Veterans Affairs	(263)	0	0	0	(300)	(563)
Natural Resources	(4,792)	(1,511)	(5,911)	0	(951)	(13,165)

Department	General Fund	Cash Funds	Cash Funds Exempt	Highway Users Tax Fund	Federal Funds	Total
Personnel and Administration	(1,813)	(120)	(2,591)	0	0	(4,524)
Public Health and Environment	(1,149)	(1,469)	(1,564)	0	(4,339)	(8,521)
Public Safety	(2,085)	(499)	(464)	(7,155)	(589)	(10,792)
Regulatory Agencies	(155)	(3,197)	(592)	0	0	(3,944)
Revenue	(7,080)	(356)	(1,739)	(1,078)	0	(10,253)
State	0	(753)	0	0	0	(753)
Transportation	0	(46)	(1,911)	0	0	(1,957)
Treasury	<u>(142)</u>	<u>0</u>	<u>(65)</u>	<u>0</u>	<u>0</u>	<u>(207)</u>
Total	(114,406)	(13,935)	(27,879)	(8,233)	(18,041)	(182,494)

SECTION 14. 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 22, 2003