



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Room 029 State Capitol, Denver, CO 80203-1784

Phone: (303) 866-3521 • Fax: (303) 866-3855

lcs.ga@state.co.us • leg.colorado.gov/lcs

Memorandum

July 15, 2022

TO: Interested Persons

FROM: Erin Reynolds, Principal Fiscal Analyst, 303-866-4146
Anne Wallace, Senior Research Analyst, 303-866-4364
Katie Ruedebusch, Principal Research Analyst, 303-866-3001

SUBJECT: Pension Review Commission and Subcommittee Overview and 2022 Interim Schedule

Summary

This memorandum provides information regarding the Pension Review Commission and the Pension Review Subcommittee during the 2022 legislative interim.

Pension Review Commission

Pursuant to Section 24-51.1-101, C.R.S., the Pension Review Commission is required to study and develop proposed legislation relating to funding and benefit design of police officers' and firefighters' pensions in the state, which are primarily managed by the Fire and Police Pension Association (FPPA). In addition, the commission must study and may develop proposed legislation relating to the Public Employees' Retirement Association (PERA). Specifically, the law directs the commission to study, review, and propose legislation related to the following subjects including, but not limited to:

- normal retirement age;
- payment of benefits prior to normal retirement age;
- service requirements for eligibility;
- rate of accrual of benefits;
- disability benefits;
- survivors' benefits;
- vesting of benefits;
- employee and employer contributions;
- post-retirement increases;
- creation of an administration board;

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- creation of a consolidated statewide system;
- coordination of benefits with other programs;
- the volunteer firefighter pension system; and
- state laws related to each pension system.

2022 membership. There are ten members on the Pension Review Commission, five Senators and five Representatives. The President of the Senate and the Speaker of the House each appoint three members, and the minority leaders of each house will each appoint two members. In odd years, the chair is appointed by the Speaker of the House and the vice-chair is appointed by the President of the Senate, and vice versa in even years. Table 1 shows the 2022 membership of the Pension Review Commission.

Table 1
2022 Pension Review Commission Membership

Senators	Representatives
Sen. Chris Kolker, Chair	Rep. Shannon Bird, Vice-Chair
Sen. Jessie Danielson	Rep. Tony Exum, Sr.
Sen. Chris Hansen	Rep. Shane Sandridge
Sen. Dennis Hisey	Rep. Emily Sirota
Sen. Kevin Priola	Rep. Perry Will

Pension Review Subcommittee

Pursuant to Section 24-51.1-101 (3)(a), the Pension Review Subcommittee must focus on the financial health of PERA. Specifically, the subcommittee is responsible for:

- making recommendations to the commission regarding PERA;
- determining the necessity of continuing the annual direct distribution of \$225 million in state funding to PERA;
- suggesting enhancements to PERA's analysis tools and determining whether PERA's model assumptions are meeting targets and achieving sustainability;
- reviewing the annual actuarial valuation of PERA and making comments as necessary;
- making recommendations to PERA's board regarding assumptions, funding policy, reporting practices, or other operational policy;
- semi-annually reviewing the overall financial health of PERA, including the levels of benefits, its sources of funding, and its overall financial viability based on both the assumptions of the board and the requirements of the Governmental Accounting Standards Board, and requesting that PERA adjust its assumptions as appropriate;
- reviewing annually the calculated normal costs that will cover current pension benefits and the share of contributions going to cover PERA's unfunded liability;
- reviewing semi-annually the planned reduction of PERA's unfunded liability, providing an annual report to the General Assembly regarding whether or not PERA is on track to achieve full funding by 2048, and making recommendations to rectify the shortfall as needed;

- providing an annual written report to Colorado citizens on whether PERA is on track to achieve full funding by 2048, and, if not, a report of the corrective actions recommended by the subcommittee or PERA to the legislature to rectify the shortfall;
- after full funding is achieved, making recommendations to the commission, the Joint Budget Committee, and the General Assembly during each legislative session regarding changes to the plan to maintain full funding;
- ensuring PERA's board is administering the association as mandated and making recommendations for the board's structure as warranted; and
- every three years, commissioning an independent review of the economic and investment assumptions used to model PERA's financial situation. The subcommittee shall use experts other than those already working on behalf of the association.

Subcommittee members. The subcommittee consists of 14 members as follows:

- four legislators who are also members of the commission, appointed by the Speaker of the House, the President of the Senate, and the House and Senate Minority Leaders; and
- ten public members with experience or knowledge of investment management, corporate or public finance, compensation and benefit systems, economics, accounting, pension administration, or actuarial analysis, with two individual appointments made by the Speaker of the House, the President of the Senate, and the House and Senate Minority Leaders, and one individual appointment to be made by the Governor and the State Treasurer.

Like the commission, the chair is designated by the Speaker of the House in odd-numbered years and by the President of the Senate in even-numbered years, with the vice-chair being chosen by the other house. The chair and vice-chair must be chosen from the legislative members of the subcommittee. Table 2 shows the 2022 membership of the Pension Review Subcommittee.

Table 2
2022 Pension Review Subcommittee Membership

Legislative Members	
Sen. Chris Kolker, Chair	Rep. Shannon Bird, Vice-Chair
Sen. Kevin Priola	Rep. Perry Will
Public Members (appointing authority in parenthesis)	
Mr. Gary Arnold (Speaker)	Mr. Michael Johnson (Speaker)
Mr. Jim Mantele (Treasurer)	Ms. Carole Partin (President)
Mr. Trey Rogers (Governor)	Mr. Patrick Roybal (President)
Mr. Joshua Sharf (House Minority Leader)	Mr. Lang Sias (House Minority Leader)
Mr. Jack Tate (Senate Minority Leader)	Mr. Earl Wright (Senate Minority Leader)

Meeting requirements for subcommittee members. Each subcommittee member is required to attend certain meetings each year, as follows:

- at least one PERA Board of Trustees meeting per year (meetings schedules are available online at: <https://www.copera.org/board-of-trustees>);
- the Legislative Audit Committee's meeting where it reviews PERA's annual actuarial valuation (currently scheduled for August 9: <https://leg.colorado.gov/committees/legislative-audit-committee/2022-regular-session>); and
- the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act hearing of the Joint Finance Committee when it reviews PERA, which took place January 18, 2022 (committee summary, including attachments, available online here: <https://leg.colorado.gov/content/sfin2022a-01182022-010343-pm-committee-summary>, and audio recording available here: https://sg001-harmony.sliq.net/00327/Harmony/en/PowerBrowser/PowerBrowserV2/20220624/12/12537#agenda_).

Legislative Staff Support

Committee staff. Legislative Council Staff is charged with assisting the commission in its activities. In 2022, the committee staff includes Erin Reynolds, Anne Wallace, and Katie Ruedebusch. If you have any questions or would like any additional information concerning the commission or subcommittee, please send an e-mail to pensionreviewcomm.ga@state.co.us.

Committee staff will post regular updates to the commission and subcommittee websites: <https://leg.colorado.gov/committees/pension-review-commission/2022-regular-session> and <https://leg.colorado.gov/committees/pension-review-subcommittee/2022-regular-session>.

Fiscal note staff. Legislative Council Staff provides fiscal notes for commission legislation and other analyses requested by the commission. To discuss the fiscal impact of legislation or to request a fiscal analysis, please contact Erin Reynolds (erin.reynolds@state.co.us).

Legal services staff. Additionally, attorneys at the Office of Legislative Legal Services provide legal and bill drafting assistance to the commission. For assistance in these areas, please contact Nicole Myers (nicole.myers@state.co.us) or Jessica Herrera (jessica.herrera@state.co.us).

Audit staff. The commission may also receive support from the state auditor's office.

Meeting Dates

During the 2022 interim, the subcommittee will hold two meetings and the commission will hold two meetings, as shown in Table 3. All meetings will take place in House Committee Room 0112 in the State Capitol Building, 200 E. Colfax Avenue, Denver.

Table 3
2022 Pension Review Commission and Subcommittee
Interim Meeting Schedule

	Date	Time
Subcommittee	Thursday, July 21	10:00 a.m.
	Thursday July 28	9:00 a.m.
Commission	Monday, August 8	9:00 a.m.
	TBD	

Requirements for Interim Legislation

Commission approval. The commission may refer up to five bills to the Legislative Council, and bills must be approved at public meetings of the commission. The commission may request bill drafts at a meeting to take place no later than August 19, 2022, and may approve bill drafts at a subsequent meeting to take place no later than September 30, 2022. Bill drafts and fiscal notes will be sent to commission members at least three days prior to this meeting.

Legislative Council review. The Legislative Council will meet on October 14, 2022, to consider any bills approved by interim committees. Bills not approved by Legislative Council may be introduced during the regular session, but such bills will count against a member's five-bill limit. Commission bills must have prime sponsors prior to consideration by the Legislative Council.