

To whom it may concern:

On behalf of Scoot Education, Lela Payne and Austin Jones, two current Scoot Education employees are submitting a written testimony in support of **HB24-1159**. Scoot Education is a private educational staffing company that partners with local school administrators to place qualified substitute teachers, to serve in short term capacity until schools make a permanent hire.

Lela Payne is the direct Manager for the Scoot Education Denver office. She and her staff currently work alongside 10 networks across 51 school sites throughout the Denver Metro Area.

Austin Jones is the Human Resource Generalist for Scoot Education and works closely with regional leaders on HR, employee relations and employee benefits. Scoot Education has been operating in Colorado since July 2021 and has continued to grow in partnerships and the onboarding of new substitute teachers.

***First and foremost, Scoot Education, as a private third party vendor, does not agree that PERA has the authority to change their stance to force private companies to comply with a public retirement option, designed for public employees and public entities. If HB24-1159 does not pass, the financial implications will negatively impact understaffed schools and will drastically restrict their ability to support their students and larger school community effectively.***

The purpose of this testimony is to ensure our voices are heard in relation to **HB24-1159 and to voice our full support on the passage of the proposed bill.** The following reasons outline why we support this:

1. **Scoot Education already provides employee retirement benefits/options**
  - a. We offer a full 401k plan that has options for employees to choose their contribution amount. Our current employees noted this was an important factor when deciding to work for our company as they have the flexibility to contribute or not. Given that Scoot Education has already taken the step to provide retirement options we are in favor of **HB24-1159**.
2. **Lack of PERA guidance, support or clarity to help private vendors**
  - a. We've never received any communication from PERA since they notified schools in June 2023 of this proposed change. As of April 2024, after previous repeated attempts to speak with a PERA representative our HR team still hasn't received the specifics on the rollout, nor have we been provided with the necessary logistics or clarity on how to comply with enrolling the employees of a private company into PERA, which is specifically designed to support public employees of public entities . We've been directed to review the online FAQs listed on PERA's website, however, it does not include any information on how to implement this change. Colorado PERA has only been able to confirm that school administrators are responsible for "figuring it out". Our school partners have not been given any guidance on how they should proceed on this matter as well.
3. **Lack of instructions on private entities becoming PERA employers**
  - a. The instructions that are provided are outlined for public entities, which are in fact PERA eligible, but private entities are not. The following screenshot has been

pulled from the Colorado PERA Affiliation Guide on their website and lists which public entities can become PERA affiliated. No where in the following guidance does it list private entities making PERA affiliation thus making it irrelevant for private companies. Please review the following screenshot for evidence of this.

## FREQUENTLY ASKED QUESTIONS

### Affiliating With PERA

#### WHO MAY AFFILIATE WITH PERA?

Colorado state law provides that any political subdivision within the state, or any public agency created by the State or any of its political subdivisions, may affiliate with PERA. Title 24, Article 51, Section 309, of the Colorado Revised Statutes (C.R.S.) refers to the affiliation by public entities. Employers who would belong to PERA's Local Government Division may voluntarily join PERA. Some public employers are required by statute to belong to PERA, such as public schools, charter schools, and state agencies.

*PERA Rules*, as approved by the Board of Trustees, further explain affiliation procedures. Local government entities and special districts that affiliate with PERA are assigned to the Local Government Division. Colorado state law does not permit private, nonprofit corporations organized under Internal Revenue Code Section 501(c)(3) (like mental health organizations, child care centers, or private schools) to join PERA.

The following are examples of public entities that may affiliate with PERA in the Local Government Division:

- » Counties
- » Municipalities including cities, towns, and villages
- » County and district health departments
- » Housing authorities
- » Library districts
- » Planning commissions
- » Public hospitals
- » Special tax districts (fire protection, parks and recreation, sanitation, water, metropolitan, transportation, and drainage and flood control districts)

Additionally, PERA requests the passing of a resolution to affiliate with PERA at a regularly scheduled public meeting. ***If the guidelines are only for public entities, how are we, as a private employer supposed to comply with that?*** Please review the screenshot below answering the questions “Who may or may not affiliate?” AND “How does a group affiliated with PERA?”

## Affiliating with Colorado PERA

Is PERA required for my employees? +

Who may or may not affiliate? —

As provided in Colorado state law, any political subdivision within the state, or any public agency created by the State or any of its political subdivisions may affiliate with PERA. **There is no minimum number of employees.**

Others who may affiliate with PERA include:

- Employers who would belong to PERA's Local Government Division.
- Some public employers required by statute to belong to PERA, such as public schools, charter schools, and state agencies.

*See Title 21, Article 51, Section 309 of the Colorado Revised Statutes (C.R.S.) which refers to the affiliation by public entities. Colorado state law does not permit private, nonprofit corporations organized under Internal Revenue Code Section 501(c)(3) such as mental health organizations, child care centers, or private schools to join PERA.*

When may an entity affiliate with PERA? —

Any time. Affiliation starts the first day of the month following the receipt of the proper resolution or on a date a specified by the resolution or by the public employer.

Affiliation cannot be retroactive to access a previous benefit structure.

How does a group affiliate with PERA? —

The governing board of the county, municipality, special district, or other public entity must pass a resolution to affiliate with PERA at a regularly scheduled public meeting (link: See Affiliation Guide pg. 9). The following three signatures are required on a resolution:

- The chairman or president of the board, city council, or county commission
- The mayor, city manager, or administrator
- The mayor, city manager, or administrator, a second time, to certify that the resolution is a true copy

#### 4. Lack of guidance regarding competing retirement benefits

- a. PERA has not provided guidance on how a private employer should comply with its state and federal retirement benefit requirements. This includes how PERA's instructions conflict with Colorado's SecureSavings initiative, in addition to a private employer's obligation towards federal programs such as contributions to social security via FICA payroll taxes.

#### 5. Impact on students, furthering learning loss and increases operational costs for schools

- a. The implementation of PERA's instructions could make it commercially unviable for private staffing providers, such as Scoot Education, to service Colorado's public entities including public school districts. Removing a critical staffing resource for hard to staff, short term roles which are highly challenging for schools to fill given these roles commonly have little advance notice and are short term in nature. The explanation of increased operational cost is included in the bill proposed and we can confirm our school partners are worried about the cost associated if PERA were to collect. Please review the following screenshot and know we fully agree with the analysis on increased costs and the negative impact if the bill does not pass.

5           (k) The apparent intent of the PERA change is to collect more  
6 funds to support the PERA retirement system and to restrict use of any  
7 strategies that may be used by public school systems to evade the high  
8 cost of PERA contributions, but this intent does not take into account the  
9 limited means available for addressing staffing shortages;

10           (l) It is unclear if the proposed PERA change is consistent with  
11 the existing definition of member in the law authorizing PERA; and

12           (m) By causing the loss of services, it is highly likely that the  
13 proposed PERA change would result in a significant loss of employment  
14 within the entire public school sector; a loss of instruction for students,  
15 which would also result in losses in enrollments, resulting losses within  
16 the PERA system itself; a loss of non-instructional services to parents,  
17 such as school transportation; and increasing liability costs for the school  
18 system and, potentially, for PERA itself.

## 6. Loss of revenue

- a. Should the implementation of PERA's guidance result in private employers being unable to viably operate in Colorado, the state would lose significant income via payroll taxes, gross receipts taxes, and company tax.

Our HR team is submitting the following email correspondence between our company and PERA as evidence confirming the lack of guidance, support or clarity needed in order to comply. This correspondence transpired in the month of April 2024 but we have made repeated attempts to request this type of information (via email and phone calls) each month since June 2023. Furthermore, the conversations highlight in full transparency the lack of process and/or logistics needed for third-party private companies to comply.



**Austin Jones** <austin.j@scoot.education>  
to Randy, Employer

Apr 3, 2024, 3:38 PM

Good Afternoon Randy,

I have reviewed the information you have provided. I really appreciate it! I had a few questions to ask relating to this change, our company just wants to make sure we are ready for this potential change and follow the laws set by Colorado.

Can you please advise on what will happen if the moratorium doesn't pass? PERA is requiring private employers to comply with the updated regulations but we currently have no information as to how we can comply. What PERA is asking companies such as Scoot Education to do, requires an enormous amount of administrative work, and if the rule goes into place on July 1, 2024, we want to start preparing for the new rules now. Unfortunately, we don't have time to see if the moratorium passes, and presumably PERA is not expecting it to pass and will include privately employed substitute teachers, otherwise PERA would not have started telling schools that private employers substitutes must be included in PERA.

We have spoken to a few of our school partners in Colorado and they are equally as confused with this change. I really appreciate any guidance you can provide to our company to allow us to prepare for this major change. Thank you!

Regards,  
Austin Jones



**Randy Spencer**  
to me, Employer

Apr 4, 2024, 7:06 AM

Hi Austin: I can understand your concern regarding this issue. Below is a link to a fact sheet and FAQs that will hopefully answer your questions. Any updates will be posted to our website. If you have additional questions, please feel free to contact me.

[PERA Membership of Substitute Teachers Employed by a Third-Party Employment Agency - Colorado PERA \(copera.org\)](#)

Thanks,



**Randy Spencer**  
Senior Employer Representative

303-837-6239 (direct) | 303-863-3839 (fax)

Colorado Public Employees' Retirement Association  
1301 Pennsylvania Street, Denver, CO 80203

*One of Colorado's Best Investments.*



**Austin Jones** <austin.j@scoot.education>  
to Randy, Employer

Apr 4, 2024, 11:00 AM

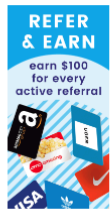
Thank you so much Randy! We have read through the FAQ and certainly want to comply with these changes. We just do not have any guidance on how to comply from a payroll processing perspective, communications that should be sent to our educators, and how we can gain access to all the required reporting sites.

We just want to begin the process to prepare for this change, am I correct that PERA currently has no materials to train and prepare us for this change effective 7/1/24? We understand why the change is happening and want to comply, we will just need the information for us to begin aligning with this change and access to PERA's reporting software to begin training our team to comply.

The FAQ makes total sense and we are ready to begin working with PERA to make sure we are ready for this change. Please let us know what needs to be done on our end to get ready for the change and how we can become a PERA eligible private employer.

Thank you again for all of this information, it has been very helpful and we are ready to begin preparations.

Regards,  
Austin Jones



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**Randy Spencer**  
to me

Apr 8, 2024, 3:03 PM

Hi Austin: The information I have provided for you is all of the guidance that we have. I am not anticipating that anything additional will be provided when the change takes effect. It is up to our employers to determine the best way to proceed. I'm sorry I can't be more helpful.



Until Colorado PERA can provide a clear plan for execution, which includes access to their systems, thorough training to both staffing agencies and schools, and the mechanisms needed for accountability, we believe that **HB24-1159** should be passed.

We appreciate the time the committee has taken to review this testimony and we look forward to continuing our investment in Colorado educators and assisting understaffed school systems throughout the state.

We are a proud Colorado private employer.

Thank you!

Lela Payne, Denver Team Lead  
Austin Jones, HR Generalist

