



April 2023

To: House Finance Committee

Re: SB23-056—Compensatory Direct Distribution To PERA

Dear House Finance Committee Members,

The American Association of University Women (AAUW) is one of the oldest women's organizations in the country, empowering women since 1881. The mission of AAUW is to advance equity for women and girls through advocacy, education and research.

AAUW recognizes that women make up a substantial percentage of Colorado's PERA membership and retirees. When the State withholds funds from PERA, as was done during the pandemic, the future well-being of our teachers and other public servants may be put at risk. Towns and cities across Colorado are also the beneficiaries of PERA benefits through the spending of retirees who live there. Thus, it is to the entire state's benefit to reimburse PERA funds that were lost over the past three years.

For these reasons, AAUW of Colorado strongly supports SB23-056 and requests a YES vote in committee and throughout the process of becoming law.

Respectfully submitted,

A handwritten signature in blue ink that reads "Su Ryden".

Su Ryden
AAUW Colorado Public Policy Co-Director

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American Association of University Women--AAUW is a top-rated 501(c)3 charitable organization whose mission is to advance gender equity for women and girls through research, education, and advocacy.



April 24, 2023

Representative Marc Snyder, Chair
Representative Junie Joseph, Vice Chair
Representative Lindsey Daugherty
Representative Lisa Frizell
Representative Anthony Hartsook
Representative Cathy Kipp
Representative William Lindstedt
Representative Bob Marshall
Representative Rick Taggart
Representative Ron Weinberg
Representative Chris deGruy Kennedy

Members of the House Finance Committee,

A key component of Senate Bill 18-200 is the requirement for an annual direct distribution of \$225 million to be paid to PERA each July 1 until the unfunded liabilities of the State, Judicial, School, and Denver Public Schools divisional trusts are paid. PERA is required to credit these funds proportionally to the relevant divisional trusts based on the reported payroll for each participating division for the prior plan year ending December 31.

House Bill 20-1379 suspended the \$225 million direct distribution payment to PERA in FY2020-21 that was scheduled to be made on July 1, 2020, due to pandemic-related budget cuts.

House Bill 22-1029 was intended to recompense PERA for the previously suspended direct distribution that was scheduled to be made on July 1, 2020, and required a payment to PERA from the PERA Payment Cash Fund for \$380 million on July 1, 2022 and a reduction in future scheduled direct distribution payments based on the interest that accrues from the initial \$380 million payment as follows:

- for FY 2023-24 (July 1, 2023), the payment could be reduced by an amount between \$155 million to \$190 million, resulting in a direct distribution payment amount between \$35 million to \$70 million; and
- for FY 2024-25 (July 1, 2024), the payment is reduced by up to \$27.55 million, resulting in a direct distribution payment of no less than \$197.45 million, unless the actual rate of return is zero or less, in which case there may be no reduction.

The \$380 million payment made to PERA on July 1, 2022, is greater than the suspended direct distribution payment amount of \$225 million, but after reflecting the future reductions based on the provisions of House Bill 22-1029, a shortfall remains to recompense PERA for the principal amount of the suspended direct distribution payment back in 2020. During the last interim period, members of the Pension Review Subcommittee & Pension Review Commission reviewed the impacts of the bill passed last year and brought forth Senate Bill 23-056 that, along with the payment required under House Bill 22-1029, seeks to make up the remaining shortfall through an additional payment to PERA.



The PERA Board remains in support of restoring contributions to PERA and greatly appreciates the prime sponsors, Representative Bird and Senator Kolker, for spearheading these efforts and bringing forth Senate Bill 23-056.

Please let me know if Committee Members have any questions or would like to discuss this information in greater detail.

Thank you,

Michael Steppat
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