SB10-146

Colorado Legislative Council Staff Fiscal Note

FINAL FISCAL NOTE

Drafting Number:	LLS 10-0825	**Date:**	May 13, 2010
Prime Sponsor(s):	Sen. Keller	**Bill Status:**	Signed into Law
	Rep. Pommer	**Fiscal Analyst:**	Kerry White (303-866-3469)

TITLE: CONCERNING A TEMPORARY MODIFICATION TO THE CONTRIBUTION RATES FOR CERTAIN DIVISIONS OF THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2009-10	FY 2010-2011	FY 2011-2012
State Revenue			
General Fund		($1,116,945)	
State Expenditures			
Total		($37,231,500)	
General Fund	$5,138	($20,435,116)	
Cash Funds		(8,545,196)	
Reappropriated Funds		(3,657,915)	
Federal Funds		(4,593,273)	
FTE Position Change			
Effective Date: The bill was signed by the Governor and became law on March 31, 2010.			
Appropriation Summary for FY 2010-2011: See State Appropriations section.			
Local Government Impact: None.			

Summary of Legislation

Recommended by the Joint Budget Committee, this bill makes a temporary, one-year reduction in the state's contribution to the Public Employees' Retirement Association (PERA). To offset this reduction, employees' member contribution rates are increased in the state and judicial divisions only. During FY 2010-11, salary-based PERA contribution rates will change as follows:

State Division

- state-troopers will increase their member contribution rate from 10 to 12.5 percent, while the employer contribution rate will decrease from 12.85 to 10.35 percent; and
- all other employees will increase their member contribution rate from 8 to 10.5 percent, while the employer contribution rate will decrease from 10.15 to 7.65 percent.

Judicial Division

- all employees will increase their member contribution rate from 8 to 10.5 percent, while the employer contribution rate will decrease from 13.66 to 11.16 percent.

State Revenue

By increasing their share of PERA contributions, this bill will reduce taxable income for employees by $37,231,500 and state income tax collections by $1,116,945 in FY 2010-11.

State Expenditures

In FY 2009-10, this bill will increase General Fund expenditures by $5,138 for contract accounting work in the Department of Personnel & Administration. Contract accounting work is needed to coordinate with the Governor's Office of Information Technology (OIT) to modify the Central Payroll System and implement the requirements of this legislation.

SB10-146 will decrease state expenditures by approximately $37,231,500 in FY 2010-11. Of this amount, $20,435,116 is General Fund, $8,545,196 is cash funds, $3,657,915 is reappropriated funds, and $4,593,273 is federal funds. These amounts take into account current law requirements for the consolidation of OIT.

It should be noted that employee contributions are deposited into individual member accounts, which accrue interest to the member accounts. By shifting the state's contribution to employee contributions, PERA liabilities are increased by approximately $10.4 million in the state division and $0.1 million in the judicial division.

State Appropriations

The Department of Personnel & Administration needs an appropriation of $5,138 General Fund in the current fiscal year, FY 2009-10.

Table 1 shows the adjustments in appropriations by department under SB10-146 that should be made for FY 2010-11.

Table 1. Appropriations Adjustments under SB10-146					
Unit	**Total Funds**	**GF**	**CF**	**RF**	**FF**
Agriculture	($364,584)	($109,052)	($233,764)	$0	($21,768)
Corrections	(8,092,725)	(7,844,432)	(101,071)	(147,222)	0
Education	(778,091)	(309,970)	(72,769)	(103,786)	(291,566)
Governor	(1,802,856)	(555,701)	(266,841)	(615,084)	(365,230)
Health Care Policy and Financing	(1,648,601)	(795,199)	(17,445)	12,169	(848,126)
Higher Education	(200,441)	0	(138,879)	(39,849)	(21,713)
Human Services	(5,600,099)	(3,475,203)	(99,015)	(1,266,599)	(759,282)
Judicial	(5,837,819)	(4,992,050)	(814,175)	(31,594)	0
Labor and Employment	(1,463,195)	0	(610,566)	(14,021)	(838,608)
Law	(724,161)	(209,461)	(52,768)	(441,488)	(20,444)
Legislature	(457,709)	(457,709)	0	0	0
Local Affairs	(257,684)	(54,614)	(40,546)	(105,958)	(56,566)
Military and Veteran's Affairs	(151,983)	(55,061)	(2,247)	0	(94,675)
Natural Resources	(2,136,103)	(486,440)	(1,464,510)	19,842	(204,995)
Personnel	(580,240)	(58,283)	(76,377)	(445,580)	0
Public Health and Environment	(1,905,233)	(139,801)	(620,006)	(201,759)	(943,667)
Public Safety	(2,055,301)	(301,102)	(1,471,887)	(166,612)	(115,700)
Regulatory Agencies	(849,790)	(27,315)	(733,518)	(78,024)	(10,933)
Revenue	(1,623,155)	(534,777)	(1,070,442)	(17,936)	0
State	(323,069)	0	(323,069)	0	0
Transportation	(332,891)	0	(318,477)	(14,414)	0
Treasury	(45,770)	(28,946)	(16,824)	0	0
Total	**($37,231,500)**	**($20,435,116)**	**($8,545,196)**	**($3,657,915)**	**($4,593,273)**

Departments Contacted

Higher Education
Office of State Planning and Budgeting
Public Employees' Retirement Association
Judicial
Personnel and Administration