



## House Bill 12-1321 Fact Sheet

In 2012, the Governor's Office and Department of Personnel & Administration (DPA) worked together to propose changes to the State Personnel System. The "Talent Agenda" ensures the State is better able to recruit, retain and reward top talent by increasing flexibility in hiring processes, making changes to employee compensation and moving the State workforce environment into the 21<sup>st</sup> Century.

While some reforms were approved with the passage of House Bill (HB) 12-1321 and will go into effect September 1, 2012, others necessitate changes to the State Constitution and therefore require a vote of the people. Colorado is one of only four states with comprehensive personnel rules in the State Constitution. To change the Constitution, the General Assembly unanimously referred House Concurrent Resolution (CHR) 12-1001 for voters to consider in this November's elections (Amendment S on the ballot).

This fact sheet is intended to help explain the specific changes contained in HB12-1321. Please contact DPA for a separate fact sheet on HCR12-1001/Amendment S. This fact sheet is intended for informational purposes only.

### **HB12-1321**

- Approved by the Colorado General Assembly on March 21, 2012
- Rulemaking process initiated by DPA on May 31, 2012
- Signed by Governor John Hickenlooper on June 6, 2012
- Opportunity for comment by the general public on July 9, 2012
- Changes effective on September 1, 2012

### **MERIT PAY**

HB 12-1321 replaces the State's "pay for performance" initiative with a new merit pay system based upon employees' performance, years of service and placement within the salary range. In addition to any monies appropriated for merit pay by the General Assembly, reversions from specified line items at the close of each fiscal year will provide for additional merit pay funding. Available monies will be distributed to one or more priority groups of employees as determined by the State Personnel Director, with the intent of moving the lowest paid employees toward the mid-range of base salaries.

### **RETENTION RIGHTS & POST-EMPLOYMENT COMPENSATION**

HB 12-1321 phases out the disruptive practice known as "bumping," in which employees who lose their job are permitted to displace less senior employees in the State Personnel System. This practice is bad for both the organization and employees, leading to non-optimal staffing assignments that are ineffective and often result in turnover. Bumping rights will no longer be available to any employee who, as of January 1, 2013, does not meet the rule of 75 (your age plus years of service equal 75). The rule of 75 is interpreted based on legislative intent described in House testimony on 03/14/12. Instead, employees who are separated from service due to lack of work, lack of funds or reorganization will be eligible to receive severance pay/post employment compensation or other benefits (such as health benefits, tuition or educational training vouchers, placement on a reemployment list or a hiring preference). Seniority and performance will continue to be considered as a part of any layoff plan.

## **Frequently Asked Questions**

### **Q. How does HB 12-1321 affect me as a classified state employee?**

A. HB 12-1321 addresses three changes to the State Personnel System that are effective September 1, 2012: 1) merit pay; 2) retention rights/bumping; and 3) post-employment compensation.

### **Q. Am I eligible for merit pay?**

A. If you are a certified state employee, you are eligible. The State Personnel Director shall establish by rule procedures to implement merit pay that will include establishment of statewide priority groups. The amount of merit pay an employee may receive in a fiscal year is based first on the employee's priority group, and then on the amount of merit pay, if any, associated with the employee's performance category and placement in their salary range, as well as available funding.

### **Q: Does the new merit pay mean state employees will get raises on September 1, 2012?**

A: No. HB 12-1321 becomes effective on September 1, 2012, but the General Assembly must appropriate any monies for merit pay in next year's budget, or reversions from specified line items at the close of each fiscal year will provide for additional merit pay funding. This means the earliest opportunity for employees to see merit pay increases will be July 1, 2013.

### **Q. Where is the money from merit pay going to come from?**

A. In addition to monies appropriated for merit pay by the General Assembly, reversions from specified line items in a department's budget at the close of each fiscal may provide additional merit pay funding.

### **Q. Am I getting a pay increase this year?**

A: We understand that State employees have not seen pay increases in 4 years. The State Personnel Director is working with the Governor's Office to develop a recommendation contingent on budgetary constraints and approval of funding by the General Assembly. State employees did see an increase in take home pay as a result of the 2.5% PERA swap that went into effect July 1, 2012. The financial responsibility for that 2.5% has shifted back to the State and it will no longer be paid by employees. For the first time in two years, you will see that 2.5% back in your net paycheck.

### **Q: Will all employees get an increase as a result of this new merit pay system?**

A: The new merit pay system does not guarantee an increase for all employees but it increases the opportunities that employees will see an increase in their pay. Any monies available for merit pay are dependent on appropriations received from the General Assembly and will be distributed to priority groups of employees as determined by the State Personnel Director (the Executive Director of the Department of Personnel & Administration).

### **Q. What is a salary range?**

A. Each classification in the State Personnel System is assigned a range of pay from the minimum of range to the maximum of the range. To find where you are in your salary range, go to the Department of Personnel & Administration's [2012-2013 Compensation Plan](#).

### **Q. What is the "rule of 80"?**

A: The rule of 80 is a measure of eligibility for full PERA retirement pursuant to 24-51-602 (1)(a); if your years of service plus your age equal 80 then you meet the rule of 80.

### **Q: How do I determine if I am close enough to retirement to still be eligible for bumping rights?**

A: On January 1, 2013 if your age plus your years of service equal 75, then you are eligible to retain bumping rights. If you have purchased time from PERA, that time will be included in the calculation of the rule of 75.

### **Q. What does phasing out of retention rights mean to me?**

A. Historically, employees who were laid off due to lack of work, lack of funds or reorganization could "bump" other employees with less seniority out of their job. Effective January 1, 2013, only employees who are meet the rule of 75 (age plus years of service equal 75) will retain their bumping rights.

### **Q. What is postemployment compensation?**

A. Employees who are laid off due to lack of work, lack of pay, or reorganization may be eligible for severance pay, or other benefits such as continuation of health benefits, tuition or educational training vouchers, placement in a funded vacant position, placement on a reemployment list, or a hiring preference.