

LEGISLATIVE COUNCIL  
COMMITTEE ON LEGISLATIVE PROCEDURES

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## COMMITTEE ON LEGISLATIVE PROCEDURES

The Legislative Council directed the Committee on Legislative Procedures to focus on three matters during the 1977 interim. The subjects were: improving the efficiency of the legislative session; the office space needs of the General Assembly and its staff; and the application of Public Employee Retirement System benefits to short-term or less than full-time employees of the state. All three topics were discussed during the interim and recommendations on each are contained in this report. Bill 34, a joint resolution, and Bill 35 are submitted as procedures which will help accomplish the work of the session in a shorter period of time. Two bills (Bills 36 and 37) and two proposals (approved by the committee in principle) are submitted to deal with problems involved in the application of retirement benefits for state officials and employees.

### Improving the Efficiency of the Legislative Session

#### Amending the Sunset Law

Colorado's sunset law (Article 34 of Title 24, C.R.S. 1973, as amended) was adopted during the 1976 session of the General Assembly, and became effective July 1 of that year. Thus, the General Assembly had its first encounter with the procedures of sunset review during the 1977 legislative session. In most cases the lack of time to thoroughly consider all the issues concerned with whether an agency should be abolished, continued, or restructured, and whether its organic law should be amended or repealed were major problems in fully implementing the sunset concept. As a direct result, five 1/ of the 13 sunset reviews were not resolved during the legislative session and, therefore, were assigned to interim study committees. In other instances, agencies were maintained without a close examination of the substantive provisions which defined the duties and responsibilities of such agencies.

The most significant deficiency in the time sequence presently denominated in the sunset law is the deadline for completing and publishing performance audits by the legislative audit office. The sunset law directed the legislative audit staff to complete their performance audits at least three months prior to the agency's termination date. Foreseeing the problem that actually occurred during the

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<sup>1/</sup> Public Utilities Commission, Division of Insurance, Board of Mortuary Science, Board of Examiners of Nursing Home Administrators, Board of Examiners of Institutions for Aged Persons.

1977 session, the co-chairman of the 1976 Committee on Legislative Procedures requested the Legislative Audit Committee to complete the performance audits for the 13 agencies scheduled for termination in 1977 at an earlier date than the April 1 deadline. The 1976 Committee on Legislative Procedures recommended a bill which changed the due date for completion of the performance audit reports from three months prior to six months prior to the agencies' termination date. Senate Bill 6 was adopted by the General Assembly during the 1977 legislative session.

Due to limitations of time and legislative audit staff, only five of the 13 performance audits required were completed before December 31, 1976. Four audits (Public Utilities Commission, Division of Insurance, State Board of Shorthand Reporters, and State Board of Examiners of Nursing Home Administrators) were submitted during the period of March 29-31, 1977.

Recommendation Concerning the Deadline for Performance Audits (Bill 35). Based on the General Assembly's first year's experience with implementation of the law, the committee recommends that the deadline for submission of the performance audits be established as twelve months prior to the agency termination date. The current December 31 submission date does not give the General Assembly, its staff, or the public, sufficient time to fully study the audit report. Requiring that the reports be completed twelve months before an agency termination date will give sufficient time to read the audit and allow interim committees time to study the more comprehensive or controversial reports and agencies prior to the start of the legislative session. The bill provides that this procedure be implemented first for those regulatory agencies with termination dates of July 1, 1981. Such a procedure will give the Legislative Audit Committee and its staff sufficient time to adjust their work schedule to the new deadline.

#### Amend the Deadline Schedule

Since the first establishment of the Committee on Legislative Procedures in 1966, there has been a concern as to how the General Assembly could more efficiently use its time during the legislative session. As a result of its work during the 1973 interim, this committee has recommended to the General Assembly the establishment of a series of deadlines. The recommendation was adopted during the 1974 session. That schedule (Joint Rule 23) reads as follows:

PRESENT DEADLINE SCHEDULE FOR THE  
COLORADO GENERAL ASSEMBLY

<u>First House</u>		<u>Deadline</u>
<u>Odd-Year</u>	<u>Even-Year</u>	
30th day	15th day	Deadline for bill draft requests to the Legislative Drafting Office.*
60th day	30th day	Deadline for the introduction of bills. All bills shall be introduced within ten days after delivery.*
75th day	none	Deadline for the introduction of late delivered bills. No bill delivered after the close of business on the fifty-fifth legislative day by the Legislative Drafting Office shall be introduced more than five days after such delivery; except that no bill shall be introduced after the seventy-fifth legislative day.*
85th day	45th day	Deadline for committees of reference to report bills originating in their own house.*
95th day	55th day	Deadline for final passage of bills in the house of introduction.*
<u>Second House</u>		<u>Deadline</u>
<u>Odd-Year</u>	<u>Even-Year</u>	
110th day	70th day	Deadline for committees of reference to report bills originating in the other house.*
120th day	80th day	Deadline for final passage of all bills originating in the other house.

During the 1977 session, the General Assembly amended Joint Rule 24 to provide that members may not introduce more than six bills, excluding bills for appropriations and prefiled bills requested no later than December 1. Although the full impact of this rule change will not be known until the long session of 1979, the intent of the action is to reduce the total number of bills introduced and also to encourage early introduction and pre-filing of bills.

\*Appropriation bills are excluded from these deadlines.

Recommendation Concerning Deadlines (Bill 34). Currently, during the odd-year sessions only a ten-day period exists between the deadline for introduction of late delivered bills (75th legislative day) and the deadline for committees to report bills originating in their own house (85th day). Because of the interruption of this ten-day period by a weekend, committees have only eight days to consider the flood of bills assigned to them during the period. The few number of days may lead to more Committee on Delayed Bills deadline exemptions than is necessary.

In light of this consideration and the projected impact of the recent rule change regarding the number of bill introductions, the committee recommends that the present 75th day deadline be eliminated. This will mean that all bills (except appropriation bills) must be introduced no later than the 60th legislative day.

The committee also recommends that the present 85th day deadline for committees of reference to report bills out of committee be changed to the 80th legislative day. This move will give additional time for second reading debate on the floor of the two houses. In short, both recommendations will allow more time for deliberation by committees of reference (ten additional days) and second reading debate (five additional days).

#### Fiscal Notes

For several years there has been a great deal of dissatisfaction with the quality of the fiscal notes prepared by the Office of State Planning and Budgeting and the procedures used by that office to distribute the notes in a timely fashion. Recognizing this dissatisfaction, personnel from the Division of Budgeting outlined for the committee several modifications to the existing practice of preparing fiscal notes. The modifications, which will be initiated during the 1978 legislative session, do not require statutory or rule changes.

The committee reviewed the proposed procedures and believes they are an improvement and should lead to better fiscal notes. The new procedures emphasize the following:

- a stronger organizational structure within the Division of Budgeting, including a close working relationship with legislators and committees of reference;
- a better fiscal note format, including a listing of assumptions made in writing the note; and
- a set of internal deadlines which will allow a bill's sponsor opportunity to preview the fiscal note and question the note's assumptions and conclusions prior to its distribution to the General Assembly.

Use of the Capitol Building  
by the General Assembly and Its Staff

Of the topics assigned for the 1977 interim study, the topic of legislative space needs commanded the most committee time. To cope with the many details regarding remodeling of the second and third floors of the Capitol Building, a subcommittee was appointed. The subcommittee met on three occasions.

Three legislative enactments served as the parameters for the committee's discussion of the office space needs of the General Assembly and its staff.

1) In anticipation of the opening of the state's new Judicial-Heritage Building and the moving of the judicial branch to that building, two line items directing monies for the remodeling of areas in the Capitol Building were included in the 1977 appropriation to the Legislative Department. The first line item was \$610,000 for remodeling the old law library and Supreme Court Chambers. The second line item totalled \$390,000 for remodeling offices of Supreme Court Justices and offices of judicial administration for legislative offices.\*

2) With the completion of the Colorado Heritage Center building, the State Museum Building to the South of the Capitol Building was vacated. House Bill 1019, adopted during the 1977 session, directed that the Museum Building be designated for use by the General Assembly. However, the appropriation proposal to remodel the Museum Building into legislative offices was not adopted during the 1977 session. As a result, the expansion of legislative office space was limited to areas within the Capitol Building.

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\* A footnote to this appropriation noted "this appropriation is for the purpose of remodeling the Supreme Court Law Library space and converting the Supreme Court Chamber into a large hearing room with theatre-type seating for two hundred persons; the Supreme Court Chamber remodeling shall be conducted in accordance with the plans prepared for the Committee on Legislative Procedures by the architectural firm of Pahl, Pahl, and Pahl, under contract with the Legislative Council pursuant to appropriation made therefor by House Bill No. 1261, 1976 Session. This appropriation shall become available upon the passage of this act and shall remain available until completion of the projects."

3) By statute (Section 2-2-321, C.R.S. 1973, as amended), the General Assembly has relinquished use of the first floor of the Capitol Building to the executive branch. Through an agreement with the Governor, the General Assembly had used the Northeast wing of the first floor for legislative offices during the 1977 Session. The Governor had requested the area for executive offices, and it is the desire of the General Assembly to comply with that request.

Early in its deliberations, the committee decided that any remodeling must be completed prior to January 1, 1978, so that the upcoming legislative session would not be disrupted. Therefore, a decision was made not to proceed this year to remodel the old Supreme Court chambers into the proposed legislative hearing room. Work will begin on the chambers at the end of the 1978 Session.

Bids were received and a contract awarded for the remodeling of the old law library for legislative office space, construction of ladies' and men's restroom facilities adjacent to the House of Representatives, and remodeling of areas in the Northwest wing of the second floor for expanded offices for leadership and staff of the House of Representatives. This work will be completed prior to January 1, 1978. In addition, necessary cleaning, painting, and carpeting of offices vacated on the second and third floors has been accomplished.

The committee's primary objective, given the parameters listed above, was to formulate a plan which would provide more desk working space for legislators. To accomplish this objective, many alternative plans were studied. At one point a decision was made to invite bids on a plan for individual, modular work stations in the law library area for approximately two thirds of the members, exclusive of the leadership and committee chairpersons. An invitation to bid was made and bids were received; but as a result of procedures which were judged by the State Attorney General's Office to have resulted in irregularities in the bidding process, the committee rejected all of the bids for the furnishing of the law library.

#### Changes for 1978

Although not all of the committee's plans could be implemented, progress has been achieved so that for the 1978 legislative session the following changes will be evident:

-- All legislative offices on the first floor of the Capitol Building will be vacated and those work areas reestablished on the second and third floors of the building. This move will require the continued sharing of desks but there will be more office space to accommodate these furnishings. Those legislators with office areas presently on the third floor and the basement of the building will not be moved for the 1978 legislative session.

-- Leadership and administrative offices for the House of Representatives will be expanded into the Northwest wing of the building's second floor.

-- New restroom facilities will be completed adjacent to the House of Representatives;

-- Additional office space is available for Joint Budget Committee staff in the Southeast corner of the third floor of the building;

-- Expanded facilities are ready on the third floor for members of the press; and

-- Limited space is being used on the third floor for the additional personnel of the Legislative Drafting Office to carry out the review of administrative rules and regulations.

The steps taken by the committee to provide legislators with improved office space are not regarded as a final plan or solution. The committee asks that other members of the General Assembly express their thoughts and preferences during the session on the following matters:

-- Should a plan of shared desks and offices in the capitol building be continued?

-- Should committee chairmen be given private offices and other legislators single or shared desks in the open space of the old law library?

-- Should individual modular work stations (with individual desks separated one from the other by soundproof panels) be established in the old law library for use by legislators?

-- Should an appropriation be made to remodel the State Museum Building for legislative office space?

The committee requests that members of the General Assembly examine a simple modular work station constructed by the state's prison industries program which will remain on display on the third floor of the Capitol Building. Prison industries will also display a conventional desk similar to the one currently used by most legislators. The committee suggests that the will of the members of the General Assembly on these matters be expressed during the session in a joint resolution and an appropriations bill to give the Committee on Legislative Procedures direction as to how to proceed during the 1978 interim.

## Public Employee Retirement System Benefits

Four proposals are submitted which will amend the Colorado statutes pertaining to public employee retirement system benefits. The proposals are:

- a) Bill 36 -- A bill specifically stating that state employees who work less than a full year and are paid at a daily rate are not excluded from compulsory membership in the Public Employees Retirement Association (P.E.R.A.);
- b) Bill 37 -- A bill which removes from the current law a provision that elected state officers may, at their option, become members of P.E.R.A., and substitutes language requiring mandatory coverage;
- c) A proposal, endorsed in principle only, which would require mandatory enrollment in P.E.R.A. by all state employees; and
- d) A proposal, endorsed in principle only, which sets forth a procedure to be used by those employees who wish to "buy-back" periods of state service not covered by employee or employer contributions to the retirement fund.

### Short-term or Less than Full-Time Employees

Current Law. Colorado law states that "all new state employees except elective state officers shall become members of the association [P.E.R.A.] by acceptance of state employment" (Section 24-51-102, C.R.S. 1973). Section 24-51-101 (5), C.R.S. 1973, defines "state employee" as "any person holding a state office or regularly employed by the state in any capacity whatever whose salary is paid either by warrant of the state or from the fees or income of any department, board, bureau, or agency of the state ...". The same subparagraph states that "the retirement board shall have authority to exempt from compulsory membership in the retirement association classes or groups of employees engaged in work of a part-time, temporary, or casual nature, but individuals in any such class may become members by making application, subject to the approval of the retirement board."

Although the statutes do not define "full-time", "part-time", "temporary", "casual", or "seasonal", definitions are found in the rules and regulations of the Public Employees' Retirement Association for all of these terms except "casual". A full-time employee is defined as one who works or is expected to work at least 1,000 hours a year, while part-time and seasonal employees are defined as working or expected to work less than 1,000 hours a year, but more than 500 hours within any six month period. A "temporary employee" is one who has a

limited term appointment (defined by the state constitution as not exceeding six months) and who is not eligible for anniversary pay increases, leave of any kind, seniority for time worked, or any other benefits usually granted full-time employees.

The same rules and regulations interpret the statutes to require that all full-time employees become members of the retirement association, that temporary employees be excluded from membership only under specific circumstances, and that part-time or seasonal employees should be covered whenever such employee works more than 500 hours within any six month period.

Section 24-51-109, C.R.S. 1973, as amended, provides that, whenever an employee of the retirement association ceases to be an employee, he may withdraw the money he has contributed to the fund. If an employee has five or more years of covered service under the retirement system he may, at his option, elect to leave the accumulated deductions in the association until he reaches age 65 at which time he may receive a deferred retirement annuity.

The issue. Since neither employees nor employers are required under current law to provide employment data to the retirement association, the number of employees without retirement coverage is unknown. The retirement board believes that most of the employees who are not covered are part-time, temporary, or seasonal employees whose work is of such a nature that the lack of coverage is inconsequential. The problem occurs when one of these employees becomes a full-time employee, joins the retirement association, and wants credit for work previously performed. Under the present law, there is no provision for an employee to receive credit or "buy-back" coverage for the period employed by the state but not covered by retirement benefits. Using figures compiled by the State Controller, there may be as many as 17,000 less than full-time employees not covered under the retirement fund.

The issue also affects employees of the House of Representatives and the Senate. During the 13 year period 1965 through 1977, some 420 people were employed during sessions of the General Assembly. Roughly 100 of these employees were covered by the state's retirement benefits, either before or after (but not during) their employment by the General Assembly.

Committee recommendation. The committee recommends Bill 36 which would amend the definition of "state employee" so that an individual who is expected to work less than a full year, and is paid at a daily rate, will be covered by retirement benefits. The effect of such a change in the law will mean that less than full-time employees will be required to become members of the retirement association, unless the retirement board acts to exempt them from coverage. It is the intent of the committee that casual employees (highway snow removal crews, for example, and other individuals working for the state on a seasonal basis) would not be covered.

## Coverage of Elected Officials

Current law. Section 24-51-102, C.R.S. 1973, reads in part: "All new state employees except elective state officers shall become members of the association by acceptance of state employment". P.E.R.A. membership was not extended to legislators until 1967. Then legislators placed themselves in a special class of persons: individuals who can exempt themselves from P.E.R.A. coverage but may later elect to become members. The applicable statute reads as follows:

24-51-128. Members of the general assembly. (1) On or after July 1, 1967, in addition to the present membership of the public employees' retirement association, there shall be included therein all members of the general assembly, and such members shall have all the rights and privileges and be charged with all the duties and liabilities provided in this part 1. Notwithstanding any provisions in this part 1 to the contrary, all service rendered as a member of the general assembly prior to as well as subsequent to July 1, 1969, by any person serving on or after said date, whether consecutive or nonconsecutive, shall be allowed for retirement purposes under section 24-51-111; except that any person who exempts himself and later applies for membership, as provided in this section, shall receive service credit only for service rendered subsequent to the date of membership.

(2) Any person serving as a member of the general assembly on June 8, 1967, shall be subject to the provisions of this section unless, on or before June 1, 1967, such member notifies the public employees' retirement association in writing that he desires to exempt himself from the benefits of this section. All persons who become members of the general assembly after June 8, 1967, shall become members of the retirement association, unless within thirty days after taking the oath of office any such member notifies the public employees' retirement association in writing that he desires to exempt himself from the benefits of this section, and the salary deductions and payments provided in this part 1 shall be made on account of such members of the general assembly. Any member who has thus exempted himself from membership in the retirement system may, at his option at a later date, apply for membership therein; except that only the service of such member rendered as such after the date of such membership shall be allowed by the retirement board in computing retirement benefits.

Although legislators are encouraged to join P.E.R.A. during their initial term in the General Assembly, many choose not to be covered. To a newly elected official retirement benefits frequently seem unnecessary. Several legislators who initially elected non-coverage have, at a later date, affiliated with the association and have sought credit for prior service. The State Attorney General has ruled that any member of the General Assembly who acts to exempt himself (and who would be covered by P.E.R.A. if he failed so to act) will receive

credit for legislative service only on and after such date as he obtains membership in P.E.R.A..

Committee recommendation. The committee recommends Bill 37 which would require mandatory coverage of elected state officials by P.E.R.A. retirement benefits.

### Mandatory Enrollment

Although the law directs that all new state employees become members of the retirement association by acceptance of state employment, there is considerable doubt that all employers are in compliance with the law. This doubt is substantiated by the increasing number of inquiries to P.E.R.A. officials regarding noncompliance by employers and methods by which employees can "buy-back" service which was not covered by employee and employer contributions.

To deal with this issue the P.E.R.A. board made the following recommendation to the committee:

In an effort to solve the degree of non-coverage which now exists, the Retirement Board recommends that all employees of an affiliated employer should be required to indicate by their signature, either their application for membership in P.E.R.A. or a request for an exemption from P.E.R.A. if eligible therefor, and a statement of the reason for the exemption. Such non-covered cases could then be categorized by the Retirement Association so that the degree of non-coverage which exists would at least be known.

The committee endorses this recommendation and submits it for consideration by the General Assembly. Implementation of such a procedure will settle disagreements about employee status by clearly showing when an employee first worked for the state and the nature of that employment. Such a procedure will provide an ancillary benefit to the state: the number of state employees -- full-time, part-time, and others -- will be more firmly established.

### "Buy-Back" Provisions

The issue. "Buy-back" refers to service, rendered to government through a P.E.R.A. covered employer, which is not covered by employee and employer contributions to the retirement fund. Colorado law provides that "after July 1, 1974, in the event of the failure by the head of the department to properly enroll an employee pursuant to the requirements of this part 1, said employee shall be enrolled by the retirement board pursuant to his application therefor." (Section 24-51-101, C.R.S. 1973). All payments required, retroactive to the beginning date of employment or July 1, 1974, whichever is later, are to be made by the applicable employer from state funds, with interest.

Despite these provisions of law, omission of coverage for past service is a problem. The P.E.R.A. staff reports that omission of coverage occurs for several reasons:

1. Provisions of the statutes make coverage optional for certain classes of employees;
2. Errors are made by payroll or personnel agency personnel;
3. There is ignorance of or lack of compliance with the law;
4. Employee status is often uncertain;
5. There are efforts by agencies to avoid covering personnel in order to save retirement costs; or
6. Service was often performed before retirement coverage became applicable or before the agency was affiliated with P.E.R.A.

In summary, the executive secretary of the P.E.R.A. reports that:

... in many cases, the omission of coverage was not attributable to the fault of the employee, but to the employer error or non-compliance to save money. Service was performed. The employee may be partially at fault for not emphasizing the failure of the employer to cover him, but few employees or employers realize the value of retirement coverage until the time for retirement approaches.

The law does not presently permit employees to "buy-back" coverage for services rendered the state prior to July 1, 1974. Until 1966, an association member was permitted to purchase up to one year of service. This provision was repealed apparently because it had the effect of encouraging agencies to exclude employees from the first year of service and thus save retirement costs.

Committee recommendation. At a November 7, 1977, meeting, the board of directors of the Public Employees' Retirement Association officially approved a recommendation on "buy-back" for consideration by the Committee on Legislative Procedures. The proposal was not presented as a draft bill but in conceptual form. The committee discussed the proposal during its final meeting and endorses the concept in principle. Although no bill is included in this report, a measure will be submitted for introduction during the legislative session.

As outlined by the executive secretary to P.E.R.A., the "buy-back" proposal contains the following provisions:

- 1) Service rendered prior to July 1, 1974 would be affected if performed for a P.E.R.A. employer who was an affiliated employer when the service was performed. All service on or after that date would be

affected by existing legislation.

2) The employer for whom service was performed must certify the dates when service was performed, the amount of pay received, the monthly, daily, or hourly rate of pay, and the nature of the employment.

3) The initiative of the request to purchase previous service would rest with the employee; however, the employer must agree to payment of the employer's share if the service was performed for the current employer. If the service was performed for an employer who is not the current employer, the employee has the additional option of paying the employee's share plus the employer's share. However, any payments on behalf of the employer would be credited to the employer's deposit reserve amount and not subject to the refund rights of the employee payments.

4) Payments would not affect the requirement that an employee must have "at least five years of credited service since the latest date of covered employment" to be eligible for disability retirement. (Sections 24-51-115 and 24-51-213, C.R.S. 1973, as amended)

5) Buy-back payments would not affect the requirement that a member must have "at least one year of credited service of which at least six months of credited service shall be within the three years immediately preceding such member's death". (Section 24-51-803 (1), C.R.S. 1973.)

6) Payments could be made in a lump sum or in installments over a two year period. Payments made by installments would not establish service credit or benefit rights until all payments are completed.

7) No payments would be permitted (lump sum or installments) after the effective date of retirement.

8) The calculation of the amount of payment would be made on the basis of the members' salary when payment is made (or average salary for the year during which payment occurs, if higher). Also, the statutory employee and employer contribution rates applicable on the date of purchase would be used. All payments shall include interest at six percent compounded semi-annually on the amounts due, based upon service credit and dated from the years when service was actually performed.

In the committee's discussion of the P.E.R.A. proposal, concern was expressed over the financial burden "buy-back" would cause the affected employee. The following examples of the cost of proposed "buy-back" were presented by P.E.R.A. staff:

Assumptions for each example:

- Service is amount as of January 1, 1978
- Employee contribution rate is 7.75%
- Employer contribution rate is 10.64%
- All examples use three years of buy-back service
- Benefits based on current salary.

Example I:

Fifteen years service - Age 50 - Salary - \$18,000

Employee's share of buy back.....	\$11,100.02
Employer's share of buy back.....	<u>\$15,239.26</u>
Total	\$26,339.28

Annual benefits - Age 60

Without buy back.....	\$ 9,900.00
With buy back.....	\$10,440.00
Gain	\$ 540.00

Recovery period of total cost.....48.8 Years

Example II:

Five years service - Age 55 - Salary - \$15,000

Employee's share of buy back.....	\$ 5,121.51
Employer's share of buy back.....	<u>\$ 7,031.34</u>
Total	\$12,152.85

Annual benefits - Age 65

Without buy back.....	\$ 5,625.00
With buy back.....	\$ 6,750.00
Gain	\$ 1,125.00

Recovery period of total cost.....10.8 Years

Example III:

Five years service, age 30 - Salary - \$8,500

Employee's share of buy back.....	\$ 2,902.19
Employer's share of buy back.....	<u>\$ 3,984.43</u>
Total	\$ 6,886.62

Annual benefits - Age 55

Without buy back.....	\$ 5,100.00
With buy back.....	\$ 5,355.00
Gain	\$ 255.00

Recovery period of total cost.....27.0 Years

In meeting with the committee the executive secretary to P.E.R.A. offered the following statement regarding the cost burden of "buy-back":

In most instances, a voluntary "buy-back" option would be elected by those members who desire to qualify for a special benefit requiring service they do not possess without electing such option or by members who, belatedly, recognize the value that such service would have in increasing their retirement benefits. Therefore, there is a substantial "adverse" selection involved in permitting the purchase of such service recognizing that only the persons who will profit from such an election will be the ones who do so. This is because P.E.R.A., as is the case with most pension plans, uses a fixed benefit formula, with a final average salary geared to the individual's highest five years of earnings. Most likely, the "buy back" period represents earnings of 15 or 20 years previous to retirement, or even longer, when the earnings were substantially less and, yet, the recognition of such service occupies equal weight with service more current to retirement date.

It is difficult to understand why, if the member pays his applicable share and if the employer contributes the appropriate rate applicable, plus perhaps interest, such payments would not protect the retirement fund and avoid abuse or special interest. However, such payments, according to the fund actuary, would be totally inadequate to cover such costs. Existing rates (for example, 7.75 percent for state employees and 10.64 percent for the employer) are calculated based upon assessment of benefits provided by the plan and weighed against plan income which comes from these sources, as follows:

1. Employee contributions
2. Employer contributions
3. Investment earnings

The rate calculations incorporate several assumptions which are paramount in determining costs. One assumption is that coverage is universal for all employees and this accounts for the requirement that retirement coverage is a condition of employment and mandatory, in most instances, a requirement common to practically all retirement systems and to the Social Security program as well.

"The "turnover" assumption, thus, becomes a prime one to examine. When an employee who has contributed to P.E.R.A. resigns, he receives a refund of his contribution but not the employer payments. These payments remain a part of the fund and are appropriated to the use of the employee who actually remains to qualify for a benefit. Most employees who do qualify for a benefit pay only 15 percent to 18 percent of the total cost of that benefit from their own contributions. The remainder comes from the employer contributions (both his and the resigned persons) and from interest earnings on both the employee and employer deposits. Therefore, if the adverse selection previously referred to is to be equalized, some method must be found to quantify the costs of the turnover assumption and to charge this cost as a part of the "buy-back" payment.

"Another assumption of importance is the mortality (before retirement) assumption. Although of lesser significance, perhaps, than the turnover assumption, this factor and its effect should be studied.

"The salary assumption can be another source of inequity. If a member is permitted to buy back service at a salary much lower than final average salary, he gets a tremendous advantage. During periods of raging and rampant inflation (the present) this factor can result in a bonanza if not carefully weighed and incorporated in the payment or charge for such service.

"A formula for reimbursement of such costs can be developed by the actuary but they will not compare with the contribution rates which would have been applicable when the service was actually performed."

The committee recommends that the "buy-back" matter be deliberated during the 1978 legislative session. An equitable "buy-back" mechanism is needed in the law to replace the case-by-case procedure presently followed by the retirement board.

COMMITTEE ON LEGISLATIVE PROCEDURES

BILL 34

A BILL FOR AN ACT

1 CONCERNING PERFORMANCE AUDITS OF AGENCIES SCHEDULED TO BE  
2 TERMINATED PURSUANT TO SECTION 24-34-104, COLORADO REVISED  
3 STATUTES 1973, AS AMENDED.

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Bill Summary

(NOTE: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Requires that performance audits of agencies scheduled to be terminated under the "Sunset Law" be completed by a prescribed date, earlier than the current deadline of six months prior to termination.

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4 Be it enacted by the General Assembly of the State of Colorado:

5 SECTION 1. 24-34-104 (7), Colorado Revised Statutes 1973,  
6 as amended by chapter 324, Session Laws of Colorado 1977, is  
7 amended to read:

8 24-34-104. General assembly review of regulatory agencies  
9 for termination, continuation, or reestablishment. (7) The  
10 legislative audit committee shall cause to be conducted a  
11 performance audit of each division, board, or agency scheduled  
12 for termination under this section. The performance audit shall  
13 be completed at least ~~six~~ TWELVE months prior to the date

1 established by this section for termination. In conducting the  
2 audit, the legislative audit committee shall take into  
3 consideration, but not be limited to considering, the factors  
4 listed in paragraph (b) of subsection (8) of this section. Upon  
5 completion of the audit report, the legislative audit committee  
6 shall hold a public hearing for purposes of review of the report.  
7 A copy of the report shall be made available to each member of  
8 the general assembly.

9 SECTION 2. Effective date - applicability. This act shall  
10 take effect July 1, 1979, and shall apply with respect to  
11 agencies scheduled to be terminated on July 1, 1980, and  
12 thereafter.

13 SECTION 3. Safety clause. The general assembly hereby  
14 finds, determines, and declares that this act is necessary for  
15 the immediate preservation of the public peace, health, and  
16 safety.

COMMITTEE ON LEGISLATIVE PROCEDURES

BILL 35

HOUSE JOINT RESOLUTION NO.

1 Be It Resolved by the House of Representatives of the  
2 Fifty-first General Assembly of the State of Colorado, the Senate  
3 concurring herein:

4 That Joint Rule No. 23 (a) of the Joint Rules of the Senate  
5 and House of Representatives is amended to read:

6 JOINT RULE NO. 23

7 (a) Deadline schedule. For the purposes of organizing the  
8 legislative session, the schedule for the enactment of  
9 legislation shall be as follows:

10 Odd-year Session

11 First House  
12 Deadlines:

13 30th day Deadline for bill draft requests to the Legislative  
14 Drafting Office.\*

15 60th day Deadline for the introduction of bills. No bill  
16 delivered by the Legislative Drafting Office on or  
17 before the fiftieth legislative day shall be  
18 introduced more than ten legislative days after such  
19 delivery. Any bill delivered by the Legislative  
20 Drafting Office on or after the fifty-first  
21 legislative day and before the fifty-sixth legislative  
22 day shall be introduced not later than FIVE DAYS AFTER  
23 SUCH DELIVERY; EXCEPT THAT NO BILL SHALL BE INTRODUCED  
24 AFTER the sixtieth legislative day.\*

25 ~~75th-day~~ ~~Deadline-for-the-introduction-of-late-delivered-bills.~~  
26 ~~No-bill-delivered-after-the-close-of-business--on--the~~  
27 ~~fifty-fifth---legislative---day---by--the--legislative~~  
28 ~~Drafting-Office-shall-be--introduced--more--than--five~~  
29 ~~days-after-such-delivery;-except-that-no-bill-shall-be~~  
30 ~~introduced-after-the-seventy-fifth-legislative-day;\*~~

31 85th 80TH day Deadline for committees of reference to report bills  
32 originating in their own house.\*

1 95th day Deadline for final passage of bills in the house of  
2 introduction.\*

3 Second House  
4 Deadlines:

5 110th day Deadline for committees of reference to report bills  
6 originating in the other house.\*

7 120th day Deadline for final passage of all bills originating in  
8 the other house.

9 \*Appropriation bills are excluded from these deadlines.

10 Even-year Session

11 First House  
12 Deadlines:

13 15th day Deadline for bill draft requests to the Legislative  
14 Drafting Office.\*

15 30th day Deadline for the introduction of bills. No bill  
16 delivered by the Legislative Drafting Office on or  
17 before the twentieth legislative day shall be  
18 introduced more than ten legislative days after such  
19 delivery. Any bill delivered by the Legislative  
20 Drafting Office on or after the twenty-first  
21 legislative day shall be introduced not later than the  
22 thirtieth legislative day.\*

23 45th day Deadline for committees of reference to report bills  
24 originating in their own house.\*

25 55th day Deadline for final passage of bills in the house of  
26 introduction.\*

27 Second House  
28 Deadlines:

29 70th day Deadline for committees of reference to report bills  
30 originating in the other house.\*

31 80th day Deadline for final passage of all bills originating in  
32 the other house.

33 \*Appropriation bills are excluded from these deadlines.

COMMITTEE ON LEGISLATIVE PROCEDURES

BILL 36

A BILL FOR AN ACT

1 CONCERNING PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION COVERAGE FOR  
2 PART-YEAR EMPLOYEES.

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Bill Summary

(NOTE: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Includes persons who are expected to work less than a full year and who are paid at a daily rate in the definition of "state employee" under the public employees' retirement association law.

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3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 24-51-101 (5), Colorado Revised Statutes 1973,  
5 is amended to read:

6 24-51-101. Definitions. (5) "State employee" means any  
7 person holding a state office or regularly employed by the state  
8 in any capacity whatever whose salary is paid either by warrant  
9 of the state or from the fees or income of any department, board,  
10 bureau, or agency of the state, excepting county commissioners,  
11 judges of the supreme court, court of appeals, and district,  
12 county, juvenile, probate, and superior courts, and district  
13 attorneys, and the presidents, deans, professors, and instructors  
14 in the state educational institutions which have an established

1 retirement or annuity plan for such employees. "STATE EMPLOYEE"  
2 INCLUDES EMPLOYEES WHO ARE EXPECTED TO WORK LESS THAN A FULL YEAR  
3 AND ARE PAID AT A DAILY RATE. The retirement board shall have  
4 authority to exempt from compulsory membership in the retirement  
5 association classes or groups of employees engaged in work of a  
6 part-time, temporary, or casual nature, but individuals in any  
7 such class may become members by making application, subject to  
8 the approval of the retirement board. Any such employee who  
9 becomes a member must continue such membership as long as he is  
10 an employee of an affiliated public employer, even though he may  
11 be in or transferred to an exempt class or group. In all cases  
12 of doubt, the retirement board shall determine whether any person  
13 is a public employee, within the terms of this article, and its  
14 decision shall be final and only subject to review by proper  
15 court action. On and after July 1, 1974, in the event of the  
16 failure by the head of the department to properly enroll an  
17 employee pursuant to the requirements of this part 1, said  
18 employee shall be enrolled by the retirement board pursuant to  
19 his application therefor. All payments required pursuant to  
20 sections 24-51-104 and 24-51-105, retroactive to the beginning  
21 date of employment or July 1, 1974, whichever date is later,  
22 shall be made by the applicable employing agency from state funds  
23 with interest on all such payments at the rate of eight percent,  
24 compounded semiannually.

25 SECTION 2. Effective date. This act shall take effect  
26 January 1, 1979.

27 SECTION 3. Safety clause. The general assembly hereby

1 finds, determines, and declares that this act is necessary for  
2 the immediate preservation of the public peace, health, and  
3 safety.

COMMITTEE ON LEGISLATIVE PROCEDURES

BILL 37

A BILL FOR AN ACT

1 CONCERNING PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION COVERAGE FOR  
2 ELECTED STATE OFFICIALS.

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Bill Summary

(NOTE: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Requires elected state officials, including members of the general assembly, to become members of the public employees' retirement association as of a specified date.

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3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 24-51-102, Colorado Revised Statutes 1973, is  
5 amended to read:

6 24-51-102. Public employees' retirement association. There  
7 is hereby established a public employees' retirement association,  
8 the membership of which shall consist only of public employees.  
9 All new state employees ~~except--elective-state-officers~~ shall  
10 become members of the association by acceptance of state  
11 employment. Elective state officers ~~may~~ SHALL become members at  
12 ~~their--option~~ BY ACCEPTANCE OF THEIR ELECTIVE OFFICE. A  
13 membership fee of five dollars shall be paid by each new member.  
14 All such fees are to be used for administrative expenses of the

1 association and are not returnable. After June 30, 1966, only  
2 the service of state employee members rendered as a public  
3 employee of any affiliated public employer subsequent to the date  
4 of membership shall be allowed by the retirement board in  
5 computing retirement benefits.

6 SECTION 2. 24-51-128, Colorado Revised Statutes 1973, is  
7 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

8 24-51-128. Members of the general assembly. (1) On or  
9 after January 1, 1979, in addition to the present membership of  
10 the public employees' retirement association, there shall be  
11 included therein all members of the general assembly, and such  
12 members shall have all the rights and privileges and be charged  
13 with all the duties and liabilities provided in this part 1.

14 (2) Service credit toward qualification of benefits under  
15 the retirement law shall be given for each year or portion  
16 thereof that a member of the general assembly serves, without  
17 regard to whether such service is consecutive or nonconsecutive;  
18 but any period during which such member is not a member of the  
19 general assembly shall not count as service credit nor shall any  
20 disability or survivor benefits be payable if disability or death  
21 occurs while such person is not a member of the general assembly.

22 (3) Service rendered the state and any of its departments,  
23 institutions, boards, bureaus, or agencies or as an employee of  
24 the general assembly shall be interchangeable with service as a  
25 member of the general assembly for purposes of computing service  
26 credit for retirement to the extent that such service has been  
27 covered by the payment of such member's deductions to the

1 retirement fund and such deductions have not been withdrawn from  
2 the fund.

3 (4) Service rendered as a member of the general assembly  
4 prior to January 1, 1979, shall not be affected by this section,  
5 as amended. Any member or prior member of the general assembly  
6 who has previously exempted himself from membership in the  
7 retirement system shall receive service credit toward the  
8 qualification of benefits only for service rendered as such after  
9 the date of membership and for periods for which the salary  
10 deductions and payments provided in this part 1 have been made on  
11 account of such member of the general assembly. Only the service  
12 of such member rendered as such after the date of such membership  
13 in the retirement association shall be allowed by the retirement  
14 board in computing retirement benefits.

15 SECTION 3. Safety clause. The general assembly hereby  
16 finds, determines, and declares that this act is necessary for  
17 the immediate preservation of the public peace, health, and  
18 safety.