



BCSC-R-0410

PERA employer/employee contributions

BACKGROUND: For the fiscal year 2010/2011, the State of Colorado's final budget mandated a temporary, one-year switch of the respective contribution rates of PERA-covered employees and of employers, resulting in an effective decrease of affected employees' take-home pay of 2.5% (pretax). For the upcoming fiscal year (i.e. FY2011/2012), if passed, Senate Bill 11-076 will extend the "switch" for another year.

WHEREAS, the funds contributed by employees to PERA are their own funds to draw upon if they leave the state classified system, but the employer contributions to PERA cannot be drawn on by non-vested employees; those funds are retained by PERA to fund the retirement pool. Therefore, the state of Colorado is undoing the work of Senate Bill 10-001 (i.e. Eliminate PERA's Unfunded Liability) by effectively putting PERA back into an actuarial shortfall. The additional money PERA receives which should have been contributed by the state and which would have been retained by PERA as employer-contributed funds, in the event a non-vested employee leaves the state system, will now have to be returned to the employee;

WHEREAS, the State of Colorado has not funded any cost of living increases or performance pay awards for classified staff since FY2007/2008;

WHEREAS, classified staff are the most economically vulnerable employee group at the University of Colorado Boulder;

WHEREAS, the State of Colorado's 2010/2011 budget mandating the 2.5 % contribution rate transfer referred to it as a temporary, one-year solution;

WHEREAS, in the June 24-25, 2010 Board of Regents meeting, Vice President Fox said that the PERA reduction was a one-year mandate and provides one-time dollars to the fund. She added that if the General Assembly and Governor were to recommend an additional reduction next year, the Board of Regents would need to review the implications.

BE IT RESOLVED, the Boulder Campus Staff Council opposes any extension of the 2.5% additional employee PERA contribution for FY2011/2012, and formally requests that the Board of Regents and university administration take any action within their power to protect PERA employees at CU from the serious financial repercussions associated with extending this provision.