



Legislative
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FISCAL NOTE

Drafting Number:	LLS 18-0183	Date:	January 11, 2018
Prime Sponsors:	Rep. Melton; Ransom Sen. Cooke; Jones	Bill Status:	House Finance
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Bill Topic: EMPLOYER ENTRY FPPA DEFINED BENEFIT SYSTEM

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Statutory Public Entity

This bill modifies the application process for the Fire and Police Pension Association's (FPPA's) partial entry program. For local governments, the bill will minimally increase workload and may have an expenditure impact. The bill also increases workload for the FPPA. These impacts are ongoing.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill, as recommended by the Police Officers' and Firefighters' Reform Commission.

Summary of Legislation

This bill modifies statutory provisions related to the Fire and Police Pension Association's (FPPA's) partial entry program. The partial entry program permits FPPA members to remain covered by the statewide money purchase plan or to join the defined benefit system. Under this bill, the application process is simplified for a local government employer to cover some or all of its members under the defined benefit system instead of the money purchase plan. An employer may also require all new employees hired after a certain date who meet certain criteria to participate in the defined benefit system. The FPPA board will determine the terms, process, certifications, and schedule related to an employer's participation in the defined benefit system.

Background

The FPPA was established in 1980 to administer retirement and disability benefits for police officers and firefighters in Colorado. FPPA's statewide money purchase plan is a self-directed retirement account, also referred to as a defined contribution plan. Its defined benefit system includes a statewide defined benefit plan, the Colorado Springs new hire pension plan, and the statewide hybrid plan. The FPPA board consists of nine Governor-appointed and Senate-confirmed members; it holds eight regular meetings per year. About 50 staff support the work of the FPPA board.

Local Government Impact

To the extent that the simplified application process encourages local police and fire departments to migrate some or all of their membership from a money purchase plan to a defined benefit plan, employer contribution rates may change. These local government entities must also adopt a resolution to take advantage of the new process.

Statutory Public Entity Impact

The FPPA board will be responsible for making determinations related to terms, process, certifications, and schedules as required by the bill. This workload is expected to take place during the course of regular board business. To the extent that the simplified process increases applications, the FPPA staff's application processing workload will increase.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties
Higher Education
Local Affairs
Sheriffs

Fire Chiefs
Information Technology
Municipalities

FPPA
Law
Police Chiefs