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SB 20-057

FISCAL NOTE

Drafting Number: LLS 20-0379
Prime Sponsors: Sen. Lee, Rep. Snyder; Cutter

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Bill Status: Senate Finance
Fiscal Analyst: Erin Reynolds | 303-866-4146, Erin.Reynolds@state.co.us

Bill Topic: FIRE PREVENTION AND CONTROL EMPLOYEE BENEFITS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

This bill requires the Division of Fire Prevention and Control in the Department of Public Safety to provide additional employee benefits to its firefighters and support staff, including insurance for certain heart conditions and cancers, as well as an increased pension benefit. It will increase state expenditures on an ongoing basis beginning in FY 2020-21.

Appropriation Summary: For FY 2020-21, this bill requires an appropriation of \$26,749 to the Department of Public Safety. The remainder of the costs under the bill will be paid from a continuously appropriated cash fund. See State Appropriations section.

Fiscal Note Status: This fiscal note reflects the introduced bill as recommended by the Wildfire Matters Review Committee.

Table 1
State Fiscal Impacts Under SB 20-057

Table with 3 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditure (General Fund, Federal Funds, Cash Funds), Transfer, and TABOR Refund.

Summary of Legislation

This bill requires the Division of Fire Prevention and Control (DFPC) in the Department of Public Safety to provide additional employee benefits to its firefighters and support staff, as discussed below.

Heart and circulatory malfunction benefits. The bill adds the DFPC as an employer under the section of state law that requires certain employers of firefighters and support staff to maintain an insurance benefit that covers heart and circulatory malfunctions.

Cancer benefits. The bill also adds the DFPC as an employer under the section of state law that permits certain employers of firefighters and support staff to participate in the voluntary firefighter cancer benefits program.

Reclassification of firefighters to state trooper benefit rate. Beginning July 1, 2020, current and future DFPC employees classified as Firefighter I through Firefighter VII are reclassified under the state trooper/safety officer contribution rate and benefit system in the Colorado Public Employees' Retirement Association (PERA) system. As a result, the DFPC employer contribution will increase by 2.7 percent and the employee contribution will increase by 2.0 percent compared to the contribution rates currently paid by and for these employees.

Background

Colorado Firefighter Heart and Cancer Benefit Trust. The Colorado Firefighter Heart and Cancer Benefit Trust offers both a heart and cancer benefit program. For a full-time firefighter or support staff, the heart program costs \$175 and the cancer program costs \$265 per employee per year. The heart program provides payments for qualifying job-related cardiac incidents and coverage for heart screenings not covered by regular health insurance. The cancer program provides benefits upon diagnosis of brain, digestive, genitourinary, hematological, and skin cancers.

PERA benefit. Under current law, DFPC employees are classified under the State Division of PERA. The State Trooper category of PERA is a subdivision under the State Division with a higher contribution rate structure, earlier retirement, and eligibility for disability benefits without a vesting restriction. Under current law, this category includes Colorado State Patrol employees and newly hired corrections officers employed by the Departments of Corrections and Human Services. PERA is now referring to this subdivision of employees of the State Division as Safety Officers.

Employers of Safety Officers pay a 13.10 percent contribution, plus 10.0 percent for supplemental amortization payments (AED/SAED). Employees classified as Safety Officers pay a 9.50 percent contribution in FY 2020-21 and 10.0 percent contribution in FY 2021-22 and thereafter. In addition, both employers and employees are subject to the automatic adjustment provision created by Senate Bill 18-200, which is currently assessed in FY 2020-21 at 0.50 percent.

Wildfire Preparedness Fund. The Wildfire Preparedness Fund is continuously appropriated to the DFPC. It receives an annual General Fund appropriation of \$4,150,000.

State Expenditures

In FY 2020-21, the bill increases state expenditures for the DFPC in the Department of Public Safety by \$251,743 in FY 2020-21 and \$257,258 in FY 2021-22. Costs are shown in Table 2 and discussed below.

**Table 2
Expenditures Under SB 20-057**

	FY 2020-21	FY 2021-22
Department of Public Safety		
Heart Benefit	\$37,450	\$37,450
Cancer Benefit	\$56,710	\$56,710
PERA Benefit	\$157,583	\$163,099
Total	\$251,743	\$257,259
<i>General Fund</i>	\$977	\$977
<i>Federal Funds</i>	\$3,174	\$3,174
<i>Various Cash Funds</i>	\$22,598	\$22,598
<i>Wildfire Preparedness Fund</i>	\$224,994	\$230,509

Department of Public Safety. Under the bill, the DFPC will have the following expenditure increases:

- *Firefighter Heart and Cancer Benefit Trust.* As discussed in the Background section, the annual cost for each full-time firefighter and support staff is \$175 for the heart benefit and \$265 for the cancer benefit provided by the Colorado Firefighter Heart and Cancer Benefit Trust. The DFPC currently has a total of 214 filled, vacant, or planned positions that meet the bill's criteria, resulting in costs of \$94,160 for the two new health benefits. Based on current funding sources for firefighting staff, costs will be paid from the Wildfire Preparedness Fund (\$67,411), various cash funds in the DFPC (\$22,598), and health facility fire inspection payments from the Colorado Department of Public Health and Environment (CDPHE) (\$4,150). For the health facility inspection payments from the CDPHE, \$2,197 is from federal Medicare funding, and \$1,954, split evenly between General Fund and federal funds, is reappropriated from the state Medicaid program in the Department of Health Care Policy and Financing (HCPF).
- *PERA.* The DFPC currently has 101 positions in the Firefighter I through VII classification with a total payroll of \$5,336,420. The bill requires a net increase in employer contributions of 2.7 percent of payroll from current law. The fiscal note assumes a 3.5 percent payroll growth rate in FY 2021-22. The PERA benefit will be paid from the Wildfire Preparedness fund.

Statutory Public Entity – Public Employees' Retirement Association

The PERA State Division Trust Fund is expected to have a minimal impact under the bill for two primary reasons. First, the change in benefit classification is applicable to prospective service credit, not service credit already accrued. Second, the bill creates an increased contribution to PERA from both the employer and employees classified as Firefighter I through VII. An additional

potential impact, which has not been estimated, is that moving DFPC's firefighters to the State Trooper category makes them immediately eligible for disability benefits under PERA, regardless of years of service.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2020-21, the bill requires the following appropriations to the Department of Public Safety:

- \$22,598 from various DFPC cash funds (various cash funds are listed in footnote "a" in the DFPC section of the Long Bill); and
- \$4,151 in reappropriated funds from the CDPHE for health facility survey and certification funding, of which \$2,197 is from federal Medicare money and \$1,954 is from the state Medicaid program.

In addition, HCPF requires an appropriation of \$1,954, split evenly between General Fund and federal Funds, for transfer to the CDPHE.

The remainder of the costs in the DPS under the bill will be paid from the continuously appropriated Wildfire Preparedness Fund.

State and Local Government Contacts

Health Care Policy and Financing
Personnel
Public Safety

PERA
Public Health and Environment