



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated January 12, 2022)

Drafting Number:	LLS 22-0172	Date:	March 29, 2022
Prime Sponsors:	Sen. Hansen; Hisey Rep. Bird; Van Winkle	Bill Status:	House Finance
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Bill Topic: STATE PAYMENT OLD HIRE DEATH & DISABILITY BENEFITS

Summary of Fiscal Impact:

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

The bill provides funding for a state obligation to the Fire and Police Pension Association's Statewide Death and Disability Trust Fund based on an updated actuarial analysis. It increases state expenditures through FY 2026-27.

Appropriation Summary: For each of the current FY 2021-22 and FY 2022-23, the bill includes an appropriation of \$6.65 million to the Office of the State Treasurer.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill, which was recommended by the Pension Review Commission.

**Table 1
State Fiscal Impacts Under SB 22-036**

		Current Year FY 2021-22	Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-	
Expenditures	General Fund	\$6,650,000	\$6,650,000	\$6,650,000
Transfers		-	-	-
Other Budget Impacts	GF Reserve	\$891,100	\$997,500	\$997,500

Summary of Legislation

On July 1, 2022, and July 1 in the subsequent four years, the bill requires the state treasurer to pay \$6.65 million from the General Fund to the Fire and Police Pension Association (FPPA) for deposit into the FPPA's Statewide Death and Disability Trust Fund.

Background

Death and disability benefits for FPPA members hired before January 1, 1997 ("old hires") were paid with state funding to the Statewide Death and Disability Trust Fund, however, state funding for this benefit discontinued in 1997 based on an actuarial assumption that the last payment of \$39.0 million had fully funded the plan.

A current actuarial analysis performed by Gabriel, Roeder, Smith & Company (GRS), the FPPA's actuarial firm, indicates a shortfall of \$33.191 million in the trust fund. This amount is projected to grow each year by an estimated 7 percent, or roughly \$2 million per year. For further information, see GRS's memo regarding State Funding of the Statewide Death and Disability Plan for Pre-1997 Hires: <https://forwardwithfppa.org/documents/GRS-estimate-state-liability-2021-05-21.pdf>.

State Expenditures

The bill creates a state General Fund expenditure of \$6,650,000 for five years for a total of \$33.25 million to the FPPA.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 13.4 percent of General Fund appropriations must be set aside in the General Fund statutory reserve in FY 2021-22 and 15.0 percent beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, which will decrease the amount of General Fund available for other purposes.

Statutory Public Entity

Upon receipt of state funding, the FPPA is no longer expected to have an unfunded liability in the Statewide Death and Disability Trust Fund.

Technical Note

The bill includes an appropriation in the current FY 2021-22 for a payment in budget year FY 2022-23.

Effective Date

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

State Appropriations

For both the current FY 2021-22 and FY 2022-23, the bill includes an appropriation of \$6,650,000 General Fund per year to the Office of the State Treasurer for distribution to the Fire and Police Pension Association.

State and Local Government Contacts

Fire and Police Pension Association

Joint Budget Committee Staff

Treasury