



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 22-0172
Prime Sponsors:

Date: October 22, 2021
Bill Status: Bill Request
Fiscal Analyst: Erin Reynolds | 303-866-4146
Erin.Reynolds@state.co.us

Bill Topic: **STATE PAYMENT OLD HIRE DEATH AND DISABILITY BENEFITS**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- 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 creates a one-time expenditure increase in FY 2021-22.

Appropriation Summary:

For the current FY 2021-22, the bill requires an appropriation of \$33.191 million to the Office of the State Treasurer.

Fiscal Note Status:

The fiscal note reflects the bill draft requested by the Pension Review Commission.

Table 1
State Fiscal Impacts Under Bill 2

		Current Year FY 2021-22	Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-	-
Expenditures	General Fund	\$33.191 million	-	-
Transfers		-	-	-
TABOR Refund		-	-	-

Summary of Legislation

On January 31, 2022, the bill requires the state treasurer to pay \$33.191 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 requires a one-time state General Fund expenditure of \$33.191 million to the FPPA in the current FY 2021-22.

Statutory Public Entity

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

Effective Date

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

State Appropriations

For the current FY 2021-22, the bill requires an appropriation of \$33.191 million General Fund to the Office of the State Treasurer for distribution to the FPPA.

State and Local Government Contacts

FPPA

JBC Staff

Treasury