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FISCAL NOTE

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Prime Sponsors:

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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, including insurance for certain heart conditions and cancers, as well as an increased pension benefit. Beginning in FY 2020-21, it will increase state expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, this bill requires an appropriation of \$26,749 to multiple departments. See State Appropriations section.

Fiscal Note Status: This fiscal note reflects the bill draft requested by the Wildfire Matters Review Committee.

Table 1
State Fiscal Impacts Under Bill 4

Table with 3 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditure (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, 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 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 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 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 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.

**State Division Benefits Compared to State Trooper Benefits Under PERA.** 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, "State Trooper" includes Colorado State Patrol employees and, after January 1, 2020, newly hired corrections officers employed by the Departments of Corrections and Human Services.

Employers of State Troopers pay a 13.10 percent contribution, plus 10.0 percent for supplemental amortization payments (AED/SAED). Employees classified as State Troopers 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 cash fund expenditures for the DFPC in the Department of Public Safety by \$251,743 in FY 2020-21 and \$257,259 in FY 2021-22. Costs are shown in Table 2 and discussed below.

**Table 2**  
**Expenditures Under Bill 4**

|                                    | <b>FY 2020-21</b> | <b>FY 2021-22</b> |
|------------------------------------|-------------------|-------------------|
| <b>Department of Public Safety</b> |                   |                   |
| Heart Benefit                      | \$37,450          | \$37,450          |
| Cancer Benefit                     | \$56,710          | \$56,710          |
| PERA Benefit                       | \$157,583         | \$163,099         |
| <b>Total</b>                       | <b>\$251,743</b>  | <b>\$257,259</b>  |

**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 \$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. Costs will be paid primarily from DFPC cash funds, but for \$4,151 to be reappropriated through the Health Facilities and Emergency Medical Services Division in the Department of Public Health and Environment (CDPHE).
- *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.

## Statutory Public Entity – Public Employee's 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 impact that 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.

## Technical Note

The CDPHE portion of funding originates from the Department of Health Care Policy and Financing (HCPF) and includes state and federal funds. Federal approval may be required to use this funding for the purposes under the bill. If not allowed, funding sources for this portion of the bill may be adjusted.

**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 cash fund appropriations:

- \$22,598 to various DFPC cash funds (cash funds are listed in footnote "a" in the DFPC section of the Long Bill); and
- \$4,151 to the Health Facilities and Emergency Medical Services Division Cash Fund in CDPHE, to be fully reappropriated to DFPC. See Technical Note.

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

**State and Local Government Contacts**

|           |               |                   |      |
|-----------|---------------|-------------------|------|
| Counties  | Fire Chiefs   | Municipalities    | PERA |
| Personnel | Public Safety | Special Districts |      |