



*Colorado Legislative Council Staff Fiscal Note*  
**LOCAL**  
**FISCAL IMPACT**

**Drafting Number:** LLS 09-0102  
**Prime Sponsor(s):** Sen. Tochtrop  
 Rep. Riesberg

**Date:** January 14, 2009  
**Bill Status:** Senate Finance  
**Fiscal Analyst:** Chris Ward (303-866-5834)

**TITLE:** CONCERNING FIREFIGHTER AND POLICE OFFICER DISABILITY AND SURVIVOR BENEFITS.

<b>Fiscal Impact Summary</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>State Revenue</b>	0	0
<b>State Expenditures</b>	0	0
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> Upon signature of the Governor.		
<b>Appropriation Summary for FY 2009-2010:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

This bill was recommended by the Police Officers' and Firefighters' Pension Reform Commission. It modifies the benefits available to certain retired firefighters and police officers and their dependents, as follows:

- repeals the earned income offset for retirees with an occupational disability;
- repeals the requirement that a dependent child between age 19 and 23 remain in school to be eligible for benefits;
- repeals the termination of benefits for surviving spouses of members who remarry;
- permits the board of the Fire and Police Pension Association to give a disability benefit to a member injured on-duty who has a permanent occupational disability or a temporary occupational disability; and
- offsets disability or survivor benefits by the amount of payments from a statewide defined benefit pension plan.

The bill also modifies an employer's obligation to make contributions to a retirement plan while a member is receiving temporary occupational disability payments. Finally, the bill repeals the authority of the Fire and Police Pension Association to implement the supplemental disability benefit program, a program that was never actually implemented.

**Background.** Firefighter and police officer pensions are governed by state and federal law, but their funding comes primarily from contributions by employees and local government employers. The largest such pension plan is administered by the Fire and Police Pension Association of Colorado.

### **Local Government Impact**

The bill will affect certain municipalities, and the impact on each municipality will differ depending largely on the characteristics of any police officers or firefighters who are eligible for a pension. Repealing certain eligibility requirements will increase benefits to plan members and allow certain benefits to continue that would otherwise stop. At the same time, administrative costs associated with tracking the eligibility of beneficiaries each year will be reduced.

For example, repealing the earned income offset for occupational disabilities will increase FPPA payments by about \$110,000 per year, but eliminate the need for 0.7 FTE required to track and implement the offset for 36 members. Together, the changes proposed by the bill are not expected to significantly affect the actuarial soundness of funding for disability or survivor benefits at FPPA or any other local pension plan, mainly because current actuarial studies assume no change in eligibility.

The bill requires employers to pay any excess contribution over 16 percent for members in the FPPA defined benefit system who become temporarily disabled and subsequently receive the normal retirement benefit. In these instances, certain municipalities will be forced to pay a higher contribution rate for those employees.

### **Departments Contacted**

Local Affairs