


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 11-0655
Prime Sponsor(s): Rep. Becker
 Sen. Lambert

Date: March 1, 2011
Bill Status: House Finance
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TITLE: CONCERNING THE STATE CONTRIBUTION TOWARD THE GROUP BENEFIT PLAN PREMIUM FOR STATE EMPLOYEES WHO WORK LESS THAN FULL TIME.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures	<u>(\$2,542,482)</u>	<u>(\$2,542,482)</u>
General Fund	(818,766)	(818,766)
Multiple Cash Funds	(245,750)	(245,750)
Reappropriated Funds	(1,397,728)	(1,397,728)
Federal Funds	(80,238)	(80,238)
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Note: While all agencies were canvassed for the purposes of this fiscal note, not all agencies were able to respond with complete information. Therefore, this fiscal note should be considered preliminary. It will be updated if new information becomes available.

Summary of Legislation

Recommended by the Joint Budget Committee, this bill alters the amount of state moneys contributed towards group benefit plan premiums for part-time employees. Under current law, the state provides a full contribution for all employees who are eligible for and elect to participate in a health or dental plan. The bill establishes a reduced contribution schedule for part-time employees according to the number of hours worked, as follows:

- 100 percent of the state's contribution for 20 hours or more per week;
- 50 percent of the state's contribution for 10 - 19 hours per week; and
- 0 percent of the state's contribution for less than 10 hours per week.

The bill also clarifies that the state contribution for life insurance premiums will remain the same for all state employees, regardless of the number of hours worked.

Background

The state offers health and dental insurance coverage to all of its permanent part-time and full-time employees; temporary and seasonal workers are not eligible to participate. Of the 38,374 eligible employees, an estimated 28,760, or 75 percent, participate in one of four state-sponsored health insurance plans and two state-sponsored dental plans. State contributions for premiums are set annually through the legislative budget process, and are based on the tier of coverage selected by an employee. Covered employees pay the difference between the premium established for their plan and tier chosen, less the state contribution. For the current fiscal year 2010-11, state contributions are as follows:

Tier of Coverage	Health	Dental
Employee only coverage	\$4,440	\$237
Employee and spouse coverage	7,498	386
Employee and children coverage	7,935	407
Family Coverage	10,994	556

**Rounded to the nearest dollar*

State Expenditures

Beginning in FY 2011-12, state expenditures will be reduced by at least \$2.5 million per year. Table 2 and the discussion that follows address the assumptions used to estimate the bill's savings.

Cost Components	FY 2011-12	FY 2012-13
State Agencies (902 employees)	(\$1,318,369)	(\$1,318,369)
Institutions of Higher Education (at least 324 employees)	(1,224,113)	(1,224,113)
TOTAL	(\$2,542,482)	(\$2,542,482)

State agency health and dental costs. There are a total of 902 employees that work, on average, less than 20 hours per week. Of this amount, 782 work an average of 10 to 19 hours a week and will have their state benefit contribution reduced by 50 percent. The remaining 120 employees will no longer be eligible to receive state benefit contributions. Total savings are estimated to be \$1,318,369 per year, including \$818,766 General Fund, \$245,750 cash funds, \$173,615 reappropriated funds, and \$80,238 federal funds.

Institutions of higher education health and dental costs. There are at least 324 employees within institution of higher education who will experience reduced benefit contributions under HB11-1257. The total savings is estimated to be at least \$1,224,113, reappropriated funds.

Department of Local Affairs. There are nine individuals who serve on the Board of Assessment Appeals (BAA) and will no longer receive state contributions towards benefits. If these individuals choose to leave their positions as a result of the loss of benefit contributions, taxpayer hearings may be delayed and the department could incur costs of up to \$3,000 to train new members.

Local Government Impact

Local governments are required to pay interest at 12 percent per year to taxpayers that prevail at the BAA. If the trend of 50 percent of BAA decisions being in favor of taxpayers continues, and board members choose to leave the state as a result of HB11-1257, thereby creating hearing delays, expenditures for local governments will increase. This amount has not been estimated.

State Appropriations

Assuming that institutions of higher education will not have their appropriations reduced, the estimated adjustments in appropriations for FY 2011-12 are shown in Table 3.

Table 3. Estimated Appropriations Adjustments for FY 2011-12*					
Department	Total	GF	CF	RF	FF
Agriculture	(\$27,245)	\$-	(\$27,245)	\$-	\$-
Corrections	(9,806)	(9,806)	-	-	-
Governor's Office & OIT	(17,583)	(5,843)	9	(11,782)	33
Health Care Policy & Financing	(6,950)	(3,475)	-	-	(3,475)
Human Services	(574,096)	(438,818)	(556)	(109,380)	(25,342)
Judicial	(469,073)	(310,924)	(158,149)	-	-
Law	(13,387)	-	-	(13,387)	-
Legislative Branch	(3,810)	(3,810)	-	-	-
Local Affairs	(61,844)	(24,036)	(8,082)	(18,804)	(10,922)
Military & Veterans Affairs	(2,297)	(2,297)	-	-	-
Natural Resources	(18,120)	(4,116)	(2,447)	-	(11,557)
Personnel	(14,323)	(6,236)	-	(8,087)	-
Public Health & Environment	(54,166)	(148)	(20,172)	(9,468)	(24,378)
Public Safety	(14,375)	(4,858)	(2,202)	(2,717)	(4,598)
Regulatory Agencies	(4,148)	4	(4,163)	10	1
Revenue	(11,446)	(4,403)	(7,043)	-	-
Transportation	(15,700)	-	(15,700)	-	-
TOTAL	(\$1,318,369)	(\$818,766)	(\$245,750)	(\$173,615)	(\$80,238)

*There are no impacted FTE for Education, Higher Education, Labor and Employment, State, and Treasury.

Departments Contacted

All departments