



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

February 8, 2018

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: David H. Van Dyke *DH*
County Auditor

FROM: Inez N. Claggett *INC*
Senior Legislative Auditor

RE: Fiscal Impact Statement
CB-001-2018 DR-1 Length of Service Award Program (**REVISED**)

Legislative Summary

CB-001-2018 seeks to clarify certain benefits under the Length of Service Award Program for surviving spouses.

The proposed Bill will provide the requisite language to allow a surviving spouse of a volunteer fire company member to receive not only the \$250 surviving spouse benefit, but also 50% of the volunteer member's benefits.

Background/Current Law

The Length of Service Award Program (LOSAP) was established in 1974 and provides for benefit payments to certain volunteer fire company members and their surviving spouses, to include survivor annuities and lump sum death benefits. Under the LOSAP should a qualified volunteer member die while receiving benefits, then his or her surviving spouse is entitled to benefits equal to fifty percent (50%) of the volunteer's benefits which shall terminate upon death, or remarriage, of the spouse. Should a volunteer member die prior to receiving LOSAP benefits, his or her surviving spouse is entitled to receive benefits equal to fifty percent (50%) of the benefits earned by the deceased volunteer. On October 21, 2014 the County Council enacted CB-022-2014 which provided an increase in the surviving spouse monthly benefit from \$125 per month to \$250 per month. Under the current law, a surviving spouse would receive a maximum of \$250 per month.

Resource Personnel

The Office of Audits and Investigations contacted and received related information from the Chairman of the Prince George's County Fire Commission and Office of Human Resource Management, Benefits Administration Division staff.

Assumptions and Methodology

Information provided for our analysis revealed 123 individual beneficiaries receiving LOSAP benefits from the County equating to a total of \$33,060 per month, or \$396,720 per year. Individual benefit amounts ranged from \$250 per month to approximately \$815 per month. It was determined that beneficiaries receiving more than \$250 per month, are former qualified Volunteer Fire members receiving their own LOSAP benefits in addition to the \$250 per month surviving spouse benefit.

Should the proposed law be enacted, the 123 individual beneficiaries may receive an additional \$225 per month, representing 50% of the deceased Volunteer member's LOSAP benefit, assuming all of the deceased Volunteer members met the certification requirements to receive a LOSAP benefit, but had not completed additional years of service in excess of twenty-five (25) years, before death. We also assume the proposed legislation will not provide retroactive payments to beneficiaries.

Under our assumptions, the County would incur additional monthly LOSAP cost of \$27,625 (123 beneficiaries X 50% of the \$450 monthly LOSAP benefit), should the proposed Bill be enacted.

The Office of Human Resource Management, Benefits Administration Division staff did not determine if any of the current 123 individual beneficiaries would receive additional LOSAP surviving spouse benefits, over the current \$250 maximum, should the proposed law be enacted. Therefore, assumptions were made to provide an estimate of the maximum fiscal impact exposure.

Fiscal Impact

- Direct Impact

Enactment of CB-001-2018 could have an estimated \$331,500 fiscal impact per year on the County should the proposed Bill be enacted. This assumes all eligible beneficiaries receive the maximum benefit, based on a Volunteer member's twenty-five (25) years of service.

- Indirect Impact

Enactment of CB-001-2018 may provide minimal indirect impact as a result of any increase in the household net income of surviving spouses receiving beneficiary benefits.

Appropriated in the Current Fiscal Year Budget

No.

Effective Date

The proposed Bill shall be effective forty-five (45) calendar days after it becomes law.

If you require additional information, or have questions about this fiscal impact statement, please call me.