

Fiscal Note

BILL # SCR 1035

TITLE: supplemental death benefits; surcharge

SPONSOR: Rogers

STATUS: As Introduced

PREPARED BY: Micaela Larkin

Description

If approved by the voters in the 2022 General Election, the resolution would provide the spouses or surviving dependents of public safety employees including police officers and firefighters and others defined by the resolution the difference between \$1,000,000 and the sum of amounts received from any one-time death benefit paid by a governmental entity. This resolution would establish a dedicated fund administered by the State Treasurer to provide the benefit from an annual deposit of 1% surcharge on fees collected for civil traffic violations and criminal offenses.

Estimated Impact

We estimate the 1% surcharge would generate \$669,000 for the new State Supplemental Benefit Fund.

The expenditure level would depend on the number of applicable deaths in any year. Based on recent experience, we estimate that there would be 4 eligible deaths with \$2.4 million in claims.

If a voter approved expenditure for a fiscal year cannot be paid for by the funding source identified in the approved measure, the Legislature may reduce the state's mandatory expenditure for that year to the amount supplied by the identified source.

In addition, the State Treasurer may need to hire a third-party administrator to determine eligibility for the benefit and the level of benefit. The Treasurer did not have an estimate of what those costs would be.

Analysis

Under the resolution, the surviving spouse or surviving dependent of an eligible Arizona resident killed in the line of duty would receive a supplemental one-time death benefit in the amount of the difference between \$1,000,000 and the sum received from one-time death benefits paid by the government. Eligible persons include members of Public Safety Personnel Retirement System (PSPRS) that are police and firefighters as defined in the bill including sheriffs and deputies, Department of Public Safety officers, correctional officers at the Arizona Department of Corrections, Emergency Medical Technicians, United States Border Patrol agents, Arizona Army National Guard members, tribal fire fighters and police officers, volunteer firefighters, probation/parole officers and private prison guards.

We assume 4 line of duty deaths in a year. In 2019, PSPRS reported 3 deaths and there was an additional death of a United States Border Patrol agent. In 2020, PSPRS reported 5 deaths and an additional death of a tribal police officer not in the PSPRS system. From 2010 to 2019, FBI data on gun carrying law enforcement officers recorded an average of 3 felonious and accidental deaths a year. The data reported no Arizona deaths in 2015 and a single death in 2017, but 3 to 5 deaths occurred 6 years during the ten-year period.

Federal Death Benefits

Except for Emergency Medical Technicians employed by private entities, Arizona Army National Guard members, and private prison guards, the eligible persons under the resolution can receive a one-time cash death benefit from the

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federal Public Safety Officers' Benefits (PSOB) Program for line of duty deaths. The current PSOB benefit rate is \$370,376, but benefits are adjusted annually based on the annual percentage change in CPI for all urban consumers. This increase would marginally reduce the cost to the state each year.

The PSOB Program requires the deaths and disabilities to be a direct and proximate result of a personal injury sustained in the line of duty and outlines the conditions under which cardiovascular conditions or other incidents qualify. For Arizona, current PSOB status reports show the 8 pending death benefit cases include 1 appeal made in August 2020, 2 cases received in 2017, and 5 cases received from January 1, 2020 to Feb. 5, 2021. In previous years, reports show 2 to 3 new cases. The difference may reflect federal legislation that the PSOB program would consider claims by the families of public safety officer that died from COVID in 2020 and 2021.

Costs for a Supplementary State Benefit

The proposition would allow the state to provide the spouse or dependent the difference of \$1,000,000 and the sum of one-time government death benefits. As noted above, the benefit claim made to the state depends not only on the qualifying deaths, but also the specific employers of those killed in the line of duty. The figures below outline the potential state claim after adjusting for the PSOB benefit and other one-time government death benefits.

Potential State Claim for Eligible Persons Receiving PSOB One-Time Death Benefit of \$370,376

- US Border Patrol Agent: \$564,438
PSOB benefit and agency death benefit of 50% of salary (average salary \$65,572 per Payscale.com) plus \$32,400.
- Correctional officers, DPS officers, and parole officers employed by the State: \$609,624
These members of CORP and PSPRS receive the PSOB benefit plus \$15,000 for life insurance and \$5,000 for burial.
- Eligible public safety persons employed by local, county, or tribal government: \$564-438 to \$609,624
Police, sheriffs, deputies, firefighters, probation officers, certain volunteer firefighters and EMTs employed by local, county, or tribal government participating in PSPRS or other qualified retirement plans may be eligible for additional agency specific lump sum life insurance payments. We assume that the one-time government benefits fall within the amounts for state public safety officers or federal border patrol agents.
- EMT's Employed by Non-Profit Entities: \$629,624
We assume they receive the PSOB only since they would not be receiving a state agency or local one-time death benefit.

Potential Claim for Eligible Persons Not Receiving PSOB

- Private prison guards: \$1,000,000
- EMTs employed by private entities: \$1,000,000
- Army National Guard: Up to \$1,000,000. The potential claim would depend on the circumstances of death, previous service and/or additional military benefits. If on active duty for more than 30 days under the orders of the Governor or adjutant general, the guard member is eligible for state accidental insurance of \$15,000.

The State Treasurer administers the fund for the purposes outlined in the resolution. The State Treasurer indicated that their costs would be dependent on the bill's requirements but did not have an estimate for the costs of hiring a third-party benefits administrator for the program. We believe that Treasurer would indeed need to hire such an administrator to determine applicants' eligibility for the program and their appropriate level of benefits.

Local Government Impact

None