



## State Fiscal Note for Bill Number: 2023-H-5201

**Date of State Budget Office Approval:** Thursday, March 30, 2023

**Date Requested:** Thursday, March 2, 2023

**Date Due:** Sunday, March 12, 2023

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2023	N/A	FY 2023	N/A
FY 2024	See below	FY 2024	N/A
FY 2025	See below	FY 2025	N/A

**Explanation by State Budget Office:** This bill would allow a firefighter who is unable to perform duties as a result of heart disease, stroke, or hypertension to be presumed to have suffered an in-the-line-of-duty disability, unless the firefighter was hired after July 1, 2023, and there is clear and convincing evidence that the firefighter suffered the condition at the time of hire or regularly used tobacco products for the five (5) years prior to diagnosis.

**Comments on Sources of Funds:** IOD benefits and associated costs for state firefighters are financed by general revenue. The costs for municipal firefighters are financed by the respective municipality/fire district.

**Summary of Facts and Assumptions:** Employer pension contributions are financed by all sources of funds, and payments made to retired beneficiaries are made through the pension trust fund, which is outside of the general fund and state chart of accounts.

1. The bill takes effect upon passing, which is assumed to be late June 2023. For this reason, no fiscal impact is estimated in FY 2023.

2. The provisions of this bill will apply to firefighters employed by the state, a municipality, or fire district. The "personnel supplement" in the FY 2024 Governor's Recommended Budget includes a total of 23 Quonset firefighters within Military Staff. The American Community Survey produced by the U.S. Census Bureau estimates 2,060 firefighters are employed by a municipality/fire district in Rhode Island.

3. Historically, benefits for IOD and disability pension claims have been awarded in some cases and denied in others. Explicitly adding heart disease, stroke, or hypertension as a condition for benefit eligibility will likely increase the number of benefits granted.

4. Peer-reviewed literature suggests that the rate of cardiac dysfunction in firefighters is approximately 63% (<https://www.sciencedirect.com/science/article/pii/S0002934322000778>), and that over 45% of firefighter deaths are attributable to sudden cardiac death related to coronary artery disease (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7887455/>). For this analysis, it is assumed that the resulting range of firefighters filing for IOD benefits due to heart disease, stroke or hypertension is between 45% - 63%. In total, the estimated range of firefighters eligible for IOD benefits due to PTSD is as follows:

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Quonset Firefighters (Military Staff): 10 – 14 FTE  
Municipal/Fire District Firefighters: 927 – 1,298

The decision to file for and granting of IOD benefits are highly dependent on the facts of each specific case. It is possible that actual claims will be lower than the estimates assumed in this bill.

5. This analysis does not assume all individuals will immediately file and be approved for IOD when the bill would take effect. Therefore, it is assumed the newly eligible employees will file for IOD at the start of the 3rd quarter of FY 2024. RIGL 45-19-1 limits the time an individual can be on IOD status to no more than 18 months, and this analysis assumes all employees will remain on IOD for the full 18 months. Beginning in FY 2026 the individuals must return to work or apply for an accidental disability retirement allowance.

6. The proposed changes in this bill could impact five categories of spending: (a) the salary and benefits of employees with IOD status, (b) IOD medical benefits, (c) backfill overtime costs, (d) accidental disability retirement allowances, and (e) labor litigation costs.

Additionally, salaries for employees on IOD are not subject to income tax. This will result in a loss of Personal Income Tax collections, but it is likely to have a de minimis impact.

(a) Salary and Benefits:

Individuals who have IOD status receive their full salary and benefits for the entire period they are eligible for IOD. The payment of standard salary and benefits will have no fiscal impact as the impacted department will be responsible for the cost regardless of an individual's IOD status, except for the Quonset firefighters. The salary and benefits for active Quonset firefighters are financed with federal funds. However, when a firefighter is on IOD status the department is unable to charge the payroll costs to the federal funds and the costs must be defrayed with general revenue. The average payroll cost of a Quonset firefighter in FY 2024 is \$113,920, and using the estimated range of 10-14 firefighters filling for IOD, the fiscal impact on general revenue expenditures is as follows:

FY 2023: \$0  
FY 2024: \$589,536 - \$825,350  
FY 2025: \$1,179,072 - \$1,650,701

(b) IOD Medical Benefits:

When an employee is on IOD status the employer (the State, public higher education institution, or local unit of government) is responsible for all medical costs related to the injury, including co-pays and deductibles normally paid by the employee. Most health insurance policies already cover heart disease, stroke, and hypertension. The increased medical costs are anticipated to be limited to the payment of employee co-



pays and other minor expenses, and it is anticipated there will be a de minimis impact on medical benefit expenditures.

(c) Backfill Overtime Costs:

An increase in the number of firefighters on IOD status will result in increased overtime costs to backfill the standard shifts the employees are not actively working. To calculate the fiscal impact, this analysis utilizes a baseline annual overtime cost to fill 100 percent of shifts for one employee on IOD in each department. The methodology took the average annual salary for the impacted employees and multiplied it by the standard overtime rate of 1.5 times base pay (average salary \* 1.5 = annual overtime costs)

Quonset Firefighters:

Average Salary: \$65,917

Annual Overtime Cost for One FTE: \$98,876

Local Police Officers and Firefighters:

Average Salary: \$79,657

Annual Overtime Cost for One FTE: \$119,485

The local average salary and overtime costs were calculated using data reported by the Division of Municipal Finance through the Municipal Transparency Portal. The amount of required overtime will vary greatly and depends on each department's minimum staffing requirements, overall levels of employment, and operational needs. To present a range this analysis provides cost estimates for three levels of backfilled time (i) 100 percent of the standard time for each employee on IOD status will be backfilled with overtime, (ii) 50 percent of the time will be backfilled with overtime, (iii) 25 percent of the time will be backfilled with overtime.

(i) 100% of time back filled (number of employees on IOD status \* Overtime Cost for One Person)

Quonset Firefighters:

FY 2024: \$494,380 - \$692,132

FY 2025: \$988,760 - \$1,384,264

Local Police Officers and Firefighters:

FY 2024: \$55,381,298 - \$77,545,765

FY 2025: \$110,762,595 - \$155,091,530

Total:

FY 2024: \$55,875,678 - \$78,237,897

FY 2025: \$111,751,355 - \$156,475,794

(ii) 50% of time back filled ([number of employees on IOD status \* Overtime Cost for One Person] \* 0.50)

Quonset Firefighters:

FY 2024: \$247,190 - \$346,066  
FY 2025: \$494,380 - \$692,132

Local Police Officers and Firefighters:  
FY 2024: \$27,690,649 - \$38,772,883  
FY 2025: \$55,381,298 - \$77,545,765

Total:  
FY 2024: \$27,937,839 - \$39,118,949  
FY 2025: \$55,875,678 - \$78,237,897

(iii) 25% of time back filled ([number of employees on IOD status \* Overtime Cost for One Person] \* 0.25)

Quonset Firefighters:  
FY 2024: \$123,595 - \$173,033  
FY 2025: \$247,190 - \$346,066

Local Police Officers and Firefighters:  
FY 2024: \$13,845,324 - \$19,386,441  
FY 2025: \$27,690,649 - \$38,772,883

Total:  
FY 2024: \$13,968,919 - \$19,559,474  
FY 2025: \$27,937,839 - \$39,118,949

**(d) Accidental Disability Retirement Allowance**

The provisions of this bill will extend accidental disability retirement allowance to firefighters diagnosed with heart disease, stroke, or hypertension. An increase in accidental disability retirements will impact both the inflows and outflows of the pension trust fund, and the full impact of the bill is indeterminate without a complete actuarial study. However, it is assumed the application and approval process for an accidental disability retirement allowance will extend beyond the timeframe covered in this analysis. For this reason, the extension of accidental disability retirement allowance to firefighters diagnosed with heart disease, stroke, or hypertension is anticipated to have no fiscal impact in FY 2024 or FY 2025.

**(e) Labor Litigation Costs**

The final category of expenditures that could be impacted by passage of this bill is labor litigation costs. At this time, it is anticipated that departments will be able to manage labor litigation costs resulting from the provisions of this bill with existing resources. But if the volume of disputes becomes substantial in future years additional appropriations for labor litigation costs may be required.

**(f) Tuition reimbursement costs**

Per RIGL §45-19-12.1 and §45-19-12.3, the State is obligated to pay charges for the



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*Summary of Fiscal  
Impact:*

tuition of totally and permanently disabled firefighters injured while in the performance of duty as well as tuition for the children of the deceased or totally and permanently disabled fire fighters. This bill expands the presumption as to what conditions are considered in-the-line-of-duty disability to include heart disease, stroke, or hypertension, and it is likely that the State will be obligated to pay from general revenue an inestimable increased amount of tuition as more firefighters and their children would be eligible for this benefit.

FY 2023: N/A

FY 2024:

State Funds: \$713,131 - \$1,517,482

Local Funds: \$13,845,324 - \$77,545,765

Total: \$14,558,455 - \$79,063,247

FY 2025:

State Funds: \$1,462,262 - \$3,034,965

Local Funds: \$27,690,649 - \$155,091,530

Total: \$29,116,911 - \$158,126,495

*Budget Office Signature:*

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*Fiscal Advisor Signature:*

