



State Fiscal Note for Bill Number: 2023-H-5944

Date of State Budget Office Approval: Thursday, June 1, 2023

Date Requested: Tuesday, April 11, 2023

Date Due: Friday, April 21, 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 police officer 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 police officer was hired after July 1, 2023, and there is clear and convincing evidence that the officer 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 police officers are financed by general revenue. The costs for municipal police officers are financed by the respective municipality.

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.

Summary of Facts and Assumptions: 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 police officers employed by the state or a municipality.

The “personnel supplement” in the FY 2024 Governor’s Recommended Budget includes a total of 617 police officers, the allocation by Division is as follows:

Rhode Island State Police (Department of Public Safety): 283 FTE
 Division of Sheriffs (Department of Public Safety): 175 FTE
 Capitol Police (Department of Public Safety): 48 FTE
 URI Campus Police: 35 FTE
 Environmental Police (Department of Environmental Management): 29 FTE
 CCRI Campus Police: 29 FTE
 RIC Campus Police: 18 FTE

The American Community Survey produced by the U.S. Census Bureau estimates 2,290 police officers employed by a municipality in Rhode Island.

In total, the provisions of this bill will apply to 2,907 police officers.

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

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hypertension as a condition for benefit eligibility will likely increase the number of benefits granted.

4. Available data suggests that the rate of heart attacks, strokes, coronary surgery and other related conditions is 31.5 percent (<https://www.fdle.state.fl.us/FCJEI/Programs/SLP/Documents/Full-Text/Spiller-ron-paper.aspx>), and that 37.7% of police officers have hypertension (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3530318/>) For this analysis, the assumed range of police officers filing for IOD benefits due to heart disease, stroke or hypertension is rounded to 30% - 40%. In total, the estimated range of police officers eligible for IOD benefits due to heart disease, stroke or hypertension is as follows:

Rhode Island State Police: 85-113
Division of Sheriffs: 53-70
Capitol Police: 14-19
URI Campus Police: 11-14
Environnemental Police: 9-12
CCRI Campus Police: 9-12
RIC Campus Police: 5-7
State Total: 185-247
Local Total: 687-916
State and Local Total: 872 - 1,163

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.

(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 police officers and 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)

The estimate for each department is as follows:

Rhode Island State Police:

Average Salary: \$101,037

Annual Overtime Cost for One FTE: \$151,556

Division of Sheriffs':

Average Salary: \$67,771

Annual Overtime Cost for One FTE: \$101,657

Capitol Police:

Average Salary: \$61,254

Annual Overtime Cost for One FTE: \$91,881

URI Campus Police:

Average Salary: \$63,528

Annual Overtime Cost for One FTE: \$95,292

Environmental Police:

Average Salary: \$67,575

Annual Overtime Cost for One FTE: \$101,363

CCRI Campus Police:

Average Salary: \$50,123

Annual Overtime Cost for One FTE: \$75,320

RIC Campus Police:
Average Salary: \$58,937
Annual Overtime Cost for One FTE: \$88,406

Local Police Officers:
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)

Rhode Island State Police:
FY 2024: \$6,441,130 - \$8,562,914
FY 2025: \$12,882,260 - \$17,125,828

Division of Sheriffs':
FY 2024: \$2,693,911 - \$3,557,995
FY 2025: \$5,387,821 - \$7,115,990

Capitol Police:
FY 2024: \$643,167 - \$872,870
FY 2025: \$1,286,334 - \$1,745,739

URI Campus Police:
FY 2024: \$524,106 - \$667,044
FY 2025: \$1,048,212 - \$1,334,088

Environmental Police:
FY 2024: \$456,134 - \$608,178
FY 2025: \$912,267 - \$1,216,356

CCRI Campus Police:
FY 2024: \$338,940 - \$451,920
FY 2025: \$677,880 - \$903,840

RIC Campus Police:
FY 2024: \$221,015 - \$309,421
FY 2025: \$442,030 - \$618,842

Local Police Officers:
FY 2024: \$41,042,067 – \$54,722,756
FY 2025: \$82,084,134 - \$109,445,512

Total:
FY 2024: \$52,360,469 - \$69,753,098
FY 2025: \$104,720,938 - \$139,506,195

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

Rhode Island State Police:
FY 2024: \$3,220,565 - \$4,281,457
FY 2025: \$6,441,130 - \$8,562,914

Division of Sheriffs':
FY 2024: \$1,346,955 - \$1,778,998
FY 2025: \$2,693,911 - \$3,557,995

Capitol Police:
FY 2024: \$321,584 - \$436,435
FY 2025: \$643,167 - \$872,870

URI Campus Police:
FY 2024: \$262,053 - \$333,522
FY 2025: \$524,106 - \$667,044

Environmental Police:
FY 2024: \$228,067 - \$304,089
FY 2025: \$456,134 - \$608,178

CCRI Campus Police:
FY 2024: \$169,470 - \$225,960
FY 2025: \$338,940 - \$451,920

RIC Campus Police:
FY 2024: \$110,508 – \$154,711
FY 2025: \$221,015 - \$309,421

Local Police Officers:
FY 2024: \$20,521,034 - \$27,361,378
FY 2025: \$41,042,067 - \$54,722,756

Total:
FY 2024: \$26,180,235 - \$34,876,549
FY 2025: \$52,360,469 - \$69,753,098

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

Rhode Island State Police:
FY 2024: \$1,610,283 - \$2,140,729
FY 2025: \$3,220,565 - \$4,281,457

Division of Sheriffs':
FY 2024: \$673,478 - \$889,449
FY 2025: \$1,346,955 - \$1,778,998

Capitol Police:
FY 2024: \$160,792 - \$218,217
FY 2025: \$321,584 - \$436,435

URI Campus Police:
FY 2024: \$131,027 - \$166,761
FY 2025: \$262,053 - \$333,522

Environmental Police:
FY 2024: \$114,033 - \$152,045
FY 2025: \$228,067 - \$304,089

CCRI Campus Police:
FY 2024: \$84,735 - \$112,980
FY 2025: \$169,470 - \$225,960

RIC Campus Police:
FY 2024: \$55,254 - \$77,355
FY 2025: \$110,508 - \$154,711

Local Police Officers:
FY 2024: \$10,260,517 - \$13,680,689
FY 2025: \$20,521,034 - \$27,361,378

Total:
FY 2024: \$13,090,117 - \$17,438,274
FY 2025: \$26,180,235 - \$34,876,549

(d) Accidental Disability Retirement Allowance

The provisions of this bill will extend accidental disability retirement allowance to police officers 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 police officers 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.

*Summary of Fiscal
Impact:*

FY 2023: N/A

FY 2024:

State Funds: \$2,558,585 - \$13,601,957

University/College Funds: \$271,015 - \$1,428,385

Local Funds: \$10,260,517 - \$54,772,756

Total: \$13,090,117, - \$69,753,098

FY 2025:

State Funds: \$5,117,171 - \$27,203,913

University/College Funds: \$542,031 - \$2,856,770

Local Funds: \$20,521,034 - \$109,445,512

Total: \$26,180,235 - \$139,506,195

Budget Office Signature:



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