

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1722
Appropriations

(Delegate Conway, *et al.*)

Budget and Taxation

Public Safety Employees Killed in Performance of Duties - Death Benefits

This emergency bill increases, from \$50,000 to \$125,000, the death benefit that must be paid by the Department of Public Safety and Correctional Services to the surviving spouse, child, dependent parent, or estate of each of the following individuals who is killed or dies in the performance of duties on or after January 1, 2006: (1) a law enforcement officer; (2) a correctional officer; (3) a volunteer or career firefighter or rescue squad member; or (4) a sworn member of the office of State Fire Marshal.

The bill also provides that, beginning in fiscal 2009, the death benefit provided in the prior fiscal year must be adjusted by any change in the calendar year preceding the fiscal year in the Consumer Price Index.

Fiscal Summary

State Effect: None. The FY 2007 budget contains \$835,000 for death benefit payments, of which \$450,000 is contingent on the enactment of this bill. The Department of Budget and Management believes that there are sufficient funds in the FY 2006 budget to cover the bill's retroactive effect.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A death benefit of \$50,000 must be paid by DPSCS to the surviving spouse, child, dependent parent, or estate of each of the following individuals who is killed or dies in the performance of duties on or after July 1, 1989: (1) a law enforcement officer; (2) a correctional officer; (3) a volunteer or career firefighter or rescue squad member; or (4) a sworn member of the office of State Fire Marshal. Reasonable funeral expenses, not exceeding \$10,000, must be paid to the same persons.

Beginning in fiscal 1999, the death benefit provided in the prior fiscal year must be adjusted by any change in the calendar year preceding the fiscal year in the CPI.

A death benefit under these provisions is in addition to: (1) any workers' compensation benefits; (2) the proceeds of any form of life insurance, regardless of who paid the premiums; and (3) the funeral benefit provided under these provisions. The funeral benefit must be reduced by the amount of any paid and related workers' compensation benefits.

Payments of death or funeral benefits must be made out of money that the Governor includes for that purpose in the State budget.

Effective July 1, 2005, Chapter 427 of 2005 specifies the circumstances under which an individual who dies from a heart attack or stroke is presumed to have died in the performance of duties, including that the heart attack or stroke occurred: (1) while the individual was engaged in specified stressful activity; (2) while on duty after such activity; or (3) no later than 24 hours after such activity. The presumption is not overcome by competent medical evidence to the contrary.

Members of the State Police Retirement System, the Law Enforcement Officers' Pension System, and the Correctional Officers' Retirement System are entitled to special line-of-duty death benefits for (1) the member's accumulated contributions; and (2) an amount equal to the member's annual compensation at the time of his or her death if the member has at least one year of eligible service. Beneficiaries who receive only lump sum death benefits, are not eligible to participate in the State's employee and retiree health insurance program.

The surviving spouse of a member of either the Employees' Pension System or the Teachers' Pension System is entitled to an annual allowance if the member was eligible to retire, had at least 25 years of eligibility service, or was at least 55 years old and had 15 years of eligibility service.

Background: An additional death benefit of \$50,000 must be paid by the Department of Budget and Management (DBM) to the survivors of a public safety employee of the State who is killed in the performance of duties on or after July 1, 2000. Local government public safety employees are not covered under this provision. In a typical year, DBM makes no more than one or two such payments.

An individual who receives a death benefit under this provision may not also receive the \$100,000 death benefit otherwise paid to State employees. A death benefit under this provision must be in addition to any: (1) workers' compensation benefits; (2) proceeds of any form of life insurance; (3) benefit provided to a State employee covered by DPSCS; and (4) with a certain exception, benefits paid to a member of the Maryland National Guard, the member's estate, or the member's beneficiaries or survivors by the United States.

It has been State policy to maintain the benefit paid by DPSCS at 50% of the equivalent federal benefit or higher. The federal benefit was recently increased from \$100,000 to \$250,000.

State Expenditures: DPSCS has the responsibility for payment of these death benefits payments. This bill requires a \$75,000 increase in the death benefit beginning in fiscal 2007, and applies to qualifying deaths occurring on or after January 1, 2007. Under the bill, CPI adjustments for payments would be discontinued on July 1, 2006 and begin again on July 1, 2008 for fiscal 2009.

Based on an assumption of seven death benefit payments in fiscal 2007, general fund expenditures for these payments under the bill would total \$875,000 (\$125,000 x 7). The fiscal 2007 budget has been increased by \$450,000, for a total of \$835,000, contingent on the enactment of this bill. This represents a shortfall in general fund expenditures of only \$40,000 in fiscal 2007 (\$875,000 – \$835,000).

However, because the assumption of seven payments in any given year is made for budgeting purposes only, the bill's provisions could be generally met with the budget allocation cited above. It is also assumed that, beginning in fiscal 2009, the annual budget appropriation for these death benefit payments would sufficiently reflect both the increased payment amount (\$125,000), as well as annual CPI adjustments.

DBM believes that there are sufficient funds in the fiscal 2006 budget to cover the bill's retroactive effect.

The bill's provisions do not affect additional death benefit payments made to State employees by DBM or any pension system death benefits.

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Additional Information

Prior Introductions: None.

Cross File: Although identified as a cross file to SB 388, this bill is not identical.

Information Source(s): Department of Public Safety and Correctional Services, Department of Budget and Management, Department of Legislative Services

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