

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 30, 2003

SUBJECT: Fiscal Impact Statement: "Public Safety Employee's Defined Workers' Compensation Amendment Act of 2003"

REFERENCE: Bill 15-144 as Introduced

Conclusion

Funds are not sufficient in the FY 2003 budget or the proposed FY 2004 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. The proposed legislation will require additional staff and resources to implement. Based on the findings of an actuarial study published by Milliman USA on May 21, 2003, **the District will need approximately \$12.3 million in FY 2004 and \$69.2 million from FY 2004 through FY 2008 to fund retirement benefit contributions. There are operational costs for administrating the proposed legislation, but they cannot be determined at this time.**

District agencies are currently required to remain within their existing resources when making personnel decisions. Anti-deficiency laws, 31USCA § 1341 (2000) and D.C. Official Code § 47-355.01 *et seq.* (2003), prohibit District officers and employees from exceeding agency appropriations in any fiscal year.

Background

Under current law, uniformed members of the D.C. Metropolitan Police Department (MPD) and Department of Fire and Emergency Medical Services (Fire/EMS) who sustain on the job injuries or illnesses in the performance of their required duties are evaluated by the Police and Firefighters' Retirement and Relief Board. The employee is generally placed on limited duty status where there is no mandatory employment separation process or aggressive physical therapy program.

The proposed legislation is designed to facilitate the return to full duty status for employees if possible, or effecting separation from the agency. To accomplish this objective, the proposed legislation would:

- (1) Establish a new defined workers compensation program for uniformed members of MPD and Fire/EMS;
- (2) Establish a limited duty program for members recovering from injuries and illnesses incurred in the performance of their duties; and
- (3) Mandate retirement on disability when members have achieved maximum medical improvement but can no longer perform at full duty capacity.

There are currently several hundred MPD and Fire/EMS personnel who are on limited duty or extended sick leave status. The proposed legislation would establish a new workers compensation program to administer occupational medical leave policies for injured members. The program would be administered by a Director who would be responsible for contracting with health professionals and managed care organizations to provide physical and occupational medical services at the police and fire medical clinics. The Director would also be responsible for establishing, in consultation with clinic physicians and allied health professionals, limited duty, return to work and rehabilitation programs to facilitate the timely return to duty of injured professionals.

The legislation also authorizes the Director to process retirement for individuals when it is determined employees will not be able to return to full performance, or when a period of two years has passed since the employee's injury or illness commenced. The bill also gives the Director discretion to increase the two-year review period if the initial injury was determined to be life threatening. Although the retirement recommendations of the director will be transmitted to the Police and Firefighters' Retirement and Relief Board, the proposed law will require the immediate retirement of the officer as disabled regardless of usefulness in their position under limited duty status.

Financial Plan Impact

Funds are not sufficient in the FY 2003 budget or the proposed FY 2004 budget and financial plan. An actuarial study published on May 21, 2003 by Milliman USA determined that additional funding will be necessary because of cost obligations associated with the District of Columbia Police Officer's and Firefighters Retirement Fund. The following table summarizes the costs based on the actuary's findings.

Expenditure Impact to the Financial Plan					
(\$ in millions)					
FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
\$12.3	\$13.0	\$13.8	\$14.6	\$15.5	\$69.2

The personnel services costs for new staff to administer the proposed legislation and the resources to support the new office are currently not requested or funded in the budget and financial plan. The Executive Offices of the Mayor (EOM), the proposed Office of Risk Management (ORM) or MPD would be required to absorb these functions as the authorized public sector administrator.

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.