

ANALYSIS

Item 28: Department of Public Safety Standards and Training Public Safety Memorial Fund

Analyst: John Terpening

Request: Increase Other Funds expenditure limitation by \$429,930 for the Public Safety Memorial Fund.

Analysis: The Department of Public Safety Standards and Training (DPSST) is requesting an increase in Other Funds expenditure limitation in the amount of \$429,930 for the Public Safety Memorial Fund. The Public Safety Memorial Fund (PSMF), which is supported with Criminal Fine Account monies, was established by the Legislature in 1999 to provide financial assistance to public safety officers who are permanently and totally disabled as a result of a line of duty injury and to family members of public safety officers who have been killed or permanently and totally disabled in the line of duty. The statutory benefit for a qualifying death or disability is a lump sum payment of \$25,000. Additionally, the six-member PSMF Board may award discretionary benefits to assist with mortgage payments, health or dental insurance coverage payments, or higher education scholarships.

The 2021-23 legislatively adopted budget includes \$291,525 Other Funds expenditure limitation for the PSMF. As of May 8, the PSMF had already expended \$233,991 due to an unprecedented nine qualifying deaths and insurance benefits payments. DPSST reports that there are currently three more qualifying deaths the Board is reviewing along with five applicants for benefits.

DPSST has undergone a review of its cash balances and has determined that the PSMF has an available balance of \$441,827 as a result of no qualifying deaths in the 2017-19 or 2019-21 biennium. If DPSST's limitation request is granted, and the entire amount expended, the remaining cash balance in the PSMF would be under \$100. However, ORS 243.962 requires the Board to determine if sufficient funds will be available during the current biennium to pay all approved and anticipated claims, and if not, the Board may prioritize claims or prorate amounts awarded based upon the available funds. Therefore, it is incumbent upon the Board to be cognizant of its remaining cash balance as it weights benefit applications and expenditures for the remainder of the biennium. In the event of further unprecedented claims, the Board may need to request an additional Criminal Fine Account allocation and corresponding Other Funds expenditure limitation during the 2023 legislative session.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase Other Funds expenditure limitation by \$429,930 for the Public Safety Memorial Fund.

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Department of Public Safety Standards and Training
McDonald

Request: Increase Other Funds expenditure limitation by \$429,930 for the Public Safety Memorial Fund.

Recommendation: Approve the request.

Discussion: The Department of Public Safety Standards and Training (DPSST) requests a \$429,930 increase in Other Funds expenditure limitation, supported by existing Criminal Fine Account (CFA) revenue, for the benefit of the Public Safety Memorial Fund (PSMF). The PSMF is established in the State Treasury, separate and distinct from the General Fund, managed by a six-member board, and administered by DPSST. All moneys deposited in the fund are continuously appropriated to DPSST for the purposes of providing financial assistance to public safety officers who are permanently and totally disabled as a result of injury in the line of duty, and to family members of officers who have been killed or permanently and totally disabled in the line of duty. The benefit for a qualifying death or disability is a disbursement of \$25,000. Additional discretionary benefits may be awarded to assist with mortgage payments, health, or dental insurance coverage, and in limited circumstances, higher education scholarships.

The total benefits paid each biennium will vary based on the number of officers suffering a qualifying death or disability and the number and age of their dependents. PSMF benefit disbursements are limited to the money available in the fund and the Department's expenditure authority. In the 2017-19 and 2019-21 biennia, there were no qualifying deaths or disabilities; payments were related to dependent insurance coverage. During the 2021-23 biennium, DPSST reports there have been an unprecedented nine qualifying deaths, as well as insurance benefits.

Other Funds expenditure limitation for the PSMF in 2021-23 biennium totals \$291,525. As of May 8, 2022, expenditures from the fund total \$233,991. This leaves a margin of \$57,534 for the remainder of the biennium. Unfortunately, there are three more qualifying deaths with benefits of \$75,000 pending, and DPSST reports awareness of five additional applicants for PSMF benefits. The Agency's letter states benefits will be paid in April 2022, causing DPSST to exceed current expenditure authority. However, the benefits remain unpaid to date, and the importance of remaining within expenditure authority has been communicated to the Department.

The fund expenditures, by nature and purpose, are retrospect and unpredictable. As the result of fewer benefits paid in prior biennia, there was a cash balance of \$441,827 available at the start of the 2021-23 biennium (the Agency letter reports in error \$441,278). This cash balance and the 2021-23 allocation of CFA total \$721,504. If the expenditure limitation increase is granted as DPSST requests and fully expended, \$49 cash would remain. It will be incumbent on the Board, per ORS 243.962, to determine if insufficient funds will be available during the current biennium to pay all approved and anticipated claims, and if not, the Board may prioritize claims or prorate the amounts awarded based upon the available funds. The Department and Board will need to carefully track benefit applications and expenditures throughout the biennium, and if necessary, request allocation of additional CFA revenue and Other Funds expenditure limitation during the 2023 Legislative Session.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 381, section 2(2), Oregon Laws 2021, for the Department of Public Safety Standards and Training, Public Safety Memorial Fund, by \$429,930 for the 2021-23 biennium.



Oregon

Kate Brown, Governor

Department of Public Safety Standards and Training

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May 3, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairpersons:

Nature of Request

The Department of Public Safety Standards and Training (DPSST) is requesting an increase Other Fund expenditure limitation in the amount of \$429,930 for the Public Safety Memorial Fund (PSMF). DPSST has the Criminal Fine Account revenue to support the appropriation Chapter 381, Section 02(02) Oregon Laws 2021 for the Public Safety Memorial Fund.

Background

The Public Safety Memorial Fund (PSMF) was established to provide financial assistance to public safety officers who are permanently and totally disabled, as a result of a line of duty injury, and to family members of the public safety officers who have been killed or permanently and totally disabled in the line of duty. The PSMF is managed by a six-member board and administered by the DPSST. The benefit for a qualifying death or disability is a lump sum amount of \$25,000. Additional discretionary benefits may be awarded to assist with mortgage payments, health, or dental insurance coverage payments, and, in limited circumstances, higher education scholarships.

The benefits paid during each biennium will vary based on the number of officers suffering a qualifying death or disability and the number and age of their dependents. Benefit payments are limited to the money in the fund. All benefits under the fund are statutorily mandated.

Agency Action

The number of qualifying deaths and disabilities during the 2021-23 Biennium has depleted the fund. As of March 31, 2022, the PSMF has expended \$233,980 of the \$291,525 Expenditure Limitation for the 2021-23 Biennium. This includes the \$25,000 payments provided for the officers suffering a qualifying death or disability within the 2021-23 Biennium and the discretionary benefits that have been awarded to beneficiaries. There are currently three more qualifying deaths that will be paid benefits in April 2022, for a total of an additional \$75,000. This will cause the PSMF to exceed the Expenditure Limitation. DPSST is also aware of five more potential new applicants for benefits.

The increase in Expenditure limitation will allow the PSMF Board and DPSST to pay PSMF benefits in a timely and respectful manner. No new funds are requested in 2021-23 Biennium.

The unpredictability of benefits paid, ebbs and flows through the biennia. As a result, there is a cash balance rolled forward of \$441,278. This biennium's unpredicted increase of deaths in the line of duty shows expenditures projected to exceed our current expenditure limitation.

Action Requested

DPSST requests that the Emergency Board increase the Other Fund Expenditure limitation by \$429,930 for the PSMF. This increase will not require any additional Criminal Fine Account allocation, positions or FTE.

Legislation Affected

Increase Other Fund expenditure limitation established by Chapter 381, Section 02(02), Oregon Laws 2021, for the Department of Public Safety Standards and Training, Public Safety Memorial Fund by \$429,930 for the 2021-23 biennium.

Sincerely,

Brian Henson
Interim Deputy Director/Operations and Services Division Administrator

CC:
Henson
Taylor