

HF1577 - 0 - Disabled or Injured Police Officer Benefits

Chief Author: **Jon Koznick**
 Committee: **Labor, Industry, Veterans and Military Affairs**
Finance and Policy
 Date Completed: **3/15/2021 9:18:59 PM**
 Lead Agency: **Labor and Industry Dept**
 Other Agencies:
 Public Employees
 Retirement Assoc

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept						
General Fund	-	125	-	-	-	-
Workers Compensation	-	-	-	-	-	-
Public Employees Retirement Assoc						
Public Employees Retirement Fund	-	-	-	-	-	-
State Total						
General Fund	-	125	-	-	-	-
Workers Compensation	-	-	-	-	-	-
Public Employees Retirement Fund	-	-	-	-	-	-
Total	-	125	-	-	-	-
Biennial Total			125			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept					
General Fund	-	-	-	-	-
Workers Compensation	-	.11	-	-	-
Public Employees Retirement Assoc					
Public Employees Retirement Fund	-	-	-	-	-
Total	-	.11	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Christian Larson **Date:** 3/15/2021 9:18:59 PM
Phone: 651-284-6436 **Email:** christian.larson@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Labor and Industry Dept					
General Fund	-	125	-	-	-
Workers Compensation	-	-	-	-	-
Public Employees Retirement Assoc					
Public Employees Retirement Fund	-	-	-	-	-
Total	-	125	-	-	-
Biennial Total			125		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Labor and Industry Dept					
General Fund	-	125	-	-	-
Workers Compensation					
Expenditures	-	15	-	-	-
Absorbed Costs	-	(15)	-	-	-
Public Employees Retirement Assoc					
Public Employees Retirement Fund					
Expenditures	-	7	-	-	-
Absorbed Costs	-	(7)	-	-	-
Total	-	125	-	-	-
Biennial Total			125		-
2 - Revenues, Transfers In*					
Labor and Industry Dept					
General Fund	-	-	-	-	-
Workers Compensation	-	-	-	-	-
Public Employees Retirement Assoc					
Public Employees Retirement Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

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 Date Completed: **3/15/2021 9:18:59 PM**
 Agency: **Labor and Industry Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	125	-	-	-	-
Workers Compensation	-	-	-	-	-	-
Total	-	125	-	-	-	-
Biennial Total			125			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Workers Compensation	-	.11	-	-	-
Total	-	.11	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Christian Larson **Date:** 3/15/2021 2:49:47 PM
Phone: 651-284-6436 **Email:** christian.larson@lbo.leg.mn

State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	125	-	-	-	-
Workers Compensation	-	-	-	-	-	-
Total	-	125	-	-	-	-
Biennial Total			125			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	125	-	-	-	-
Workers Compensation						
Expenditures	-	15	-	-	-	-
Absorbed Costs	-	(15)	-	-	-	-
Total	-	125	-	-	-	-
Biennial Total			125			-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Workers Compensation	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill requires the Department of Labor and Industry (DLI) to study the adequacy of current benefits available to disabled and injured police officers. The study must include consideration of workers' compensation, disability, and pension benefits and the adequacy of those benefits. DLI must have at least one public meeting regarding the study. The Public Employees Retirement Association (PERA) must cooperate with DLI in the conduct of the study. The study report is due on January 15, 2022.

Assumptions

Since DLI's only subject area expertise related to this bill is Workers Compensation and the challenging logistics such as onboarding and finding qualified individuals for a short-term study, DLI anticipates the need to partner with a consultant. The consultant would be responsible for discussion facilitation, stakeholder engagement, general research, and report compiling, drafting, publication, and distribution. Based on estimates provided by LCPR and the U of M Humphrey School of Public Affairs, the cost of the consultant is \$125,000.

In coordination with the consultant, DLI staff will need to meet with PERA, and possibly staff at LCPR, MSRS, and the MN Council on Disability to ensure that data is accurate and that there is a common understanding of the laws involved in the study. DLI estimates 10 hours for each staff member attending these meetings.

DLI's Research and Statistics (R&S) unit will perform the analysis required for studying the adequacy of workers' compensation benefits, is responsible for reviewing study materials, and reviewing the final report prepared by the consultant.

This will involve creating a spreadsheet to calculate permanent and total disability (PTD) benefits based on current workers' compensation law and the interaction with pension benefits (such as PERA or MSRS) due to a provision in Minnesota Statutes, section 176.101, subd. 4 that reduces PTD benefits when an injured employee is also receiving government disability benefits due to the same injury or injuries.

The study will analyze data in workers' compensation databases on past PTD claims for police officers.

R&S expects the study will take approximately 120 hours.

DLI'S Office of General Counsel (OGC) will need to provide legal advice and review study materials

OGC has two attorneys that have previously advised on related issues, and due to the complexities of the interaction between workers' compensation law and other applicable laws, both will need to advise on this study.

OGC is also responsible for providing legal review of the final prepared report.

OGC estimates the total staff time for this study will be approximately 50 hours.

DLI's Compliance, Records, and Training (CRT) unit will need to assist in review of existing police officer workers compensation claims information and analysis of data. CRT estimates this analysis will require one employee for 10 hours.

The FTE cost related to this study is minimal to each unit's operating budget, therefore the costs can be absorbed.

Expenditure and/or Revenue Formula

DLI Unit	Research Hours	Meeting Attendance Hours	Total Hours	FTE	Cost*
Research & Statistics (R&S)	120	10	130	0.06	\$8,580
Office of General Counsel (OGC)	50	20	70	0.03	\$4,620
Compliance, Records, & Training (CRT)	10	10	20	0.01	\$1,320
Total	180	40	220	0.11	\$14,520
*Cost was determined using an average hourly rate of \$66, which includes salary/fringe/agency indirect					

	FY22	FY23
Consultant	\$125,000	0

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Legislative Commission on Pensions and Retirement

University of Minnesota Humphrey School of Public Affairs

Agency Contact: Roslyn Robertson (651-284-5183)

Agency Fiscal Note Coordinator Signature: Jacob Gaub
Phone: 651-284-5812

Date: 3/11/2021 2:28:24 PM
Email: jacob.gaub@state.mn.us

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Chief Author: **Jon Koznick**
 Committee: **Labor, Industry, Veterans and Military Affairs Finance and Policy**
 Date Completed: **3/15/2021 9:18:59 PM**
 Agency: **Public Employees Retirement Assoc**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Public Employees Retirement Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Public Employees Retirement Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 3/15/2021 7:00:04 PM
Phone: 651-284-6438 **Email:** joe.harney@lbo.leg.mn

State Cost (Savings) Calculation Details

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Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
Public Employees Retirement Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Public Employees Retirement Fund						
Expenditures	-	7	-	-	-	-
Absorbed Costs	-	(7)	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Public Employees Retirement Fund						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill requires the Department of Labor and Industry to study the adequacy of current benefits available to disabled or injured police officers. PERA's participation is required.

Assumptions

PERA does not expect to incur any explicit additional costs. However, we do expect that staff time will be required to attend meetings and assist with the calculation and explanation of PERA related benefits. Estimated staff time is expected from the Executive Director (50 hours), Policy Coordinator (50 hours), and other staff (20 hours). Time invested by those personnel will not increase PERA's costs, but may delay other work obligations. Should those time estimates be exceeded, PERA may incur additional cost to contract work out to consultant

The scope of the work may also require analysis from the Fund's actuary. No work is anticipated, but if it is required, additional consulting charges would be assessed to PERA and reimbursement would be requested. Should the study result in any PERA-related benefit changes, an actuarial study would be required to determine the cost impact to the Fund.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Mike Hagerty

Agency Fiscal Note Coordinator Signature: Doug Anderson

Phone: 651-201-2690

Date: 3/15/2021 5:35:32 PM

Email: doug.anderson@mnpera.org