

Appropriations Committee

HB 1004

Brief Description: *Adjusting disability payments.*

Sponsors: *Representatives Morris and Doumit.*

Brief Summary of Bill

- *Provides an automatic annual increase to the change in the national Consumer Price Index (CPI) for all disability allowances paid from the Volunteer Fire Fighters' and Reserve Officers' Relief fund.*

Hearing Date: *2/15/01*

Staff: *Andrea Hardy (786-7349).*

Background:

The Volunteer Fire Fighters' Relief and Pension System (VFFRPS) provides death, disability, medical, and retirement benefits to volunteer fire fighters and reserve officers in cities, towns, and fire protection districts. The State Board for Volunteer Fire Fighters administers this system. The system is funded by member and employer contributions and a portion of the fire insurance premiums tax.

Under the state's industrial insurance system, an injured worker with a permanent disability receives compensation for the disability according to a statutory schedule. The Department of Labor and Industries (L&I) administers this benefit for covered employees who become disabled. Payments made under the state's industrial insurance programs increase each July by the annual change in the U.S. Consumer Price Index for Urban Wage Earners and Clerical Workers.

Volunteer firefighters are not employees, so they are not covered by L&I, but the VFFRPS offers a similar disability benefit. For the first six months of a disability, the system pays a monthly disability benefit equal to the lesser of the disabled participant's monthly salary at their regular job or a dollar amount of \$2,550. After the first six months the disability

benefit is \$1,275 per month. Additional amounts are granted if the member has a spouse or children, up to a maximum monthly allowance of \$2,550.

The State Board for Volunteer Fire Fighters determines the extent to which a disability qualifies for the benefit. Benefit amounts are set in statute and do not automatically increase to account for inflation.

Summary of Bill:

Disability payments in the VFFRPS are increased annually, beginning July 1, 2001. The increase is equal to the change in the annual average Consumer Price Index for Urban Wage Earners and Clerical Workers for the preceding two calendar years.

Appropriation: *None.*

Fiscal Note: *Available.*

Effective Date: *Ninety days after adjournment of session in which bill is passed.*