

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE

This fiscal note replaces an earlier version of SB1295 that did not included both actuarial estimates of the costs. This version DOES INCLUDE BOTH ESTIMATES.

PLEASE DELETE THE EARLIER VERSION

Tom Covington

BILL NUMBER: S1295

SHORT TITLE: Salary Continuation Plan in Department of Correction

SPONSOR(S): Senator Odom

FISCAL IMPACT: Expenditures: Increase (x) Decrease ()

FUNDS AFFECTED: General Fund (x) Highway Fund () Local Fund ()

BILL SUMMARY: Revises G.S. 143-166.13 (b) to expand eligibility for Salary Continuation to Department of Correction employees who are not subject to the Criminal Justice Training and Standards Act when their injuries are the result of a direct and deliberate act of an offender or an individual acting on behalf of an offender.

EFFECTIVE DATE: July 1, 1996

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Correction

FISCAL IMPACT

	Dilts, Umstead & Dunn				
	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1996-97	1997-98	1998-99	1999-00	2000-01
EXPENDITURES					
RECURRING	\$20,000	\$20,580	\$21,177	\$21,791	\$22,4
Buck Consultants					
EXPENDITURES					
RECURRING	\$5,000	\$5,145	\$5,294	\$5,448	\$5,60

ASSUMPTIONS AND METHODOLOGY:

Pursuant to G.S. 143-166.13, those state law enforcement officers who are set out in the statute are entitled to full salary continuation in the event of an on-the-job accident or injury which forces them to be out of work. Covered employees include sworn, state law enforcement officers, and employees certified under the Criminal Justice Training and Standards Act. Those employees who are not covered by G.S. 143-166.13 are eligible to receive either workers compensation and/or short-term disability payments for on-the-job accidents and injuries. Workers compensation and total temporary disability payments represent two-thirds of an individuals full salary.

From 1992 to 1995, the Department of Correction's salary continuation costs for employees covered under G.S. 143-166.13 ranged from a high of \$361,710 in 1993 to a low of \$152,292 in 1995, averaging \$258,154 for the 1992 -

1995 period. Over the same period, the cost of payments for total temporary disability for employees not subject to the Criminal Justice Training and Standards Act (thus not covered under G.S. 143-166.13) ranged from a high of \$11,987 in 1993 to a low of zero in 1992 and 1994. The average cost of total temporary disability for the period was \$3,627.

The total temporary disability figures are adjusted upward to reflect the cost of providing full salary continuation to noncertified employees who would be eligible for the benefit under this bill. The adjusted figures for noncertified employees range from a low of \$5,495 to a high of \$18,162. The General Assembly's actuary took the high figure of \$18,162 and adjusted it up to the estimate of \$20,000 for 1996-97. The General Assembly actuary chose the high figure to hedge against the worst-case scenario (from the 1992-1995 experience data). Inflation is calculated on the \$20,000 estimate at (2.9%) for years following 1996-97.

The system actuary estimated that two employees (with an average salary of \$27,500) would be injured per year, based on previous claims experience provided by the Department of Correction. The average time missed from work was estimated at three months based on the claims experience. The system actuary estimates a loss of savings of approximately \$5,000 per year. This figure represents the difference between the average amount that would be paid out under workers compensation and full salary continuation.

SOURCES OF DATA:

Buck Consultants, Inc.
Dilts, Umstead & Dunn
Department of Correction Report on Salary Continuation and Total Temporary Disability Claims: 1992-1995.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Dwayne L. Pinkney

APPROVED BY:

DATE: June 11, 1996



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