

Response to Questions on the FY 2018 Budget

Request By: Supervisors McKay and Storck

Question: Please provide additional details on the Fire and Rescue Volunteer Length of Service Award Program (LOSAP), including a summary of the parameters of the program, the number of people it will serve, what other jurisdictions are doing and when it is estimated that it would become self-sustaining.

Response: Length of Service Awards Programs (LOSAPs) are pension programs that are intended to assist communities in recruiting, retaining and rewarding volunteer firefighters and Emergency Medical Services (EMS) personnel.

The LOSAP benefit established by the Fairfax County Volunteer Fire and Rescue Association is directly related to the number of years of service credit earned by the volunteer. To earn a year of credit, volunteers must perform 240 hours of operational service, accomplish a minimum amount of training, and be certified to some advanced level ranging from ambulance driver to certified chief officer. A member becomes vested in the program after earning five years of credit, and can earn a maximum of 30 years of credit. Once vested, a member receives a monthly benefit of \$10 for every year of credit earned when they turn 65 up to a maximum of \$300 per month (for 30 years of service). The benefit is paid until death; however, once payments begin, it is guaranteed for a minimum of 10 years to a beneficiary. It should be noted that this program does include a benefit provision if an individual is disabled on the job or if death occurs prior to age 65.

The LOSAP for Fairfax County volunteers is managed by the LOSAP Oversight Board, made up of seven members to include:

- One member from each Volunteer Fire Commission zone (total of 4)
- One member from the Volunteer Fire Commission
- One member from the Volunteer Fire and Rescue Association
- One member representing the Fire Chief of Fairfax County

The following are examples of local jurisdictions that provide a LOSAP benefit: Loudoun County, Prince William County, Stafford County, Spotsylvania County, Montgomery County, Prince George's County, Anne Arundel County, Frederick County, and Charles County. Benefit provisions vary between these jurisdictions. The minimum years of certified service required to receive a benefit ranges from 5 to 10 years for the Virginia jurisdictions noted and is 10 years for Montgomery County. The age at which benefits commence ranges from 50 to 65. The amount of the benefit also varies among jurisdictions, though the \$10 per month per year of service included in the LOSAP for Fairfax County volunteers falls within the middle of the range of the jurisdictions noted.

According to the LOSAP actuarial report for the plan year ending June 30, 2016, there were 155 active Fairfax County volunteers earning LOSAP credits. However, volunteer membership fluctuates annually, and it is anticipated that the number of eligible members will stabilize at approximately 200. The actuarial report stated that LOSAP benefits were being paid out to 6 retirees and beneficiaries.

The June 30, 2016, actuarial report calculated the Present Value of Accrued Benefits at \$153,684. This amount represents the lump sum necessary to be invested today at the assumed rate of return to provide the benefits that have accrued through June 30, 2016. The actuarial report noted that plan assets were \$276,902, resulting in a funded ratio of 180 percent. Staff continues to research the impact of the current plan design, the assumptions that have been made supporting the request for County funding, and the long term requirements for funding and will return to the Board with this information.