

PA-02-NY-1391-PW-01492(0) <u>P</u>	
Applicant Name:	Application Title:
STATE EMERGENCY MANAGEMENT OFFICE	DEATH BENEFITS
Period of Performance Start:	Period of Performance End:
09-11-2001	03-11-2002

Bundle Reference # (Amendment #)	Date Awarded
PA-02-NY-1391-State-0077(77)	03-12-2003

Subgrant Application - FEMA Form 90-91

Note: The Effective Cost Share for this application is 100%

FEDERAL EMERGENCY MANAGEMENT AGENCY
PROJECT WORKSHEET

DISASTER	PROJECT NO.	PA ID	DATE	CATEGORY
FEMA 1391 - DR -NY	SADB	NO.	03-06-2003	B
APPLICANT: STATE EMERGENCY MANAGEMENT OFFICE		WORK COMPLETE AS OF: 03-06-2003 : 100 %		
Site 1 of 1				
DAMAGED FACILITY:		COUNTY: Statewide		
NEW YORK STATE SPECIAL ACCIDENTAL				
LOCATION:		LATITUDE:	LONGITUDE:	
Current Version: WORLD TRADE CENTER		0	0	
DAMAGE DESCRIPTION AND DIMENSIONS:				
<p>Current Version: ON SEPTEMBER 11, 2001, 340 FIREFIGHTERS AND 23 POLICE OFFICERS WERE KILLED IN THE LINE OF DUTY. THESE UNIFORMED EMPLOYEES WERE MEMBERS OF THE NEW YORK CITY POLICE DEPARTMENT, SUBCHAPTER TWO PENSION FUND ("POLICE") OR THE NEW YORK CITY FIRE DEPARTMENT, SUBCHAPTER TWO PENSION FUND ("FIRE"). WHEN A MEMBER OF POLICE OR FIRE DIES IN THE LINE OF DUTY, GENERAL MUNICIPAL LAW (GML) SECTION 208-F STIPULATES THAT A SPECIAL ACCIDENTAL DEATH BENEFIT BE PAID TO THE BENEFICIARY OF THE DECEASED BY THE STATE OF NEW YORK.</p> <p>THE SPECIAL ACCIDENTAL DEATH BENEFIT IS EQUAL TO 100 PERCENT OF THE SALARY OF THE DECEASED MEMBER OFFSET BY THE SUM OF:</p> <ol style="list-style-type: none"> 1. ANY DEATH BENEFIT PAID IN THE FORM OF A PENSION (SEE NYC PW #1203 FOR MORE INFO ON PENSION BENEFITS PAID TO THESE DECEASED MEMBERS), 2. ANY SOCIAL SECURITY BENEFIT PAYABLE (AT THE AMOUNT PAYABLE IMMEDIATELY AFTER DEATH), AND 3. ANY WORKERS COMPENSATION BENEFIT. <p>THE BENEFIT IS PAYABLE FOR LIFE TO ELIGIBLE SPOUSES OR TO AGE 18 (AGE 23 IF A STUDENT) TO ELIGIBLE CHILDREN IF THERE IS NO ELIGIBLE SPOUSE. UNDER GENERAL MUNICIPAL LAW SECTION 208-F, SALARY IS GENERALLY DEFINED AS THE REGULAR COMPENSATION EARNED IN THE LAST 12 MONTHS OF EMPLOYMENT. THE CITY DISBURSES THE BENEFIT, ALONG WITH PENSION PAYMENTS TO THE BENEFICIARIES; HOWEVER, THE PAYMENT IS REIMBURSABLE BY THE STATE.</p> <p>THIS PW REIMBURSES NEW YORK STATE \$185.8 MILLION TO COVER THE STATE SPECIAL ACCIDENTAL DEATH BENEFIT. PRIOR TO SEPTEMBER 11TH, THE STATE NEVER ANTICIPATED THAT 363 ACTIVE MEMBERS WOULD DIE IN THE LINE OF DUTY SIMULTANEOUSLY, NOR COULD THE STATE HAVE BEEN EXPECTED TO ANTICIPATE SUCH AN EVENT. THE STATE PAYS THE GML SECTION 208-F BENEFITS FROM GENERAL FUNDS OF THE STATE OF NEW YORK. ALTHOUGH THIS DEATH BENEFIT IS DISBURSED TO THE SAME BENEFICIARIES AND FOR ROUGHLY THE SAME AMOUNT AS THE NYC PENSION</p>				

PAYMENTS (SEE NYC PW #1203), THE NET PRESENT VALUE OF THE COST OF THE DEATH BENEFIT UNDER GML SECTION 208-F IS HIGHER THAN THE ACTUARIAL LOSS SUSTAINED BY THE NEW YORK CITY PENSION FUNDS BECAUSE NO RESERVE (ACTUARIAL ACCRUED LIABILITY) IS SET ASIDE FOR POTENTIAL PAYMENT OF THESE DEATH BENEFITS. THE CITY PENSION FUNDS MAINTAIN A RESERVE (ACTUARIAL ACCRUED LIABILITY) WITHIN THE PENSION FUNDS TO ACCOUNT FOR THE RETIREMENT OR DEATH OF THE MEMBER. THE LOSS IN THIS PROJECT WORKSHEET REPRESENTS THE FULL ACTUARIAL PRESENT VALUE OF THE DEATH BENEFITS, WITHOUT A COST-OF-LIVING ADJUSTMENT (COLA).

A DESCRIPTION OF THE STATE ACTUARIAL LOSSES, PREPARED BY THE NEW YORK CITY ACTUARY, AND THE METHODOLOGY USED TO CALCULATE THESE LOSSES IS ATTACHED.

BACKGROUND ON NEW YORK CITY POLICE AND FIRE RETIREMENT SYSTEMS

POLICE AND FIRE ARE INDEPENDENT SINGLE-EMPLOYER PUBLIC RETIREMENT SYSTEMS, FOR FULL-TIME UNIFORMED EMPLOYEES OF THE POLICE AND FIRE DEPARTMENTS, RESPECTIVELY. MEMBERS ARE REQUIRED TO CONTRIBUTE A SET AMOUNT FROM EACH PAYCHECK, APPROXIMATELY TWO PERCENT AFTER REDUCTION FOR EMPLOYER-PROVIDED INCREASED-TAKE-HOME-PAY ("ITHP"), INTO THE RETIREMENT SYSTEMS. THE CITY ALSO CONTRIBUTES INTO THE RETIREMENT SYSTEMS ON BEHALF OF THE EMPLOYEES.

THE RETIREMENT SYSTEM PAYS OUT WHEN A MEMBER RETIRES, RETIRES DUE TO PERMANENT DISABILITY, OR DIES IN THE LINE OF DUTY. WHEN A MEMBER RETIRES OR IS ON PERMANENT DISABILITY, POLICE OR FIRE PAYS APPROXIMATELY HALF OF THE MEMBER'S SALARY, DEPENDING ON THE OPTION CHOSEN. IF A MEMBER DIES IN THE LINE OF DUTY, THE PENSION FUND PAYS OUT, AS A DEATH BENEFIT, APPROXIMATELY HALF OF THE MEMBER'S SALARY TO THE SURVIVING BENEFICIARY. THE BENEFICIARY ALSO RECEIVES A BENEFIT OF HALF OF THE MEMBER'S SALARY IN ACCORDANCE WITH GENERAL MUNICIPAL LAW SECTION 208-F, PAYABLE BY THE CITY BUT REIMBURSABLE FROM THE STATE.

SCOPE OF WORK:

Current Version:

THIS PW REIMBURSES NEW YORK STATE A MAXIMUM OF \$185.8 MILLION TO COVER THE NET PRESENT VALUE OF DEATH BENEFITS PAYABLE UNDER THE SPECIAL ACCIDENTAL DEATH BENEFIT, AS MANDATED BY GENERAL MUNICIPAL LAW 208-F. THIS BENEFIT IS PAYABLE TO THE BENEFICIARIES OF THE ACTIVE MEMBERS OF POLICE AND FIRE WHO DIED ON SEPTEMBER 11, 2001 WHILE PERFORMING ELIGIBLE EMERGENCY WORK.

ACCORDING TO 44 CFR, PART 13, ALLOWABLE COSTS FOR A STATE, LOCAL, OR INDIAN TRIBAL GOVERNMENT WILL BE DETERMINED ACCORDING TO THE PRINCIPLES OUTLINED IN OMB CIRCULAR A-87. ACCORDING TO OMB CIRCULAR A-87, ATTACHMENT B, ITEM 11D, "TYPICAL DIRECT COSTS CHARGEABLE TO FEDERAL AWARDS ARE: COMPENSATION OF EMPLOYEES FOR THE TIME DEVOTED AND IDENTIFIED SPECIFICALLY TO THE PERFORMANCE OF THOSE AWARDS.... COMPENSATION FOR PERSONNEL SERVICES INCLUDES ALL REMUNERATION, PAID CURRENTLY OR ACCRUED, FOR SERVICES RENDERED DURING THE PERIOD OF PERFORMANCE UNDER FEDERAL AWARDS, INCLUDING BUT NOT NECESSARILY LIMITED TO WAGES, SALARIES, AND FRINGE BENEFITS."

THE BENEFITS THAT NEW YORK STATE WILL NOW HAVE TO PAY ARE ATTRIBUTABLE SPECIFICALLY TO THE LINE-OF-DUTY DEATHS OF THE POLICE AND FIRE MEMBERS WHILE PERFORMING ELIGIBLE EMERGENCY WORK. THE STATE'S CONTRIBUTION IS A DEATH BENEFIT PAID ON BEHALF OF THE MEMBER. THIS BENEFIT, SIMILAR TO THE DEATH BENEFIT PAID BY FDNY AND NYPD, IS REMUNERATION FOR SERVICES RENDERED SINCE IT IS A DIRECT, IMMEDIATE, AND REASONABLE COST RELATED TO THE ELIGIBLE WORK PERFORMED BY THE UNIFORM MEMBERS.

BASED ON OMB CIRCULAR A-87 AND GML 208-F, THE STATE'S REIMBURSEMENT OF DEATH BENEFITS TO THE BENEFICIARIES (THROUGH NEW YORK CITY'S RETIREMENT SYSTEM) IS ELIGIBLE UNDER THE PUBLIC ASSISTANCE PROGRAM.

NEW YORK STATE ALSO REQUESTED REIMBURSEMENT FOR THE PRESENT VALUE OF THE BENEFITS INCLUDING AN ANNUAL COST-OF-LIVING ADJUSTMENT (COLA) FOR THE BENEFITS (FOR A TOTAL OF \$414 MILLION). WHILE THE COLA IS NOT MANDATED BY LAW, THE NEW YORK STATE LEGISLATURE AND GOVERNOR HAVE ENACTED THREE PERCENT INCREASES FOR THESE BENEFITS EVERY YEAR SINCE 1978. DUE TO THE FACT THAT THE COLA IS NOT MANDATED BY PRE-DISASTER LAW, THE ADDITIONAL AMOUNT TO FUND THE COLA IS NOT ELIGIBLE FOR PUBLIC ASSISTANCE UNDER THE STAFFORD ACT.

AN INDEPENDENT ACTUARY HAS REVIEWED THE NEW YORK CITY ACTUARY'S METHODOLOGY AND CALCULATIONS AND HAS FOUND THEIR ESTIMATE TO BE REASONABLE AND ACCURATE. A MEMO FROM THE INDEPENDENT ACTUARY IS ATTACHED.

THIS CAPPED PROJECT REPRESENTS THE ACTUARIAL LOSS THAT WAS SUSTAINED BY NEW YORK STATE DUE TO THE DEATHS OF UNIFORMED MEMBERS. BECAUSE CONTRIBUTIONS BY THE STATE TO THE BENEFICIARIES WILL BE MADE OVER MANY YEARS AND WILL NOT BE SEPARATELY ALLOCATED TO THIS PROJECT, THE ACTUARIAL VALUATION OF THE LOSS AT THIS TIME WILL BE THE FINAL AMOUNT OF FEDERAL FUNDING REIMBURSED FOR THIS PROJECT. FEMA'S OFFICE OF THE INSPECTOR GENERAL (OIG) RESERVES THE RIGHT TO AUDIT THIS OR ANY OTHER GRANT ISSUED UNDER DR-1391.

ATTACHMENTS:

1. MEMO FROM ROBERT C. NORTH, NEW YORK CITY CHIEF ACTUARY, TO EDWARD C. DURIVAGE, NEW YORK STATE DIVISION OF THE BUDGET, RE: ROLL-FORWARD TO JUNE 30, 2002 OF ESTIMATED ACTUARIAL LOSSES UNDER GENERAL

MUNICIPAL LAW SECTION 208-F ON ACCOUNT OF THE WORLD TRADE CENTER ATTACK
 2. MEMO FROM PRICEWATERHOUSECOOPERS ACTUARY

Does the Scope of Work change the pre-disaster conditions at the site? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Special Considerations included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Hazard Mitigation proposal included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Is there insurance coverage on this facility? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

PROJECT COST

ITEM	CODE	NARRATIVE	QUANTITY/UNIT	UNIT PRICE	COST
		*** Version 0 ***			
1	9999	SPECIAL ACCIDENTAL DEATH BENEFIT	1/LS	\$ 185,800,000.00	\$ 185,800,000.00
				TOTAL COST	\$ 185,800,000.00

PREPARED BY Genevieve Keller	TITLE	SIGNATURE
APPLICANT REP. Not Provided Not Provided	TITLE	SIGNATURE