



Fire State Aid Working Group

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Shana Morse, Public Employees Retirement Association

Jim McCoy, Minnesota State Fire Chiefs Association

Anne Finn, League of Minnesota Cities

Bruce Hemstad, Minnesota State Fire Depts. Assn.



Work Group Established

Minnesota Laws 2018, Ch. 11, Art. 14, Sec. 27

Purpose: to study the allocation of fire state aid (FSA) and make recommendations to the LCPR

- The current requirement that all fire state aid provided to municipalities with volunteer firefighters must be used to fund service pensions governed by chapter 353G (PERA-SVF) or 424A (VRFA); and,
- Modifying the requirement to allow municipalities to allocate a portion of the aid to pay employer contributions to the PERA-P&F Plan.



Work Group Requirements

- History and purpose of FSA
- History, purpose, and utilization of Minn. Stat. 2012, sec. 353A.10, which allowed certain municipalities to allocate a portion of FSA to pay PERA-P&F contributions
- The impact on current volunteer firefighters, recruitment and retention, and municipalities
- A presentation by the City of Austin and Austin Relief Association



Work Group Membership

Representing	Member	Title
League of Minnesota Cities	Anne Finn	Assistant Intergovernmental Relations Director League of Minnesota Cities
	Laurie Hokkanen	Administrative Services Director City of Plymouth
Minnesota State Fire Chiefs Association	Mike Scott, Chair	Fire Chief City of Eagan
	Jim McCoy	Fire Chief City of Austin
Minnesota State Fire Departments Association	Bruce Hemstad	Secretary Bemidji Fire Relief Association
	Ron Johnson	Treasurer Maple Grove Fire Relief Association
Office of the State Auditor	Rose Hennessy Allen	Pension Director Office of the State Auditor's Pension Division
		State Program Administrator,



Fire State Aid Background

- **1885:** Fire State Aid program established
 - Primary purpose: benefits for firefighters injured in the line of duty
 - Secondary purpose: support fire department with maintenance and equipment needs
- **1943:** Repealed authority to use for maintaining and equipping fire department
- **1959:** PERA-P&F established
- **1980s-90s:** non-volunteer relief association mergers into PERA-P&F, allocation allowed
(Minn. Stat. § 353A.10, subd. 6, repealed 2013)



Current Allocation and Use

Funded by surcharge paid by homeowners' insurance companies on homeowners' insurance premiums

1

If PERA-SVF:
Paid to PERA-SVF

2

If Relief Association:
Paid to municipality for transfer to VRFA

3

If PERA-P&F Firefighters:
Paid to municipality to use for employer contributions to PERA-P&F

4

If none of the above:
Paid to municipality to use for membership fees in firefighter organizations or to maintain/equip fire dept



Growing Issue

- Struggling to find sufficient volunteers, particularly in metropolitan area
- Transitioning to combination of full-time and volunteer creates “combination” department
- More full-time firefighters may increase municipal pension costs and decrease number of volunteers resulting in fewer volunteers receiving full allocation of Fire State Aid
- Some municipalities desire to use FSA to support department’s changing staffing needs



Recommendations

- **General legislation preferred.** Current statutes insufficient. Case-by-case special legislation time consuming, long-term need.
- **Allocation for PERA-P&F contributions should be permissive.** Prescriptive requirements may not work well for all various local situations.
- **Local government autonomy desired.** Allocation allows local governments to determine how to best meet public safety needs.
- **Agreement is key to allocation.** Ensures municipality flexibility and that volunteers are involved in decision-making process.

Proposed Allocation of Fire State Aid Flow

