

Adequacy of Disability Benefits for Minnesota Police Officers

Final Report

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LIST OF ABBREVIATIONS

COLA	Cost-of-living adjustment
CPI	Consumer Price Index
DLI	Department of Labor and Industry
DOI	Date of Injury
ETF	Wisconsin Department of Employee Trust Funds
FAC	Final Average Compensation
GED	General Education Development
HCSP	Health Care Savings Program
LCPR	Legislative Commission on Pensions and Retirement
LELS	Law Enforcement Labor Services
LMC	League of Minnesota Cities
LMCIT	League of Minnesota Cities Insurance Trust
MERS	Municipal Employees' Retirement System (of Michigan)
MFPRSI	Municipal Fire & Police Retirement System of Iowa
MMI	Maximum medical improvement
MPPOA	Minnesota Police and Peace Officers Association
MSRS	Minnesota State Retirement System
OLA	Office of the Legislative Auditor
OP&F	Ohio Police & Fire Pension Fund
P&F	Police and Fire
PERA	Public Employees Retirement Association
PPD	Permanent Partial Disability
PSOB	Public Safety Officers' Benefit Program
PTD	Permanent Total Disability
PTSD	Post-Traumatic Stress Disorder
SAWW	Statewide Average Weekly Wage
TPD	Temporary Partial Disability
TTD	Temporary Total Disability
VRU	Vocational Rehabilitation Unit
WRS	Wisconsin Retirement System

FOREWORD

1/12/2023

The Department of Labor and Industry's (DLI) Workers' Compensation Division oversees and administers the workers' compensation system in Minnesota. DLI strives to create an environment where injured workers promptly receive benefits and services and where the system operates efficiently, fairly, and effectively for all workers, employers, and insurers.

During the 2022 legislative session, the legislature of the State of Minnesota passed SF 1547 (codified at Laws of Minnesota 2022, chapter 65, article 7), a bill stating that DLI must conduct a study of current benefits available to disabled or injured police officers. The bill required the final report to be issued no later than January 15, 2023, to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety and employment issues and to the chair of the Legislative Commission on Pensions and Retirement. The language also required cooperation by the Public Employees Retirement Association (PERA) and a public hearing, which DLI held on December 1, 2022.

During testimony on the proposed bill, DLI explained that the research and evaluation expected from the study was beyond DLI's area of expertise. Therefore, the bill appropriated funding for DLI to contract with researchers at the Institute for Urban and Regional Infrastructure Finance (IURIF) from the Humphrey School of Public Affairs, University of Minnesota, to complete the study.

The following report represents the findings from the University of Minnesota's research team. As required by the legislature, the study considers workers' compensation benefits and disability (particularly duty and total and permanent duty disabilities) and retirement benefits from the PERA Police and Fire (P&F) plan and the adequacy of these benefits for Minnesota police officers. It represents many months of research, data review, and stakeholder outreach by the research team. Staff at DLI and PERA spent several months gathering and organizing data for the researchers, consulting on their areas of study, and providing feedback to the team.

DLI would like to thank the research team for its hard work and efforts. DLI believes that the final product from the research team meets the requirements outlined by the legislature and represents a thorough analysis of the issue that considers the views of all interested parties. DLI would also like to thank the staff at PERA for their assistance in conducting the study. While the legislature asked for cooperation from PERA, staff at PERA went above and beyond this mandate to provide necessary data, expertise, and review that helped produce the final product. Finally, DLI would also like to thank the stakeholders who participated in interviews with the research team or offered comments at the public hearing to help make sure that the final report would fulfill the legislative mandate.

DLI's role in this project was to administer the study as required by the legislature. To do so, DLI staff worked closely with the University of Minnesota research team and PERA staff to ensure that the research team understood workers' compensation law and to provide the data necessary to offer a statistical analysis as part of the final report. DLI's role was not to change, modify, or alter the results or findings from the research team.

While it was necessary for the study to offer scenarios and examples regarding the adequacy of benefits for police officers, DLI does not take a position on whether workers' compensation benefits for injured police officers are adequate. This study is one step in continued dialogue regarding benefits for this group. DLI recognizes that this is a complicated area involving many parties and likely extending to discussions beyond just the adequacy of police officers' benefits or even other workers' compensation benefits. DLI's expectation is that any discussion or proposed legislation specifically pertaining to workers' compensation that is introduced related to the results of the study will come before the Workers' Compensation Advisory Council at a future date.

This report is also one step in the work that DLI will focus on regarding adequacy of benefits. Specific to police officers, DLI staff and the University of Minnesota's research team plan to supplement this report in the coming months with additional perspectives from injured police officers that are interested in offering anonymous testimony on their experiences. DLI will also continue to work with stakeholders to address any concerns or questions related to the findings from the study.

Once again, I would like to thank the University of Minnesota staff for their efforts to complete this report. I encourage you to provide any feedback or questions regarding the study to DLI staff at pdbastudy.dli@state.mn.us. For more information on the study, visit DLI's website at <https://www.dli.mn.gov/business/workers-compensation/police-benefit-study>.

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Department of Labor and Industry

EXECUTIVE SUMMARY

The Minnesota legislature required a study of police disability benefit adequacy from the Department of Labor and Industry (DLI) in the 2022 bill SF 1547, codified at Law of Minnesota 2022, chapter 65, article 7. Researchers at the Institute for Urban and Regional Infrastructure Finance from the Humphrey School of Public Affairs, University of Minnesota, worked together with DLI and Public Employees Retirement Association (PERA) staff to complete the study. This study considered workers' compensation benefits and duty and total and permanent duty disability benefits, and retirement benefits from the PERA Police and Fire (P&F) plan. The research team conducted a review of the existing benefits for police officers, including deputy sheriffs, in Minnesota and comparable benefits in four neighboring states; perceptions of the benefits and limitations of current duty disability and retirement benefits through interviews with key stakeholders; and analyzed current benefit levels for police officers in Minnesota and developed scenarios to showcase the benefits that police officers may receive when injured at different times in life and when having the possibility to re-engage in gainful employment.

Disability Benefits for Police Officers in Minnesota

The research team reviewed the disability benefits available to police officers through workers' compensation and the PERA P&F plan. The workers' compensation system in Minnesota provides three basic types of benefits including wage loss benefits, which include temporary total disability (TTD), temporary partial disability (TPD), permanent total disability (PTD), and permanent partial disability (PPD) benefits. The comparison of total disability benefits provided by workers' compensation systems in Minnesota, Iowa, Wisconsin, Michigan, and Ohio suggests that PTD benefits are defined similarly across the states included in this review as provided when a work-related injury prevents an employee from engaging in any employment activities for which they will be paid. In addition, the basis of calculation for PTD benefits varies in the base salary (gross vs net wages) and the rate applied (between 60 and 80 percent). Only Minnesota and Michigan provide cost-of-living adjustments (COLA). In all of the reviewed states except for Iowa, there are offsets to the PTD benefit amount workers can receive. Lastly, in all of the reviewed states, workers are entitled to medical care for work-related injuries.

The PERA P&F plan provides four types of disability benefits: duty disability, total and permanent duty disability, regular disability, and total and permanent regular disability. Duty disability benefits are available to workers disabled as a direct result of an injury incurred during, or a disease arising out of, inherently dangerous activities specific to their occupation. If the disability has been or is expected to be for a period of at least one year, it is considered total and permanent. The comparison of duty disability benefits provided to police officers in Minnesota, Iowa, Wisconsin, Michigan, and Ohio suggests that duty disability benefits are a portion of the gross salary, typically determined by the average highest salaries earned by an officer over a predetermined period (three to five years). Minnesota and Wisconsin also provide an additional percentage to members based on years of service in Minnesota, and member's eligibility for disability benefits from other sources in Wisconsin. In most of the selected states, disability benefits have COLA. Some states like Minnesota provide a fixed amount, while in Wisconsin it is tied to an index. Ohio provides a combination of both based on the years of service. In Michigan, the COLA adjustment is either an automatic increase based on the benefit package or

annually adopted by the employer. Each of the selected states has certain rules governing member benefits if they receive income from other sources. Income sources considered for offsets vary across states.

Benefits and Limitations of the Current Benefits Available to Police Officers in Minnesota

The research team conducted interviews with key stakeholders to identify the perceived advantages and limitations of the current disability benefits available to police officers in Minnesota. Stakeholders interviewed included employer representatives, police advocates, unions, and benefits administrators.

Stakeholders highlighted several factors that enhance and limit the adequacy of workers' compensation and PERA P&F disability and retirement benefits. Factors that enhance the adequacy of workers' compensation wage loss benefits include presumptions in the law for certain injuries/illnesses and its tax advantages. On the other hand, factors that hinder the adequacy of the worker's compensation wage loss benefits are the weekly maximum compensation cap, COLA, fixed payments for permanent disabilities, accommodations for returning to work, and settlements. Similarly, according to stakeholders, factors that enhance the adequacy of PERA duty and total and permanent duty disability benefits include the overtime incorporated in the base salary, tax advantages, and lifetime benefits. Factors that hinder the adequacy of these benefits include the base salary for young officers, COLA, legal costs of consultations, and lack of income while waiting for a determination.

Adequacy of Disability Benefits and Analysis of Alternative Benefit Scenarios

The research team conducted an analysis of the factors that threaten the adequacy of disability benefits mentioned by the different stakeholders. Factors considered in the analysis of workers' compensation benefits include the tax exemption of benefits, the weekly maximum compensation cap, COLA, and fixed payment amounts for permanent disabilities. Overall, the findings suggest that (i) injured officers pay lower taxes than the amount not covered under the workers' compensation; (ii) officers earning more than the weekly maximum compensation cap receive less than two-thirds of their pre-injury wage as a disability benefit; (iii) workers' compensation disability benefits are losing purchasing power as they do not increase at the same rate as prices are increasing; and (iv) officers that suffered a permanent partial disability after 2018 have received a comparatively lower benefit than those injured in 2018 given that the amount has not been adjusted by inflation.

Similarly, factors considered in the analysis of PERA benefits also include the tax exemption of the benefits and the COLA. The findings suggest that PERA disability benefits are beneficial for those police officers who have reached their maximum wage earnings, but not for those early in their careers. In addition, similar to the workers' compensation benefits, the PERA P&F disability and pension benefits are losing purchasing power. This significantly impacts the officers who are never able to return to work and those injured at a young age as the accumulated loss is higher. Injured police officers who are not able to return to work rely solely on these benefits, while those who are able to return to work also receive re-employment earnings in addition to disability benefits.

Finally, the research team developed three scenarios that simulate the benefits police officers would receive and the offsets that would be applied. The three scenarios consider officers injured at different ages and with different years of service. In addition, for the first two scenarios, two cases are presented: one in which the officer is not able to return to work and the other in which the officer returns to work in another position with a lower salary (compared to the pre-injury wage). In the third scenario, the research team only presents benefits for a senior officer who is close to the P&F retirement age, has more than 20 years of service, and does not return to work, but includes a narrative of what would occur if the officer were to return to work. The analysis indicates that officers injured early or mid-career receive lower amounts in benefits as a share of their pre-injury salary compared to senior officers injured later in their careers. In addition, officers that are able to return to work receive higher income in total as they combine disability benefits and earnings from their employment despite the applicable offsets.

CHAPTER 1: INTRODUCTION

The legislature of the State of Minnesota required a study of police disability benefit adequacy from the Department of Labor and Industry (DLI) in the 2022 bill SF 1547, codified at Laws of Minnesota 2022, chapter 65, article 7. Researchers at the Institute for Urban and Regional Infrastructure Finance from the Humphrey School of Public Affairs, University of Minnesota, worked together with DLI and Public Employees Retirement Association (PERA) staff to complete the study. The study must consider workers' compensation benefits and disability (particularly duty and total and permanent duty disabilities) and retirement benefits from the PERA Police and Fire (P&F) plan and the adequacy of these benefits for Minnesota police officers.

In 2008, bill HF 4117/SF 3803 was introduced to increase the total and permanent disability pension under the PERA P&F plan for all disabled police and firefighters from 60 to 75 percent of their salary. Although the bill did not pass due to cost concerns, there have been suggestions and possible legislation introduced since then concerning a more comprehensive study of benefits for total and permanent disability under workers' compensation and the P&F plan.

This study assesses the adequacy of disability and retirement benefits available to municipal police officers in Minnesota. The study first reviews existing benefits for police officers in Minnesota and comparable benefits in four neighboring states. The review includes state workers' compensation benefits, and duty disability and retirement benefits specific to police officers in Minnesota, Iowa, Wisconsin, Michigan, and Ohio. Second, the study looks at perceptions of the benefits and limitations of current duty disability and retirement benefits through interviews with key stakeholders in Minnesota. Lastly, this study analyzes current benefit levels for police officers in Minnesota and developed scenarios to showcase the benefits that police officers may receive when injured at different times in life and when having the possibility to re-engage in gainful employment. This analysis also discusses any equity considerations related to the alternative scenarios.

Based on the statutory language, the study focuses only on police officers covered under the PERA P&F plan. This includes police officers and deputy sheriffs. While not included in the enabling legislation, firefighters covered by the PERA P&F Plan have the same benefits. State troopers are covered by the Minnesota State Retirement System (MSRS) State Patrol Retirement Plan.

CHAPTER 2: REVIEW OF EXISTING STATUTES AND LITERATURE

The legislature of the State of Minnesota required a study of police disability benefit adequacy from the DLI in the 2022 bill SF 1547, codified at Laws of Minnesota 2022, chapter 65, article 7 (see Appendix A). This chapter presents the benefits available to police officers in Minnesota, including workers' compensation benefits and PERA P&F disability benefits, as well as a review of existing literature on the adequacy of disability benefits.

2.1 BENEFITS FOR POLICE OFFICERS IN MINNESOTA

2.1.1 Workers' Compensation Benefits in Minnesota

A work-related injury can be any condition that is caused, aggravated, or accelerated by employment activities. This includes traumatic injuries, repetitive type injuries, occupational diseases, and qualifying mental injuries (Minn. Stat. § 176.101). Presumptions in the law provide for certain illnesses and diseases to be presumptively occupational and to have been due to the nature of the employment such as heart conditions, certain types of cancer, pneumonia, post-traumatic stress disorder (PTSD), and COVID-19¹ (Minn. Stat. § 176.011, subd. 15).

Historically, the workers' compensation system is designed to provide statutorily-determined benefits to employees with work-related injuries. The system is no-fault, meaning the worker does not have to prove negligence on behalf of the employer, and in exchange gives up the right to sue at common law. The system is intended to deliver stable and predictable benefits (MN House of Representatives, 1998).

Minnesota's workers' compensation system provides three basic types of benefits: medical benefits, vocational rehabilitation benefits, and wage loss benefits. Benefits are set by statute and do not vary based on the type/nature of the injury. Medical benefits are payable if the medical treatment or supply is reasonable and necessary to cure or relieve the effects of the work injury (DLI, n.d.).² Vocational rehabilitation benefits are designed to restore the injured worker to a job related to their former employment or return the injured worker to a job in another work area that produces an economic status as close as possible to what they would have enjoyed without a disability (DLI, n.d.).

Indemnity benefits³ include temporary total disability, temporary partial disability, permanent total disability, permanent partial disability, dependency benefits, and annual adjustment of benefits (DLI, n.d.).

- ***Temporary Total Disability (TTD)*** - The weekly compensation rate paid is two-thirds of an employee's gross weekly wage at the time of injury. Benefits are typically paid based on a five-

¹ COVID-19 became an occupational disease in April of 2020. The provision sunset on December 31st, 2021 but was reenacted on February 3, 2022.

² Medical benefits include but are not limited to psychological, chiropractic, podiatric, surgical, and hospital treatment. Nursing services are also allowed under Minn. Stat. § 176.135, subdivision 1, paragraph b.

³ Also referred to as wage-loss benefits.

day workweek (each day is considered to be 0.2 weeks of compensation). The maximum weekly compensation payable is 102 percent of the state-wide average weekly wage (SAWW).⁴ From October 1, 2000, through September 30, 2021, the minimum weekly compensation payable was \$130 per week or the injured employee's actual weekly wage, whichever was less. Beginning on October 1, 2021, the minimum weekly compensation became 20 percent of the maximum weekly compensation payable or the employee's actual weekly wage, whichever is less. The following table shows changes in the TTD benefits.

Temporary Total Disability	
Injuries between Oct. 1, 1995, and Sept. 30, 2008	A maximum of 104 weeks of TTD benefits are payable unless retraining is approved
Injuries after Oct. 1, 2008	A maximum of 130 weeks of TTD benefits are payable unless retraining is approved

TTD benefits cease when the employee returns to work. In addition, these benefits may cease if the employee withdraws from the labor market for reasons other than the injury; the employee is released to return to work and fails to make a diligent job search for appropriate work; the employee refuses an offer of gainful work or work consistent with an approved rehabilitation plan; it is 90 days after the employee has received a report that they have reached maximum medical improvement or 90 days after the end of an approved retraining plan, whichever is later; when 130 weeks of TTD have been paid; or any other grounds to suspend or discontinue benefits as provided under workers' compensation law.

- **Temporary Partial Disability (TPD)** - Benefits for employees who are back to work, but earning less than their pre-injury gross weekly wage. Benefits are payable at two-thirds of the difference between what the employee earned at the time of the injury and the current earnings.

Temporary Partial Disability	
Injuries between Oct. 1, 1992, and Sept. 30, 2018	TPD is limited to 225 weeks of paid benefits or until 450 weeks after the date of injury, whichever occurs first
Injuries after Oct. 1, 2018	TPD is limited to 275 weeks of paid benefits or until 450 weeks after the date of injury, whichever occurs first

- **Permanent Total Disability (PTD)** - Benefits payable to employees who are never able to return to gainful employment. The PTD rate is two-thirds of an employee's gross weekly wage at the

⁴ As of October 1, 2022, the statewide average weekly wage is \$1,287 in Minnesota. A history of the SAWW is available at DLI.

time of injury, subject to the same maximum weekly compensation for TTD and a minimum PTD rate equal to 65 percent of the SAWW.⁵ If an employee was a part-time worker, the compensation is computed based upon a normal workweek for that occupation. PTD benefits are also paid regardless of employment status, when the injury or disease results in the total and permanent loss of sight of both eyes; the loss of both arms at the shoulder; the loss of both legs so close to the hips that no artificial members can be used; complete and permanent paralysis; and/or total and permanent loss of mental faculties.⁶

For injuries on or after Oct. 1, 1995, the employee can also seek PTD benefits if the injury totally incapacitates them from working at an occupation that earns an income and the employee fits within one of these three categories:

- (1) must have a 17 percent permanent partial disability (PPD) rating of the whole body;
- (2) must have a 15 percent PPD rating of the whole body and be at least 50 years old at the time of the injury; or
- (3) must have a 13 percent PPD rating, be at least 55 years old at the time of the injury and have not completed the 12th grade or obtained a general education development (GED) certificate.

After a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits paid by the employer is reduced by the amount of any disability benefits being paid by any government disability benefits program if the disability benefits are occasioned by the same injury or injuries which gave rise to PTD payments. This reduction also applies to any old age and survivor insurance benefits (Social Security retirement benefits). Payments are made at close intervals to when the wage was payable. Permanent total disability benefits cease at age 72, except for an employee injured after age 67 (permanent total disability benefits cease after five years of those benefits have been paid).

- **Permanent Partial Disability (PPD)** - Payable for the permanent functional loss of use of the body based upon a disability schedule.⁷ The PPD schedule is used when determining the rating. The total percentage rating is multiplied by a specific dollar amount to determine the payable

⁵ For dates of injury before 10/1/95, supplementary benefits are available as add-on benefits to PTD to bring the total weekly benefit to 65 percent of the SAWW for certain workers (Minn. Stat. § 176.129, 176.132 repealed 1995). Supplementary benefits are available to workers whose compensation rate is less than 65 percent of the SAWW, including to workers whose work comp benefit rates fall below that level due to the offset of the social security retirement or government disability benefits related to the same disability as the workers' compensation claim. These supplementary benefits are reimbursed by the Special Compensation Fund.

⁶ Minn. Stat. § 176.101, subdivision 5 (1); see also *Ford v. Willis J. Kruckeberg Roofing & Sheet Metal*, 241 N.W.2d 653, 654 (Minn. 1976).

⁷ The disability schedule presents the percentage of disability for the whole body. The disability schedule is available in Chapter 5223 of Minnesota Administrative Rules available at <https://www.revisor.mn.gov/rules/5223/>.

benefits. The specific amount is determined by statute, and the amounts were last updated in 2018.⁸

Ratings cannot exceed 100 percent of the whole body. PPD benefits can be paid concurrently with TPD and PTD benefits, but not with TTD benefits. PPD is usually paid when TTD ends and when the employee reaches maximum medical improvement (MMI). If the benefits are being paid periodically following the payment of TTD, or concurrently with the payment of TPD, the payments must be continued without interruption at the same intervals that the TTD benefits were paid. If a rating has not been received when an employee reaches MMI, the insurer must request an assessment of PPD from the treating doctor.

Dependency Benefits: Benefits are paid to the spouse and/or dependent children, or certain other dependents, of an employee who dies due to their work-related injuries.⁹ The amount of benefits depends on the number of dependents at the time of death, but is limited to the maximum compensation rate at the time of death. For dates of injury on or after April 28, 2000, the minimum amount of benefits that must be paid in the case of an employee's death due to a work injury is \$60,000 (Minn. Stat. § 176.111, subd. 5). If the worker is survived by their spouse and had no dependent children,¹⁰ the surviving spouse is paid 50 percent of the worker's weekly wage at the time of their injury for ten years, including adjustments. If the worker is also survived by their spouse and one dependent child, the amount of benefits paid is 60 percent of the daily wage at the time of the injury until the child is no longer dependent. After that, the spouse will be paid weekly benefits at a rate that is 16-2/3 percent less than the last weekly workers' compensation benefit payment for 10 years, including adjustments. If the worker is survived by their spouse and two or more dependent children, the amount of benefits paid is 66-2/3 percent of the daily wage at the time of the injury of the deceased until the last child is no longer dependent. After that, the spouse will be paid weekly benefits at a rate which is 25 percent less than the last weekly workers' compensation benefit payment for 10 years, including adjustments. If the worker is survived by dependent children, but no spouse, the benefit amounts equal to 55 percent of the weekly wage for one dependent child and 66-2/3 percent of the weekly wage for two or more dependent children. If the worker has no surviving spouse or children, the benefits would be paid at 45 percent of the weekly wage to their parents, if they are wholly dependent on the worker (Minn. Stat. § 176.111).

Adjustment of benefits: Workers' compensation benefits for TTD, TPD, and PTD receive annual increases to the weekly rate during the claim's life. These adjustments are determined by the date of injury (DOI).¹¹ For instance, for workers injured on or after Oct. 1, 2013, the first adjustment is on the third

⁸ Prior to the 2018 update, they were last updated in 2000.

⁹ The deceased worker is also entitled to burial costs up to \$15,000 for dates of injury on or after April 28, 2000 (Minn. Stat. § 176.111, subd. 18). Burial expenses are capped at \$7,500 for dates of injury October 1, 1992, through April 27, 2000. Burial expenses are capped at \$2,500 for dates of injury October 1, 1983 through September 30, 1992.

¹⁰ Children under age 18, or 25 if enrolled in school, or over 18 if disabled.

¹¹ The date of injury determines when the first adjustment is made and the cap on the percent increase that is applied. The percent increase is calculated by dividing the statewide average weekly wage for December 31, of the year two years before the adjustment by the statewide average weekly wage for December 31, of the year

anniversary, annual benefit increases are limited to a maximum three percent increase. No adjustment shall be less than zero percent (Minn. Stat. § 176.645)

Date of Injury	Adjustment Cap and Timing of Adjustment
Oct. 2, 1975 - Sept. 30, 1981	6 percent - Annually on Oct. 1
Oct. 1, 1981 - Sept. 30, 1992	6 percent - Annually on the anniversary date
Oct. 1, 1992 - Sept. 30, 1995	4 percent - Annually; first adjustment on the second-anniversary date
Oct. 1, 1995 - Sept. 30, 2013	2 percent - Annually; first adjustment on the fourth-anniversary date
Oct. 1, 2013 - to present	3 percent - Annually; first adjustment on the third-anniversary date

2.1.1.1 Permanent Total Disability Benefits Provided by Workers’ Compensation Systems in the selected States

This section presents information about the total disability benefits provided by workers’ compensation systems in Minnesota, Iowa, Wisconsin, Michigan, and Ohio. The information presented comes from the Workers’ Compensation Research Institute (WCRI) 2022 report, state statutes,¹² and websites.

PTD is defined similarly across the states included in this review. Overall, states define PTD as a work-related injury that prevents an employee from engaging in employment activities for which they will be paid. The basis of calculation for PTD benefits varies in the base salary and the rate applied. States with net wages as a base have higher benefit rates compared to those with gross wages. The difference is around 20 percent, which accounts for the taxes paid. Workers in Iowa and Michigan receive 80 percent of their net weekly wages, while in Minnesota, Wisconsin, and Ohio PTD benefits are two-thirds of the worker’s pre-injury gross weekly wage. Similarly, the minimum and maximum weekly benefit amounts vary widely across these states. As of January 2022, Wisconsin has the lowest weekly minimum amount (\$20) while Minnesota has the highest (\$836.55). In terms of the weekly maximum amounts, Michigan offers the lowest (\$1,047.33) and Iowa the highest (\$2,005).

Of the selected states, only Minnesota and Michigan provide cost-of-living adjustments (COLA). In Minnesota, the COLA is determined based on increases to the statewide average annual wage, is subject to the applicable law based on the DOI, and is effective on the anniversary date. In Michigan, benefits are recalculated annually based on the new yearly maximum effective January 1. While Ohio does not

previous to the adjustment (Minn. Stat. § 176.645). DLI publishes the adjustment rates annually at: <https://dli.mn.gov/sites/default/files/pdf/annladj.pdf>

¹² Minnesota: Chapter 176. Iowa: The Iowa Workers' Compensation Laws under Iowa Code Chapters: 85, 85A, 85B, 86 & 87. Wisconsin: Chapter 102. Michigan: Section 418.301. Ohio: Chapter 4123.

provide COLA, a separate fund provides supplemental benefits to those receiving less than the cost of living.

There is no limit to the total monetary benefits under PTD workers' compensation in any of the states. However, there is a limit to the maximum length of benefits in some states. In Minnesota, workers receive benefits until age 72, but if the injury occurs after age 67, PTD benefits are paid for five years. In Michigan, workers receive benefits for 800 weeks post DOI (conclusive presumption) with a factual determination thereafter, after which payments cease upon death. In the rest of the states, benefits are paid for life. In all the states except for Iowa, there are offsets to the PTD benefit amount workers can receive. In particular, PTD benefit amounts are subject to Social Security offsets. Lastly, in all the reviewed states, workers are entitled to medical care for work-related injuries. Medical benefits include, but are not limited to, psychological, chiropractic, podiatric, surgical, and hospital treatment. In addition, there are survivor benefits provided to the spouse, dependent children, and certain other dependent relatives of the deceased worker in most of the reviewed states.

Table 2-1 presents characteristics of permanent total disability benefits provided by workers' compensation systems in the selected states.

Table 2-1 PTD Benefits provided by Workers' Compensation System as of January 1, 2022

State	Basis of Calculation	Weekly Minimum and Maximum (1)	Cost-of-living adjustments	Maximum length of benefits	Benefit Offsets	Survivor Benefit
Minnesota	66 ⅔% of the worker's pre-injury gross weekly wage	<u>Minimum:</u> 65% of the SAWW <u>Maximum:</u> 102% of the SAWW for the preceding calendar year	Yes – Calculated annually based on inflation, with cap depending on DOI, effective on anniversary date (beginning on first through fourth anniversary date, depending on DOI)	For dates of injury on or after October 1, 2018, benefits cease at age 72, but if the injury occurred after age 67, PTD benefits are paid for five years	After \$25,000 of paid benefit, benefit can be reduced by any disability benefits paid by any government disability benefit program for the same injury or Social Security Retirement benefits	<u>Spouse and no children:</u> 50% of the weekly wage at the time of injury for 10 years <u>Spouse and children:</u> Depends on the number of dependent children; Max. ⅓ of the deceased wage at the time of the injury for 10 years after the last child ceases to be dependent <u>Orphan dependent:</u> 55% of the weekly wage for one child and ⅓ of the weekly wage for two or more children <u>Other dependents:</u> Benefits paid to other close relatives
Iowa	80% of the worker's spendable, after-tax, or net weekly wages	<u>Minimum:</u> 35% of the SAWW <u>Maximum:</u> 200% of SAWW	No	None	None	<u>Spouse:</u> For life or until remarriage <u>Children:</u> Until age 18, or 25 if full time students or for life if totally disabled
Wisconsin	66 ⅔% of the worker's pre-injury gross weekly wage	<u>Minimum:</u> \$20 <u>Maximum:</u> 110% of state's average weekly earnings of the previous year	No	Paid for life	Social security disability	<u>Spouse:</u> Based on the employee's wage up to the maximum wage at the time of the injury (max. benefit is four times the average annual earnings) <u>Children under 18:</u> Varies with age - the younger, the greater total benefit <u>Dependent Parent or other relatives:</u> Entitled to full death benefits
Michigan	80% of the worker's spendable, after-tax or net weekly wages	<u>Minimum:</u> \$270.83 <u>Maximum:</u> 90% of the SAWW	Recalculated yearly based on new yearly maximum effective Jan 1	800 weeks post DOI conclusive presumption with a factual determination thereafter;	TTD benefits paid counts toward the 800 weeks conclusive presumption; offsets include social security	Benefits paid to surviving dependents

				Payments cease upon death	and other benefits paid by employer	
Ohio	66 ⅔% of the worker's pre-injury gross weekly wage	<u>Minimum:</u> \$542.50 <u>Maximum:</u> Equal to the SAWW for the DOI or date of disability in an occupational disease claim	No There is a fund to supplement benefits of those receiving less than the cost of living, enrollment is automatic	None	Social security	<u>Spouse and children:</u> Benefits may be paid to the surviving spouse, children (under age 18, 25 if dependent and attending an accredited institution full time, or 18 years or older that are physically or mentally incapacitated), and certain other relatives.

Notes: (1) The SAWW is the following: Minnesota - \$1,287, effective October 1, 2022; Iowa - \$1,002.51, as of June 30, 2022 (Iowa Division of Workers' Compensation, 2021); Wisconsin - \$1,137, as of March 2022 (BLS, 2022); Michigan - \$1,163.79, as of December 17, 2021 (Michigan Workers' Disability Compensation Agency, 2021); and Ohio \$1,085.00, as of December 2021 (Ohio Bureau of Workers' Compensation, 2021).

Workers' compensation benefits are not taxable at the federal level. State tax laws may differ; however, researchers could not identify whether workers' compensation benefits are taxable in any of the states included in this review.

2.1.2 Disability Benefits for Police Officers from the Public Employees Retirement Association (PERA)

The Public Employees Retirement Association administers lifetime income, cost-sharing retirement plans for Minnesota employees of county and local governments. PERA administers disability and retirement benefits through several plans including the General Plan,¹³ the Police and Fire (P&F) plan, the Correctional plan, the Statewide Volunteer Firefighter Retirement plan, the Defined Contribution plan, and various local police or fire relief plans. The Police and Fire plan, the focus of this report, provides disability and retirement benefits for county and city public safety officers eligible to contribute to PERA (PERA, 2020).¹⁴ Participation in this plan requires employment as a law enforcement officer or firefighter meeting certification and job-related duties by statute. Hennepin County paramedics and emergency medical technicians are also eligible. The plan can include certain part-time police officers and firefighters if the governing board of the employing unit certifies their eligibility and requests coverage (OLA, 2021).

The P&F plan includes disability benefits, retirement benefits, and refunds. Monthly disability benefits and retirement benefits are adjusted in January. The current cost-of-living adjustment (COLA) is 1 percent each calendar year.¹⁵ As determined by statute, cost-of-living adjustments are prorated, depending on the number of months the benefit recipient has been receiving benefits (Minn. Stat. § 356.415, subd. 1c). Refunds are one-time lump sum payments members may elect instead of collecting PERA monthly retirement benefits.

Minnesota police officers who are members of the PERA P&F plan¹⁶ do not pay into Social Security, nor are they covered by Social Security benefits (PERA, 2022c; Minn. Stat. § 355.07 (e)). Employers do not pay the payroll tax for Social Security either; instead, they contribute 17.7 percent to the PERA plan as mandated by the Minnesota Legislature. Member contributions to the Plan are 11.8 percent, and are tax-deferred up to \$245,000, and members pay taxes when they receive benefits or refunds (PERA,

¹³ The General Plan includes both coordinated and not coordinated benefits with Social Security.

¹⁴ University of Minnesota peace officers, Metropolitan Transit officers, Military Affairs firefighters, and certain Tribal police officers are also covered by PERA P&F (Minn. Stat. § 353.64).

¹⁵ This is a fixed percentage, and it is not tied to inflation.

¹⁶ This is also true for state troopers who are members of the Minnesota State Retirement System (MSRS) State Patrol Retirement Plan.

2020). Members of the PERA plan who were hired after March 31, 1986, pay into Medicare coverage and receive this benefit at retirement age¹⁷ (PERA, 2020, 2022c; HHS, 2022).

Disability Benefits

The PERA P&F plan provides four types of disability benefits: duty disability, total and permanent duty disability, regular disability, and total and permanent regular disability (Minn. Stat. § 353.656). The disability is considered a *total and permanent disability* when the applicant is unable to engage in any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to exist for a period of at least one year. If a member retires before normal retirement age (55), the retirement benefit is reduced accordingly; however, a disability benefit is not reduced.

Members must meet the following conditions to qualify for any PERA P&F disability benefits:

- The disability must have arisen before the employee was placed on any paid or unpaid leave of absence or terminated public service (Minn. Stat. § 353.031, subd. 3b).
- If a disability claim is filed within two years of the injury, the member must provide evidence of their inability to perform their duties as of the time of the injury. If a claim is filed more than two years after injury, the member must provide evidence of their inability to perform their duties during the 90 days preceding the last day they worked for the employer (Minn. Stat. § 353.031, subd. 4).
- Apply for disability benefits within 18 months from the date they end their employment. However, the disability must have occurred before the termination of their employment (Minn. Stat. § 353.031, subd. 3a).
- Do not already receive a PERA retirement benefit (Minn. Stat. § 353.031, subd. 3h).

- **Duty Disability Benefits**: Available for members disabled as a direct result of an injury incurred during, or a disease arising out of, inherently dangerous activities specific to their occupation. The base benefit is 60 percent of the average salary over the five highest-paid consecutive years of service, which is equivalent to a retirement benefit based on 20 years of service.¹⁸ The applicant will receive an additional three percent of high-five average salary for every year of service over 20 years (see the following subsection on retirement benefits for more information). All duty disability benefits attributable to the first 20 years of service are non-

¹⁷ P&F plan members with disabilities cannot receive Medicare before age 65 because they do not qualify for Social Security Disability, which is a prerequisite to attain Medicare earlier than the SSA retirement age if an individual has a disability (SSA, 2022).

¹⁸ If the duty disability occurs before the member has at least five years of service, the disability benefit must be computed on the average salary from which deductions were made for contribution to the P&F fund.

taxable income until they are converted to a retirement benefit. To qualify for duty disability benefits, no minimum years of service are required.

To be eligible for duty disability benefits, the member must either not meet the age and vesting requirements¹⁹ for a retirement annuity; or meet the age and vesting requirements but have less than 20 years of service. Members who have met the age and vesting requirements but do not have 20 years of service receive a duty disability benefit for a period of 60 months (five years) before the benefit is converted to a retirement benefit.

- **Total and Permanent Duty Disability:** If the duty disability is total and permanent, in addition to the details listed under Duty Disability Benefits, the applicant is automatically eligible for survivor protection until age 55 or 60 months (five years) after the disability occurs, whichever is later. As long as the member remains disabled, their duty disability benefit does not convert to a retirement benefit, remains non-taxable, and is subject to workers' compensation and reemployment earnings restrictions.²⁰ Members remain eligible for duty total and permanent disability benefits at any age.
- **Regular Disability Benefits:** Available for members whose disability occurred under any other circumstance, either on or off the job. The base benefit is 45 percent of the high-five average salary (equivalent to 15 years of service). To qualify for regular disability benefits, the member must have at least one year of service. All regular disability benefits are taxable income.

To be eligible for regular disability benefits, the member must not have met the age and vesting requirements for a retirement annuity; or met the age and vesting requirements but does not have at least 15 years of service. Members who have met the age and vesting requirements but do not have 15 years of service receive a regular disability benefit for a period of 60 months (five years) before the benefit is converted to a retirement benefit.²¹

- **Total and Permanent Regular Disability:** If the regular disability is total and permanent, in addition to the details listed under Regular Disability Benefits, the applicant is eligible for an additional three percent of salary for every year of service beyond 15 years. Members remain eligible for total and permanent regular disability benefits at any age.

¹⁹ Members over 55 with more than 20 years of service are not eligible to receive a duty disability benefit. Vesting (vesting requirements in table 2-5).

²⁰ Total and permanent duty disability benefits are subject to review for continuing eligibility under section 353.33, subdivision 6, which requires participation in a vocational assessment if the executive director determines that the disabled person may be able to return to work (Minn. Stat. § 353.656, subd. 1b).

²¹ Members over 55 with more than 15 years of service are not eligible to receive a regular disability benefit (vesting requirements in Table 2-5).

Disability benefit payments cannot be paid until the member has exhausted all sick and vacation time and is no longer receiving other salary payments. This requirement does not apply to Duty Total and Permanent disability benefits.

If the member returns to work in another position not covered by the P&F plan and remains disabled under the state law, they may continue to receive duty or regular disability benefits but will no longer qualify for a total and permanent disability benefit unless their earnings are less than substantial gainful activity. Members can convert a disability benefit to an early retirement between age 50 and 55.

PERA P&F disability benefits plus any workers' compensation received cannot be more than the higher of either the salary received at the date the disability began or the current salary for a similar position (Minn. Stat. § 353.656, subd. 4b). Any amount over the limit is reduced dollar for dollar (Minn. Stat. § 353.656, subd. 2). If the member is receiving a disability benefit plus earnings, the member can receive 125 percent of base monthly salary currently paid by the employing governmental subdivision for similar positions. If the total exceeds the limit, the PERA disability benefit will be reduced by \$1 for every \$3 earned above the limit (Minn. Stat. § 353.656, 2022; PERA, 2022b). Any reductions in disability benefits because of reemployment or workers' compensation are non-refundable (unlike reductions in retirement benefits due to employment).

Survivor option: Allows a member to continue income for their surviving spouse or another individual in the event of their death. If a member receiving duty-related total and permanent disability payments dies before age 55 or the expiration of five years after the effective date of the disability benefit, whichever is later, without having selected a survivor option, their spouse will receive automatic surviving spouse benefits. In this case, the spouse will receive 50 percent of the deceased's average salary during the last six months of service (60 percent of salary if death is attributable to the disabling illness or injury). If the deceased married member is over 50 at the time of their death, PERA will calculate a survivor benefit using total years of service, salary during the highest paid five consecutive years of service, age at death, and age of surviving spouse. The surviving spouse always receives the higher of the two amounts described above. This benefit continues for the lifetime of the surviving spouse, even upon remarriage (PERA, 2020). In the case that the designated optional annuity beneficiary dies before the former disabilitant, the legislature mandates a bounce back to 100 percent benefits for the disabilitant (Minn. Stat. § 353.30, subd. 3b).

Retirement Benefits

Police officers who are members of the PERA P&F plan will receive unreduced retirement benefits when they reach full retirement age (55 years for vested members of the P&F plan).²² A minimum of one year

²² The Minnesota legislature mandates a compulsory retirement age of 65 for police officers (Minn. Stat. § 423.075).

of public service is required to qualify for retirement benefits for active [partially vested] members at or over their full Social Security retirement age (PERA, 2020).²³

The retirement annuity is calculated as:

$$\text{Average Salary} * 3\% * \text{Years of Service}$$

Where average salary is the person's highest average salary over five consecutive years of employment (also called the high-five average salary) (Minn. Stat. § 353.651).

Salaries are dependent on the employer's wage structure. In addition, the allowable service included in the calculation is limited to 33 years, and the normal retirement annuity must not exceed 99 percent of the average salary.²⁴ Benefits are paid in equal monthly payments for the person's lifetime with annual adjustments. Retirement benefits are adjusted by one percent each calendar year. Police and Fire members retiring after June 2014 will receive their first COLA increase 31 to 42 months after retiring, and it is prorated based on the number of months the individual was retired in the prior fiscal year ending June 30. All subsequent adjustments are full increases (PERA, 2020).

Plan members can combine their PERA benefits with other covered Minnesota public pension plans (PERA, 2020). The amount of the monthly pension a member receives will be reduced if they choose to provide continued income protection for a designated survivor(s) in case of death. The reduction will be proportional to the allocation to survivors in 25 percent increments. Members can select the single life retirement benefit or one of four survivor options: 25, 50, 75, or 100 percent.

Individuals applying for retirement benefits must have a complete and continuous separation from all public employment for 30 consecutive days with no prearranged agreement to return.²⁵ There is no restriction on earnings if a member is over the full Social Security retirement age, but those who retire prior to that age and then return to what would otherwise be PERA-covered employment are required to remain within the annual earnings limitation established by PERA's statute with reference to the Social Security Administration. Those who earn above this limit may have their PERA pension reduced or suspended. Income earned through self-employment, work in the private sector, elected service, investments, and pensions is not used to offset PERA pensions (PERA, 2020).

Early retirement: PERA P&F members may be eligible for early retirement before the age of 55 (Minn. Stat. § 353.651, subdivisions 4a, b, c, d). Requirements for this benefit include being vested and at least 50 years of age. However, those hired before July 1, 1989, do not have an age requirement to access

²³ The full retirement age is 66 if the person was born from 1943 to 1954. The full retirement age increases gradually if the person was born from 1955 to 1960, until it reaches 67. For anyone born 1960 or later, full retirement benefits are payable at age 67 (Social Security Administration, 2022b).

²⁴ This cap does not apply to members enrolled in the PERA plan before June 2014 and who (will) have 33 years of service on their day of retirement (OLA, 2021), which can result in annuities equal to or higher than 100 percent of their high-five salaries.

²⁵ Public employment includes service to any governmental employer in the state.

early retirement if they have served 30 years. Early retirement benefits are permanently reduced depending on the date on which members decide to retire:

- (a) If the officer becomes a member of the P&F plan after June 30, 2007, and is partially vested before July 2014, their retirement annuity will be reduced by two-tenths of one percent for each month the member is under age 55 at the time of retirement.
- (b) Once they attain 50 years of age with at least three years of allowable service, they are entitled to apply for early retirement with a reduction of one-tenth of one percent for each month that the member is under age 55 at the time of retirement.
- (c) If the officer becomes a member of the P&F plan after July 1, 2014, is at least 50 years old, and starts receiving their retirement benefit after July 1, 2014, their benefit gets reduced by applying a blended monthly rate that is equivalent to the sum of:
 - (i) one-sixtieth of the annual rate of five percent, prorated for each month the person's benefit effective date is after July 1, 2014, or after December 31, 2014, whichever applies.
 - (ii) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever applies, for each month the person's benefit effective date is before July 1, 2019.
- (d) If the officer becomes a member of the P&F plan after July 1, 2014, is at least 50 years and is at least partially vested whose benefit effective date is after July 1, 2019, is entitled to a retirement annuity reduced by five percent annually, prorated for each month that the member is under age 55.

Continued Healthcare Coverage: Police officers who become disabled in the line of duty are entitled to continued health insurance coverage through their former employer until age 65. In addition, their dependents are also covered if they were receiving coverage at the time of injury. Employing agencies are responsible for continued payment of employer contributions for health insurance coverage for the officer and any dependents. Coverage for the dependents must continue until the officer reaches age 65 (or if deceased, would have reached age 65). There is not a requirement for continued coverage for dependents if dependent status ends. Similarly, if an officer dies in the line of duty, the employing agency is required to continue coverage for the deceased officer's spouse and dependents. Coverage for a surviving spouse continues until age 65 and for other dependents until age 26 (Minn. Stat. § 299A.465).

2.1.2.1 Benefits Provided Specific to Police Officers in selected States

This section provides information about the duty disability and retirement benefits provided to police officers in the states of Minnesota, Iowa, Wisconsin, Michigan, and Ohio. The information presented for duty disability benefits comes from benefit handbooks of police pension funds²⁶ and the information for

²⁶ Minnesota: PERA Handbook; (PERA, 2020) Iowa: (MFPRSI, 2020). Wisconsin: (Wisconsin Retirement System, 2021). Michigan: (MERS, 2022). Ohio: (Ohio Police & Fire Pension Fund, 2020).

retirement benefits comes from each state’s retirement system agency and handbooks of police pension funds.²⁷

Police officers contribute to special pension plans during their years of service. Table 2-2 presents the comparison of contribution rates for employees and employers for the plans specific to police officers and state patrol in each state. The table presents information about state patrol (although the legislative mandate for this study did not extend to state patrol officers) as a comparison to police officers as they face a similar risk to the one police officers face. Information for state patrol comes from retirement plans across states.

Table 2-2 Pension plan contribution rates for police officers and state patrol

State	Contributions to police-specific plans		Contribution to state patrol specific plans	
	Employee	Employer	Employee	Employer
Minnesota	11.8%	17.7%	15.4%	28.1%
Wisconsin (1)	6.50%	16.4%	6.5%	16.4%
Iowa	9.40%	23.90%	11.4%	37.0%
Michigan	4%	Calculated by an actuary each year	4%	Calculated by an actuary each year
Ohio	12.25%	19.5%	12.25%	19.5%

Notes: (1) Contribution rates are a percentage of earnings divided between employees and employers, and are adjusted annually.

Disability Benefits

The states in the review have no minimum years of service requirements for injured officers to apply for duty disability. In most states, except for Wisconsin, the injury must last beyond 12 months to be considered as a permanent and total disability. Wisconsin has a procedure to determine if the injury is permanent. Minnesota and Michigan require officers to apply for disability benefits within two years of the injury. Other states have different requirements. Wisconsin mandates that the officers apply for the benefits when the position or payment was reduced due to the disability, or when the officer is disqualified for promotions due to the injury.

²⁷ Minnesota: PERA Handbook. Iowa: Municipal Fire & Police Retirement System of Iowa. Wisconsin: State of Wisconsin Retirement System, Wisconsin Department of Employee Trust Funds. Michigan: Department of Labor and Economic Opportunity, Michigan Employees Retirement System. Ohio: Ohio Police & Fire Pension Fund.

Table 2-3 presents a summary of the eligibility requirements to apply for duty disability in the selected states.

Table 2-3 Eligibility requirements for duty disability

State	Requirements	Application period	Other considerations
Minnesota	<p><u>Years of service</u>: No minimum</p> <p><u>Considerations for injury/illness</u>: Must have been during their active public service time</p> <p>The officer must be unable to perform their occupational duties</p> <p><u>Age for disability retirement</u>: The member must not have met the age and vesting requirement for a retirement annuity. If the member has met the age and vesting requirements, but has less than 20 years of service, the member is eligible for a duty disability benefit.</p>	<p>Within two years of the illness or injury</p> <p>After two years: Officer must provide evidence of being unable to perform the duties during the 90 days preceding the last day of employment</p> <p>Must be within 18 months of termination</p>	<p>Officers must stop working at their Police & Fire Plan position within 45 days. However, they do not need to terminate their position and can stay on the payroll while they exhaust sick leave and vacation time.</p> <p>Requires workers' compensation first report of injury.</p> <p>Under this plan, a minimum duty disability benefit is equivalent to a retirement benefit based on 20 years of service. If the member has more than 20 years of service, the member's disability benefit includes the additional years of service.</p>
Wisconsin	<p><u>Years of service</u>: no minimum for duty disability</p> <p><u>Considerations for injury/illness</u>: Injury is considered temporary while officer is recovering or while their permanent condition is being assessed.</p> <p><u>Age for disability retirement</u>: Must be under the plan's retirement age</p>	<p>The date on which the officer began the reduction of pay or position, or when the injured worker is disqualified for promotions due to their injury.</p>	<p>If the officer is restored to full pay, position, or full duty status, they will not qualify for duty disability benefits.</p> <p>Calculations of disability under this plan assumes member served until normal retirement age.</p>
Iowa	<p><u>Years of service</u>: No minimum</p> <p><u>Age for disability retirement</u>: Must be under the plan's retirement age and have less than 22 years of service</p>	<p>Not specified</p>	<p>None</p>

Michigan	<p><u>Years of service:</u> No minimum</p>	<p>Within two years of the last day of employment</p>	<p>If member terminated employment for reasons unrelated to their disability, their disability application is denied.</p> <p>If diagnosed as no longer disabled, the member is required to return to active duty. If member fails to return to employment following the order, they will forfeit all rights to a retirement benefit unless otherwise eligible to retire.</p>
Ohio	<p><u>Years of service:</u> No minimum</p> <p><u>Age for disability retirement:</u> Must be under the plan's retirement age</p>	<p>Not specified</p>	<p>Member will undergo a vocational assessment by a professional specializing in evaluating potential for employment and/or training.</p>

Medical examination: All states included in the review require initial medical examinations to determine eligibility to apply for disability. Wisconsin requires the medical report to be completed by two physicians. Iowa requires a medical board examination certifying physical or mental incapacity to perform member duties. Michigan requires that a medical review team certifies the disability. Ohio requires a report of medical evaluation from each listed attending physician who has treated the member. In addition, Minnesota, Iowa, and Michigan mandate periodic examination with different time frames to prove ongoing disability.²⁸ Ohio, on the other hand, requires one examination, without follow ups, but requires separate examinations for multiple conditions.

Duty disability benefits in the selected states are a portion of the gross salary, typically determined by the average highest salaries earned by an officer over a predetermined period. In Minnesota, Iowa, Michigan, and Ohio, the disability benefit is determined by considering the highest salaries over a three-to five-year period. Minnesota and Wisconsin provide an additional percentage to members. While Minnesota provides an additional three percent for each year of service beyond twenty years, Wisconsin provides five percent if the member qualifies for a disability benefit from social security or the Wisconsin Retirement System (WRS). Among the selected cases, Michigan, Minnesota, and Ohio (for partial duty disability) consider service credit and a benefit multiplier. Permanent duty disability benefits are equivalent to a pension benefit in Minnesota and Wisconsin.

In most of the selected states, disability benefits have cost-of-living adjustments. Some states like Minnesota provide a fixed amount, while in Wisconsin it is tied to an index. Ohio provides a combination of both based on the years of service. In Michigan, the COLA adjustment is either an automatic increase based on the benefit package or annually adopted by the employer. For instance, the COLA could be an automatic compounding or non-compounding 2.5 percent, or annually adopted compounding 2 percent.

Each of the selected states has certain rules governing member benefits if they receive income from other sources. Income sources considered for offsets vary across states. For instance, while Minnesota considers other benefits from workers' compensation and income from employment (including self-employment), Michigan considers other sources including income from self-employment and other disability benefits such as those from Social Security, short- and long-term disability benefits, and sick and accident benefits. Similarly, the benefit offset may vary with the source of income. In Minnesota, for instance, the disability benefit is reduced one-to-one when the workers' compensation and the PERA benefits results in the worker receiving more than the limit,²⁹ and the disability benefit plus job earnings are reduced by \$1 for every \$3 earned above the limit. In Ohio, while there is no set amount for maximum benefits, the state law gives the Ohio Police and Fire Pension Fund (OP&F) the authority to increase or decrease the benefit amount depending on the individual's annual earnings statement.

²⁸ In Minnesota, officers receiving duty disability must submit medical records annually for the first five years. After that, they submit them once every three years.

²⁹ Workers' compensation PTD benefits are also reduced by PERA disability benefits if related to the same injury, after \$25,000 in PTD benefits are paid. Minn. Stat. § 176.101

Lastly, in all the selected states, surviving spouses and/or children receive a certain percentage of the deceased's salary as a survivor benefit, though this percentage varies by state and individual circumstances.

Table 2-4 presents duty disability benefits information in selected states. The table contains information on the basis of calculation for disability benefits, COLA, benefit offsets, and benefits for surviving family or beneficiaries.

Table 2-4 Duty disability benefits specific to police officers in selected states

State	Basis of Calculation	Cost-of-living adjustments	Benefit offsets	Survivor Benefit
Minnesota	60% of the average high-five salary plus 3% for each year beyond 20 years of service	Yes - 1% annual increase	<p>Disability benefits plus workers' compensation received cannot be higher than the pre-injury salary (or the current salary for a similar position). Any amount over the limit is reduced dollar for dollar.</p> <p>If a member is receiving duty disability plus earnings, they are able to receive 125 percent of their earnings at the time of injury. If the member exceeds that limit, PERA disability benefit will be reduced by \$1 for every \$3 earned above the limit.</p>	<p><u>Spouse</u>: 50% of the last six months of salary; 60% if death is in the line of duty. If over 50 at time of death, PERA calculates a different survivor benefit, and the survivor receives whichever is higher.</p>
Wisconsin	75% of monthly salary (1)	<p>Yes - Annual adjustment in January based on the national average wage index (from SSA) if under age 60, or age 60 or over and receive long term disability insurance (LTDI).</p> <p>Adjusted based on last year's WRS core annuity dividend if age 60 or older and receive special disability retirement or special LTDI, or age 60 or older and not receive regular disability retirement or regular LTDI</p>	<p><u>Social Security offsets</u>: based on the gross monthly Social Security benefit amount.</p> <p><u>Lump sum workers' compensation offsets</u>: If the check date is on or after the duty disability benefit effective date, the duty disability benefits will be reduced in monthly amounts equal to 4.3 times the maximum weekly workers' compensation benefit until the lump sum is exhausted.</p> <p><u>WRS, disability or retirement benefits</u>: Based on service and earnings record</p> <p><u>Earnings from duty disability employer</u>: Offsets are dollar-for-dollar.</p> <p><u>Earnings from any other employer</u>: Based on gross monthly earnings: 1/3 if earnings are less than 40% of benefit amount; 1/2 if earnings are 40% to 80% of benefit amount; 2/3 if earnings are more than 80% of benefit amount.</p>	<p><u>Spouse</u>:</p> <p>*Applications prior to May 3, 1988: Spouse receives 1/3 of the member's monthly salary at the time of death (cannot exceed 65% of the member's monthly salary).</p> <p>*Applications post-May 3, 1988: Spouse receives 50% of the member's monthly salary at the time of death, minus other income sources based on earnings record (cannot exceed 70% of the member's monthly salary at the time of death).</p>

Iowa	60% of the average of highest three years of earnable compensation	Not available	Benefit is reduced if earnings for those under age 55 exceed the difference between the benefit allowance and one and one-half times the current compensation of an active member at an equivalent rank and pay.	<u>Spouse:</u> Monthly benefit equal to 50% of the average of the highest three years annual final compensation. <u>Each dependent child:</u> monthly benefit equals to 6% of the average of the highest three years of annual final compensation. Spouse and dependents can receive a \$100K lump-sum payment, in addition to any additional accidental death benefit.
Michigan	Final Average Compensation (FAC) x Service Credit x Benefit Multiplier	Depends on employer - Annual increase applied to base pension in January. It can be an automatic increase as part of the retirement benefit package, or something annually adopted by the employer	Benefit is reduced when 100% of FAC is reached; benefit reduced dollar-for-dollar for those under age 60.	<u>Spouse:</u> minimum of 25% of FAC, regardless of whether the member was vested.
Ohio	A board determines the percentage of the disability benefit which cannot exceed 60%. Permanent duty disability: 72% of the average annual salary. Partial duty disability: Depends on the years of service. (2.5% x 1- 20 years) + (2.0% x 21- 25 years) + (1.5% x 26- 33 years) x average annual salary	Age 55: Eligible once they have received pension benefits for at least one year <u>15 or more years of service credit as of July 1, 2013</u> , who do not receive benefits and those who are receiving benefits effective on the above date will receive a COLA of 3% of their base benefit. <u>Less than 15 years of service credit as of July 1, 2013</u> , 3% or the increase in CPI, whichever is less	No set amount for maximum earnings; OP&F may alter benefits based on other income.	<u>Spouses, and dependents:</u> 50% percent of the monthly benefit plus any COLA paid until death (Ohio Police & Fire Pension Fund, 2021).

Notes: (1) This may be increased by 5% if qualified for a disability benefit from social security or WRS.

Tax obligations also vary across states. While duty disability benefits in Minnesota (until age 55) and Wisconsin are not taxable, they are taxable in the other selected states. For instance, in Michigan state tax, and federal taxation under certain conditions, is required on the benefits. Similarly, in Ohio, disability benefits may be subject to federal tax liens and court-ordered deductions, such as division of property orders, withholding orders for child or spousal support and restitution orders. Finally, in Iowa, a portion of the benefit is taxable.

Pension Benefits

Calculation of retirement benefits varies across selected states. Most selected states, including Minnesota, use the average of the highest salaries as a base in their formulas. Iowa uses the average of the three highest years of compensation as a variable. Minnesota, Wisconsin, and Iowa also consider the years of service in their calculation, while Ohio and Michigan provide retirees with a percentage of their average compensation spanning from 60 to 70 percent.

Across selected states, the minimum retirement age for police officers is between 50-55 years. Only Michigan requires members to complete 25 years of service to attain retirement benefits and no minimum age is required. Most states have a vesting system that changes depending on when the member entered the pension plan. Minnesota, Wisconsin, and Iowa have vesting requirements that allow early retirement. Michigan and Iowa require their members to serve four years to become fully vested, while Wisconsin requires five years. Minnesota and Ohio have the longest vesting periods, with 20 and 15 years, respectively.

Considerations to transition into disability retirement, such as benefit calculation and age thresholds, are different across selected states. Minnesota provides the ordinary retirement annuity as calculated for regular or early retirement. Wisconsin follows the same formula they utilize for normal retirement but excludes early retirement reductions from its calculations. Iowa provides 60 percent of average compensations for members disabled on duty and 50 percent for members classified under other types of disability. Michigan gives 60 percent of members' average salaries but has created an offset in which their compensation cannot exceed the annual average of their last two years of service. Ohio provides the maximum retirement benefit to members with disability status, but their calculation of the average earnings is different according to the member's length of service. Iowa and Wisconsin have defined ages in which disability benefits transition to retirement benefits, 53-54 and 55, respectively. The other selected states, including Minnesota, use the social security retirement age or their predefined early retirement age as thresholds to transition from disability into retirement.

Ohio has the highest mandated contributions to the pension fund of all states reviewed, with 12.25 percent for employees and 19.5 percent for employers, followed by Minnesota with 11.8 percent and 17.7 percent, respectively. Michigan, Wisconsin, and Iowa have the lowest contribution requirements among the states reviewed, ranging from four to seven percent for employees.

Ohio and Michigan have the highest COLA of all select states, with three percent, followed by Iowa and Minnesota, with 1.5 and one percent, respectively. Wisconsin adjusts retirement benefits based on

investment fund performance of up to a five percent increase. It is important to note that none of the selected states tie their adjustments to inflation.

Table 2-5 shows retirement benefits for police officers across selected states. The table presents the methods to calculate the benefit, age considerations, considerations for disability retirement, and cost-of-living adjustments.

Table 2-5 Retirement benefits specific to police officers in selected states

State	Calculation method for regular retirement	Eligibility	Considerations for disability retirement	Cost-of-living adjustments
Minnesota	Average Salary * 3% * Years of Service	<p><u>Full retirement age without reductions:</u> 55, and at least one year of service. Those at Social Security Retirement age must have at least one year of public service. Reductions are bypassed if member deferred benefits until they reach retirement age.</p> <p><u>Vesting:</u> Depends on member’s initial date in the P&A plan. Hired prior to July 2010: Fully vested after 3 years of service. Hired between July 1, 2010, and June 30, 2014: Fully vested at 10 years. Hired after June 30, 2014: Fully vested at 20 years of service.</p>	<p>Normal retirement annuity or an early retirement annuity whichever applies</p> <p>Both total and permanent regular disability and total and permanent duty disability do not transition to retirement benefit</p>	1% COLA, with full COLA after 42 months of retirement date
Wisconsin	<p>The higher between:</p> <p>(1) Formula benefit calculation: Years of service x Final average monthly earnings x Formula factor(s) x Actuarial reduction factor for early retirement</p> <p>(2) Money purchase formula: Current total contributions (including accrued interest) x Actuarial factor (based on retirement age) (1)</p>	<p><u>Full retirement age without reductions:</u> 53 with 25 years of service. Reduction is 0.4% per month prior to normal retirement age</p> <p><u>Vesting:</u> Depends on the date of hiring and retirement: Hired after 1989 and before April 24, 1998, or after July 1, 2011: Fully vested after five years of service. Hired before 1989 or between April 24, 1998, and July 1, 2011: automatically vested when they joined the state retirement system.</p>	<p>Uses the same formula benefit calculation and does not penalize for early retirement</p> <p>Officers also get duty disability benefits if disability qualifies</p>	Up to 5% adjustment depending on investment fund performance

Iowa	Average of three highest years of compensation x Multiplier percentage (defined by years of service)	<u>Full retirement age without reductions:</u> 55 years old and 25 years or more of service. On each July 1, the Board of Trustees will determine for the respective fiscal year the percent by which the benefit will be reduced for each month that a member's retirement date precedes the member's fifty-fifth (55) birthday <u>Vesting:</u> Fully vested after 4 years of service	Duty disability functions as retirement - 60% of the highest three years of compensation	1.5% COLA x Gross Monthly Benefit + Additional flat-dollar amount based on years of retirement
Michigan	60% of final average compensation	<u>Full retirement age without reductions:</u> Any age with 25 years of service <u>Vesting:</u> Fully vested after 4 years of service	60% of final average compensation Cannot exceed the average annual salary of the last two years of service and does not make a distinction for benefits conversion purposes	Fixed 3% (not to exceed \$25 per month or \$300 annually) paid the second October after retirement effective date
Ohio	60% of the average annual salary. Maximum of 72% of average annual salary paid after 33 years of service credit	<u>Full retirement age without reductions:</u> Hired before July 1, 2013: 48. Hired after July 1, 2012: 52 with at least 25 years of service. Members with 25 years of service credit but have not reached the required minimum age: Can terminate employment but must defer benefit until they reach retirement age. <u>Vesting:</u> Fully vested after 15 years	72% of average annual salary Members with 15+ years of service: average of the three years of highest allowable earnings Members with less than 15 years of service: average of the five years of highest allowable earnings Conversion of disability to retirement benefits is possible if the disability benefit is terminated by OP&F and the member meets the eligibility requirements for service retirement.	3% COLA or increase in CPI whichever is less

Notes: (1) For formula factors: Service before January 1, 2000 = 2.165%, service after 2000 and 2011 = 2%. Actuarial age reduction: if younger than normal retirement age 0.4% per month prior to normal retirement age

In terms of tax obligations, all selected states, except Iowa, have tax-deferred pension plans for their police officers. Iowa taxes police officers' contributions to the pension funds during their years of service. Michigan also offers pre- and post-tax 401k and 457 plans to their officers.

Healthcare benefits: Healthcare benefits for disabled retired police officers vary considerably among the studied states. In Minnesota and Iowa, officers may receive continued coverage through their former employers, while in Wisconsin officers receive coverage through the Department of Employee Trust Fund (ETF) (ETF, 2021). In Michigan and Ohio, officers receive coverage in retirement through plans they purchase on healthcare exchanges. Officers in Michigan have access to a Health Care Savings Program (HCSP) account to help pay for healthcare costs in retirement, while officers in Ohio receive a monthly stipend to help cover healthcare costs.³⁰ The amount of stipend in Ohio depends on the eligibility of spouses and dependent children (OP&F, 2022a, 2022b). In most of the reviewed states, healthcare benefits are available until age 65, after which officers can enroll in Medicare.

Spouses and/or dependents are covered in Minnesota, Wisconsin, and Michigan while the retiree is alive and if they die in the line of duty. In Minnesota and Wisconsin, the surviving spouse is covered until age 65, while the other dependents are covered until age 26 (2019 Wisconsin Act 19, 2019; WPPA, 2022). In Michigan, the surviving spouse and legal dependents can continue to use the account for reimbursement of medical expenses until the account is exhausted (MERS, n.d.-a, n.d.-b). In Iowa, coverage for a spouse and/or dependents during the life of the officer depends on the plan (Iowa Legislature, 2022; MFPRSI, 2022). There is no continued coverage for a surviving spouse and/or dependents, but a fund for families of deceased police officers provides grants to families (DPS, 2019, 2021; Iowa Cops, 2017). In Ohio, continued coverage for a surviving spouse and/or dependents depends on the plan, though surviving spouses receive a continued monthly stipend.³¹

³⁰ In Ohio, the stipend is separate from the member's OP&F benefit and functions as a reimbursement for out-of-pocket costs such as premiums.

³¹ A surviving spouse will receive a stipend amount based on the Medicare status of the deceased officer, but there is no additional stipend for dependent children.

2.2 ADEQUACY OF BENEFITS

Disability benefits are intended to lessen the financial impact of injuries on workers. Typically, the adequacy of benefits is measured by the extent to which these benefits compensate (or replace) the worker's losses attributable to disability (Boden et al., 2005; H. Allan Hunt, 2004). An injured worker's losses include economic losses such as medical and rehabilitation costs (e.g., costs of treatment, and palliative care, rehabilitation), loss of earnings and nonwage compensation (e.g., wages, health insurance, retirement pension), nonwork losses (e.g., costs of housework, or child and elder care), and non-economic losses such as the costs of pain and suffering.

There are three approaches to determining the adequacy of benefits: the personal injury model, the loss of earnings model, and the social adequacy model (H. Allan Hunt, 2004). First, the personal injury model assesses the extent to which injured workers are compensated for all losses through the civil justice system, which is decided by a jury.³² In most cases, full replacement does not occur as the individual bears the costs of a lawyer to obtain the compensation. Second, the loss of earnings model looks at the earning losses of the worker that are attributable to work disability. This includes wages, fringe benefits, and retirement benefit losses. This model focuses only on economic losses. Lastly, the social adequacy model measures the extent to which benefits provide a "socially adequate" standard of living. This model focuses on the prevention of poverty rather than on the replacement of lost wages.

The loss of earnings model is widely used to determine the adequacy of workers' compensation programs. This model uses earning replacement rates to measure the extent to which the combination of post-injury earnings and workers' compensation benefits replace the earnings a worker would have had if not for the injury (Institute for Work & Health, 2016). Full replacement rates leave the worker financially well off as if the injury had not occurred and might incentivize employers to control hazards at the workplace. However, full replacement rates disincentivize workers to return to work and may lead to lower wages³³ (Boden et al., 2005). Across the U.S., the standard statutory replacement rate is two-thirds of pre-injured gross wages (Boden et al., 2005; H. Allan Hunt, 2004).

To measure replacement rates, it is necessary to measure benefits paid and injury-related wage losses. Injury-related wage losses can be measured using pre-injury wages or earnings of a control group. Using pre-injury earnings assumes that the worker would have had the same level of earnings absent the injury, which would likely hold in the short-term but not in the long-term. For some, this model is unfair as it perpetuates economic inequalities by ignoring many factors affecting the earnings of an individual over time, including accumulated work experience, acquisition of new skills, and labor market conditions - all of which also vary with workers' characteristics (Institute for Work & Health, 2016). For instance, a young worker has an expected higher wage in the future, but if injured they would have a low pre-injury wage rate. Thus, a comparison of post- to pre-injury earnings would underestimate the earnings loss (H.

³² Losses might be derived from workers' assessments of loss of quality of life, workers' compensation impairment models, or studies of damages awarded by juries in trials.

³³ High workers' compensation premiums can be costly to the employer and reduce the demand for labor (affecting wages negatively).

Allan Hunt, 2004; Institute for Work & Health, 2016). Another method is to use the earnings of control groups made up of workers with similar earnings to the injured worker before the injury.

CHAPTER 3: BENEFITS AND LIMITATIONS OF THE CURRENT BENEFITS AVAILABLE TO POLICE OFFICERS IN MINNESOTA

This chapter presents the findings from the interviews the research team conducted with key stakeholders to learn about the advantages and limitations of the workers' compensation and PERA benefits available to police officers in Minnesota.

3.1 METHODOLOGY

The research team conducted semi-structured group and individual interviews with stakeholders to identify the perceived benefits and limitations of the current disability benefits. Stakeholders interviewed for this report were identified by the Department of Labor and Industry (DLI) as well as through snowball sampling (where interviewees refer researchers to other stakeholders for potential interviews). In the selection of the interviewees, the research team strived to include all key stakeholders such as employer representatives, police advocates, unions, and benefits administrators to ensure diverse perspectives are captured in the report.

Overall, the research team conducted a total of 16 interviews with 25 individuals from September to November 2022. These include staff from PERA, Law Enforcement Labor Services (LELS), the Legislative Commission on Pensions and Retirement (LCPR), the League of Minnesota Cities (LMC), the League of Minnesota Cities Insurance Trust (LMCIT), Minnesota Counties Insurance Trust (MCIT), the cities of Minneapolis and Saint Paul, Minnesota Bureau of Mediation Services, and Minnesota Chiefs of Police, Teamsters Local 320, Meuser, Yackley, & Rowland P.A., Rice, Walther & Mosley LLP, Duluth Police Department,³⁴ and other police advocates.³⁵

Stakeholders were asked about the current benefits available to police officers in Minnesota. The questionnaire included questions about the advantages and limitations of workers' compensation benefits, PERA disability and pension benefits, the adequacy of these benefits, and availability of any other benefits (see Appendix B).

³⁴ This stakeholder was also a board member of their union.

³⁵ The research team attempted to interview staff from the Association of Minnesota Counties (AMC), the Minnesota Police, Peace Officers Association (MPPOA), and the Saint Paul Police Federation (SPPF) as well as the police departments of Minneapolis, Saint Paul, Duluth, Rochester, Bloomington, and Brooklyn Park. A representative from the AMC accepted the invitation to participate in the structured interviews but could not participate. The research team had a conversation with a AMC representatives in January 2023 where they offered thoughts on findings and trends. A MPPOA representative preferred not to be interviewed as they indicated they did not have the expertise on this topic and referred the research team to LELS and Meuser, Yackley & Rowland P.A. SPPF and the Minneapolis, Saint Paul, Rochester, and Bloomington police departments did not respond to interview requests. The Brooklyn Park police departments initially accepted the interview request, but canceled due to scheduling conflicts.

3.2 FINDINGS FROM CURRENT BENEFITS AVAILABLE TO MINNESOTA POLICE OFFICERS

This section discusses the findings based on the above referenced interviews from current disability and retirement benefits for police officers in Minnesota. The research team presents the factors that enhance and limit the adequacy of the disability benefits from workers' compensation, then the factors that enhance and limit the adequacy of the duty disability, total and permanent duty disability, and retirement benefits from the PERA P&F plan. Lastly, researchers present findings from both, workers' compensation and PERA P&F plan benefits when combined.

3.2.1 Disability Benefits from Workers' Compensation

Wage-Loss Benefits

Several employer representatives highlighted that workers' compensation is a wage replacement program, and once police officers return to work their benefits get reduced. Two stakeholders noted that given that the goal of this program is for workers to return to work, it is difficult to assess its adequacy. One stakeholder noted that while "the legislature has made a general rule of what reasonable compensation is," there may be arguments about what the reasonable compensation level should be.

Some stakeholders also noted that workers' compensation is an important safety net for injured police officers, particularly in the absence of a federal safety net. A police advocate noted that the benefits for police officers in Minnesota are unique in the country as they existed in some form since the 1880s, which predates the Social Security Act. Similarly, one employer representative remarked that the workers' compensation benefits are a bargain between active labor and employers to provide police officers with a no-fault compensation for work-related injuries (including wage loss and medical benefits), which gives the employer control over the costs.

One stakeholder argued that based on their experience working with other states, the workers' compensation benefits in Minnesota are one of the best in the country. This stakeholder believes that injured police officers are better-taken care of compared to most other workers. In addition, the stakeholder noted that the benefits are "exceedingly fair" as over the years the legislature has made significant changes to the system based on the advice of the Workers' Compensation Advisory Council.³⁶

Several factors enhance the adequacy of workers' compensation benefits that police officers receive. In terms of wage-loss benefits, these include presumptions in the law and tax advantages. Other benefits related to medical coverage and vocational rehabilitation are discussed later in the report.

³⁶ The Workers' Compensation Advisory Council (WCAC) addresses issues and recommends legislation pertaining to workers' compensation. It consists of 12 voting members (six representing organized labor and six representing Minnesota businesses), 10 of which are appointed by the governor, the majority and minority leaders of the Senate, and by the speaker and minority leader of the House of Representatives. The other two members are the presidents of the largest statewide Minnesota business organization and the largest organized labor association.

Presumptions in the law: Several employer representatives, as well as police advocates, noted that police officers are entitled to better benefits due to their inherently dangerous job duties. According to these stakeholders, there are presumptions in the law that provide for certain illnesses such as heart conditions, pneumonia, PTSD, and COVID-19 to be covered as work-related injuries. Based on these provisions in the law, these conditions are presumed to be related to job duties of police officers (for the majority of other employees, except as specifically mentioned in the statutes, there are no such provisions). For instance, a COVID-19 claim for a police officer is presumed to be related to their job, whereas a public works employee's claim will need to show evidence to prove whether it is work-related. However, several stakeholders mentioned that while PTSD is a presumption in the law, these claims are almost always denied. Three police advocates said that 99 percent of the PTSD claims are denied by workers' compensation insurers and self-insured employers.

Tax advantages: One employer representative argued that workers' compensation benefits are adequate as they are tax-free. This stakeholder argued that most injured officers receive two-thirds of their wages, and the remaining one-third that they do not receive is equivalent to taxes that they do not pay.

Conversely, several factors negatively affect the adequacy of workers' compensation benefits that police officers receive. These include the weekly maximum compensation cap, cost-of-living adjustments, fixed payments for permanent disabilities, accommodations for returning to work, and settlements.

Weekly maximum compensation cap: Some employer representatives noted that police officers with disability benefits may not recover all of their lost income due to the cap on the maximum weekly amount of benefits. According to one stakeholder, police officers typically earn higher salaries compared to other public employees given the risks they face. When claiming disability benefits, the benefit amount they receive is reduced due to the cap. And while most other workers may end up receiving two-thirds of their pre-injured salaries, police officers may not receive that amount. The stakeholder noted that the maximum compensation has increased substantially from 10 years ago when it was fixed at around \$850.

Cost-of-living adjustments: Some stakeholders assert that the workers' compensation COLA is not adequate for police officers. This is particularly important for officers that are totally and permanently disabled at a younger age and are prevented from engaging in any employment as the accumulated unadjusted wage is higher than the accumulated unadjusted wage of an officer that is injured at an advanced age. Another employer representative highlighted that the workers' compensation benefits increase annually with COLA, which they believe to be a substantial change from the past given that they did not have the COLA.

Fixed payments for permanent disabilities: According to a police advocate, officers get a one-time payment for loss of body function. However, these are not updated regularly.

Accommodations for returning to work: A police advocate argued that it is difficult for injured officers to access the TPD benefit because employers often deny accommodations. This denial hinders the capacity

of injured officers to attain pre-injury levels of income. Employer representatives noted that the cities strive to offer accommodations for workers that have engaged with a qualified rehabilitation consultant to find a new vocation within their department. However, they also recognize that in some cases accommodations do not work out. This happens, for example, when the departments are too small and cannot offer the accommodation or when the type of accommodation is not reasonable (e.g., if the officer is offered to work at night but has childcare issues). According to them, in these types of cases the injured officer can continue receiving workers' compensation.

Settlements: Settlements are a potential threat to the adequacy of the disability benefits police officers receive. Settlements are typically lump sum payments that are equivalent to the net present value of a sum of payments into the future. Given that these are future payments, there are several assumptions³⁷ that need to be made to bring them into a current amount. As such, there is a risk that the base scenario deviates from reality which affects the adequacy of the benefit received.

Some stakeholders believe that settled workers' compensation claims are adequate. For instance, some stakeholders representing employers argued that these benefits may be adequate given that police officers ultimately agree to the settlement. Another stakeholder noted that they have not heard any complaints about the adequacy of the settlements as these often occur after the police officer has already left the employment. Another stakeholder noted that police officers can file a petition to vacate the stipulation if there are any complaints with the amount (this petition is reviewed by a judge, who, if the petition meets the legal requirements, can reopen the settlement for determination or negotiation of additional benefits).

On the other hand, some stakeholders acknowledged that settled wage loss and medical coverage for injury claims may not be adequate. One stakeholder mentioned that settlements are not adequate when the injured worker's condition deteriorates over time. For instance, if a police officer suffers from soft tissue injury and neck pain due to a car accident and is offered \$200,000 in a settlement, this amount may be adequate for this type of injury. However, if the neck injury becomes a serious condition over time, the settled amount may not be adequate or last very long. In addition, once a claim is settled, police officers need to pay for the legal costs of representation. Attorney costs for filing a workers' compensation claim established by Minn. Stat. § 173.081 subdivision 1, are 20 percent of the recovered amount and contingent on the success of the claim. Lastly, some stakeholders argued that the settled amount for the medical coverage for the injury is lower than the present cost of health insurance until age 65.

Overall, there are several factors that contribute to the settlement of worker's compensation claims. These include the type of injury and issues related to the application process. One of the most important factors, mentioned by several stakeholders, is the type of injury. Some police advocates asserted that workers' compensation denies almost all claims that are not straightforward physical injuries (various stakeholders referred to them as "invisible" injuries). Stakeholders noted that certain

³⁷ Examples of assumptions include the inflation rate, years until death, and health conditions similar to current conditions.

injuries that are not straightforward, such as mental health (e.g., PTSD) or *Gillette* injuries,³⁸ are almost always denied. According to these stakeholders, claims related to these injuries often end in a settlement that is not sufficient for the officers.³⁹

Other factors are related to the application process mainly for injuries that are not straightforward, specific physical injuries. These include time limitations and documentation requirements, and costs of healthcare. First, several stakeholders noted that claims for injuries other than straightforward, specific physical injuries end up in settlements due to unattainable standards to prove disability. This was particularly mentioned in relation to PTSD claims.⁴⁰ Second, some stakeholders argued that medical coverage for work-related injuries is also often settled due to the cost of healthcare. One police advocate argued that health insurance companies strive to end their liabilities for disability after a period of time by offering a lump sum settlement to the injured officer. According to the stakeholder, this agreement “disavows the injured [officer] from the opportunity for future follow-up injury treatment,” which hinders their ability to claim workers' compensation if there is a future deterioration of their condition.

Medical Coverage and Vocational Rehabilitation Benefits

Some stakeholders also brought up the medical coverage and vocational rehabilitation benefits as some of the positive aspects of workers' compensation.

Medical coverage of injuries: One employer representative mentioned that the design of the system ensures that employees do not pay medical bills out of pocket for their work-related injuries. Some stakeholders recognized that the medical coverage provided while the claim is being processed is advantageous for the injured worker.⁴¹

Vocational Rehabilitation Benefits: Some employer representatives and a few police advocates identified retraining as a very valuable benefit of workers' compensation. They explained that if returning to their former position is not feasible or recommended by physicians, workers' compensation is responsible for bearing the costs of training the injured officer decides to pursue (including

³⁸ Gillette injuries are those resulting from cumulative effects of minute repetitive trauma over time. Some examples include back or leg pain from carrying heavy gear and equipment and hearing loss from loud sirens.

³⁹ One stakeholder noted that police officers are now utilizing third parties like the Invisible Wounds Project to access psychological treatment due to fear of being fired by their employer if they seek help for this type of illness.

⁴⁰ An employer representative noted employers have around 10-14 days to respond to a workers' compensation claim. However, for mental health-related issues, the employer needs more time to review the claim and ensure submitted documentation is appropriate. Similarly, a police advocate argued that PTSD claimants are required to establish PTSD within 15 days, and it takes an average of 30 days to accomplish this. Another police advocate mentioned that these workers' compensation claims are denied without sufficient investigation or due diligence.

⁴¹ During the workers' compensation litigation process (for a claim where primary liability has been denied), group health insurance provides medical coverage to the injured officer.

undergraduate and graduate degrees). However, police advocates argued that accessing this benefit is difficult due to the adversarial nature of the process.⁴²

In addition, some police advocates noted that returning to employment is often difficult for officers with mental health issues. For instance, one police advocate argued that employers may not (re)hire officers with a PTSD background because of the fear that they may become a criminal, civil, and financial liability. On the other hand, some employer representatives assert that in the event of an injury, they try to retrain and employ the injured officer. These stakeholders argue that while they offer reasonable accommodations to enable injured officers to return to work, some officers with mental health-related conditions may not want to return to work.⁴³

3.2.2 Duty Disability Benefits from PERA P&F Plan

Some employer representatives, as well as police advocates noted that PERA disability benefits are an important safety net for officers who become injured in the line of duty. One police advocate noted that this is particularly true for first responders injured in the line of duty who do not have the education or experience to enter the workforce in a different profession. This stakeholder also noted that in the absence of Social Security benefits, total and permanent disability is especially important for catastrophic injuries that prevent injured officers from returning to work in any capacity. Similarly, some stakeholders noted that PERA duty disability benefits are non-adversarial. A police advocate noted that this is an important element of the PERA duty disability benefit as it does not put an injured officer through an adversarial process of litigation.

Some stakeholders also noted some advantages of the retirement benefits of the PERA P&F plan. These include the possibility of retiring with up to 100 percent of the wage and the age of retirement. A police advocate noted that high member contributions⁴⁴ to their PERA pension enables the fund to provide for retired officers up to 100 percent of their wage until their death. For instance, if an officer earns \$100,000 annually and works for 33.3 years until age 55, they will receive this amount as a pension until

⁴² A police advocate mentioned that if workers' compensation denies vocational rehabilitation, officers still can receive retraining by applying for the Department of Labor and Industry's Vocational Rehabilitation Unit (VRU).

⁴³ One stakeholder noted that increasing disability rates have particularly hit smaller departments that have had to shut down due to officers not returning to work. Several stakeholders brought up the HF 4026 bill introduced in March 2022 that aimed to amend the 299A provisions for continued healthcare benefit as a solution to this issue. According to some employers, if such a bill passes, it has the potential to remove some of the incentives for workers to not seek treatment for mental illness and return to work. According to police advocates, the bill is pervasive as it would require a prescribed treatment for PTSD, while there is no other injury in which an employer would interfere in the relationship between a patient and a doctor.

⁴⁴ Some stakeholders noted that high member and employer contributions to the PERA P&F fund is advantageous to officers because it instills the discipline to save for retirement that other workers may not have. One employer representative noted that employer contributions for police officers are 17 percent, while these are 7.5 percent for other public employers. Similarly, police officers contribute 11.8 percent, while other employees contribute 6.5 percent to their pension fund. According to one stakeholder, the difference in contribution levels recognize that police officers do not pay into Social Security.

their death. In addition, PERA provides survivor benefits that provide a high percentage of the officer's wage to their beneficiaries in the event of their death. Similarly, another stakeholder noted that police officers have an earlier retirement age (55 years) for an unreduced benefit compared to other employees in the General Plan (66 years).

Several factors enhance the adequacy of the duty disability benefits from the PERA P&F plan that police officers receive. These include the overtime incorporated in the base salary, tax advantages, and lifetime benefits.

Overtime incorporated in the base salary: Some stakeholders pointed out that the overtime wage is considered in the calculation of PERA benefits, which increases the benefit levels for disabled officers. For instance, one stakeholder discussed that an officer with a base salary of \$60,000 could file for a disability benefit with a base salary of \$100,000 due to their overtime wages. Similarly, if a police officer has a secondary employment with another agency that also contributes to the PERA P&F plan, the income earned through this employment would be considered in the PERA benefit calculation. According to PERA, while overtime is considered in the base salary used for the calculation of PERA benefits, one year of overtime is mitigated by the high five average salary used to determine the benefit.

Tax advantages: Some stakeholders argued that PERA duty disability benefits are adequate, from their perspective, given that they are tax-exempt. One stakeholder asserts that a 60 percent tax-free compensation, without having to contribute to health insurance, may provide disabled police officers with more income than prior to their injury. Therefore, according to them, if a disabled police officer is receiving benefits that are close to their pre-injury wage, the benefits are adequate. The stakeholder noted that they have not experienced workers complaining about the adequacy of the benefits. However, a police advocate argued that while the benefits are tax-exempt, it is not advantageous for totally and permanently disabled officers. This stakeholder argued that given how low the household income of some of these injured officers is, there is a gap between the effective tax rate and the tax advantage these benefits provide. Furthermore, this advocate argued that this is particularly disadvantageous for officers permanently injured at a young age given that having tax-exempt benefits does not compensate for volume of the income wage loss.

Lifetime benefits: Some stakeholders noted that the PERA P&F plan is the only plan that covers police officers from their first day on the job, and provides long-term compensation for young officers. If an officer becomes injured in their 20s, they receive benefits for life.

Other factors hinder the adequacy of the duty disability benefits from the PERA P&F plan that police officers receive. These include the base salary for young officers, COLA, legal costs of consultations, and lack of income while waiting for a determination. Some stakeholders also provided insights about the adequacy of the PERA P&F Fund. These insights are provided in Appendix C.

Base salary for young officers: Many stakeholders argued that PERA total and permanent duty disability benefits are not adequate for officers who become disabled at a young age or early in their careers and cannot engage in any gainful employment. According to these stakeholders, given that total and permanent duty disability is based on income prior to the disability, it does not consider lifetime earnings that police officers could earn in the future. The stakeholders believe that the base salary considered for the calculation of the benefits does not recognize the potential police promotions that the officer would have qualified for, had the injury not occurred. According to some stakeholders, there is a clear track for promotion in the police force, although career progression is not guaranteed. For instance, an officer joining the force in their 20s will have the opportunity to qualify and be promoted, and thus augment their income. However, once they are disabled early in their careers, they lose the opportunity to be promoted, and thus, they are frozen into the base salary for the rank they were in at the time of injury. One police advocate mentioned that some police officers stay in the lower level of the ranks, but they have salary raises due to tenure and other salary increase considerations particular to each police department. Furthermore, this stakeholder noted that during the last 10 years of their careers officers make an effort to increase their high five salary by doing more overtime. This is an opportunity that officers injured at a young age would miss. According to PERA, overtime is not higher near retirement and is relatively consistent at all ages.

PERA notes that for members with duty disability who are able to return to other employment, the income threshold rises with average wages for that position to 125 percent.

Cost-of-living adjustments: Some stakeholders noted that COLA affects the adequacy of the benefits received. One stakeholder argues that given the current economic situation and the Social Security COLA of 8.7 percent for 2023, the PERA disability benefits are inadequate. The stakeholder also acknowledged that raising the COLA to 8 or 9 percent would be a very expensive proposition and not feasible.

Similarly, some police advocates argued that COLA affects the adequacy of the benefits received by retired officers. A stakeholder argued that according to the Legislative Commission on Pensions and Retirement's Principles of Pension Policy, retirement benefits for public employees should be adequate, defined as being inflation-protected (LCPR, 2022). However, the one percent COLA for PERA disability and retirement benefits is not an inflation-protected measure. A police advocate mentioned that, when changes were made to the plan, it would have been better to implement a 13th check⁴⁵ COLA rather than setting it to one percent. According to them, the one percent COLA has proven inadequate during times of high inflation.

Legal costs of consultations: Some of the police advocates argued that the legal cost of accessing the benefits hinders the adequacy of PERA duty disability benefits. One stakeholder noted that the PERA process is opaque and complex,⁴⁶ which makes it difficult for the officers to access the benefits on their

⁴⁵ The 13th check refers to a check that is in addition to the 12 monthly checks officers receive. Some pension systems may issue a 13th check to its pensioners at the end of the fiscal year depending on the returns of the fund. Some pension systems set a minimum amount so that the pensioners always receive an increase.

⁴⁶ This stakeholder highlighted the lack of sufficient and consistent information about the process to officers as factors that contribute to the denial of benefit claims. For instance, the PERA P&F plan provides benefits for up to

own. According to this stakeholder, the complexity of the process forces officers to hire an attorney. They argued that, “it should not be that difficult to get the benefits [officers] are entitled to”. The stakeholder noted that law firms can charge \$8,000 for the initial determination of PERA benefits, and \$5,000 to appeal the determination if the benefit is denied. However, PERA notes that Minn. Stat. § 353.031 governs the process and the statute does not require an attorney to complete the process.

Lack of income while waiting for a determination: According to some police advocates, police officers do not have an income while waiting for a determination⁴⁷ and have to deplete their sick time, vacation time, savings, use short-term disability benefits (if available), and in some cases incur debt to be able to continue meeting their obligations, all while not knowing if they are going to receive the disability benefits. While there are retroactive payments, they are not available during the waiting period and may not be sufficient to cover all the costs incurred (particularly interests of any loans due to the disability), which hinders the adequacy of the benefits when needed.

3.2.3 Adequacy of Workers’ Compensation and PERA P&F benefits combined

Some stakeholders representing employers argued that in assessing the adequacy of disability benefits, their stacking, and tax treatment should be considered. Stakeholders stated that when a police officer receives workers’ compensation and PERA duty disability benefits, they may get their preinjury wage if not better. Similarly, another stakeholder mentioned that when receiving both benefits, it is as if they were paid twice for the same injury, which is a burden to employers and taxpayers. According to the stakeholder, this is particularly concerning as the number of disability claims has skyrocketed in recent years. However, these perspectives do not consider the application of offsets.

According to some police advocates, the stacking of benefits is a temporary benefit. They argued that given that the benefits are subject to offset, officers end up receiving a lower benefit once workers’ compensation or PERA applies the offset. On the other hand, some stakeholders argue that having an offset on the maximum benefit amount is a reasonable measure. One police advocate argued that the workers’ compensation should compensate injured workers, but not incentivize them to earn more than their pre-injury wage.⁴⁸ According to this stakeholder, if an injured officer settles a workers’

90 days retroactively from the date the application was filed or the last day the officer received salary from their employer, whichever is more recent. However, if an officer is called for subpoena and gets paid a small amount of compensation, they are provided with different and contradicting information as to whether the date of this payment is considered in PERA’s retroactive payment. According to PERA, employers specify the salary eligible for PERA contributions. In this case, if the compensation provided for the subpoena is eligible for PERA contributions, it would impact when the benefit can be paid.

⁴⁷ According to one stakeholder, the length of the process to file and receive PERA benefits is a main issue.

According to PERA, the current processing time is between 3 to 4 months, depending on the application. However, the stakeholder mentioned that it takes between six to nine months to process a disability claim, which includes the time to prepare the necessary documentation such as medical records, and medical provider opinion.

⁴⁸ Conversely, another stakeholder claimed that getting injured officers to return to work and offsetting the benefits create savings for the pension system. This interviewee explained that the fund has resources to cover the costs of disability retirement. The funding mechanism assumes that not all members will retire.

compensation claim, the amount of the settlement may exceed 100 percent of the worker's pre-injury wage. However, the amount of the settlement takes into account wage-loss as well as the medical coverage for the injury.

3.2.4 Additional Factors affecting the Adequacy of Disability Benefits Perceived by Employee Advocates

Police advocates highlighted additional factors that affect the adequacy of disability benefits for police officers. These include outside employment and special assignments for other non-PERA employers, and additional burden due to the disability.

Outside employment and special assignments for other non-PERA employers: Some police advocates argue that PERA disability benefit does not account for the worker's loss of income from other employment, which affects the adequacy of their benefits. For instance, if a police officer supplements their income by working off duty (such as a security guard or teacher), in the event of a disability, PERA does not account for this income in the calculation of their average high-five salary. However, officers do not contribute to the PERA P&F plan for this additional income and do not qualify to receive PERA benefits for it (they might qualify for Social Security benefits if they declare this income). One stakeholder acknowledged that any income from other employment while receiving PERA benefits would be considered in the offset.

For workers compensation, the average weekly wage includes the wage of the employee in the employment engaged in at the time of injury. This excludes tips and gratuities (not accounted for by the employee to the employer). If, at the time of injury, the employee was regularly employed by two or more employers, the employee's earnings in all such employments must be included in the computation of daily wage (Minn. Stat. § 176.011, subd. 8a).

Additional burden due to the disability: Several stakeholders highlighted the additional financial, mental, and emotional burdens of a disability on the injured officers and their families. Some police advocates argued that disability benefits may be inadequate when considering the financial burden that families of injured workers have to bear. A police advocate provided an example in which the spouse of an injured worker had to quit their job to care for their partner. One stakeholder noted that workers' compensation disability benefits are not designed to cover the family needs, especially if the household used to function on a dual income prior to the injury. Similarly, according to another stakeholder, for officers who become disabled at a young age, the benefits may not be adequate as their economic needs change as they mature and begin to have families and other financial obligations. Other stakeholders noted that the complexity of the process to access benefits involves a lot of uncertainties for disabled officers and their families, which adds to their mental and emotional burden.

3.3 OTHER BENEFITS AVAILABLE TO MINNESOTA POLICE OFFICERS

In addition to the workers' compensation and PERA P&F disability and retirement benefits, police officers may receive other benefits due to their disability. These include the Public Safety Officers' Benefit program from the federal government, Social Security, continued healthcare coverage, and other benefits from their employers.

Public Safety Officers' Benefit Program (PSOB): Provides a one-time federal disability benefit provided by the Department of Justice. The lump-sum is annually adjusted and it was \$389,825 for fiscal year 2022 and \$422,035 for fiscal year 2023 per catastrophically injured officer (or per family if the officer dies) (BJA, 2022; Congressional Research Service, 2022). The program also provides death benefits to surviving families of public safety officers who died in the line of duty and support for higher education to surviving families (eligible spouses and children) of public safety officers who died in the line of duty or were catastrophically disabled⁴⁹ in the line of duty (Bureau of Justice Assistance, 2019). Injured officers or their surviving families have three years from the date of injury to apply. To apply, officers must be permanently totally disabled and have a certification of receiving the maximum pension allowed. This benefit does not offset any other benefits the officer receives. The benefit has recently been expanded to include consideration of claims related to PTSD after exposure to a traumatic event, in certain situations.⁵⁰

Social Security Benefits: A few stakeholders mentioned that some officers might receive Social Security benefits. Some officers may have worked in other jobs prior to or beside their appointment as police officers. As such, they were required to contribute to Social Security and therefore receive these benefits at retirement age.

Veterans Affairs (VA) benefits: Police officers who served in the military prior to their employment in law enforcement are eligible for VA benefits. Veterans may receive a wide variety of benefits, including disability compensation for an illness or injury acquired during service, education benefits through the G.I. Bill, home loan assistance, and life insurance for the veteran and their family members (U.S. Department of Veterans Affairs, 2022). Veterans are also eligible for healthcare benefits if they received an honorable discharge from the military and the level of coverage is dependent on factors such as disability status and post-service income (U.S. Department of Veterans Affairs, 2022). All veterans are able to access mental health care regardless of their discharge status, service history, or eligibility for VA healthcare (U.S. Department of Veterans Affairs, 2022).

⁴⁹ According to the U.S. Department of Veterans Affairs, a person catastrophically disabled has a severely disabling injury, disorder or disease that permanently compromises their ability to carry out the activities of daily living. The disability must be of such a degree that a person requires personal or mechanical assistance to leave home or bed, or require constant supervision to avoid physical harm to themselves or others (United States Department of Veterans Affairs, 2011).

⁵⁰ Data and information on PSOB claims are available at: <https://bja.ojp.gov/doc/psob-fact-sheet.pdf> (Bureau of Justice Assistance Fact Sheet, Public Safety Officers' Benefits Program) and <https://bja.ojp.gov/program/psob/psob-data>. PSOB benefits were expanded in the Public Safety Officer Support Act of 2022, 117th Congress (2021-22), <https://bja.ojp.gov/program/psob/psob-data>.

Continued healthcare coverage: Under Minnesota Statutes section 299A.465, police officers disabled in the line of duty are automatically eligible for continued healthcare coverage through their employer. The employer is responsible for paying their portion of the premiums until age 65 or until the disabled officer becomes eligible for Medicare.⁵¹ Similarly, coverage for the dependents must continue until the officer reaches age 65 (or if deceased, would have reached age 65). A police advocate remarked that while the statute mandates continued health coverage for injured officers, it does not specify the type of coverage that the employers should provide. This interviewee shared an example of an injured worker who, upon becoming totally and permanently disabled, was affected by a change of insurance plans by their employer. In this case, the municipality switched to a high deductible health plan, and provided active employers with supplemental money to cover the deductibles. However, it did not offer that to its disabled police officers who have to bear the costs of high insurance premiums.

In addition, some police advocates argued that despite the statute providing for continued health coverage, employers often dispute their entitlement to this benefit. According to these stakeholders, these disputes ultimately result in settlements that are not adequate. A police advocate argued that the cost of the litigation and risk of losing the case are barriers to continuing with the litigation process.⁵² The stakeholder also noted that due to a recent change to the tax code, health benefits settlements are taxable.⁵³ According to this stakeholder, an injured officer may accept a healthcare settlement that would be much lower compared to its net present value of the total employer contribution to their health insurance, which would further be reduced after paying attorney fees, court fees, and taxes. Some employer representatives remarked that typically injured officers or their representatives prefer to receive a settlement rather than continued healthcare coverage.

Conversely, employer representatives perceive the continued healthcare benefit as one of the factors contributing to increased disability claims, in particular for mental health-related issues. For instance, they argue that officers with disability will continue receiving this benefit at the same level as active employees, regardless of their ability to return to any other employment and without making any contributions (for those on a single plan). However, police advocates noted that injured police officers continue paying their healthcare premium, but the contributions depend on the employer's plan.

Benefits from Police Department: In some localities, police officers may receive additional benefits from their employers depending on the employer and collective bargaining agreements if they return to work. Some police officers may receive a dollar amount from their departments to recover up to two-

⁵¹ Some employer representatives argue that the cost of providing healthcare coverage for disabled officers and their dependents has negative financial implications for them. According to these stakeholders, it is difficult for municipalities to keep up with the costs of this benefit. Between 2010 to 2017, the Department of Public Safety (DPS) funding gap to reimburse employers for the cost of paying the premium increased from 49.5 to 66.4 percent (DPS, 2022). Some employer representatives also claimed that they were responsible for continued healthcare coverage for officers and their dependents even if they had waived their coverage (researchers, however, could not corroborate this information).

⁵² According to one police advocate, the cost of the litigation is evenly divided between the employer and the employee.

⁵³ According to the IRS, settlements for emotional distress and personal anguish (such as PTSD) are taxable if they do not originate from a physical injury (US codes §104(a)(2) and §105(a)).

thirds of their wage.⁵⁴ For instance, the collective bargaining unit in the City of Saint Paul provides that injured officers get their full salary with the department making up for the portion that the workers' compensation does not. This is called 12/10 wages, and can only be provided for up to 12 months for an officer who is injured on the line of duty. This benefit applies only after the officer has depleted their sick leave (City of Saint Paul, 2021b).

According to a police advocate, employers often deny accommodations and officers cannot access the benefit. This denial hinders their capacity to attain pre-injury levels of income.

3.4 SUMMARY OF BENEFITS AVAILABLE TO MINNESOTA POLICE OFFICERS

According to a police advocate, injured officers who become totally and permanently disabled (and their families) receive comparatively fewer benefits than officers with less severe injuries and those who die in the line of duty. This stakeholder shared anecdotes on how catastrophically injured workers often become suicidal as they realize they have become a financial burden on their families.

Table 3-1 lists the benefits stakeholders identified as available to officers and their families based on the severity of their injury. For the purpose of this analysis, the types of disability contemplated in workers' compensation have been aggregated into three categories: non-catastrophic injury, catastrophic injury, and killed in the line of duty. Non-catastrophic injuries are those in which the officer is able to return to the workforce including an injury that causes a temporary disability or a permanently partial disability. Catastrophic disability refers to when the officer is totally and permanently disabled and is not able to return to work.

⁵⁴ According to the stakeholder, the income from the department is not considered towards the offsets.

Table 3-1 Benefits available by extent of injury

Benefits	Non-catastrophic injury	Catastrophic injury	Killed in the line of duty
Workers' Compensation	-Medical coverage for the injury -Wage loss replacement: -Temporary total disability -Temporary partial disability -Permanent partial disability -Vocational rehabilitation	-Medical coverage for the injury -Wage loss replacement: -Permanent total disability -Permanent partial disability	-Depends on the number of dependents (spouse and children) at the time of death -Burial expenses up to \$15,000
PERA Benefits	-Duty disability benefits (3) - Regular disability benefits (4)	-Total and permanent duty disability benefits -Total and permanent regular disability benefits (4)	-For survivors designated by the officer before death (spouses are default survivors)
Employer benefits (1)	-Continued healthcare coverage (may include family coverage)	-Continued healthcare coverage (may include family coverage)	-None
Voluntary individual benefits (2)	-Additional life insurance -Spouse and child life insurance -Short term disability -Long term disability	-Additional life insurance -Spouse and child life insurance -Short term disability -Long term disability	-Additional life insurance
State benefits for survivors	-None	-None	-\$100,000 one-time cash assistance from Commissioner of Public Safety -Tuition-free college for colleges in Minnesota only
Federal benefits	-None	-Public Officers Benefits Program (PSOB)	-Public Officers Benefits Program (PSOB)
Others	-None	-None	-100 Club: up to \$3,500 -Crime Victim Reparations Board: funeral, burial or cremation, medical bills, contributions of money, etc. -MPPOA: \$5,000 death benefit

			-Concerns of Police Survivors: scholarship up to \$2,000 per semester (maximum \$16,000)
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Notes: (1) These benefits vary depending on the employer benefits package. (2) Benefits that officers acquire voluntarily. The length and monetary amount depend on specific plans. (3) Cannot return to the same type of job. (4) These benefits apply when they are not in the line of duty.

CHAPTER 4: ADEQUACY OF DISABILITY BENEFITS AND ANALYSIS OF ALTERNATIVE BENEFIT SCENARIOS

This chapter presents an analysis of the factors that threaten the adequacy of disability benefits mentioned by the different stakeholders interviewed and a scenario analysis. Factors considered in the analysis of workers' compensation include the tax exemption of benefits, the weekly maximum compensation, the cost-of-living adjustment (COLA), and fixed payment amounts for permanent disabilities. Factors considered in the analysis of PERA benefits also include the tax exemption of the benefits and the COLA. Researchers also include the offsets that apply when officers receive both benefits.

4.1 METHODOLOGY AND DATA

The Department of Labor and Industry and the Public Employees Retirement Association provided information about the disability claims of police officers through the workers' compensation and the PERA P&F plan. DLI provided workers' compensation claims for 2015-2019, with indemnity benefit payments reported through Sept. 30, 2021. Data for the PERA P&F benefits correspond to the 2015-2021 period. These data periods were chosen to assure for maturity of claims and to minimize the impact of COVID-19 workers' compensation claims on the data. Appendix D provides the list of variables included in the dataset. For the analysis, the research team annualized the weekly wage provided by DLI and the high-five monthly earnings provided PERA.

4.2 ADEQUACY OF DISABILITY BENEFITS

4.2.1 Workers' Compensation Disability Benefits for Police Officers

The workers' compensation dataset provides information about 1,302 police officer claims filed between 2015 and 2019.⁵⁵ Table 4-1 presents statistics on workers' compensation benefits for police officers. Injured police officers filing workers' compensation claims during this period were 20 to 71 years of age, with an average of 40, and had been in their jobs for an average of 12 years (tenure).

⁵⁵ Stakeholders noted they have experienced increased workers' compensation claims since 2020 that is not captured by this data. Police officer claims increased in 2020 due to the COVID-19 presumption and a rise in PTSD claims. See Appendix E for further information on trends in PTSD claims. Further information, including trend data, is provided in the Minnesota Workers' Compensation System Report (November 2022), available at <https://www.dli.mn.gov/sites/default/files/pdf/wcfact20.pdf>. Specific information on COVID-19 claims may be found in the January 15, 2021 report, Minnesota's workers' compensation response to COVID-19, available at https://www.dli.mn.gov/sites/default/files/pdf/MN_work_comp_response_to_COVID-19.pdf. Specific information on PTSD claims is available in the December 2021 issue of COMPACT, page 6, available at <https://www.dli.mn.gov/sites/default/files/pdf/1221c.pdf>.

Table 4-1 Statistics of workers' compensation for police officers (accepted indemnity claims only)

	2015	2016	2017	2018	2019 (2)
Number of claims	253	369	253	263	264
Number of claims with settlements	37	40	38	34	9
Average age when injured	40	41	40	41	40
Average years of job tenure	11	12	11	12	11
Average annual pre-injury wage (1)	\$71,063	\$75,400	\$74,863	\$80,070	\$81,761
Married (percentage)	66.8%	68.9%	61.8%	71.5%	60.9%

Note: Number of claims and settlements by year of injury as of September 30, 2021. (1) Wages at current prices. (2) The number of settlements for 2019 is likely low because of the attenuated time period for the settlement process to complete for some claims.

According to DLI, the majority of workers' compensation claims are filed for injuries that result in only medical benefits (DLI, 2022a). These involve three days or fewer of disability and on average have medical costs of about \$1,200.

The following are factors identified by different stakeholders that might threaten the adequacy of disability benefits. Factors considered in the analysis of workers' compensation include the tax exemption of benefits, the weekly maximum compensation cap, the cost-of-living adjustment (COLA), and fixed payment amounts for permanent disabilities. It is important to note that these factors could also impact the adequacy of benefits received by other injured workers in Minnesota.

Tax-Exempt Benefits

The compensation police officers receive from workers' compensation is two-thirds of the pre-injury salary, with the assumption that about one-third would have been paid as a tax. The research team calculated the effective income tax rate police officers would have paid given their pre-injury salaries and assumed a tax filing in single status for all of them. This is a strong assumption given that more than 60 percent of injured police officers are married. The research team does not have information to

simulate jointly filed taxes, which may lead to lower effective rates.⁵⁶ The effective income rate considers the federal and MN state taxes (Appendix F presents the tax brackets used for the calculation).

Figure 4-1 presents the effective income tax rate for injured police officers receiving workers' compensation benefits assuming they filed their taxes as single individuals. Injured police officers would have paid between zero and 24.6 percent of their salary in income tax, with an average of 16.3 percent (11.8% in federal tax and 4.5% in MN state tax). Prior to the injury, injured police officers would have paid, on average, 16.3 percent in federal and state income tax, and 11.8 percent in contributions to the PERA P&F plan. The two together add up to 28.1 percent, which is five percentage points lower than the one-third not paid by workers' compensation. The difference might be explained by the argument that workers' compensation does not replace the full wage as a way to incentivize workers to return to work (based on the literature reviews and on stakeholders' insights).

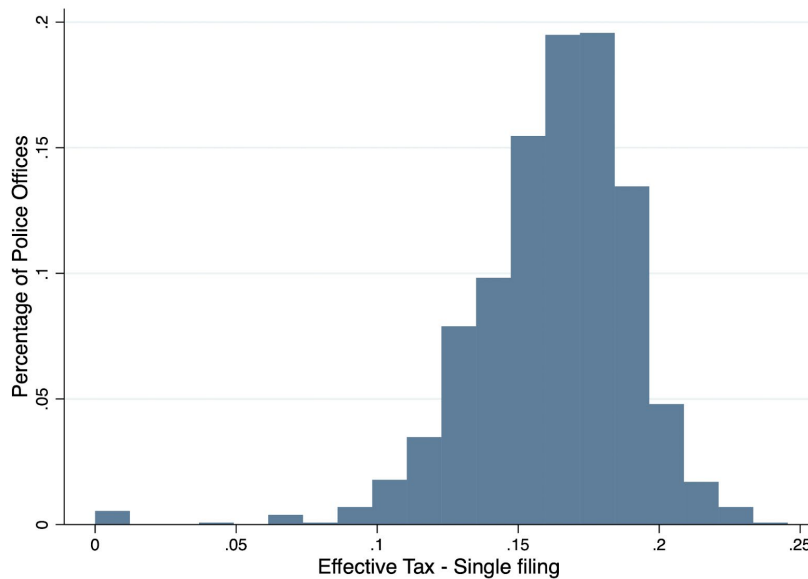


Figure 4-1 Effective federal and MN state income tax rate

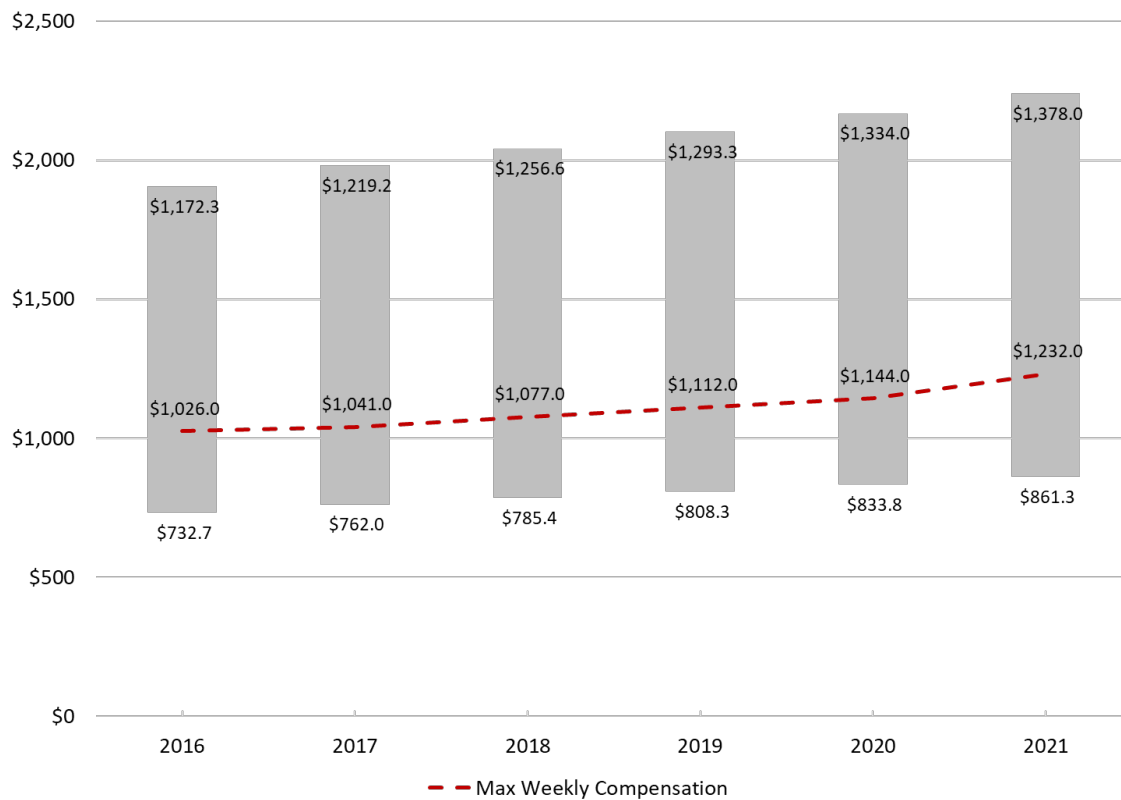
Weekly Maximum Compensation Cap

The maximum weekly compensation limits the effective amount police officers receive as a disability benefit (DLI, 2022b). As of June 2021, officers in the PERA P&F plan had a weekly average salary of \$1,723 (LCPR, 2021). On average, the maximum weekly wage was 20 percent higher (\$2,067), and the

⁵⁶ For those filing income taxes jointly: (1) If the spouses earn similar incomes, the effective income tax rate would likely be similar. (2) If the spouse earns a lower salary than the officer, the effective income tax rate would likely be smaller. (3) If the spouse earns a higher salary than the officer, the effective income tax rate would likely be higher.

starting weekly wage was 25 percent lower (\$1,292) (see Appendix G for salary ranges for police officers across Minnesota).

According to interviewees, the salary of police officers is higher compared to other public employees as they face a higher risk. Therefore, the maximum weekly compensation cap limits the disability benefits they receive. Figure 4-2 shows two-thirds of the maximum and minimum average weekly salaries for the 2016-2021 period (in the gray bars) and the weekly maximum compensation allowed from workers' compensation (in the red dashed line). As shown in the figure, police officers earning more than the weekly maximum compensation cap receive an effective disability benefit that is lower than two-thirds of their pre-injury wage, which threatens the adequacy of the disability benefits they receive.

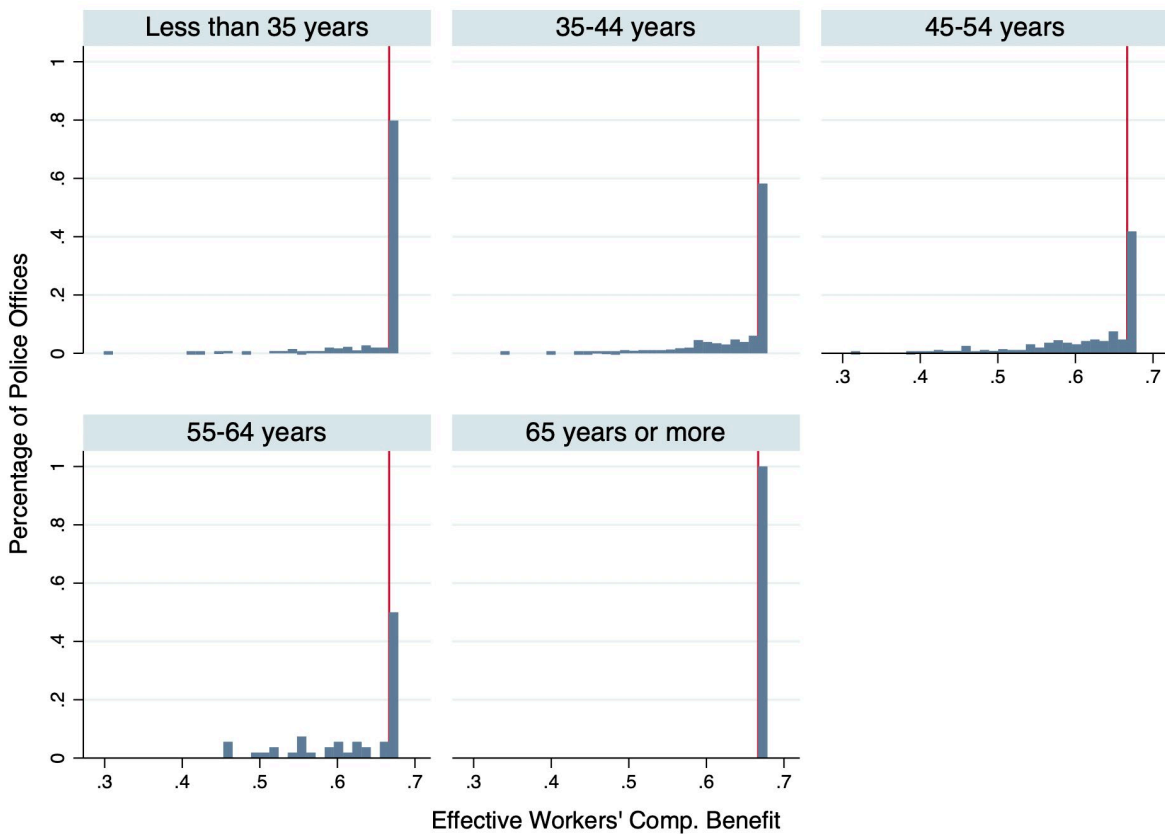


Note: Average earnings of PERA P&F officers converted to weekly earnings. **Source:** (DLI, 2022; LCPR, 2021; OLA, 2021)

Figure 4-2 Average weekly earnings of PERA P&F officers vs weekly maximum workers' compensation

The weekly maximum compensation affects mostly police officers in their mid-career. Figure 4-3 presents the effective weekly workers' compensation benefit by age group. The statistics in this graph assume that all police officers that claim workers' compensation for disabilities occurring between 2015 and 2019 would have received permanent or temporary total disability benefits. By comparing the weekly benefits officers were entitled to (two-thirds of their preinjury salary) with the actual weekly amount received (whichever is less between two-thirds of the preinjury salary and the weekly maximum

compensation), the statistics suggest that a fairly high percentage (about 63.5%) of the police officers would have been entitled to an effective weekly compensation equivalent to two-thirds of their pre-injury salary. For the remaining 36.5 percent, the effective weekly compensation would have been lower (with a minimum of 29.9% of their pre-injury wage). When divided by age group, a higher percentage of police officers younger than 35 years and older than 65 years would have received an effective weekly compensation equivalent to two-thirds of their pre-injury salary compared to those between 45 and 64 years (58.2% of officers with ages 45-54 and 50.0% of officers with ages 55-64 received less than two-thirds of their pre-injury salary).



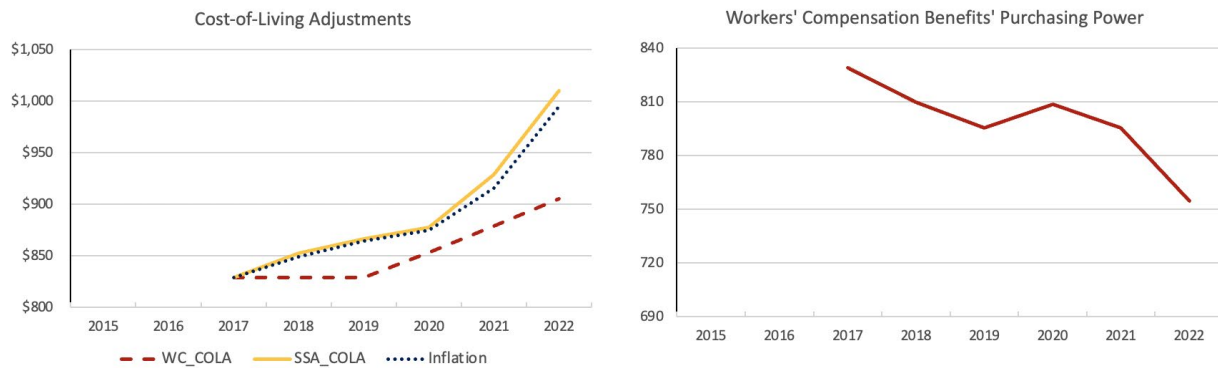
Note: Red line presents the maximum effective compensation rate.

Figure 4-3 Effective weekly workers' compensation rate by age group

Cost-of-living Adjustments

Workers' compensation disability benefits are losing purchasing power as they do not increase at the same rate as prices are increasing. As with other injured workers, this affects the adequacy of benefits for police officers with long-term disabilities (more than 52 weeks). Figure 4-4 presents an example of a police officer who was injured in 2017, with weekly benefits equal to two-thirds of their pre-injury

weekly salary. The panel on the left presents the benefits adjusted by the workers' compensation COLA (WC_COLA) determined by DLI, COLA determined by the Social Security Administration (SSA_COLA), and inflation (given by the annual change in the consumer price index - CPI). The panel on the right presents the officer's purchasing power over time. In this example, the police officer started receiving about **\$830** as weekly compensation in 2016. The purchasing power of this officer decreases in 2018 and 2019 as there is not any COLA until the third anniversary date. In 2020, there was a slight improvement in the purchasing power given that the COLA was higher than the inflation. After that, the loss keeps increasing due to the high inflation experienced. In 2022, the officer is receiving a benefit that in constant prices is equivalent to **\$754.50**.



Source: WC COLA from (DLI, 2022). SSA COLA from (Social Security Administration, 2022a). Inflation from (FRB, 2022).

Figure 4-4 Cost-of-living adjustments and purchasing power

Fixed Payments for Permanent Disabilities

Workers' compensation provides a one-time benefit, which can be paid weekly or in a lump sum, for workers with permanent disabilities based on a fixed amount determined by statutes and the percentage of functional loss of use of the body. However, the amount has remained the same since 2018. Table 4-2 provides the amounts if adjusted annually by inflation. Officers that suffered a permanent disability after 2018 have received a comparatively lower benefit than those injured in 2018 given that the amount has not been adjusted by inflation.

Table 4-2 Amounts for permanent disabilities adjusted by inflation

Impairment Rating (percent)	2018 (1)	2019 (2)	2020 (2)	2021 (2)	2022 (2)
less than 5.5	\$ 78,800	\$ 80,691	\$ 82,144	\$ 83,129	\$ 87,036

5.5 to less than 10.5	\$	84,000	\$	86,016	\$	87,564	\$	88,615	\$	92,780
10.5 to less than 15.5	\$	89,300	\$	91,443	\$	93,089	\$	94,206	\$	98,634
15.5 to less than 20.5	\$	94,500	\$	96,768	\$	98,510	\$	99,692	\$	104,377
20.5 to less than 25.5	\$	99,800	\$	102,195	\$	104,035	\$	105,283	\$	110,231
25.5 to less than 30.5	\$	105,000	\$	107,520	\$	109,455	\$	110,769	\$	115,975
30.5 to less than 35.5	\$	115,500	\$	118,272	\$	120,401	\$	121,846	\$	127,572
35.5 to less than 40.5	\$	126,000	\$	129,024	\$	131,346	\$	132,923	\$	139,170
40.5 to less than 45.5	\$	136,500	\$	139,776	\$	142,292	\$	143,999	\$	150,767
45.5 to less than 50.5	\$	147,000	\$	150,528	\$	153,238	\$	155,076	\$	162,365
50.5 to less than 55.5	\$	173,300	\$	177,459	\$	180,653	\$	182,821	\$	191,414
55.5 to less than 60.5	\$	199,500	\$	204,288	\$	207,965	\$	210,461	\$	220,352
60.5 to less than 65.5	\$	225,800	\$	231,219	\$	235,381	\$	238,206	\$	249,401
65.5 to less than 70.5	\$	252,000	\$	258,048	\$	262,693	\$	265,845	\$	278,340
70.5 to less than 75.5	\$	278,300	\$	284,979	\$	290,109	\$	293,590	\$	307,389
75.5 to less than 80.5	\$	330,800	\$	338,739	\$	344,837	\$	348,975	\$	365,376
80.5 to less than 85.5	\$	383,300	\$	392,499	\$	399,564	\$	404,359	\$	423,364
85.5 to less than 90.5	\$	435,800	\$	446,259	\$	454,292	\$	459,743	\$	481,351
90.5 to less than 95.5	\$	488,300	\$	500,019	\$	509,020	\$	515,128	\$	539,339
95.5 up to and including 100	\$	540,800	\$	553,779	\$	563,747	\$	570,512	\$	597,326

Notes: (1) Amounts from Minn. Stat. § 176.101 as of 2018. (2) Inflation from (FRB, 2022).

4.2.2 Duty Disability and Total and Permanent Duty Disability Benefits from PERA P&F for Police Officers

The PERA dataset has information for 837 police officers that started receiving duty disability or total permanent duty disability benefits between 2015 and 2021.⁵⁷ Of them, 823 receive duty disability (98.3%) and 14 receive total permanent duty disability (1.7%). Table 4-3 presents statistics on duty disability and total and permanent duty disability benefits for police officers. The number of duty disability claims has increased over time, and the spike in 2020 can be explained by the COVID-19 pandemic and the events around the George Floyd protests.

Table 4-3 PERA duty and total and permanent duty disability benefits for police officers

	2015	2016	2017	2018	2019	2020	2021
Duty Disability							
Total claims	41	61	57	96	97	171	299
Average years of service	15.5	14.7	16.9	16.1	17.4	16.8	16.3
Average annual High-Five salary	\$74,568	\$72,663	\$75,543	\$80,580	\$83,933	\$87,794	\$92,184
Total and Permanent Duty Disability							
Total claims	2	3	4	3	-	1	1
Average years of service	10.0	19.0	20.7	23.0	-	25.0	7.0
Average annual High-Five salary	\$78,253	\$73,116	\$82,655	\$98,689	-	\$98,397	\$68,416

According to data provided by PERA between 2014 and 2021, among the officers with duty disability, 420 had reemployment earnings in 2021 (51.2%), and 109 had offsets applied in the same year (13.3%). Of those receiving total and permanent duty disability benefits, three had reemployment earnings in 2021 (21.4%), and two had offsets applied in the same year (14.3%). Table 4-4 provides the statistics of police officers with PERA benefits, reemployment earnings and offsets by 2021.

⁵⁷ The total sample included information for 921 officers. A total of 51 officers received regular or total and permanent regular disability benefits. These were excluded from the sample as they are out of the scope of the study. A total of 33 officers were also excluded as they claimed benefits in 2022.

Table 4-4 Reemployment earnings and offsets applied in 2021

	Total	Had reemployment earnings	Had offsets applied in 2021
Duty Disability	820	420	109
Duty	713	400	105
Disability to retirement	95	17	4
Benefits ended (1)	12	3	0
Total and Permanent Duty Disability	14	3	2
Duty	12	2	2
Disability to retirement	1	1	0
Benefits ended (1)	1	0	0

Notes: (1) Benefits ended includes people that did not receive disability benefits (299A), deceased, and pending required paperwork.

The following are factors identified by different stakeholders that threaten the adequacy of disability benefits. Factors considered in the analysis of PERA benefits also include the tax exemption of the benefits, salary base used in the calculations of the benefits, and COLA.

Tax-exempt Benefits

Tax-exempt duty disability benefits from the PERA P&F plan are 60 percent of their high-five average salary.⁵⁸ This assumes that around 40 percent would have been paid as taxes. The research team did not have information about the pre-injury salary for all police officers to calculate the effective income tax rate they would have paid. Assuming that this sample is similar to the one presented in the workers' compensation section, these officers would have paid an average of 16.3 percent of their salaries in federal and MN state income tax. In addition, they would have contributed 11.8 percent to the PERA P&F plan.⁵⁹ These two rates together add up to 28.1, which is lower than the 40 percent not paid by the PERA P&F plan by 11.9 percentage points. In this case, the tax exemption is not advantageous as it does

⁵⁸ Police officers members of the P&F Plan with more than 20 years of service receive an additional three percent in benefits amount or each year of service. However, these additional percentage points are not tax-exempt.

⁵⁹ Officers also contribute a percentage of their salary for health insurance. This amount is not considered in the analysis as researchers did not have information on health insurance costs available and health insurance premiums vary across police departments. The inclusion of this expense would have reduced the effective income tax rate calculated and increased the contributions for healthcare.

not support the assumption that 40 percent not paid through PERA is paid in taxes and benefit contributions.

Salary Base

PERA P&F plan benefits are based on the average gross salary over the five highest paid consecutive years of service. This salary base is beneficial for those police officers who have reached their maximum wage earnings, but is not for those climbing up the job ladder. Figure 4-5 shows the expected wage earnings of a police officer during his career and the average high-five considered under the PERA benefits. As shown in the figure, for officers with earnings below their maximum wage point, the salary base for disability benefits is lower than their current salary. Conversely, for officers who have reached their maximum wage point, the salary base for disability benefits is similar or higher than their current salary.

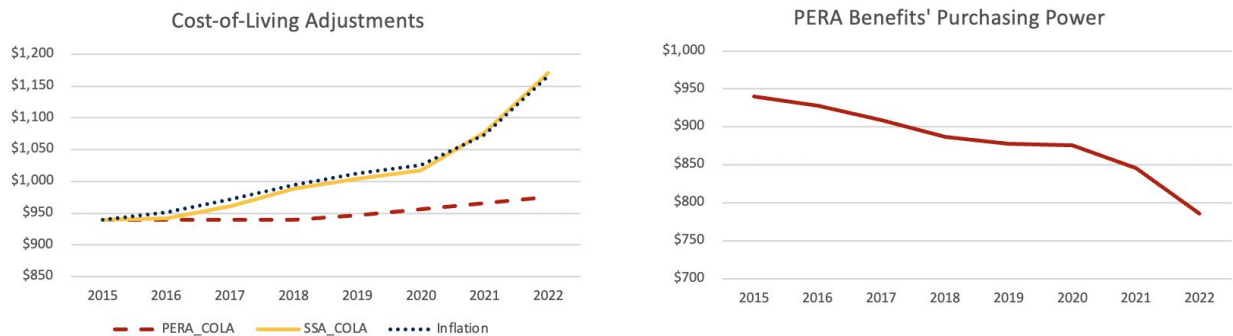


Figure 4-5 Age-earning curve vs high-five average salary

Cost-of-Living Adjustments

Similar to the workers' compensation benefits, the PERA P&F disability and pension benefits are losing purchasing power as they do not increase at the same rate as prices are increasing. This affects the adequacy of the disability and retirement benefits that police officers receive. Figure 4-6 shows an example of a police officer who received their first PERA P&F duty disability benefits in 2015, with weekly benefits equal to 60 percent of their high-five salaries. The panel on the left presents benefits adjusted by the PERA P&F COLA (1% prorated for 31 to 42 months, full adjustment afterwards), COLA

determined by the Social Security Administration, and inflation (given by the annual change in the consumer price index - CPI). The panel on the right presents the officer's purchasing power over time. In this example, the police officer started receiving about \$939.50 as a weekly benefit in 2015. The purchasing power of this officer decreases over time as there is not any COLA until they have reached 39 months. After that, there is a plateau until 2020, after which the loss keeps increasing due to the high inflation experienced. In 2022, the officer is receiving a weekly benefit equivalent to \$786.10.



Source: PERA P&F plan COLA from (PERA, 2018). SSA COLA from (Social Security Administration, 2022a). Inflation from (FRB, 2022).

Figure 4-6 Cost-of-living adjustments and purchasing power

Cost-of-living adjustments impact all police officers; however, the impact may be higher on the officers who are never able to return to work and on those injured at a young age as the accumulated loss is higher. Injured police officers who are not able to return to work rely solely on these benefits to live, while those who are able to return to work also receive re-employment earnings in addition to the disability benefits.

4.2.3 Workers' Compensation Disability Benefits and PERA P&F benefits for Police Officers Combined

A total of 290 officers in the dataset have received benefits from workers' compensation and PERA P&F plan between 2015 and 2019. Table 4-5 presents statistics on these cases. On average, these police officers were 42 years old at the time of the injury and had 16.3 years of service. Around 40 percent of the claims received a settlement. For duty disability, the average annual high-five salary (used for PERA benefits) was on average 3.9 percent higher than the average annual pre-injury wage (used for workers' compensation benefits). In 2015 and 2016, the difference between the average annual high-five salary and the average annual pre-injury wage was 8.9 percent, while in recent years the difference was on average 1.4 percent. For total and permanent duty disability, the average annual high-five salary was

higher than the average annual pre-injury wage in 2015 by 3.4 percent, but in 2019 it was lower by 14 percent.

Table 4-5 Statistics of those receiving workers' compensation and PERA benefits

	2015	2016	2017	2018	2019
<i>Duty Disability</i>					
Total claims	56	56	58	70	46
Claims with settlements	25	30	25	26	7
Average age at injury	41	42	42	44	43
Average annual pre-injury wage (1)	\$75,369	\$75,675	\$79,184	\$82,844	\$87,572
Average years of service at the time of injury	16.1	15.7	16.4	16.6	16.3
Average annual High-Five salary	\$82,081	\$80,514	\$79,799	\$83,132	\$90,316
<i>Total and Permanent Duty Disability</i>					
Total claims	1	1	1	-	1
Claims with settlements	1	-	-	-	-
Average age at injury	47	45	46	-	59
Average annual pre-injury wage (1)	\$91,416	\$90,010	\$85,738	-	\$114,437
Average years of service at the time of injury	27	N/A	N/A	-	25

Note: Number of claims and settlements by year of injury as of September 30, 2021. (1) Wages at current prices.

Police officers typically apply for workers' compensation and then to PERA benefits because first reports of injury are required to be completed and filed by employers and their insurers when they have notice

of an injury, triggering workers' compensation benefits.⁶⁰ In the case where a police officer is receiving both benefits, some offsets apply depending on which entity applies the offset first. According to the benefits administrators, the application of the offsets depends on which entity first becomes aware about other benefits or earnings.

- Workers' compensation: If the officer is receiving PTD benefits, the weekly compensation benefits paid in workers' compensation is reduced by the amount of any disability benefit the officer is receiving for the same injury. This occurs after a total of \$25,000 in PTD compensation is paid.
- PERA offsets \$1 for \$1 of any amount above the higher of either the salary received as of the date of the disability or the current salary for a similar position, if the officer receives PERA benefits and workers' compensation.
- PERA offsets \$1 for every \$3 above 125 percent of the base monthly salary currently paid by the employing governmental subdivision for similar positions, if the police officer is receiving a disability benefit plus earnings.

The research team developed three scenarios to show the benefits police officers would receive considering various officers' ages, years of service, and whether the officer returns to work. For the first two scenarios, the research team presents two cases. The first case presents the total benefits received by an officer assuming that they are not able to return to work, while the second case assumes that the officer is able to return to work and earn a salary. In the first case, the research team shows the officer's pre-injury gross and net salary as benchmarks. The net salary is calculated as the annual pre-injury gross salary, deducting PERA P&F contributions and state and federal income taxes for the year of injury. The net for the following years is assumed to be the same with no inflation adjustments. In the second case, it is assumed that the officer works in a job where they earn 20 percent less of the income they have before the injury. According to PERA, officers are more likely to seek employment in the private sector rather than in a PERA covered position (under the PERA General/Coordinated plan).⁶¹ For the purposes of this study, researchers assume that officers return to a PERA covered position under the PERA General/Coordinated plan and use the contribution rates under this plan. Similarly, state and federal income taxes are calculated and inflation adjustments do not exist for the post-injury salary. In the third scenario, the research team only presents benefits for a senior officer who is close to the P&F

⁶⁰ While PERA requires the first report of injury from workers' compensation, there are rare circumstances in which it may not exist for the claimed disability. In such a case, PERA requests confirmation from the employer that the first report of injury does not exist. Given that there are no limitations in that statute that dictates which process the member goes through first, some members proceed with both processes at the same time, with some members proceeding with PERA first.

⁶¹ Under a duty disability, members may return to an administrative position covered under the PERA General/Coordinated plan. Employee contributions under the PERA General/Coordinated plan are 6.5 percent (PERA, 2022a).

retirement age, has more than 20 of service, and does not return to work, but includes a narrative of what would occur if the officer were to return to work.

For each scenario researchers calculated the benefits the police officer received and would receive until retirement age (55 years). Workers’ compensation benefits may include PTD, TTD, TPD, PPD, and settlements, if any. PPD benefits are assumed to be a one-time payment in the year the claim was closed. Settlements are converted as an annuity starting in the year the claim was closed until age 78.6 (average life expectancy for the U.S. population (Arias & Xu, 2018)) and exclude 20 percent for legal costs.⁶² The annuity is created to apply PERA offsets. Benefits from workers’ compensation are assumed to start in January of the year of the injury (the dataset only provides the year of the injury). PERA benefits include the duty disability benefits and retirement benefits, both starting on the benefit starting date, and COLA from the year when they are effective (refer to Table 4-6). Workers’ compensation and PERA offsets were calculated. Federal and state taxes were calculated when applicable. Table 4-5 presents the parameters used in the development of all scenarios.

Table 4-6 Parameters for estimations

Parameters	Value
PERA COLA	1.00%
PERA Benefit (%)	60.00%
PERA Contribution	11.80%
WC Benefit %)(1)	66.67%
<i>For settlements</i>	
Discount Rate	3.00%
Life Expectancy	78.60
<i>Post-Injury Income</i>	
Income Reduction	20.00%
Other contributions	6.50%

Notes: (1) The maximum weekly benefit from workers’ compensation applies.

Police officers injured in the line of duty may receive other benefits in addition to workers’ compensation and PERA P&F plan benefits as shown in Table 3-1. Those benefits are not considered in

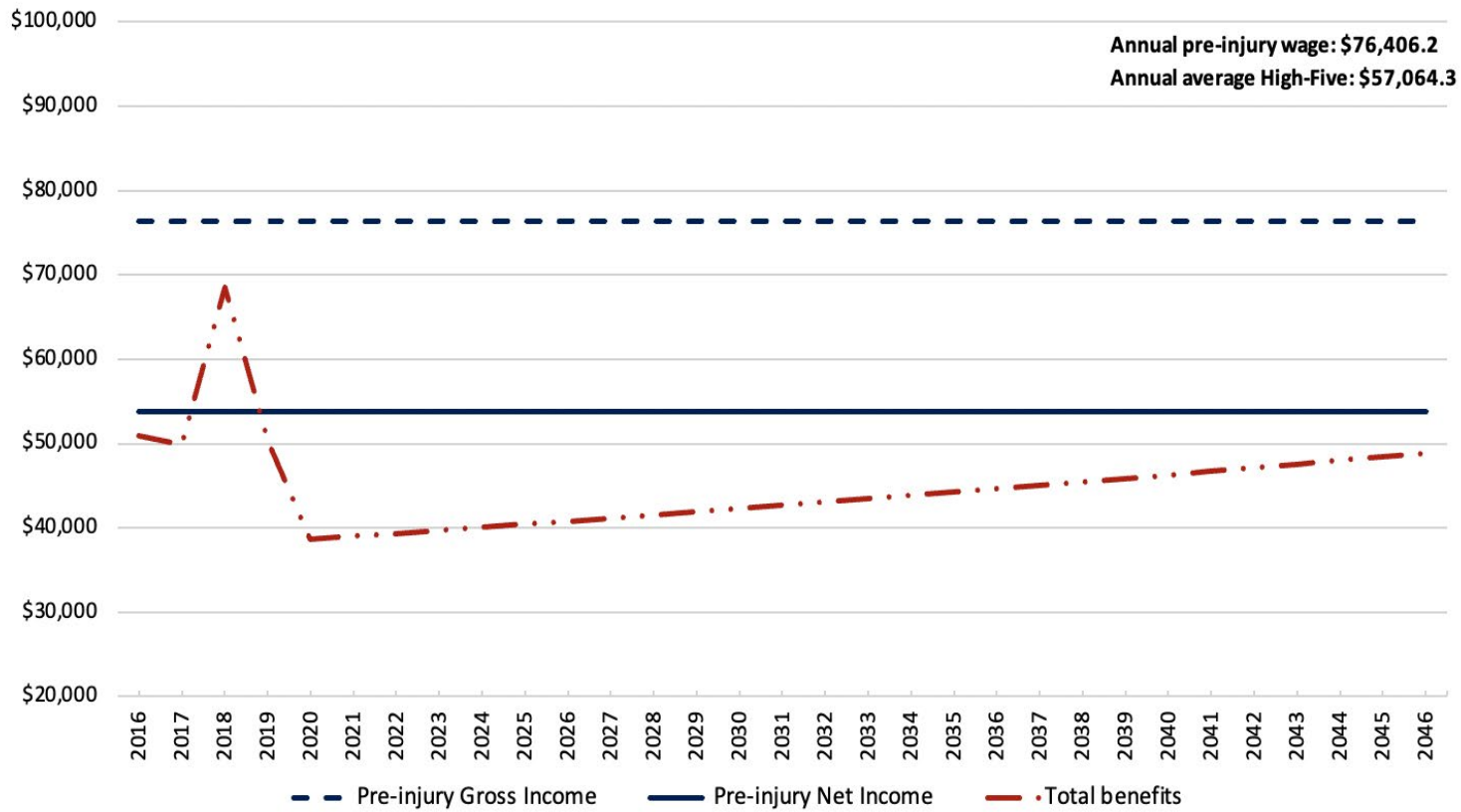
⁶² The settlement includes an amount to be used in the current time to cover past and current expenses. The remaining amount are paid in installments according to the settlement contract.

the following scenarios as the research team does not have information about how many injured officers are receiving those benefits and the amount they are receiving.

Scenario I: Young and Early Career Police Officer

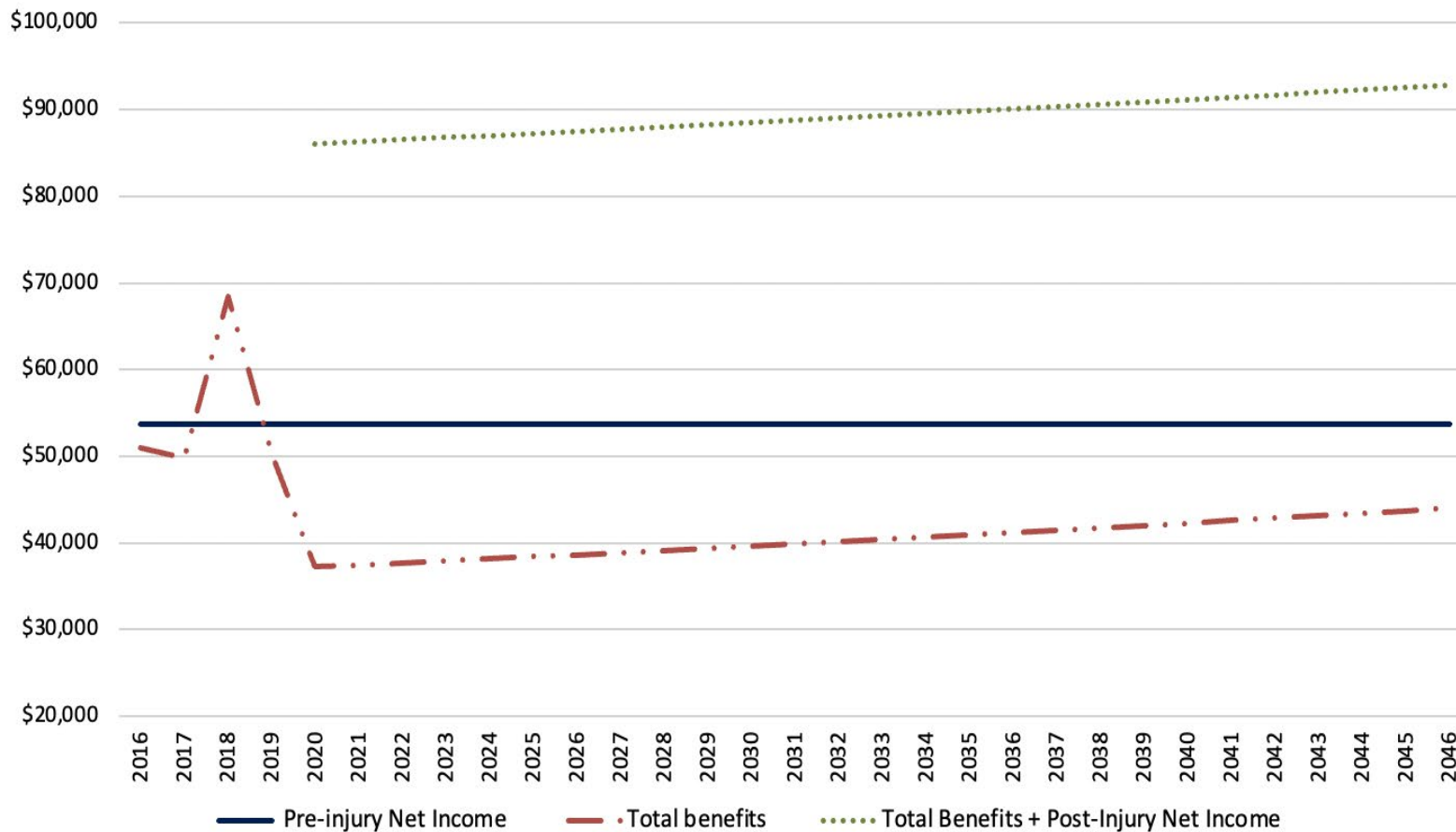
This scenario shows the disability benefits that a 26-year-old police officer with three years of service injured in 2016 would have had until age 55. The officer's annual pre-injury wage was 33 percent higher than the high-five average salary. The officer received TTD benefits in 2016 and early 2017 (for 65 weeks), TPD benefits in late 2017, 2018, and early 2019 (for 91 weeks), PPD benefits (in 2019), and a settlement (closed in 2019). The officer also receives duty disability benefits from PERA starting in September 2017.

Figure 4-7 presents the estimated disability benefits the police officer would receive until age 55. Panel A presents the estimated benefits the officer would receive when they are not able to return to work (workers' compensation and total and permanent duty disability). In this case, no offsets are applicable during the period because the amount received in benefits is always less than the annual pre-injury wage. Panel B presents the estimated benefits the officer would receive if they were able to return to another job (workers' compensation and duty disability). The officer receives disability benefits, but offsets apply starting in 2020 when the officer starts another job. In both cases, the officer receives both workers' compensation and PERA benefits in 2018, which combined represent around 90 percent of the pre-injury gross salary (or 127% of the pre-injury net salary).



	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46
% of GI	66.7	65.2	89.7	65.8	50.6	51.1	51.5	52.0	52.5	52.9	53.4	53.9	54.4	54.9	55.3	55.8	56.3	56.9	57.4	57.9	58.4	58.9	59.5	60.0	60.6	61.1	61.7	62.2	62.8	63.4	64.0
% of NI	94.7	92.7	127.4	93.5	71.9	72.6	73.2	73.9	74.5	75.2	75.9	76.6	77.3	77.9	78.7	79.4	80.1	80.8	81.5	82.3	83.0	83.8	84.5	85.3	86.1	86.9	87.6	88.4	89.3	90.1	90.9

Panel A: Disability benefits when the officer is not able to return to work



	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46
% of GI	66.7	65.2	89.7	65.8	48.7	49.0	49.4	49.7	50.0	50.3	50.6	50.9	51.2	51.6	51.9	52.2	52.6	52.9	53.2	53.6	53.9	54.3	54.7	55.0	55.4	55.7	56.1	56.5	56.9	57.3	57.6
% of NI	94.7	92.7	127.4	93.5	69.3	69.7	70.1	70.6	71.0	71.5	71.9	72.4	72.8	73.3	73.8	74.2	74.7	75.2	75.7	76.2	76.7	77.2	77.7	78.2	78.7	79.2	79.7	80.3	80.8	81.4	81.9

Panel B: Disability benefits when the officer returns to work

Notes: The tables present the benefit as a share of the pre-injury gross income (% of GI) and as a share of the pre-injury net income (% of NI).

Figure 4-7 Disability benefits for a young and early career police officer

Once workers' compensation benefits are settled in 2020, the total benefits the officer receives are about 50.6 percent of their pre-injury gross salary (or 71.9 of their pre-injury net salary) when they are not able to return to work. When the officer is able to return to another job, the total benefits received are about 48.7 percent of their pre-injury gross salary (or 69.3 of their pre-injury net salary).

Table 4–7 shows the net present value of the salary and the benefits a young (and in their early career) injured police officer would receive between the date of injury (age 26) and the age of retirement (age 55) for the two cases: when they are not able to return to work and they return to work.

Table 4-7: Net present value of benefits for a young and early career police officer

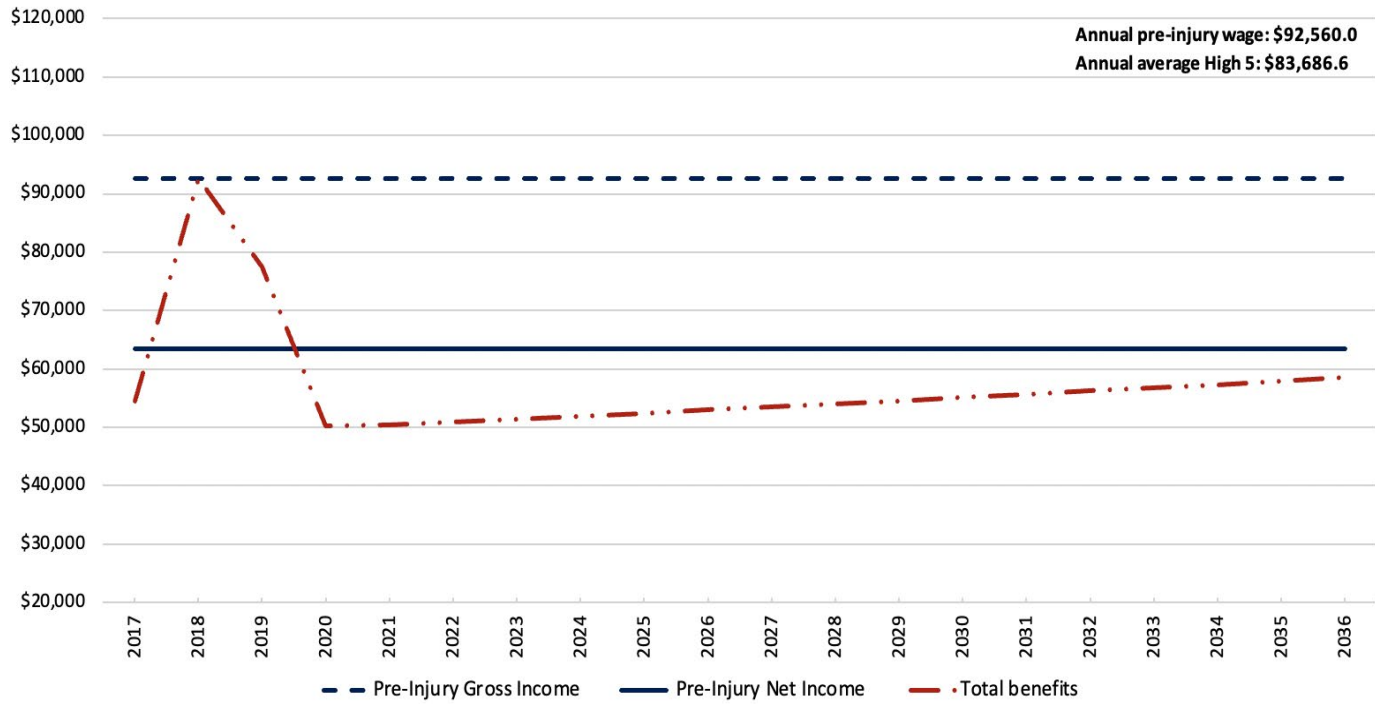
	Not able to return to work	Returns to Work
Gross salary	\$1,574,001	\$1,317,707
PERA contribution	\$185,732	\$101,155
Federal and State Income Tax	\$280,673	\$191,908
Net salary	\$1,107,596	\$1,024,644
WC (Temp&Perm Total)	\$64,260	\$64,260
WC (Temp Partial)		\$60,359
WC (Perm Partial)	\$11,475	\$11,475
WC (Settlement)	\$137,500	\$137,500
PERA	\$724,042	\$724,042
PERA offsets		\$47,440
Total benefits	\$937,277	\$950,196

Scenario II: Mid-career police officer

This scenario shows the disability benefits that a 36-year-old police officer with 14 years of service injured in 2017 would have had until age 55. The officer received TTD benefits for 130 weeks and the claim was closed in January 2020. The officer also received duty disability benefits from PERA starting in February 2018. The annual pre-injury wage was 10.6 percent higher than the average high-five. PERA offsets applied only in 2018, the year in which the officer received both workers' compensation and

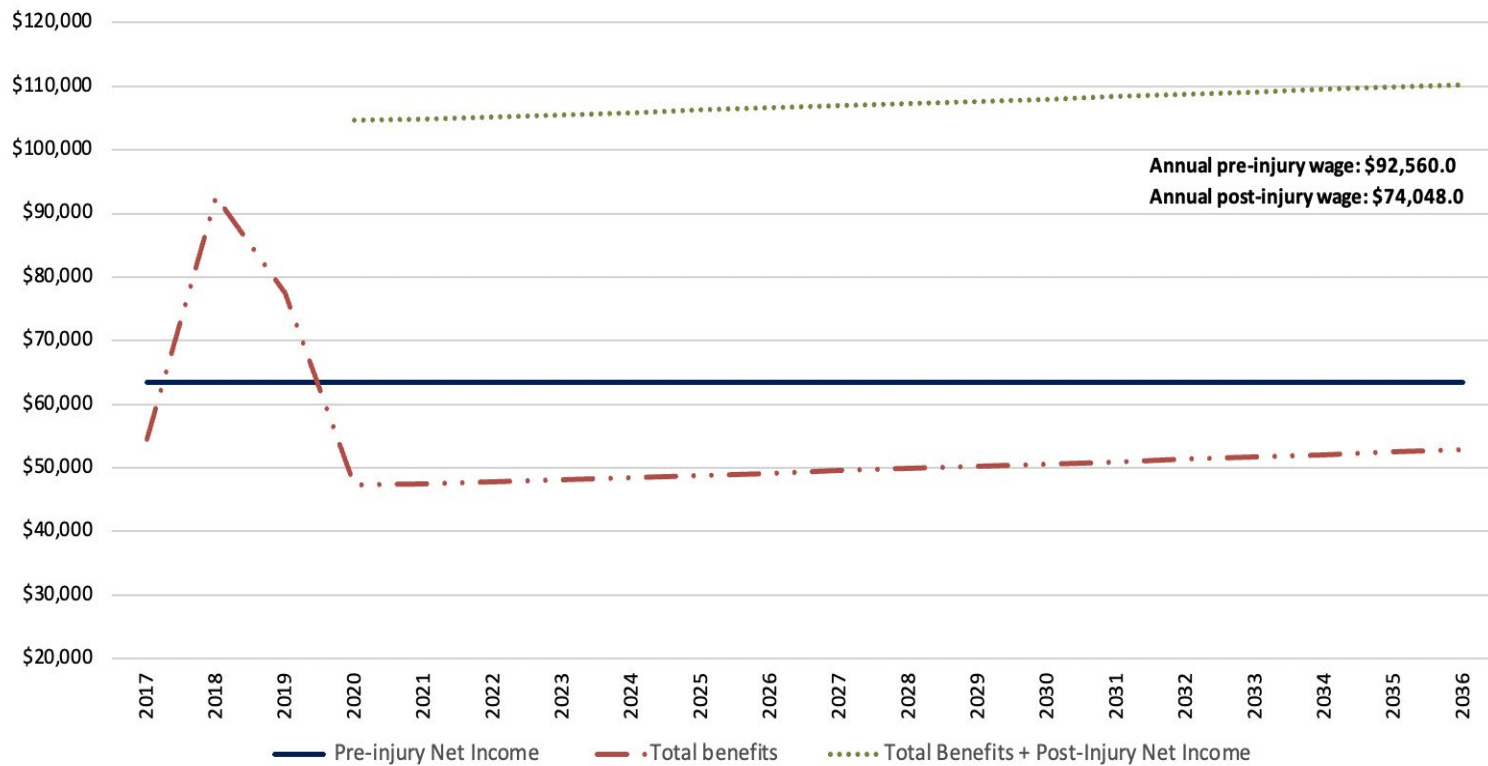
PERA benefits. The benefits in this year were 146 percent of their pre-injury net salary (\$63,499) but the same as their pre-injury gross salary.

Figure 4-8 shows the estimated disability benefits the police officer would receive until age 55. Panel A presents the estimated benefits the officer would receive if they are not able to return to work (workers' compensation and total and permanent duty disability). In this case, no PERA offsets apply beyond 2018. After 2020, when the workers' compensation benefit ceases, the benefit the officer receives is 54.2 percent of their pre-injury gross salary. Panel B shows the estimated benefits the officer would receive if they are able to return to another job (duty disability). In this case, the officer receives disability benefits but PERA offsets apply starting in 2020 when the officer starts another job earning 20 percent less than in their previous job. In 2020, the benefits the officer receives are 51.2 percent of the pre-injury gross salary, less than in the previous case given that the threshold for offsets increased to 125 percent of the base monthly salary currently paid by the employing governmental subdivision for similar positions, and the offset is \$3 for every \$1 above the limit.



	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
% of GI	58.8	100.0	83.6	54.2	54.4	55.0	55.5	56.1	56.6	57.2	57.8	58.4	58.9	59.5	60.1	60.7	61.3	61.9	62.6	63.2
% of NI	85.7	145.8	121.9	79.1	79.3	80.1	80.9	81.7	82.6	83.4	84.2	85.1	85.9	86.8	87.6	88.5	89.4	90.3	91.2	92.1

Panel A: Disability benefits when the officer is not able to return to work



	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
% of GI	58.8	100.0	83.6	51.2	51.3	51.6	52.0	52.4	52.8	53.1	53.5	53.9	54.3	54.7	55.1	55.5	55.9	56.3	56.7	57.1
% of NI	85.7	145.8	121.9	74.6	74.8	75.3	75.8	76.4	76.9	77.5	78.0	78.6	79.1	79.7	80.3	80.9	81.5	82.1	82.7	83.3

Panel B: Disability benefits when the officer returns to work

Notes: The tables present the benefit as a share of the pre-injury gross income (% of GI) and as a share of the pre-injury net income (% of NI).

Figure 4-8 Disability benefits for a mid-career police officer

Table 4–8 shows the net present value of the salary and the benefits the injured police officer would receive between the date of injury (age 36) and the age of retirement (age 55) for the two cases: when they are not able to return to work and they return to work.

Table 4-8: Net present value of benefits for a mid-career officer

	Not able to return to work	Returns to Work
Gross salary	\$1,418,371	\$1,188,631
PERA contribution	\$167,368	\$91,554
Federal and State Income Tax	\$277,956	\$199,813
Net salary	\$973,047	\$897,264
WC (Temp&Perm Total)	\$136,048	\$136,048
PERA	\$758,732	\$758,732
PERA offsets	\$7,657	\$57,591
Total benefits	\$887,123	\$837,190

Scenario III: Senior police officer

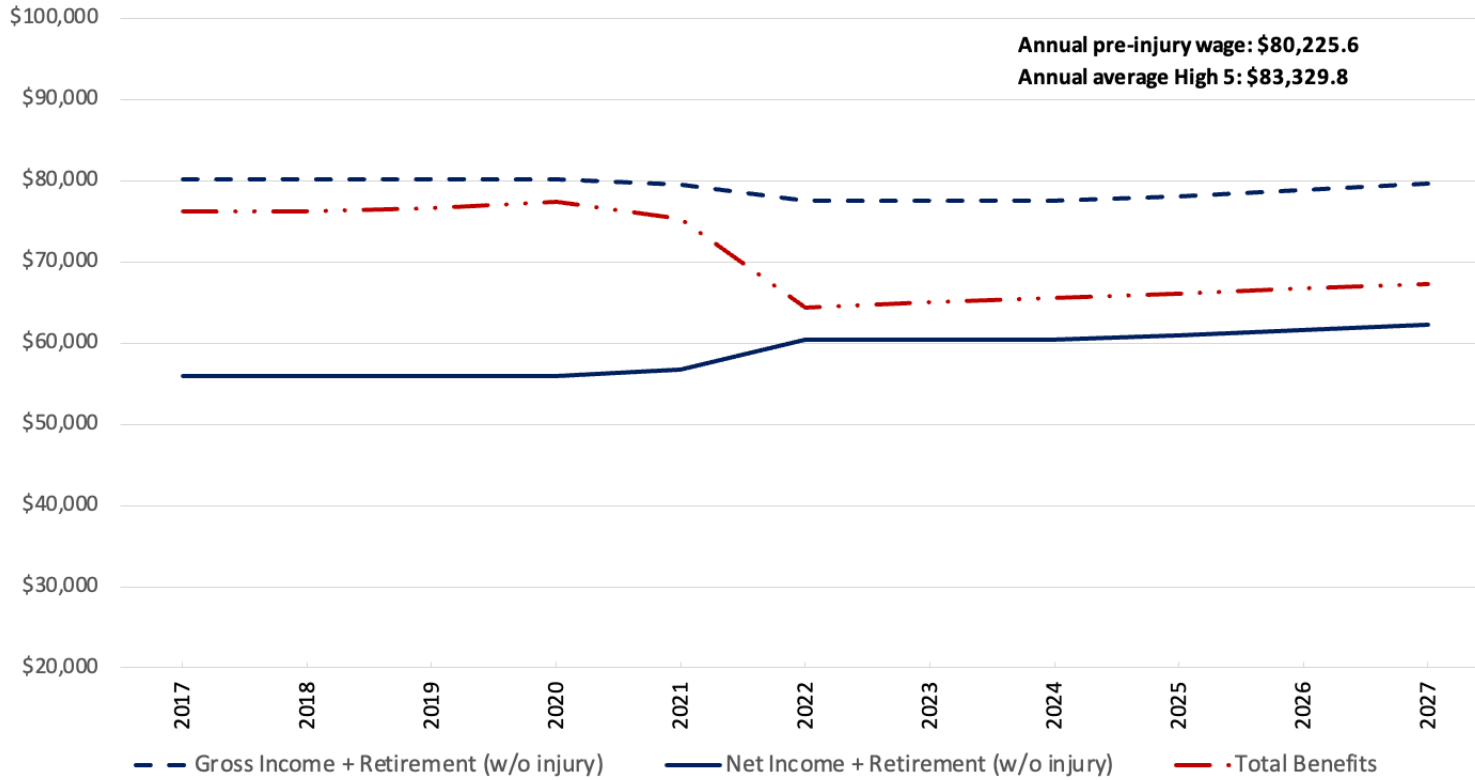
This scenario shows the disability benefits that a 49-year-old officer, with 27 years of service, injured in 2016 would receive until age 60. The officer receives PERA duty disability benefits starting in 2016 and a workers’ compensation settlement (closed in 2017). PERA disability benefits transitioned into a retirement benefit in October 2021 when the officer turned 55 years old. Given that the officer had more than 20 years of service, the PERA disability benefit is composed of a portion that is tax-exempt (60% of the high-five salary) and a portion that is not (3% for each year of service above 20). Once disability benefits transition into retirement benefits, the officer has to pay taxes on the total amount. The officer’s annual average high-five was 3.9 percent higher than the annual pre-injury wage.

Figure 4-9 presents the estimated disability benefits and retirement benefits the police officer would receive. The baseline for this model (blue line in the graph) assumes that the officer would not have an injury and would have worked until October 2021 and then they would have retired.⁶³ Healthcare contributions are considered in this model assuming that the officer would have paid the employee

⁶³ If the officer had decided to work until 65 (mandated compulsory age of retirement for police officers in Minnesota), they would have paid only the health care employee premium, and would have increased their PERA retirement benefit 3 percent for each extra year of service.

contributions until October 2021, and an additional premium after retirement. This increases the annual health care costs assumed by the police officer⁶⁴ until age 65 when they are eligible for Medicare. If the officer had decided to retire early (between ages 50 to 54), they would have to pay the total cost of the health insurance plan (employee and employer premiums). In this baseline, the net income after retirement increases even though retirement benefits are lower than the baseline income (the hypothetical income they would have received without having an injury), because (i) the officer stops paying PERA contributions, and (ii) taxes are lower compared to when they were working. The disability and retirement benefits the police officer receives due to the injury are shown in the graph (dot red line). In this case, the police officer only pays what is equivalent to an active employee healthcare premium until age 65 until they are eligible for Medicare. In addition, PERA offsets do not apply.

⁶⁴ Calculations based on the 2021-2022 health insurance memorandum of agreement (MOA) from the City of Saint Paul. According to this MOA between the City and bargaining unions, monthly contributions for the Choice Passport plan are \$16.88 for active employees and \$671.72 for employers, for single individuals in 2022. Family plan premiums for employees and employers were \$216.72 and \$1,580.76, respectively, in the same year (City of Saint Paul, 2021a).



	17	18	19	20	21	22	23	24	25	26	27
% of GI	94.9	94.9	95.6	96.4	94.6	83.1	83.8	84.6	84.7	84.6	84.5
% of NI	136.2	136.2	137.1	138.4	132.6	106.5	107.5	108.4	108.5	108.3	108.1

Notes: The table presents the benefit as a share of the gross income (% of GI) and as a share of the net income (% of NI).

Figure 4-9 Disability and retirement benefits for a senior police officer

If the injured officer decided to engage in gainful employment in a PERA covered position while receiving a retirement benefit, PERA would apply an offset of \$1 for every \$2 earned over the limit.⁶⁵ This money will be held by PERA in a non-interest bearing escrow account (PERA, 2022). However, PERA offsets would not apply if the officer retired at age 55 and earn income (through employment, self-employment, investments, and elected service) outside a PERA covered position.

Table 4–9 shows the net present value of the returns that the injured police officer would receive between the date of injury (age 49) and age 60.

Table 4-9: Net present value of benefits for a senior officer

Gross salary	\$360,612
Retirement benefit	\$735,209
PERA contribution	\$42,552
Health contributions	\$35,216
Federal and State Income Tax	\$178,687
Net salary	\$839,366
WC (Settlement)	\$190,000
PERA benefits	\$226,821
PERA benefits (taxable)	\$90,729
PERA retirement	\$658,450
Health contributions	\$2,621
Federal and State Income Tax	\$106,548
Total benefits	\$1,056,831

⁶⁵ The limit for 2023 is \$21,240 for those under social security retirement age, and \$56,520 for those in full social security retirement age (PERA, 2022).

CHAPTER 5: CONCLUSIONS

This study assessed the adequacy of disability and retirement benefits available to municipal police officers in Minnesota. The research team performed three main tasks. The first task was a literature review of workers' compensation and PERA benefits available to police officers that are injured in Minnesota and a comparison to similar programs from nearby states. Second, the research team conducted interviews with key stakeholders to learn about their perceptions of the benefits and limitations of current duty disability and retirement benefits. Third, researchers used data from DLI and PERA to analyze current workers' compensation, disability, and pension benefits for police officers in Minnesota, and develop alternative benefit scenarios to discuss equity and adequacy issues. The research team also presented high-level findings from the study in a public hearing hosted on Webex by DLI on December 1, 2022. The hearing was attended by 80 members of the public, employer representatives, and police advocates, and offered attendees the opportunity to ask questions and provide comments (Appendix H includes questions and comments received from different stakeholders as well as the responses from the research team, DLI, and PERA).

Findings from the interviews and the financial analysis suggest that there are several factors that impact the adequacy of disability benefits available for police officers. The factors that affect the adequacy of workers' compensation benefits include the weekly maximum compensation cap, the cost-of-living adjustments, the fixed payments for permanent disabilities, and settlements. Similarly, the factors that affect the adequacy of PERA P&F plan benefits include the base salary for young officers, the cost-of-living adjustments, the legal costs of consultations, and the lack of income while waiting for a determination. The impact of these factors may be greater on the officers who are never able to return to work and on those injured at a young age.

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APPENDIX A: BILL SF 1547

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1577

02/25/2021 Authored by Koznick, Petersburg, Akland and Urdahl

The bill was read for the first time and referred to the Committee on Labor, Industry, Veterans and Military Affairs Finance and Policy

03/18/2021 Adoption of Report: Re-referred to the Committee on State Government Finance and Elections

1.1 A bill for an act
1.2 relating to police disability benefits; requiring the Department of Labor and Industry
1.3 to study the adequacy of benefits for disabled or injured police officers.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **DEPARTMENT OF LABOR AND INDUSTRY; STUDY OF POLICE**
1.6 **DISABILITY BENEFIT ADEQUACY.**

1.7 The Department of Labor and Industry shall study the adequacy of current benefits
1.8 available to disabled or injured police officers. The study shall consider workers'
1.9 compensation, disability, and pension benefits and the adequacy of these benefits for
1.10 Minnesota police officers. At least one public hearing shall be held. The Public Employees
1.11 Retirement Association shall cooperate with the department in conducting this study. The
1.12 department shall issue a report no later than January 15, 2022, to the chairs of the standing
1.13 committees of the house of representatives and the senate having jurisdiction over public
1.14 safety and employment issues.

APPENDIX B: QUESTIONNAIRE

1. Could you please tell me your role and how long you have been with your organization?
2. How does your role relate to disability and retirement benefits for police officers?

The following questions are related to **PERA duty disability** and **retirement benefits** and **workers' compensation** benefits.

3. From what you have heard, what are the positive aspects of the PERA duty disability and retirement benefits?
4. From what you have heard, what are the positive aspects of the workers' compensation that police officers receive?
5. From what you have heard, what are some issues police officers face with their **PERA duty disability benefits and retirement benefits**?
 - a. Probe: Why?
 - b. ***If not mentioned*** - Have you heard of any issues related to the adequacy of the benefits?
 - c. Probe: How do you define adequacy? OR: What does adequacy mean for the people you represent?
 - d. Probe: To what extent does the officer's age affect their benefits? What about their length of service?
 - e. Probe: What would benefits look like to meet what you define as adequate?
6. From what you have heard, what are some issues police officers face with their **workers' compensation benefits**?
 - a. Probe: Why?
 - b. ***If not mentioned*** - Have you heard of any issues related to the adequacy of the benefits?
 - c. Probe: How do you define adequacy? OR: What does adequacy mean for the people you represent?
 - d. Probe: To what extent does the officer's age affect their benefits? What about their length of service?
 - e. Probe: What would benefits look like to meet what you define as adequate?
7. What other benefits do injured police officers receive besides PERA, worker compensation, and medical benefits? (if applicable)
 - a. Probe: How does this impact the PERA or work comp the police officer receives?
8. Are there any documents or sources you'd like to share that give us more insight into disability and retirement benefits for police from your organization's perspective?
9. Is there anyone else that we should talk about this topic with?

10. Is there anything else you'd like to share with us that I haven't asked yet?

APPENDIX C: CONCERNS RELATED TO THE ADEQUACY OF THE PERA P&F FUND

In addition to the factors that enhance or hinder the adequacy of the duty disability benefits, stakeholders brought up considerations regarding pervasive incentives that exist with the current design of the duty disability benefits that threaten the adequacy of the PERA P&F fund. These include the long vesting schedule and the penalties for early retirement.

Some stakeholders noted that the vesting schedule⁶⁶ and the penalty for early retirement may incentivize officers to apply for duty disability benefits. According to one stakeholder, some officers may not want to stay in the police force for 20 years to be vested and may claim a duty disability (particularly, PTSD) as a way to obtain the benefit. According to this stakeholder, the PERA P&F pension system is “severely broken” as members can only get fully vested if they have a PTSD claim or work for 20 years as a police officer.

Similarly, several stakeholders representing employers and police officers raised concerns about the sustainability of the PERA P&F fund. One employer representative argued that PERA duty disability benefits are generous and that the bar for approving benefits for officers injured in the line of duty is low. The stakeholder argued that some officers (particularly those with PTSD) do not return to work and receive benefits through retirement age. Therefore, the stakeholder mentioned that unless there are significant changes in the eligibility criteria to reduce the amount paid (such as challenging more claims) or an increase in the funding (by raising employee and employer contribution), the PERA P&F fund would run out of money in the long term. Similarly, another employer representative indicated that due to their concerns about the sustainability of the PERA fund, they try to educate their deputies to be more thoughtful about physical and mental injuries. Lastly, some police advocates argued that due to workers’ compensation denying claims (mostly for invisible injuries), officers end up settling workers’ compensation benefits, and relying long term solely on PERA benefits, which affects the PERA P&F fund. The team reviewed the Pensions commission meeting of 2/23/2021 where PERA’s Executive Director explained that the rise in the number of claims does not affect sustainability of the fund, but rather hinders the date in which the fund will be fully funded. Some consequences of this delay are that the state will have to increase its contributions to the fund,⁶⁷ that members will have to make greater contributions, and that smaller COLA adjustments will be allocated.

⁶⁶ The current vesting schedule for officers hired after June 30, 2014, is at 20 years of service, while for those hired before July 2010 was three years.

⁶⁷ The State of Minnesota contributed \$16 million annually in fiscal years 2018 and 2019. Annually thereafter, the State will contribute \$6 million per year until 2031 to help pay off the unfunded liability that existed when the Minneapolis Employee Retirement Fund (MERF) was consolidated into PERA in 2010 (PERA, 2019).

Consistent with the above-mentioned stakeholders' views, PERA also raised concerns about the adequacy of the PERA P&F fund. The organization notes that due to low returns and higher disability rates, it is arguable whether the current member and employer contribution are sufficient.⁶⁸

⁶⁸ As of December 2022, the member contribution for the P&F Plan (11.8%) is less than the member's contribution in the PERA General Plan (6.5%) plus the Social Security Contribution (6.2%).

APPENDIX D: VARIABLES INCLUDED IN THE DATASET

Table D-1 provides the description of the variables included in the dataset.

Table D-1: Variables in the datasets

Workers' Compensation	PERA
Year of injury	Current PERA benefit type
Age at injury	PERA disability type
Weekly wage	Current gross benefit amount
Years in the job before the injury	Initial gross benefit amount
Gender	Disability benefit start date
Marital status	Benefit start year
Total disability weeks	Benefit end date
Temporary partial disability weeks	Benefit end reason
Permanent partial disability percent	2021 reemployment earnings
Temporary and Permanent Total disability paid	High-five monthly earnings
Temporary partial disability paid	Service years
Permanent partial disability paid	Service months
Stipulated settlement paid	PERA benefit taxability
Total indemnity paid	
WC Permanent and total flag	
Claim close date	
Claim status code	
Claims status code name	

APPENDIX E: TRENDS AND CHARACTERISTICS OF WORKERS' COMPENSATION CLAIMS FOR PTSD

Department of Labor and Industry
Research and Statistics

The tables on the following pages examine trends in claim filing, claims status, benefit payments and dispute activity for claims filed for coverage of post-traumatic stress disorder (PTSD). Minnesota's workers' compensation system recognized PTSD as an allowable occupational disease starting in October 2013 (Minn. Statutes 176.011, subs. 15(a), (d)). A rebuttable presumption for PTSD as work-related began in January 2019, covering workers employed as: a licensed police officer; a firefighter; a paramedic; an emergency medical technician; a licensed nurse employed to provide emergency medical services outside of a medical facility; a public safety dispatcher; a correctional officer or security counselor employed by the state or a political subdivision at a corrections, detention, or secure treatment facility; a sheriff or full-time deputy sheriff of any county; or a member of the Minnesota State Patrol (Minn. Statutes 176.011, subd. 15(e)).

For purposes of these tables, the workers are categorized into three groups: police, which include licensed police officers, sheriffs and deputy sheriffs, and State Patrol officers;⁶⁹ other workers covered by the presumption; and all other workers.

The tables show the claim counts and distributions of claims with mental disorders or syndromes. This includes PTSD, anxiety and stress disorders, depression and other specified and unspecified mental disorders, based on the description of the nature of injury on the First Report of Injury form. The description of the injury is often not based on medical evidence and many claims not initially described as PTSD are later diagnosed as PTSD or receive benefits based on the occupational disease statute (the distribution and claim status of claims by injury description category is shown in Table E-6).

Table E-1 shows the number of claims filed for PTSD by the year of injury for the three worker groups. The number of claims filed by police increased significantly in 2019 following enactment of the PTSD presumption. The numbers of claims did not increase as much for the other worker groups. Claims accepted for indemnity benefits also increased for police, with a sharp spike in 2020. Currently, no police PTSD claim filed with a 2022 date of injury has been accepted for benefits.

⁶⁹ State Patrol officers' disability, survivor and retirement benefits are covered by the Minnesota State Retirement System, while benefits for the other police category workers are covered by the Public Employees Retirement Association.

Table E-1: PTSD claims by worker group and injury year

Injury year	All claims filed				Claims with indemnity benefits			
	Police[1]	Other workers covered by presumption	All other workers	Total	Police[1]	Other workers covered by presumption	All other workers	Total
2014	20	26	159	205	10	2	23	35
2015	33	16	165	214	13	4	21	38
2016	40	16	160	216	21	3	27	51
2017	35	12	160	207	19	5	29	53
2018	45	37	140	222	21	14	31	66
2019	82	33	174	289	42	13	30	85
2020	233	29	106	368	175	8	13	196
2021	205	55	165	425	41	12	28	81
2022 [2]	104	37	95	236	0	1	13	14
Total	797	261	1,324	2,382	342	62	215	619

Notes: (1) Police includes municipal police officers, county sheriffs and deputies, State Patrol officers and transportation police. (2) Injury year 2022 is a partial year; this year includes only claims with dates of injury through Sept. 30, reported through Nov. 8. **Source:** Minnesota workers' compensation claims database, 2023.

Table E-2 shows the distribution of claims by worker type and claim status by time period. Three time periods are used to divide the years as follows: the period allowing PTSD claims before the presumption, the period after the presumption went into effect but before the death of George Floyd, and the period after the death of George Floyd. The number of police PTSD claims filed increased dramatically after May 2020, with nearly 18 claims per month, compared to seven claims per month in the preceding period. The monthly rate for other workers covered by the PTSD presumption increased slightly, and the monthly rate for all other workers (those not covered by the presumption) decreased. The increase in police claims was most evident in the number of claims denied benefits and in the number of claims that receive indemnity benefits after an initial claim denial.

Table E-2: Number of PTSD claims by worker group, claim status and time period

Worker group	Time period	Claim type					Total	Total claims filed per month
		Not lost time	Lost time only	Denied	Indemnity without denial	Indemnity with denial		
Police	Oct. 2013-Dec. 2018	27	3	64	23	61	178	2.8
	Jan. 2019-May 2020	8	3	45	9	61	126	7.4
	June 2020-Sept 2022	7	16	287	21	167	498	17.8
	Total	42	22	396	53	289	802	7.4
Other workers covered by presumption	Oct. 2013-Dec. 2018	4	1	81	5	24	115	1.8
	Jan. 2019-May 2020	5	1	23	2	13	44	2.6
	June 2020-Sept 2022	10	6	75	5	14	110	3.9
	Total	19	8	179	12	51	269	2.5
All other workers	Oct. 2013-Dec. 2018	67	2	631	55	84	839	13.3
	Jan. 2019-May 2020	23	3	161	14	20	221	13.0
	June 2020-Sept 2022	16	5	248	34	16	319	11.4
	Total	106	10	1,040	103	120	1,379	12.8
Total	Oct. 2013-Dec. 2018	98	6	776	83	169	1,132	18.0
	Jan. 2019-May 2020	36	7	229	25	94	391	27.9
	June 2020-Sept 2022	33	27	610	60	197	927	33.1
	Total	167	40	1,615	168	460	2,450	22.7

Source: Minnesota workers' compensation claims database, 2023.

Table E-3 shows that 58 percent of the police PTSD claims filed following the death of George Floyd have been denied benefits, and that only 4 percent of the police claims were accepted without a denial. In contrast, 11 percent of the PTSD claims by workers not covered by presumption were accepted for benefits without a denial.

Table E-3: Percentages of PTSD claims by worker group, claim status and time period

Worker group	Time period	Claim type					Total
		Not lost time	Lost time only	Denied	Indemnity without denial	Indemnity with denial	
Police	Oct. 2013-Dec. 2018	15%	2%	36%	13%	34%	100%
	Jan. 2019-May 2020	6%	2%	36%	7%	48%	100%
	June 2020-Sept 2022	1%	3%	58%	4%	34%	100%
	Total	5%	3%	49%	7%	36%	100%
Other workers covered by presumption	Oct. 2013-Dec. 2018	4%	1%	70%	4%	21%	100%
	Jan. 2019-May 2020	11%	2%	52%	5%	30%	100%
	June 2020-Sept 2022	9%	6%	68%	5%	13%	100%
	Total	7%	3%	67%	5%	19%	100%
All other workers	Oct. 2013-Dec. 2018	8%	0%	75%	7%	10%	100%
	Jan. 2019-May 2020	10%	1%	73%	6%	9%	100%
	June 2020-Sept 2022	5%	2%	78%	11%	5%	100%
	Total	8%	1%	75%	8%	9%	100%
Total	Oct. 2013-Dec. 2018	9%	1%	69%	7%	15%	100%
	Jan. 2019-May 2020	9%	2%	59%	6%	24%	100%
	June 2020-Sept 2022	4%	3%	66%	7%	21%	100%
	Total	7%	2%	66%	7%	19%	100%

Source: Minnesota workers' compensation claims database, 2023.

Table E-4 shows that police accounted for 55 percent of the workers with benefits paid, and for 78 percent of all the indemnity benefits paid for the entire time period. Police also accounted for 91 percent of the benefits paid to workers with injuries from June 2020 through September 2022. The average benefit amount paid to police was about \$112,000. However, many of these workers also paid about one-fifth of their benefits to their attorneys, as shown by the high percentage of the claims paid entirely by settlement. The percentage of police claims paid entirely by settlement increased during the time period, while the percentage dropped for the other two worker groups.

Table E-4: Indemnity benefits paid for PTSD claims by worker group and time period

Worker group	Time period	Total indemnity paid	Average indemnity paid	Number of claims with payments	Percentage paid only by settlement
Police	Oct. 2013-Dec. 2018	\$ 9,923,476	\$ 119,560	83	61%
	Jan. 2019-May 2020	\$ 7,692,088	\$ 111,480	69	69%
	June 2020-Sept 2022	\$ 19,995,909	\$ 108,673	184	76%
	Total	\$ 37,611,473	\$ 111,939	336	71%
Other workers covered by presumption	Oct. 2013-Dec. 2018	\$ 2,521,001	\$ 86,931	29	62%
	Jan. 2019-May 2020	\$ 935,144	\$ 85,013	11	53%
	June 2020-Sept 2022	\$ 1,147,015	\$ 63,723	18	53%
	Total	\$ 4,603,161	\$ 79,365	58	57%
All other workers	Oct. 2013-Dec. 2018	\$ 4,231,575	\$ 31,345	135	64%
	Jan. 2019-May 2020	\$ 930,563	\$ 29,080	32	44%
	June 2020-Sept 2022	\$ 859,332	\$ 18,284	47	14%
	Total	\$ 6,021,470	\$ 28,138	214	50%
Total	Oct. 2013-Dec. 2018	\$ 16,676,053	\$ 67,514	247	63%
	Jan. 2019-May 2020	\$ 9,557,795	\$ 85,337	112	60%
	June 2020-Sept 2022	\$ 22,002,256	\$ 88,362	249	62%
	Total	\$ 48,236,104	\$ 79,336	608	62%

Source: Minnesota workers' compensation claims database, 2023.

Table E-5 shows that the majority of police claims have been involved with dispute resolution activity, and that this rate was much higher than for the other worker groups.

Table E-5: Percentage of PTSD claims with and without a dispute filed

Worker group	Time period	No dispute filed	Dispute filed
Police	Oct. 2013-Dec. 2018	32%	69%
	Jan. 2019-May 2020	33%	68%
	June 2020-Sept 2022	47%	53%
	Total	42%	59%
Other workers covered by presumption	Oct. 2013-Dec. 2018	70%	30%
	Jan. 2019-May 2020	50%	50%
	June 2020-Sept 2022	77%	23%
	Total	70%	30%
All other workers	Oct. 2013-Dec. 2018	83%	17%
	Jan. 2019-May 2020	86%	15%
	June 2020-Sept 2022	91%	9%
	Total	85%	15%
Total	Oct. 2013-Dec. 2018	74%	27%
	Jan. 2019-May 2020	65%	36%
	June 2020-Sept 2022	66%	34%
	Total	69%	31%

Source: Minnesota workers' compensation claims database, 2023.

Table E-6 shows that police claims were categorized as PTSD to a much higher percentage than for the other worker groups. Nature of injury description was not a critical item for police claims; the claim denial percentages were similar for claims described as PTSD or as anxiety or stress.

Table E-6: Claim counts and status by coded type of mental disorder or syndrome, 2013-2022

Worker group	Reported disorder category	Claims filed	Percentage of worker group with disorder category	Claim type				
				Not lost time	Lost time only	Denied	Indemnity without denial	Indemnity with denial
Police	PTSD	428	53%	8%	2%	45%	8%	36%
	Anxiety or stress	239	30%	2%	3%	39%	7%	50%
	Unspecified mental disorder	30	4%	0%	3%	77%	10%	10%
	All other mental disorders or missing information	105	13%	1%	4%	83%	1%	11%
	Total	802		5%	3%	49%	7%	36%
Other workers covered by presumption	PTSD	116	43%	9%	3%	55%	7%	27%
	Anxiety or stress	93	35%	4%	2%	77%	3%	13%
	Unspecified mental disorder	16	6%	0%	6%	69%	0%	25%
	All other mental disorders or missing information	44	16%	11%	5%	73%	2%	9%
	Total	269		7%	3%	67%	5%	19%
All other workers	PTSD	228	17%	19%	2%	49%	14%	17%
	Anxiety or stress	964	70%	6%	0%	81%	6%	7%
	Unspecified mental disorder	51	4%	2%	2%	78%	10%	8%
	All other mental disorders or missing information	136	10%	7%	2%	79%	7%	7%
	Total	1,379		8%	1%	75%	8%	9%
Total	PTSD	772	32%	12%	2%	48%	9%	29%
	Anxiety or stress	1,296	53%	5%	1%	73%	6%	15%
	Unspecified mental disorder	97	4%	1%	3%	76%	8%	11%
	All other mental disorders or missing information	285	12%	5%	3%	79%	4%	9%
	Total	2,450		7%	2%	66%	7%	19%

Source: Minnesota workers' compensation claims database, 2023.

APPENDIX F: FEDERAL AND STATE TAX BRACKETS

Table F-1 presents the federal tax brackets for those filing taxes as single from 2015 to 2020.

Table F-1: Federal Income Tax Brackets

	2015	2016	2017		2018	2019	2020
Personal exemption	\$4,000.00	\$4,050.00	\$4,050.00				
Deduction	\$6,300.00	6,300.00	\$6,350	Deduction	\$12,000	\$12,200	\$12,400
Rates	Max income in range			Rates	Max income in range		
10.0%	\$9,225	\$9,275	\$9,325	10%	\$ 9,525	\$9,700	\$9,875
15.0%	\$37,450	\$37,650	\$37,950	12%	\$ 38,700	\$39,475	\$40,125
25.0%	\$90,750	\$91,150	\$91,900	22%	\$ 82,500	\$84,200	\$85,525
28.0%	\$189,300	\$190,150	\$191,650	24%	\$ 157,500	\$160,725	\$163,300
33.0%	\$411,500	\$413,350	\$416,700	32%	\$ 200,000	\$204,100	\$207,350
35.0%	\$413,200	\$415,050	\$418,400	35%	\$ 500,000	\$510,300	\$518,400
39.6%	\$413,200+	\$415,050+	\$418,400+	37%	\$500,000+	\$510,300+	\$518,401+

Source: IRS

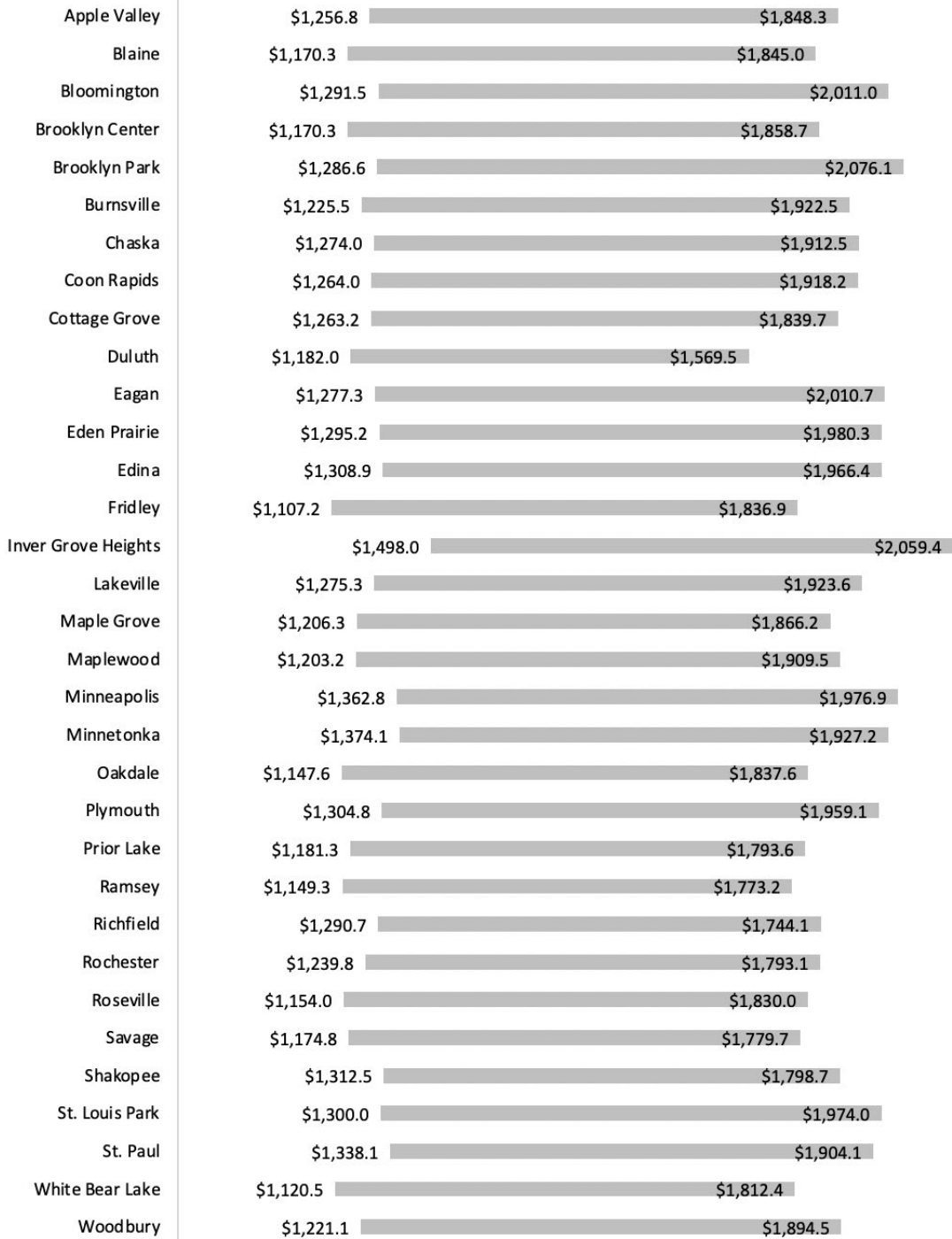
Table F-2 presents the state tax brackets for those filing taxes as single from 2015 to 2020.

Table F-2: State Income Tax Brackets

	2015	2016	2017	2018	2019	2020
Tax Rate	Max Income in Range					
5.35%	\$ 25,070	\$ 25,180	\$ 25,390	\$ 25,890	\$ 26,520	\$ 26,960
7.05%	\$ 82,360	\$ 82,740	\$ 83,400	\$ 85,060	\$ 87,110	\$ 88,550
7.85%	\$ 154,950	\$ 155,650	\$ 156,910	\$ 160,020	\$ 161,720	\$ 164,400
9.85%	\$154,950+	\$155,650+	\$156,910+	\$160,020+	\$161,720+	\$164,401+

Source: Minnesota Department of Revenue (DOR)

APPENDIX G: SALARY RANGES FOR POLICE OFFICERS ACROSS MINNESOTA CITIES



Source: (OLA, 2021)

Figure G-1: Starting and maximum weekly wages for police officers in 2019

APPENDIX H: COMMENTS FROM THE PUBLIC HEARING

A public hearing was held on Thursday, December 1st, 2022, from 10:00 a.m. to noon. About eighty participants attended the public hearing. This appendix includes the comments and questions received during the hearing and those received through the open forum request form.

Questions during the hearing

The following are the questions received during the hearing.

Question 1: When a police officer is awarded PERA benefits, they then must leave their employment. The employer then discontinues TTD based on Statute (retired or left the labor market). Judges then deny that and award TTD to be paid congruent with PERA. TTD is normally never paid congruently with any other benefit, so why are Judges awarding this and allowing police officers to "double dip"? Why are Judges deviating from the WC Statute?

***Response: [during the hearing] [DLI representative]** Given the question, I am going to say on behalf of DLI that this is not a question the University can easily answer. The participant was encouraged to email DLI this question with details, and the DLI would forward the information to the U of M team.*

***[Expanded response] [DLI representative]** DLI did not receive this question via email.*

***[Researchers]** The research team cannot comment on Judges' decisions since that is not in the scope of this study. The literature review shows in detail what the requirements are to attain and maintain benefits. Please see the TTD part in the literature review on page 13 for more information.*

Question 2: Will there be any discussion regarding (1) PERA never denying a PTSD claim, (2) the incredible costs to the City and its taxpayers to pay for health insurance for the officer through age 65?

***Response: [during the hearing] [DLI representative]** I will let the University note if any of the stakeholders have mentioned those [issues]. I assume that some of these questions may have come up, otherwise we can take those comments as something we have heard today.*

***[Researcher]** Thank you for your question. PTSD has been something that has come up a lot in the interviews. Right now we are just talking about the adequacy of the benefits. While PTSD is an important topic, it was not the main focus here. We have included in our report some portions about PTSD problems but that is not the main focus of this study.*

***[Expanded response] (1)** The process of approval or denial of benefits by PERA and workers' compensation was not the focus of this study. However, this issue emerged during the interview process and is captured in Appendix C.*

(2) Healthcare costs as a burden to cities and taxpayers was a topic that emerged during the interview process and is captured in Footnote 51.

Question 3: Did you just state that officers would be paying the employee AND city portion of the health insurance premium?

Response: *Researchers have reviewed this scenario since the hearing. In the case the officer retires at age 55, they would have to pay a health insurance premium that is **higher** than when they were working. This is considered in the model presented in scenario 3. The officer would pay this amount until age 65 when they are eligible for Medicare. Please see more details on this under scenario 3.*

Question 4: Did you interview police officers and their family members as part of this process?

Response: [during the hearing] *Thank you so much for the question. We have not interviewed disabled police officers. We are under review for IRB approval. Just because these are injured police officers, we just want to ensure we are ok to interview them. We have interviewed family members - these are included as police advocates mentioned in the presentation.*

[Expanded response] *At the time of the hearing, the research team was waiting for the approval of the University of Minnesota Internal Review Board (IRB) to conduct interviews with police officers injured in the line of duty. The research team has now received the approval and is in the process of recruiting injured police officers to conduct interviews. The findings from these interviews are expected to be included in a supplement to this report.*

Question 5: Is there a reason you did not include two cases for scenario #3? Many police officers get another job after retirement at 55.

Response: [during the hearing] *Yes, this is something that we are currently working on. So in the next report, we hope to have a scenario showing that.*

[expanded response] *The research team has included this as part of scenario 3. If the injured officer decided to engage in gainful employment in a PERA-covered position while on disability retirement, PERA would apply an offset of \$1 for every \$2 earned over the limit. The limit for 2023 is \$21,240 for those under the Social Security retirement age and \$56,520 for those in full Social Security retirement age. However, PERA offsets would not apply if the officer opted to retire at age 55 and earn income (through employment, self-employment, investments, and elected service) outside a PERA-covered position.*

Question 6: Do you see any easy way to increase total benefits for younger officers who become disabled?

Response: [during the hearing] *[Researcher] I think I would refer that question to those that are in charge of making those decisions. [DLI representative] We put the study out there and show*

you what is being found, and then certainly may be involved in discussions about changes that the legislature may see fit to address what the study finds.

[Expanded response] *The team does not present any recommendations to legislators for changes but hopes the study findings can inform their decision-making. Quantitative and qualitative data of this study point out that there are questions about adequacy benefits for younger officers and those that become totally and permanently disabled.*

Question 7: Is MSRS involved in the discussion?

Response: [during the hearing] [researcher] *No, we are looking into police officers that receive disability benefits from PERA, so PERA is included in the discussion. MSRS covers State Patrol, and those officers are outside the scope of the study. [DLI representative]* *The scope that the pension commission, when they heard this bill, considering the legislation, there was discussion about including MSRS and state troopers as well, and there was even an amendment discussed and brought up regarding adding them to the bill, that was not included in the version that was passed in the omnibus pension bill. So that is why there is no MSRS on there.*

Question 8: Any data to show how many of the young officers actually do not go back to work at all for their lifetime?

Response: [during the hearing] *Not at this point. Right now in the data, we are not able to see which police officers have another source of income.*

[Expanded response] *This information has been provided by PERA and is now included in the report in Table 4-4 about reemployment earnings and offsets applied in 2021.*

Question 9: Did you mention this study includes firefighters?

Response: [during the hearing] *No, the focus of this study was police officers. Firefighters were outside the scope of the study.*

[Expanded response] *The study focuses only on police officers covered under the PERA Police & Fire plan. This includes police officers and deputy sheriffs. Not included in the enabling legislation are firefighters covered by the PERA P&F plan or state troopers who are covered by the Minnesota State Retirement System (MSRS) plan rather than PERA P&F.*

Question 10: Will the report identify the amount of PTSD claims (by number and by year) that are submitted to workers' comp and are immediately denied, so the officers are not able to seek treatment through workers' comp?

Response: *PTSD issues were mentioned by all interviewees. These are included throughout the report; however, they are not the main focus of this study. DLI will be providing additional data on PTSD claims by police officers that interested parties can review.*

Question 11: There is also a rehabilitation benefit as a part of the Work Comp Act to allow retraining and additional benefits for the younger officers.

Response: *These benefits are discussed in Chapter 3 in the subsection named “Medical Coverage and Vocational Rehabilitation Benefits”.*

Question 12: Scenario Preinjury wages that include concurrent wages from other employment continue to earn outside of their employer.

Response: *If the injured officer had earnings from other PERA- covered employers, these earnings are captured in the high-five salary from PERA and are already reflected in the scenarios. If the additional income were earned through non-covered PERA employers, but is reported to employer’s workers’ compensation insurer or administrator, it would be captured in the employee’s average weekly wage and is already reflected in the scenarios. For any other jobs not reporting to DLI or PERA, the officer would receive Social Security benefits if this employer retained payroll taxes. However, Social Security benefits are not within the scope of this study.*

Question 13: Did the researchers look at the union contracts for police officers and law enforcement? Some employers have agreed to compensate employees for injuries under hazard or injury pay designations within payroll systems per the contract. This compensation is related to the 1/3 unpaid under work comp law.

Response: *Researchers learned about this during interviews and the information is included in section 3.3, under the Benefits from Police Department title.*

Question 14: Among the people you spoke to and interviewed, did you officially speak with representatives from the MPPOA? Will there be more interviews or testimony taken? I guess as one of the largest police and peace officer associations, they should be consulted. I would strongly suggest that before you finalize anything.

Response: [during the hearing] *We have contacted them but we have not had the chance to speak with them yet. We have been trying to reach out to police unions but we have not had any luck with that. If there are any representatives in this meeting, we would appreciate the chance to speak with them.*

[Expanded response] *At the beginning of the interview process for this study, the team reached out to the Minnesota Police Peace Officers Association (MPPOA). A representative of this organization mentioned they preferred not to be interviewed as they did not have the expertise on this topic and referred the research team to LELS and Meuser, Yackley & Rowland P.A.*

Question 15: Were any workers' compensation carriers interviewed?

Response: [during the hearing] [DLI representative] *I think there were interviews with cities, counties, and those who administer workers' compensation, that is who were interviewed. However, for those who are raising questions about who was interviewed, there is still some time*

to reach out if you have comments or questions or would be interested in offering comments or questions to the University.

[Expanded response]: Interviews for this study included the following workers' compensation carriers, the League of Minnesota Cities (LMC), the League of Minnesota Cities Insurance Trust (LMCIT), the Minnesota Counties Insurance Trust (MCIT), and the cities of Minneapolis and Saint Paul.

Question 16: Was the future solvency of PERA something that was looked into?

Response: [during the hearing] That was something that was brought to our attention. I think that that would be included in the next steps of the study.

[Expanded response] Issues about the solvency of the PERA fund are covered in Appendix C.

Question 17: Does the study include deputies since they are members of the police and fire plan?

Response: [during the hearing] [PERA representative] It would include deputies because deputies are covered under the Police and Fire Plan.

Comments during the hearing

The following are comments from attendees during the meeting:

Comment 1: I do think that it is extremely important to interview injured police officers and their family members as part of this study. The reason why is I think they can provide additional perspective about how this is impacting their total life and total benefits in a way that may not necessarily be obvious to other stakeholder groups. The example I will give is officer Arik Matson who was shot in the head and determined to be totally and permanently disabled. One of the impacts of his work-related injury was that his spouse had to discontinue working outside the home so she could care for officer Matson and their children. And I do not think that some of those effects on the total family are incorporated into the study in a way that they might be going forward. So I would strongly recommend that you talk with disabled police officers and their families.

The other wish that I have going forward is that when you develop the scenarios - and I think the scenarios are very helpful to bring to life how these benefits play out in reality - but as you continue to develop the scenarios, I would be interested in looking at pre-injury wages that incorporate off-duty and concurrent employment as well, and the reason why is because when an officer is injured or disabled, it not only affects their ability to earn as a police officer, but it also may affect their ability to continue to earn outside their primary occupation as a police officer. So it would be helpful to see the starting point as a pre-injury wage that incorporates those other earnings as well.

Then with regard to the view of the total benefits in the scenarios, I think it would also be interesting to see those total benefits reflected in inflation-adjusted terms, especially given the fact that your study highlights that when inflation adjusted, the benefits may not be adequate. So those are the only two comments that I wanted to make.

Response: [during the hearing] Thank you for your comments. In the presentation, I did not go into the other comments we have received from different stakeholders, but what you mentioned has been brought up to our attention. We have created an additional section in the report in which we talk about these issues. These are not related to the benefits they receive, but these are other inputs that we have heard. We include these in the final report. I did not talk about it during the presentation because of time management.

When you mentioned looking into the inflation factor, the scenarios we developed show the inflation that has been included there. That is why when you see the graphs, you see a gradual increase in the curves. What we are not showing is the loss of value **[the loss of purchasing power]** because we cannot predict inflation in the future.

For the scenario that you requested, it would include additional income, [and] we do not have data on earnings that they might be receiving outside their police department. We could make some assumptions, but we would need data on that additional income. This issue is in the report as it has been brought up by stakeholders in the interviews. If you have data on this, please send it to the research team so that we can incorporate this into the report.

And if they do additional work in other organizations that contribute to the PERA plan, that would be reflected in their income. If they do not and the employer contributes to Social Security, then they would receive benefits from Social Security, but we do not have that data.

Regarding your comment on interviewing families of police officers and injured officers, we have talked to family members. But as for the injured officers themselves, we need to go through a review process from the University of Minnesota [Institutional Review Board (IRB)] to make sure that our study is in line with [research] guidelines and to make sure that we do not create any harm during this study because these are populations who might be impacted by this kind of studies.

Comment 2: One issue that we face, and I am not sure if it is part of this study or not, but what we are trying to get a grasp on, as well as other MN cities with police officers, is the PTSD issue. And when they go out on PTSD, you know they have doctors and lawyers that literally recruit these folks, to kind of go out on PTSD, and PERA, as far as I know, does not request any medical records - I do not believe there has been a single claim for PERA disability that has been denied for that. We have officers that are in their late 20s that are going out on PTSD, and the cost to pay for their health insurance, at least the city's portion until they are age 65, is astronomical. So we are trying to figure out and navigate this, how we are supposed to deal with those, how we are supposed to pay for those. Additionally, it does not seem to take into account that PTSD can be treated. There are really good treatment options out there, and people can be treated for PTSD and return to work. That is one issue that we are having. We have

had just recently, well I should not say recently, we are still dealing with them. About a year ago, when the City was contemplating requiring vaccinations for COVID-19, which the police department was very opposed to, we suddenly had a dozen police officers claim PTSD and go out. It is an interesting coincidence to the vaccination mandate that we would have such a huge amount of people, but now we are paying them a lot of money either in a settlement or paying for their health insurance or their work comp, so I just, I do not know if that can be included in here as to how that can be addressed. Is the state going to be providing more funds to help the cities to supplement those types of costs? That is probably the main thing that I wanted to share. Thank you.

***Response: [during the hearing]** Those are issues that have come up during our interviews. We include this in the report when they impact the adequacy of benefits that they receive. Some of these issues are more related to the process, which is out of the scope of this study. In the report, we do note some of these issues.*

Comment 3: Thank you for giving me the opportunity to speak today. I am the one who sort of asked for this study to begin with, and I am very thankful to everybody who has participated in it, especially Representative Koznick and Senators Pratt and Jasinski for working on this legislation to have this study happen but also to everybody who is participating. I wanted to reiterate the cumulative effect of the different loss areas. You did a good job of pointing those out, but one of the big differences is that the pension is only going up one percent when now inflation is huge, wages are going up, and so people who can work continue to see that wage increase, where people who have just the disability benefits do not see that increase. Not everybody gets a three percent increase in the work comp wage. It is set on the date of injury by legislation, so for people like my husband who were injured - who was injured in 2005 - the lifetime wage increase and the potential wage loss is two percent, so that line always stays below no matter how low PERA goes, the work comp line stays below that, so there's cumulative loss there as well. One thing not mentioned in all of this was the loss of survivor benefits. At the time that my husband was injured, you were supposed to have automatic survivor benefits, and that was removed by legislation in, I think, 2009. And it was not just for people going forward, it was also retroactive to people like my husband so when he turned 55 we lost 10 percent of his pension in order to retain survivor benefits. And the thought behind that change was that spouses have their own retirement but just like Megan Matson is unable to work because of her husband's injury, I had to drastically cut back on how much I work as well, so I do not have a retirement anymore. I went from 50 dollars an hour to 30 dollars a day as a caregiver. So that is a substantial loss of income. I am grateful that the study has shown concerns that I was expressing to the legislature, and hopefully, it creates some urgency to fix the problem because it has been really hard to have the hostile treatment that I have had from my husband's employers and some of the lobbyists for employers on what goes on. Because this should not happen to anybody, it was wrong that it happened to us, and it should not happen to anybody else going forward. I guess that is kind of all I have to say at the moment. I am very concerned about the PTSD issue because it is making a hostile environment towards my husband and Arik Matson, who do not deserve to be treated like this. And I sincerely hope that the League (of Minnesota Cities) and the self-insured cities are not going to oppose fixing the problem because of concerns about other costs because we have people who did not do anything wrong that has severe life-

changing injuries who are being left behind. The whole system was designed to take care of those people, and it is not taking care of those people. So thank you very much.

Response: [during the hearing] *We will make sure that we address survivor benefits in the report. Thank you so much for pointing that out.*

[Expanded response]: *The current PERA P&F plan specifies that if the officer's injury is considered total and permanent, they are eligible for automatic survivor protection until age 55 or five years after the disability occurs, whichever is later. At age 55, the injured officer can elect survivor protection at that time in increments of 25, 50, 75, or 100 percent, **which, as you mentioned, will reduce their current benefit in the corresponding increment.** For more information see the survivor option section.*

Comment 4: I am President of the Minnesota State Patrol Troopers Association. I am also the state patrol pension board plan representative. I represent all state law enforcement officers on the MSRS pension board. I am also the chairman of what is known as the MN law enforcement association, which represents all state law enforcement officers. I also want to express my appreciation for the time and effort put into this study, I had the opportunity to review it yesterday, and I think it points out some important problems, particularly when it comes to inflation. And these dedicated public servants keep up with that. The problem I obviously have, and again I do not direct this at the dedicated individuals that conducted the study, I am familiar with the statute that was passed implementing the study that indicated and used the term police officer, however, I would point those that are listening to MN statute 626.88, which defines a peace officer in MN. It essentially says that a peace officer means an employee of a political subdivision or state law enforcement agency who is licensed pursuant to section and is charged with the prevention and detection of crime and the enforcement of the law. I am disappointed that state troopers and other state law enforcement officers were not included in the study. The reason I asked the question about the deputies is that it does not say deputies, but by their participation in PERA police and fire, it appears to me that they are being included in the study. Minnesota currently has about 418 law enforcement agencies, and approximately 10,600 licensed and active police officers. Currently, we have approximately 936 licensed officers who are members of the MSRS. So approximately 8.8 percent of all officers in the state fall under that plan. I guess to put it in perspective, if we were doing a study to determine the adequacy of veteran disability benefits, would we exclude the Air Force? And again I do not direct that comment at the dedicated individuals who conducted the study, but it is a disservice to the folks I represent, and it is almost offensive to me as a state law enforcement officer. I probably do not need to explain that a high percentage of myself and my coworkers get struck by vehicles while performing our duties on the roadside. Personally, I have been hit about six or seven times while working on the side of the highway. So obviously the individuals I represent fall into the same categories we are studying. And this is one of those areas too where this has happened before where sometimes we forget about the state law enforcement officers that are members of MSRS. For example, state officers have a pension contribution of 15.4 percent, but PERA officers have a contribution of 11.8 percent, so a difference of 3.6 percent, and it is my understanding that there are also differences in how we compensate these disabled individuals under statute 176.021, where MSRS have subtractions higher than if they were PERA officers. We have forgotten roughly 10

percent of the law enforcement population, and hopefully some of our elected representatives that are listening today correct this issue.

Response: [during the hearing] [DLI] *State troopers were considered by the pension commission last legislative session to be included in the study. Ultimately, an amendment was proposed to include state troopers and it did not pass in the final omnibus pension bill. I appreciate your comment and my recommendation is that you take it up with your respective legislator in this session.*

Emails after the hearing

The following are emails received around the hearing date:

Email 1: DPS is being greatly impacted by a significant increase in MSRS approvals of Duty Disability cases due to PTSD. Most, if not all, of the PTSD cases have been previously denied by workers' compensation. I do not believe MSRS is tracking this trend in PTSD cases.

Response: [DLI representative] *The current report/study is limited in scope to police officers under the PERA Police and Fire Plan. However, PTSD claims continue to be an area of focus and debate, and we appreciate having your comments on the issue. I will forward your email to the University of Minnesota study research team as an FYI and to DLI's Assistant Commissioner over Workers' Compensation.*

[Expanded response] *PTSD has come up a lot in the interviews. While PTSD is an important topic, it was not the main focus here. We have included in our report some portions about PTSD problems but that is not the main focus of this study.*

Email 2: Is part of the point of the study to show that OTHER employees (e.g., Maintenance Laborers, Attorneys, etc.) on the General PERA plan get far more dollars than Police Officers and Deputies receive? It would be interesting to see the adequacy of other job titles' disability benefits, and how that compares to the adequacy of the police study group, assuming the other employees also have had Workers' Compensation injuries and are given a permanent disability PERA benefit under the PERA General Plan. Would such a comparison show that police officers get fewer dollars overall, not just fewer dollars proportionate to their pre-injury wage?

Response: [DLI representative] *Thank you for your email below. Because the legislation requiring the study specified police officers as its subject, comparisons to the PERA general plan are not in scope for this report. However, your ideas for further study/comparison are interesting, and we appreciate you sharing them. I will forward your email to the University of Minnesota study research team, PERA, and our DLI Research and Statistics group.*

[Expanded response] [researchers] Your ideas for further study/comparison are interesting and probably could be considered for a future study. However, the PERA General plan is out of the scope of the study.

Calls to DLI

The following are calls that DLI received.

Call 1: A stakeholder reached out with questions about the study. Their main concerns were: (1) Was the discussion on continued health care coverage/insurance clear enough in the hearing? (2) Is the 20 percent assumption for an officer returning to work clear enough? (3) Include a percentage or stats on officers not returning to pre-injury jobs as part of the report.

Response: [DLI representative] Health care coverage and insurance are discussed in the report in more detail. Regarding the assumption, this may be related to a scenario where the officer returns to work at a different job from their pre-injury role. We will refer your comment on statistics regarding returning to pre-injury jobs to the research team.

[Expanded response] [researchers] (1) This is discussed in the report, refer to section 3.3, under the Continued Healthcare Coverage title. (2) These cases suggest that the officer returns to work but at a different job from pre-injury, with a lower salary compared to the pre-injury salary. According to the statutes, injured police officers must stop working at the P&F plan position. If they continue working past 45 days, the disability application will be canceled. (3) Additional information on the percentage of officers returning to employment has been added with data provided by PERA.