



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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Local Boards and Associations Administer Firefighters' and Rescue Squad Workers' Relief Funds with Limited State Oversight

Summary

As directed by the North Carolina General Assembly's Joint Legislative Program Evaluation Oversight Committee, this evaluation examines the Firefighters' Relief Fund and Rescue Squad Workers' Relief Fund. The Firefighters' Relief Fund has a statewide component administered by the non-profit North Carolina State Firemen's Association (NCSFA) and a local component administered by over 1,000 local boards with oversight from NCSFA. The Rescue Squad Workers' Relief Fund is administered statewide by the non-profit North Carolina Association of Rescue and Emergency Medical Services, Inc. (NCAREMS). The Department of Insurance has administrative responsibilities regarding each fund.

Relief fund money is not being spent at the rate intended by the General Assembly, has been spent on non-permitted uses, and is being invested without regulation. More than half of local firefighters' relief fund boards did not spend any of their relief fund money in Fiscal Year 2011-12; collectively, local boards have a relief fund balance of \$67.1 million. For the Rescue Squad Workers' Relief Fund, the fund balance has more than doubled in the last 10 years and now exceeds \$6 million. NCAREMS misspent \$1.9 million of relief fund money to finance its new office facility. Lack of specific statutory regulations regarding how relief fund money can be invested puts relief funds at risk.

Lack of oversight puts the relief funds at risk of misuse. The Department of Insurance does not require adequate reporting from the associations to ensure accountability. Lack of a centralized database weakens the department's oversight ability and causes administrative inefficiencies and communication challenges. NCSFA does not provide clear guidelines to local boards, have written criteria for its benefit decisions, or track local board expenditures at an itemized level.

Administration of relief funds could be more efficient. Electronic transfer would be a more efficient and safer way for the Department of Insurance to distribute relief fund money. Efficiencies can be realized by pooling resources and centralizing fund administration duties under the department.

To address these findings, the General Assembly should choose to

- consolidate the State and local firefighters' relief funds and make administration of the consolidated fund and the Rescue Squad Workers' Relief Fund the responsibility of the Department of Insurance; or
- improve oversight of the State and local firefighters' relief funds and the Rescue Squad Workers' Relief Fund under their current administrative structures.