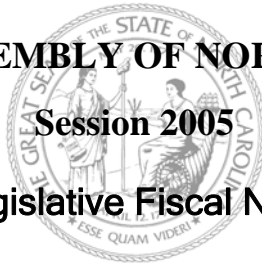


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2005

Legislative Fiscal Note

BILL NUMBER: Senate Bill 1481 (First Edition)

SHORT TITLE: Victims' Compensation Changes.

SPONSOR(S): Senator Kinnaird

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
REVENUES:					
EXPENDITURES:	\$868,500	\$868,500	\$868,500	\$868,500	\$868,500
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Crime Control and Public Safety; Victim Compensation Services Division					
EFFECTIVE DATE: Applies to all claims filed on or after July 1, 2006.					

BILL SUMMARY: Makes changes to the victims' compensation statutes as recommended by the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee. The changes include increasing the maximum allowable funeral expense from \$3,500 to \$5,000. In addition, the proposal limits medical claims payments to allowable expenses paid by Medicaid, Medicare, or similar government reimbursement programs if the provider participates in those programs. Adds clarifying language to limit compensation payments to economic loss only. Adds clarifying language to indicate that the Victims' Compensation Section has discretion to deny, reduce, or reconsider an award where the victim fails to cooperate with the prosecution of a criminal case arising out of the criminally injurious conduct that is the subject of the award.

ASSUMPTIONS AND METHODOLOGY: The Crime Victims' Compensation Program is administered by the Victims' Compensation Services (VCS) Division within the Department of Crime Control and Public Safety. The program pays innocent persons up to \$30,000 to cover medical costs, lost income, and other costs incurred as a result of being a victim of a crime. If the victim dies as a result of the crime, an additional amount up to \$3,500 may be paid to survivors for funeral expenses. Victims' compensation payments are granted only after all other resources

available to the victim (insurance, Medicaid, Worker’s Compensation, court-ordered restitution) have been exhausted. Funding for victims’ compensation comes from three sources: a recurring general fund appropriation of \$4.5 million, federal block grant funds, and receipts from the Department of Correction’s Prison Enterprise Fund. In FY 2005-06, the amount budgeted from these three sources to pay victims’ compensation claims is \$6,606,492. For the past five years, increases in both the number of claims and the amounts requested have resulted in a large backlog of approved but unpaid claims at the end of each year. The backlogged claims are then carried forward and paid from the next year’s budget. As a result, the amount available to pay new claims in the following year is insufficient. For example, from the \$6.6 million budgeted for FY05-06, \$1.7 million was used to pay approved, outstanding claims from the prior fiscal year.

Section 1 of SB 1481 increases the maximum compensation for funeral expenses from \$3,500 to \$5,000. The table below shows the number of claims and the amount of funeral compensation payments for the past five years. Note that according to VCS staff, the annual number of funeral claims reported in the table is less than the actual number of funeral compensation payments. When a claim is first submitted, the victim may be alive and VCS will classify the case as a medical claim. However, subsequent to establishing the case in the VCS system, the victim may die as a result of the injuries received during the crime. In such cases, VCS does not reclassify the original claim as a homicide nor will it enter the case into the system a second time as a funeral claim. However, VCS would provide funeral compensation to the victim’s survivors. For example, the table shows that there were 519 funeral claims in FY 2004-05. However, in addition to that number, VCS paid funeral compensation for 45 DUI and 15 domestic violence victims who later died from their injuries, for a total of 579 payments. While these 60 cases are not included in the 519 figure, the payments are included in the \$2,203,117 total.

FISCAL YEAR	# FUNERAL CLAIMS	\$ PAID FOR FUNERAL COMPENSATION
2000-01	298	\$1,217,722
2001-02	336	\$1,448,989
2002-03	328	\$1,559,757
2003-04	388	\$1,758,946
2004-05	519	\$2,023,117

At a minimum, assuming no change in the annual number of funeral compensation payments, the proposal would increase victims’ compensation funeral costs by \$868,500 (579 x \$1,500) in FY 2006-07 and future years. However, as the table indicates, there have been significant annual increases in the number of funeral payments. If this trend continues, the fiscal impact would be much higher. Because the victims’ compensation program is not fully funded, the impact of the proposed bill would be to increase the backlog of approved unpaid claims that must be carried forward to be paid from the following year’s budget.

Section 1 also adds language as requested by the Victims’ Compensation Services Commission to clarify VCS’s status as the absolute payor of last resort for medical expenses to the victim. Section 2 adds statutory language clarifying that compensation shall not be paid for “non-economic detriment” as is defined in G.S. 15B-2(11). Section 3 adds language to give VCS the discretion to

deny, reduce or reconsider an award where the victim fails to cooperate with the prosecution of a criminal case arising out of the criminally injurious conduct that is the subject of the award. The fiscal impact of the clarifying language is indeterminate; however, they would appear to have minimal impact on the number of future claims submitted or the amount of compensation to be paid.

SOURCES OF DATA: Department of Crime Control and Public Safety, Victims' Compensation Services Section

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Denise Thomas

APPROVED BY: Lynn Muchmore, Director
Fiscal Research Division

DATE: June 12, 2006



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