



FINAL REPORT

Volunteer Fire Fighters Pension Task Force

January 2003

MEMBERS

Dick Frank, Chairperson
(volunteer fire fighters representative)

Mary Bilden (Iowa Code chapter 411
pension system representative)

Michael Fitzgerald (Treasurer of State)

Klete Geren (Iowa Insurance Division
representative)

Linda Guffey (Iowa Public Employees'
Retirement System representative)

Dennis Henderson (Iowa League of Cities
representative)

Jolene Henning (State Fire and Emergency
Response Council representative)

Liz Waddingham (township trustee
representative)

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AUTHORIZATION AND APPOINTMENT

The Legislative Council established the Volunteer Fire Fighters Pension Task Force to make recommendations concerning the establishment of a pension system for volunteer fire fighters. The task force was created based upon 2002 Iowa Acts, ch. 1151, section 34, which directed the establishment of the task force.

The legislation creating the task force established the following charge to the task force:

"The task force shall examine pension plans established by other states for volunteer fire fighters and shall solicit information from volunteer fire fighters, and cities and townships with volunteer fire fighters, concerning the establishment of a pension system for volunteer fire fighters. The task force shall also identify and examine issues relating to volunteer fire departments' attraction and retention of fire fighters and shall propose solutions to these issues of attraction and retention."



Volunteer Fire Fighters Pension Task Force

I. Introduction.

Membership. The legislation creating the task force stipulated that the membership of the task force was to be determined by the Legislative Council and should include, at a minimum, representatives from several groups interested in the issue. The membership of the task force consisted of the following individuals:

Mary Bilden

(Iowa Code chapter 411 pension system representative)

Michael Fitzgerald

(Treasurer of State)

Dick Frank

(Volunteer fire fighters representative)

Klete Geren

(Iowa Insurance Division representative)

Linda Guffey

(Iowa Public Employees' Retirement System [IPERS] representative)

Dennis Henderson

(Iowa League of Cities representative)

Jolene Henning

(State Fire and Emergency Response Council representative)

Liz Waddingham

(Township trustee representative)

II. Administrative Matters.

The Volunteer Fire Fighters Pension Task Force met three times during the 2002 Interim. The task force held an organizational meeting by teleconference call on December 4, 2002. Mr. Dick Frank was elected chairperson of the task force at the first meeting. The second meeting of the task force was held on December 18, 2002, with the final meeting of the task force on January 9, 2003.

III. Presentations to the Task Force.

A. The State of Fire Service in Iowa.

Mr. George Oster, recently retired from Iowa State University where he worked for the Fire Service Institute, made a presentation to the task force on the state of fire service in Iowa.

1. History.

Fire protection service in the United States in the 18th and 19th centuries was provided on the local level, usually on the basis of township boundaries. Fire departments in the 18th and 19th centuries were a social and political entity and that is still largely true today.



In 1975, the Iowa General Assembly required all townships to provide fire protection and established funding for that purpose. The funding was limited, though, in most townships to property tax revenues of not more than 60 3/4 cents per \$1,000 of assessed value in the township. However, no minimum levy rate was established. The General Assembly in that year also disallowed formation of any new benefited fire districts. Today, there are between 55 and 60 benefited fire districts.

After 1975, fire departments in Iowa fell into one of three types: large city departments that did not want to contract to provide fire service outside their boundaries; small city departments that contracted with townships to provide fire service to townships; and township departments that provided their own fire service to the township.

In the 1900s there was little government oversight of formation, funding, and management of fire departments in Iowa. They were largely fraternal organizations and fire fighting education was not mandated for volunteers.

Since the 1980s, fire departments in Iowa have begun to respond to every type of emergency, such as hazmat (hazardous materials), rescue, and EMS (emergency medical services) without a comparable increase in funding or training.

2. Emergency Response Departments Profile.

In Iowa, 90 percent of emergency response departments are staffed wholly by volunteers, compared with 75 percent nationwide. The mostly volunteer departments, which comprise at least 2 percent of all departments, and which are the fastest growing category, have a paid fire chief or one or two paid drivers. Four percent of Iowa emergency response departments are career departments, compared with 6 percent nationwide.

The majority of emergency response departments in Iowa are governed and funded by cities. Of the 870 emergency response departments in Iowa, 700 are in districts with a population of less than 5,000. Fifty-five percent of the departments operate on budgets of \$5,000 to \$25,000, and 15 percent of the departments operate on a budget of less than \$5,000. Sixty-three percent of all emergency response departments in Iowa raise funds to pay expenses. Fund-raising accounts for 25 percent of the average budget.

Currently, most cities are subsidizing fire protection in rural areas. This is, in part, because of the fire protection limitation on township property taxes and, in part, because in smaller communities, most fires and emergency calls are for outside the city limits. Also, some townships choose not to levy an amount adequate to fund fire protection.

In terms of service sharing relating to fire fighting services, 98 percent of the fire departments provide mutual aid to other departments when a department calls for assistance. However, only 19 percent of departments have formal agreements for automatic response assistance. Fifty-eight percent of departments share training



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services, yet only 10 percent of departments make joint purchases and only 6 percent have tiered response arrangements in which one department owns the tanker and another department owns the pumper, and they both respond to a fire call.

In terms of rescue/extrication services, only 58 percent of departments provide mutual aid to another; 22 percent share training; and only 1 percent make joint purchases of equipment.

Of the fire fighters in Iowa, 96 percent are male with an average of 12 years' experience. Twenty-four percent of volunteer fire fighters in Iowa are certified Fire Fighter I, which is the minimum level based on the national standard. Sixty-seven percent of volunteer fire fighters are between the ages of 30 and 49, and 18 percent are over 50 years of age. A volunteer fire fighter in Iowa provides, on average, six hours of service to the community per week.

3. Fire Service Changes.

Mr. Oster informed the task force that the changes needed to solve the looming crisis of fire service in Iowa fall into three general categories: basic, systemic, and cultural.

Basic Changes. Iowa needs to evaluate the goals to be accomplished, what services need to be provided, and the methods by which services are provided. The method of funding fire service also needs to be evaluated. Funding mechanisms need to be increased and there needs to be greater equity between city and township funding. Mr. Oster also noted that the state is doing almost nothing in terms of funding fire service, with the exception of training through the State Fire Marshal's office.

Systemic Changes. Iowa needs to do a better job of data gathering relating to fire service funding, fire service boundaries, and fire service delivery options, said Mr. Oster. Legislative barriers, such as limits on how fire service districts can be formed and funding limits, need to be removed, he said. There also needs to be more state oversight of fire service delivery.

Cultural Changes. Iowa needs to cultivate and educate more fire service leaders. Minimum standards need to be raised, certification documenting training needs to be required, and fire fighters and their leadership need to recognize that training and certification are important.

B. National Fire Service Documents.

Chairperson Frank distributed to the members of the task force several documents compiled by national fire service organizations concerning issues of attracting and retaining volunteer fire fighters. He cited from the materials discussions on the declining level of volunteerism and the reasons for it and also the lack of leadership as it pertains to recruitment and retention of volunteers. Chairperson Frank also noted that the materials contained information on other states and their incentive systems, including direct



payments and pension programs. Chairperson Frank stated that any type of benefits plan needs to be flexible, i.e., there needs to be a range of options from which the volunteer can choose. Chairperson Frank agreed with Mr. Henderson that taking on emergency medical services has increased the time commitment burden on fire service providers.

C. Iowa Public Employees' Retirement System (IPERS).

Ms. Guffey provided information to the task force members about current IPERS coverage for volunteer fire fighters in Iowa.

Eligibility for coverage requires a payment of \$300 to the fire fighter for each of two consecutive quarters in a calendar year. There must also be some amount of compensation paid in subsequent years to continue coverage under IPERS. Retirees under IPERS are guaranteed a minimum benefit of \$50 per month if certain qualifying conditions are met.

Some communities may be paying their volunteer fire fighters enough to be eligible for IPERS, but are not enrolling them in the system.

D. City Survey.

Mr. Henderson provided a handout to task force members concerning various cities' responses to questions relating to the compensation of volunteer fire fighters and other issues concerning recruitment, retention, and training of volunteer fire fighters.

IV. Recommendations.

The task force, by unanimous vote of the members present, made the following recommendations to the General Assembly:

A. The General Assembly should authorize a length of service award program for volunteer fire fighters which would be a defined contribution plan, consistent, to the extent possible, with the requirements of Iowa Code section 509A.12, with contributions to the plan provided by the local government and matched, in some part, by the state. Participation in the plan would be at the option of the applicable local government entity with participation of each individual fire fighter based on a points system.

B. Fire fighter training and leadership training are vital to recruitment and retention of volunteer fire fighters. The General Assembly is encouraged to provide additional state financial resources that would be used for training of volunteer fire fighters.

C. The General Assembly should be encouraged to examine and consider the recommendations submitted by the task force members, as summarized by the Legislative Service Bureau, which will be attached to the Final Report of the task force.

D. The document prepared by Chairperson Frank containing his proposed recommendations and background information and statistics will be attached to the Final Report of the task force for consideration by the General Assembly.



Volunteer Fire Fighters Pension Task Force

V. Materials Distributed.

The following materials were distributed during the task force's meetings and a copy of each is on file with the Legislative Service Bureau:

1. Mr. George Oster - "The Iowa Fire Service: An Event Cascade."
2. Chairperson Dick Frank - "2000 National Volunteer Fire Summit Report" Executive Summary and "Recruitment and Retention in the Volunteer Fire Service: Problems and Solutions" Final Report.
3. Ms. Linda Guffey - "IPERS Benefit Information."
4. Mr. Dennis Henderson - City Survey Responses.

VI. Attachments.

The task force directed that the following materials be submitted with the Final Report of the task force.

A. Recommendations summary compiled by the Legislative Service Bureau from proposed recommendations submitted by members of the task force.

B. Volunteer Fire Fighter Task Force document submitted by Chairperson Frank.

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ATTACHMENT A

Summary Compiled by the Legislative Service Bureau from proposed recommendations submitted by members of the Task Force:

Dennis Henderson:
Iowa League of Cities Representative

1. The General Assembly should provide a mechanism on a statewide basis to encourage individual volunteer fire fighter departments to implement tiered response arrangements with other departments in their area.

2. Municipalities need to be encouraged to consider allowing city staff to be members of the fire department and to respond to calls during regular work hours.

3. Local volunteer fire departments that provide some form of EMS services should be encouraged to privatize EMS services or enter into 28E arrangements with neighboring cities or counties to provide for EMS services thereby reducing the burden on volunteer fire fighters.

4. The General Assembly should not mandate a particular pension or length of service award program for volunteer fire fighters but should provide flexibility to local fire departments to tailor recruitment and retention incentives that would work for their community. Communities should be encouraged to examine the possibility of paying volunteer fire fighters in a manner that would make them eligible for coverage under IPERS.

5. There is a need for effective leadership and training and any new state financial resources should be used for training of volunteer fire fighters.

Liz Waddingham
Township Representative

1. The decision to offer a pension to volunteer fire fighters should not be a state-wide mandate but should be at the option of each individual fire department.

2. If additional state resources are made available to volunteer fire departments, the departments should be given the

flexibility to use the money in the way most beneficial to that department, such as to help with facilities, equipment and training.

3. The General Assembly should offer property tax relief, or some other form of state tax relief, to volunteer fire fighters for their service.

4. Any additional financial incentive provided to volunteer fire fighters should be based upon merit, such as some form of a points system, that would provide rewards based on the level of training and the participation of the particular volunteer fire fighter.

Dick Frank

Volunteer Fire Fighter Representative

1. The General Assembly should authorize a length of service award program for volunteer firefighters which would be a defined contribution plan with contributions to the plan provided by the municipality and matched, in some part, by the state. Participation in the plan would be at the option of the applicable local government entity.

2. The General Assembly should create a \$500 tax deduction or credit for individuals who serve their communities as volunteer firefighters or emergency medical personnel.

3. That the General Assembly support proposed legislation by the Iowa Firemen's Association that will place a fee on vehicle registration to be used to support Iowa's Fire Service. Money generated by the fee would be used to support the Fire Service Training Bureau to expand programs, staff and facilities including regional training facilities, fund a volunteer firefighter LOSAP or tax credit, create an interest free revolving loan account to supplement fire departments as they update equipment, and provide financial support to the State Fire Marshals Office.

Mary Bilden

Representative from the Chapter 411 Retirement System

1. The General Assembly should create a LOSAP pension program for volunteer fire fighters in which the benefit is based upon a points system which provides a greater reward based

upon the number of calls, the training, and experience of the fire fighter.

Linda Guffey
Representative from the Iowa Public Employees' Retirement System

1. Any financial incentive awarded volunteer fire fighters should be based upon a points system, which provides points for the number of calls responded to, training completed, education, meeting attendance, and officer or support duties taken on.

2. The General Assembly should authorize some form of tax relief, such as a reduction in property tax or vehicle registration fees, for volunteer fire fighters who earn a predetermined amount of points.

3. That a defined contribution retirement plan recognized by Iowa Code 509A.12 be established which volunteer fire departments can contribute to on an optional basis.

4. The Fire Service Training Bureau should increase the coordination of training and other requirements for volunteer fire departments.

5. Encourage local business sponsorship of the volunteer fire department to provide daytime coverage by employees who work in the area during the day.

ATTACHMENT B

Volunteer Fire Fighter Task Force

Submitted by Dick Frank

Overview:

To begin with I would like to say that the pension issue along with recruitment and retention of volunteer firefighters are concerns that I have heard for years.

Having served as a volunteer firefighter for over sixteen years along with being on the Iowa Firemen's Association board the last six years these three issues are very important to me and the volunteer firefighters of Iowa. These are issues that I have heard first hand many times from fire departments across the state. They are also issues that every Iowan, especially those in the rural areas should be concerned about.

Over the last few weeks this task force has seen and heard data along with statistics that emphasize the need, importance and value of volunteer firefighters in rural Iowa. Over 90% of Iowa's fire departments are staffed with volunteers. What would those communities do without that valuable resource "volunteers"?

As we have seen there are a number of things that contribute to the problem of recruitment and retention. One thing for sure is that there is no one simple answer that will address all of the separate issues that contribute to the problem of recruitment and retention.

Issues such as "lack of young people to volunteer" most likely will not change. Rural Iowa is full of small communities that just do not have the people to be volunteers. The fire service as we know it today will have to change to accommodate this issue.

George Oster talked about such change in his presentation. Tiered response, structure of small fire departments and consolidation are all part of the equation that will be needed to address the lack of people problem in small communities.

I feel there are a number of things that affect recruitment and retention that can be addressed with proper training. Things such as leadership, department image, attitude, motivation, risks and time demands are things that can be changed with education and training. To accomplish this, training in these areas has to be made available and for the most part at the local level. Firefighter training needs to be more than just the skills necessary to be good firefighters once they arrive on the scene. People skills such as leadership, attitude and motivation also need to be learned.

In today's society, time is especially valuable to everyone. For a firefighter, training accounts for a good share of the time commitment that is required. With adequate resources, training can be made more productive and beneficial for many. Obviously this will require additional funding. The Fire Service Training Bureau has made tremendous advances in firefighter training over the last several years. This is especially noticeable with our volunteers. However, the Fire Service Training Bureau is limited on what it can accomplish by its available resources.

People for the most part become volunteer firefighters not for money but to give something back to their community and to get that warm fuzzy feeling you get inside when you are able to help someone. However, with recruitment and retention becoming a bigger problem, incentives are becoming a factor that may entice people to become or remain a volunteer.

Many states have recognized the valuable contribution made by volunteers and have legislated programs to reward volunteers with pension-like benefits upon retirement. The most current information that I could find was from September of 2001, which showed that there are twenty-eight states that have authorized some type of reward system to recognize length of service. Two other states had plans pending approval.

The three different types of distribution for existing programs and how many are in each type are as follows, four are annuity, eleven are LOSAPs and thirteen are PERS.

It is difficult to determine to what extent having an incentive program may help with recruitment and retention of volunteer firefighters. To better identify what the effect would be in Iowa, I had the Iowa Firemen's Association send a survey to every fire department. The survey was similar to the survey that Dennis Henderson had sent out to cities for their input.

The survey to the fire departments included the following ten questions.

- 1) What is the population of your town or city?
- 2) What kind of fire department does your community have?
(all volunteer department, combination department, or career department)
- 3) Does your department provide rescue and or medical service?
- 4) How are your volunteer firefighters compensated and what are the pay rates?
- 5) What problems do you have in recruiting and retaining firefighters?
- 6) What is the main obstacle faced by your department?
(recruitment, retention, training, funding, daytime response, etc.?)
- 7) How much do you feel training impacts recruitment and retention?
- 8) Do you feel a pension or LOSAP for volunteers would affect recruitment?
- 9) Do you feel a pension or LOSAP for volunteers would affect retention?
- 10) Would having a pension or LOSAP for your volunteers be beneficial?

To date I have received responses from about 15 % of the 870 fire departments in Iowa. The survey results that I have received back are at random from across the state. I believe they are an accurate representation of typical fire departments in the state.

Results of survey by question:

- 1) 82% < 5,000, 68% < 2,500, 47% < 1,000
- 2) 87% volunteer, 11% combination, 2% career
- 3) 61% provide both rescue and medical
- 4) 47% of volunteers receive some monetary compensation
- 5) 81% listed something (time and or people were the most common answers)
19% said they had no problems
- 6) Some listed the one thing others listed four or five. Not sure if this gives a true picture. (this is % of time items were listed)
74% daytime response, 58% funding, 40% recruit, 37% training, 26% retention
- 7) 49% has a positive impact, 30% has a negative impact, 21% little or no impact
- 8) 90% yes
- 9) 94% yes
- 10) 97% yes

Conclusions:

- Recruitment and retention is a problem in Iowa.
- Many things contribute to recruitment and retention.
(these are some of the bigger ones: leadership, time demands, attitude, motivation, risks and available people)
- There is no one simple answer that will solve the recruitment and retention problem.
- A good number of things that affect recruitment and retention can be addressed with training.
- Some things that affect recruitment and retention will not change. The fire service as it is today will have to change in order to address these things.
- Fire departments believe incentive programs would help with recruitment and retention.
- No one is in favor of creating mandates that are not funded.
- Funding is a problem for most volunteer fire departments.
- For most rural communities volunteer firefighters are the only means by which fire protection and EMS services will be provided.
- Major modifications may be required to include a volunteer pension program in either IPERS or the 411 system.

Resources:

1. Recruitment and Retention in the Volunteer Fire Service, Problems and Solutions, Final Report, December 1998
2. Retention and Recruitment in the Volunteer Fire Service, Problems and Solutions, Regional Report (Illinois, Indiana, Iowa, Minnesota, Missouri, Wisconsin) March 1996
3. Report on the 2000 National Volunteer Fire Summit, December 2-3, 2000 U.S. Fire Administration
4. Recruitment and Retention in the Volunteer Fire Service, Problems and Solution, August 1993
5. A Profile of Iowa's Fire Service Summary Report, fall 1996 Fire Service Institute.
6. Volunteer Firefighter Retirement Programs: A State by State Assessment, September 2001, Executive Leadership, part of the National Fire Academy Executive Officer Program
7. LOSAP: A Valuable Volunteer Retention Tool, Firehouse/June 1997
8. Volunteer Pension = Retention, Firehouse/July 1983
9. Volunteers' Golden Years. Chief Fire Executive, August/September 1986\
10. Dennis Henderson survey to cities.
11. Iowa Firemen's Association survey to fire departments.
12. Subchapter 16.25 of the Wisconsin Statutes

Recommendations:

1. The General Assembly should authorize a service award program for volunteer firefighters.

Explanation:

This LOSAP should be patterned after the plan that Wisconsin has for volunteer firefighters and EMS as authorized in subchapter 16.25 of the Wisconsin Statutes. This defined contribution plan should be by local option. It should be run by a board and be designed to allow the current federal annual contribution permitted by federal law. Program should be designed to treat length of service awards as a tax-deferred benefit under the Internal Revenue Code. The State would match all municipal contributions up to a point. (Section 457 of the code was changed in 1996 to exempt most LOSAP plans and set a maximum limit of \$3,000 for awards accrued to an individual in any year of service.)

2. The General Assembly should create a \$500 tax deduction or credit for individuals who serve their communities as volunteer firefighters or emergency medical personnel.

Explanation:

This program would be available to those that meet a criteria of training. This would give an immediate incentive to aid in recruitment and retention.

3. That the general assembly support a bill that is being proposed by the Iowa Firemen's Association that will place a fee on vehicle registration to be used to support Iowa's Fire Service. (There are approximately 3 million vehicles in Iowa X \$5 = \$15 million)

Money generated would be used as follows.

- Support the Fire Service Training Bureau to expand programs, staff and facilities including regional training facilities.
- Fund a volunteer firefighter LOSAP/tax credit.
- Create an interest free revolving loan account to supplement fire departments as they update equipment.
- Support the Fire Marshals Office. (presently the FM's office is short 8 people)

The above plan would not only generate new money to support the above mentioned items but would also allow \$3 million to be put back into the general fund. Presently \$3 million from the general fund goes to the Fire Marshal's Office, the Fire Service Training Bureau and the Firefighter Training Fund.