

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: Senate Bill 653 (First Edition)

SHORT TITLE: NCNG Heroes Act of 2007-2008.

SPONSOR(S): Senator Forrester

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2007-08 FY 2008-09 FY 2009-10 FY 2010-11 FY 2011-12

REVENUES: Amounts of future gifts, grants, donations, and/or bequests are indeterminate.

EXPENDITURES: \$1,000,000 appropriated from General Fund to CCPS. However, the actual costs of these benefits cannot be determined. *See Assumptions and Methodology.

POSITIONS (cumulative): None anticipated.

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Crime Control and Public Safety; University of North Carolina System; Dept. of State Treasurer.

EFFECTIVE DATE: July 1, 2007.

BILL SUMMARY: Enacts new Article 17 in GS Chapter 127A to create the North Carolina National Guard Death Benefit and Dependent Higher Education Fund within the Department of the State Treasurer. The Secretary of the Department of Crime Control and Public Safety is to administer the fund, which will consist of appropriations, income from the investment of the fund, as well as gifts, grants, donations and bequests to the fund. The fund is established to provide a death benefit of \$250,000 to families of members of the national guard who are killed in the line of duty, and to pay tuition and fees for four years at constituent institutions of the UNC system, or two years at a state community college, for qualified dependents of members killed in the line of duty. Appropriates \$1 million for 2007-08 from the General Fund to the Department of Crime Control and Public Safety to establish the fund. Adds the fund to the list of trust funds managed by the State Treasurer under GS 147-69.2. Effective July 1, 2007

Source: Bill Digest S.B. 653 (03/07/0200).

ASSUMPTIONS AND METHODOLOGY: Since 9/11, eighteen (18) NC National Guard soldiers and airmen have died in the line of duty. Of these, sixteen (16) were Army National Guard and two (2) were Air National Guard. This total includes both combat and non-combat deaths, all of which occurred in the line of duty. Fourteen (14) children have been affected by these deaths.

Benefits Currently Provided

The federal government provides Servicemen's Group Life Insurance (max of \$400,000, but makes this money available in increments from \$100,000 to \$400,000), pays for military funerals, and honors burial benefits (up to \$2,000 for burial and may reimburse the cost for transporting the deceased to a military cemetery). In addition, if a member has accumulated 20 years of service and has completed a Survivor Benefit Package, his or her spouse may receive annuity payments based on the member's retirement pay.

NC General Statutes specify that, if a NC National Guard member is killed while on state active duty status, the State will provide the same level of benefits provided by the federal government with regard to pensions and awards. However, the statutes do not currently provide for a death gratuity similar to what is available through the federal group life insurance. The NC National Guard has stated that in prior cases where a member has died while on state active duty, the soldier's family has received a death benefit from the State equivalent in amount to that provided under federal insurance.

S.B. 653 would appropriate \$1,000,000 for the creation of a program within the Department of Crime Control and Public Safety to provide death benefits to the families of NC National Guard members who are killed in the line of duty, and free higher education for qualified dependents of those members.

Death Benefit Lump Sum Payment

If passed, this bill would establish a death benefit of \$250,000, to be paid to families of NC National Guard members who are killed in the line of duty. Since 2001, about three (3) NC National Guard members are killed during active duty annually. Consequently, assuming that four Guardsmen deaths are experienced annually, the funds requested for this program (\$1 million) will be entirely depleted on lump sum payouts. At this time, it is not certain if the other anticipated program fund sources outlined in the bill (grants, donations, gifts, bequests, and investments) will cover additional death benefit payments or requisite tuition/fees assistance for qualified dependents.

Higher Education Tuition/Fees for Qualified Dependents

This proposal would also provide for State payment of higher education tuition/fees for qualified dependents of NC National Guard members who are killed during active duty. The Fund would provide for four years of tuition and fees at a University of North Carolina institution, or two years of tuition and fees at one of the State's community colleges.

In the past six years, fourteen (14) children of NC National Guard members have been affected by the death of a parent, while on active duty. Assuming that annual deployment, casualty, and dependent numbers remain constant, about 2 children will become eligible for this program annually (the dependent's age will determine when payments are made). Using the anticipated least and most expensive public school tuition and fee rates in the State, this program would pay

between \$2,896 and \$5,002 per student annually. Tuition within the UNC system is expected to grow at a rate of 6.5% annually over next four years, based on plan approved by the UNC Board of Governors. Consequently, as annual tuition rates increase, the cost per student will also increase.

SOURCES OF DATA: NC Department of Crime Control and Public Safety

TECHNICAL CONSIDERATIONS: None

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