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Local Finance Notice

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Fire District Boards of
Commissioners

LOSAP CY 2011 Annual Award Increases

This Local Finance Notice updates local units considering or currently administering a Length of Service Awards Program with general information about LOSAP programs and the 2011 annual increase in maximum contribution amounts.

General LOSAP Reminders

- Newly established Length of Service Award Programs:** (LOSAP) must contribute at least \$100 and no more than \$1,150 per year to each qualifying active volunteer member.
- Increasing base contribution amounts:** The law did not contemplate increases in the initially approved base amounts. Following the intent of the law, that the voters approve the base amount of contributions, the Division has determined that base amounts cannot be increased solely by action of the governing body. The public referendum process must be used to increase award contribution amounts to a point where the total appropriation would exceed the originally approved amount (plus allowed CPI adjustments and subject to minor adjustments based on number of participants). This use of the referendum is in addition to the provisions in N.J.A.C. 5:30-14.8 authorizing a referendum to create or abolish a LOSAP. Division staff can provide additional guidance on unique cases.
- Changing point schedules:** Amending the enabling ordinance or resolution is the proper method to change point schedules, and other minor LOSAP elements. As required for a municipal ordinance amendment, fire district resolutions of this nature must be subject to a public hearing on the change.
- Depositing LOSAP Funds:** Once a LOSAP list has been certified and posted for thirty days, and no appeals are pending, the sponsoring agency's plan administrator should work with their LOSAP provider to ensure that all accounts are set up and all funds are deposited in a timely fashion.

Credit for Prior Service

If provided for in the enabling resolution or ordinance, prior service credit may be awarded for no more than 10 years of active emergency service periods prior to the establishment of such a program. Such credit may be granted to the volunteers over as many years as deemed appropriate by the sponsoring agency, except that the total amount contributed in any one year shall not exceed the maximum amount allowed by law to be contributed by a sponsoring agency. (For example, if your LOSAP is a new program, this means that no volunteer can receive more than \$1,150 in his or her account in year one.)

Other Practices

Programs that have policies that are not in accordance with the foregoing must contact the Division to develop a reconciliation plan. Plans that are not in compliance with the law and rules run the risk of losing their preferred tax status and could impact the receipt of benefits on members. Please contact the Division as soon as possible to review the program to ensure compliance.

LOSAP Annual Award Increases

Periodic or Annual Cost of Living Increases to Contribution Amounts

1. **Automatic CPI increases:** Awards to emergency service volunteers by municipalities or fire districts under Length of Service Awards Programs (LOSAP) are allowed cost of living increases each year. The application of the **automatic** annual Consumer Price Index (CPI) adjustment is strictly optional and must be included in the language of the enabling resolution or ordinance.
2. **Time-to-time CPI adjustments:** If the enabling ordinance or resolution did not provide for an automatic annual CPI adjustment, the sponsoring agency may choose to provide a CPI adjustment from time to time. In this case, the LOSAP contribution may be increased by a maximum of the cumulative percentage increase since the time the award was last set. The change is made by resolution without a public hearing.
3. **Authorizing automatic increases:** If the sponsoring agency wants to provide for an automatic annual CPI adjustment to the LOSAP award, it must amend the enabling ordinance or resolution to authorize an automatic adjustment. This type of amendment is subject to a public hearing, whether done by ordinance or resolution. This action does not require a referendum.

CY 2011 Consumer Price Index (CPI) Adjustments

The LOSAP rules require that the Director of the Division of Local Government Services annually calculate an adjustment to the maximum LOSAP contribution due to changes in the CPI. Please note that the amount of the increase cannot exceed the amount calculated by multiplying the current contribution by the inflation percentage.

There are differences in the calculations for fire districts and municipalities due to the fact that the calculations represent different CPI quarters.

The increase for CY 2011 is **3% for municipal** (November) and **1.9% for fire district** (February) LOSAPs. The history and details for the two calculations follow. The table also shows the maximum LOSAP award allowable for LOSAP Programs that have been in effect since 1999.

Municipal (November) LOSAPs

Year	Current Year CPI	Prior Year CPI	Consumer Price Index Factor	Maximum LOSAP Award for Programs in effect since 1999
2000	177.9	174.4	2.0%	\$1,173
2001	182.9	177.9	2.8%	\$1,206
2002	185.8	182.9	1.5%	\$1,224
2003	190.3	185.8	2.4%	\$1,253
2004	200.2	190.3	5.2%	\$1,318
2005	207.5	200.2	3.6%	\$1,365
2006	211.6	207.5	2.0%	\$1,392
2007	218.929	211.6	3.5%	\$1,441
2008	225.113	218.929	2.8%	\$1,481
2009	224.787	225.113	0%	\$1,481
2010	228.543	224.787	1.7%	\$1,506
2011	235.440	228.543	3%	\$1,551

Fire District (February) LOSAPs

Year	Current Year CPI	Prior Year CPI	Consumer Price Index Factor	Maximum LOSAP Award for Programs in effect since 1999
2000	174.7	168.6	3.6%	\$1,191
2001	179.0	174.8	2.4%	\$1,220
2002	182.0	179.0	1.6%	\$1,240
2003	186.6	182.0	2.5%	\$1,278
2004	191.4	186.6	2.6%	\$1,311
2005	200.1	191.4	4.5%	\$1,370
2006	209.0	200.1	4.5%	\$1,432
2007	213.152	209.0	2.0%	\$1,461
2008	220.935	213.152	3.7%	\$1,516
2009	220.262	220.935	0%	\$1,516
2010	226.529	220.262	2.8%	\$1,558
2011	230.878	226.529	1.9%	\$1,588

The detailed explanation of how the increase is calculated is available under LOSAP on the [Division's website](#). Please contact the Division at (609) 292-7842 or by [e-mail](#) with any questions.

Approved: Thomas H. Neff, Director

Table of Web Links

Page	Shortcut text	Internet Address
3	Division's website	http://www.state.nj.us/dca/lgs/losap/losap.shtml
3	E-mail	mailto: dlgs@dca.state.nj.us