



State of New Jersey

OFFICE OF THE STATE COMPTROLLER
P.O. Box 024
TRENTON, NJ 08625-0024

CHRIS CHRISTIE
Governor
KIM GUADAGNO
Lt. Governor

MARC LARKINS
Acting State Comptroller

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Contact: Pete McAleer

609-633-2377

State Comptroller Report Finds Program to Benefit Active Emergency Service Volunteers Routinely Rewards Those Who Do Not Qualify

Poor administration and oversight have compromised a program created to attract and reward emergency service volunteers, according to an Office of the State Comptroller (OSC) investigation released today.

The Length of Service Award Program (LOSAP) allows municipalities to deposit public funds into tax-deferred investment accounts for the future benefit of active volunteer firefighters and first aid responders. In general, active volunteers can earn points through their service activity each year to qualify for LOSAP. After five years of reaching the required number of points, volunteers become vested in the program.

OSC looked at one volunteer emergency service organization from four different municipalities – Middletown, Lebanon, Galloway and Wall townships – and found nearly two-thirds of LOSAP funds were contributed in error. LOSAP contributions were made on behalf of more than 100 individuals who were either not active or otherwise did not qualify for the program. More than 40 of those volunteers had become vested in the program and 15 had already withdrawn funds from their LOSAP accounts.

“The LOSAP program was created to attract and reward those who not only sacrifice their personal time but risk their lives without receiving any compensation for their efforts,” said Acting State Comptroller Marc Larkins. “To truly honor the intentions of this important program, we need to make sure its benefits are reserved for those men and women who qualify because of their service.”

Through its review, OSC determined that the four volunteer organizations and their sponsoring municipalities failed to follow their own rules and state statute when

awarding LOSAP credits. For example, the Leonardo First Aid and Rescue Squad (Middletown Township) automatically awarded half of the required points necessary for an annual LOSAP contribution to the chairpersons of its “soda” and “picnic” committees. Officials from the Wall Township First Aid and Rescue Squad said they did not track LOSAP points at all and simply decided that if a volunteer met the requirements to be considered “active”, then that volunteer automatically earned LOSAP credits. OSC also found, however, that the rescue squad granted the active designation for individuals who did not qualify for it. For instance, LOSAP contributions were made on behalf of volunteers who did not obtain EMT certification, which is a requirement to be considered active.

A pattern of errors also occurred when awarding LOSAP points for responding to emergency calls. At the South Egg Harbor Volunteer Fire Company (Galloway Township), for example, 26 percent of emergency service calls were deemed “all credit calls” and volunteers were automatically given LOSAP credit regardless of whether they responded to the call. Other individuals at the fire company were given credit for attending two emergency calls that were happening simultaneously.

Conversely, OSC found firefighters who should have qualified for an annual LOSAP contribution but did not. Lebanon Township Volunteer Fire Department, for example, inappropriately imposed a “qualifying year” on its new volunteers which prevented them from receiving LOSAP contributions in their first year. At the same time, OSC found that 70 percent of the volunteers certified by the fire department as being eligible for LOSAP contributions did not actually satisfy the definition of being an active volunteer or otherwise qualify for LOSAP credit.

In addition to the issue of awarding LOSAP contributions to those who did not qualify for them, OSC also uncovered more than \$500,000 in contributions that were made in excess of the annual maximum. The state LOSAP statute generally limits a volunteer to receiving no more than \$1,150 annually from one municipality. However, OSC found volunteers in Middletown Township who worked at two different emergency service squads in the same municipality were receiving LOSAP contributions in two different accounts, which, when added together, exceeded the statutory maximum. As a result of this finding, OSC expanded its review and found 30 other municipalities making excess LOSAP contributions for similar reasons. In its report, OSC recommends each municipality seek to recover those excess funds.

OSC also found more than \$100,000 sitting dormant in the LOSAP accounts of non-vested members who have since resigned from the four emergency service organizations. Those funds should be recovered by the municipalities that made the contributions.

“The intent of this report is to not only address deficiencies but to provide guidance to the hundreds of entities that administer and monitor LOSAP’s throughout the state. We encourage each of them to perform an accounting and analysis similar to the one conducted by OSC in order to recover LOSAP funds wherever possible and to improve oversight of this important program,” Larkins said.

OSC also found:

- Both of the fire departments OSC reviewed supplied incorrect information to the State Firemen’s Association that allowed volunteers to improperly qualify for death benefit coverage. Such benefits require volunteers to maintain a 50 percent participation rate in fire calls and drills for seven years. OSC’s review found that the volunteers’ percentages were grossly inconsistent with its own records. For example, Lebanon reported an annual participation rate of 59 percent and 51 percent for its then vice president when the actual participation rate, according to documents reviewed by OSC, was 1 percent and 0.4 percent.
- Three elected officials, who are volunteers, voted to make LOSAP contributions to themselves, implicating the Local Government Ethics Law regarding conflicts of interest.
- At the beginning of 2014 there were nearly \$200 million on deposit in LOSAP accounts administered by more than 400 emergency service organizations throughout the state. More than \$45 million has been withdrawn from the accounts since the program was signed into law in 1998.

OSC referred its findings to the state Department of Community Affairs’ Division of Local Government Services, which may consider the imposition of fines, forfeiture of benefits or the prohibition of service where appropriate. OSC is also referring relevant information regarding qualification for death benefits to the State Firemen’s Association for its consideration and review.

Click [here](#) to view the complete report.

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