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April 2006

DISABILITY BENEFITS

Benefit Amounts for Military Personnel and Civilian Public Safety Officers Vary by Program Provisions and Individual Circumstances

GAO-06-4

April 2006

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Benefit Amounts for Military Personnel and Civilian Public Safety Officers Vary by Program Provisions and Individual Circumstances

GAO Accountability·Integrity·Reliability

Highlights

Highlights of GAO-06-4, a report to congressional committees

Why GAO Did This Study

Military personnel, as well as civilian public safety officers (PSO), risk their lives and face the prospect of incurring disabilities as they protect and defend the general public on a daily basis. To help assess the appropriateness of disability benefits available to military personnel, Congress mandated that GAO study the disability benefits available to federal, state, and local government employees who serve the public in high-risk occupations and are injured in the line of duty.

In response, GAO compared the disability benefits available to military personnel with the disability benefits available to civilian PSOs at the federal level, and in six states and six cities that were selected to illustrate the range of benefits provided. This study focuses on benefits provided to law enforcement officers and firefighters at the federal level, to state police at the state level, and to firefighters at the local level. For each program included in the review, GAO identified the benefits available for temporary disability, permanent partial disability, and permanent total disability, and then calculated the lifetime present value of the benefits provided to various hypothetical individuals in different circumstances.

Cognizant agency officials provided only technical suggestions, which were incorporated as appropriate.

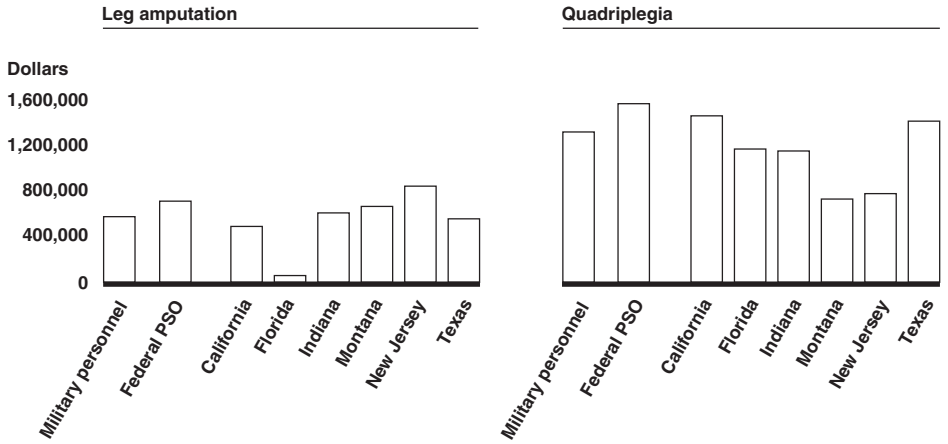
www.gao.gov/cgi-bin/getrpt?GAO-06-4.

To view the full product, including the scope and methods, click on the link above.
For more information, contact Cristina Chaplain at (202) 512-7215 or chaplainc@gao.gov.

What GAO Found

Neither military personnel, nor any of the civilian PSOs included in this study, consistently have more line-of-duty disability benefits available to them in all situations. This report highlights the variation in the type and amount of benefits provided across programs, depending on specific program provisions and individual circumstances. For example, during the initial period of treatment, recovery, and evaluation, program provisions governing the availability of continuation of pay and temporary disability benefits offer certain advantages for military servicemembers compared with the selected civilian PSOs. When disabilities are permanent, however, the amount of benefits provided over a lifetime for permanent partial or totally incapacitating disabilities are sometimes greater for military veterans, and sometimes greater for the selected civilian PSOs, depending on such variables as the type and degree of impairment and the individual's pre-injury salary level. The figure below illustrates how these and other variables would affect lifetime compensation and disability retirement benefits for military personnel, federal PSOs, and selected state PSOs in two scenarios—a permanent partial disability (leg amputation) and a permanent total disability (quadriplegia)—for a hypothetical individual age 35, with 12 years of service and an annual salary of $60,000.

Comparison of Lifetime Benefits for One Hypothetical Individual in Two Different Scenarios



Source: GAO analysis of benefits received over a lifetime for a hypothetical individual age 35, with 12 years of service and an annual salary of $60,000.

GAO is not taking a position on how disability benefits should be modified. However, GAO believes that any deliberations on this topic should include an examination of how such changes would affect ensuring adequate and appropriate benefits for those who serve their country, as well as the long-term fiscal well-being of the nation.

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Abbreviations

AMA	American Medical Association
COLA	cost-of-living adjustment
DOD	Department of Defense
DROP	Deferred Retirement Option Plan
FECA	Federal Employees' Compensation Act
FERS	Federal Employees' Retirement System
GS	General Schedule
OWCP	Office of Workers' Compensation Programs
PSO	public safety officer
SMC	special monthly compensation
SSDI	Social Security Disability Insurance
VA	Department of Veterans Affairs

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April 7, 2006

Congressional Committees

Since the September 11, 2001, terrorist attacks, the United States has increased the deployment of military forces in armed conflict and the use of both military and civilian personnel in national preparedness and fighting terrorism. As with military personnel on active duty status, civilian public safety officers (PSO), including law enforcement officers and firefighters, also risk their lives and face the prospect of incurring disabilities as they protect and defend the general public on a daily basis.[1] GAO's designation of federal disability programs as a high-risk area requiring urgent attention and modernization, combined with the heightened risk of disability for both military personnel and civilian PSOs, underscores the importance of ensuring that those who serve our nation and who sustain injuries in the line of duty have fair and appropriate benefits available to them.[2] At the same time, any discussion of modernizing federal disability programs or changing the benefit structure for military servicemembers or federal civilian PSOs will take place within the context of the large fiscal imbalances facing the federal government.[3]

As part of an ongoing, multi-faceted effort to assess the appropriateness of disability benefits available to military personnel, the National Defense Authorization Act for Fiscal Year 2005 mandated that GAO identify the disability benefits available to federal, state, and local government employees who serve the public in high-risk occupations and are injured in

[1]Provisions in 42 U.S.C. §3796b(8) define "public safety officers" for Department of Justice's Public Safety Officers' Benefits Program to include law enforcement officers (such as police, corrections, probation, parole, and judicial officers), firefighters, and members of rescue squads and ambulance crews, among others.

[2]Military personnel in combat are now surviving injuries that would have been fatal in past conflicts, but along with this survival has come an increased rate of disabilities. See GAO, *VA Disability Benefits and Health Care: Providing Certain Services to the Serious Injured Poses Problems*, GAO-05-444T (Washington, D.C.: Mar. 17, 2005).

[3]In 2003, GAO designated federal disability programs as a high-risk area. See GAO, *High Risk Series: An Update*, GAO-05-207 (Washington, D.C.: Jan. 1, 2005), and GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: Feb. 1, 2005).

the line of duty.[4] In response, this report compares the service-connected disability benefits provided military personnel with the benefits provided for line-of-duty injuries to civilian PSOs at the federal, state, and local level, focusing on the benefits provided for three main categories of disability: (1) temporary disability, (2) permanent partial disability, and (3) permanent total disability.

To compare the disability benefits available, we examined the major programs providing compensation and disability retirement benefits for military personnel, for civilian PSOs at the federal level, and for civilian PSOs at the state and local level in six states and six cities. Active-duty military servicemembers generally have access to disability benefits under program provisions that apply to all the various services, and federal PSOs (including federal law enforcement officers and firefighters) generally have access to disability benefits for this group of employees under program provisions that apply to all the various federal agencies. However, disability benefit program provisions vary widely for state and local PSOs depending on the specific occupation and location. At the state level, we focused on benefits available to state police officers (such as highway patrol or state troopers) in a nonprobability sample of six states. To illustrate the range of benefits available, we selected these states based on various indicators of benefit levels[5] and geographic diversity. At the local level, we focused on benefits available to firefighters in six large cities, one within each of the selected states. The six states and six cities we selected are: California and Los Angeles; Florida and Miami; Indiana and Indianapolis; Montana and Billings; New Jersey and Newark; and Texas and Houston. The programs selected provide examples of a wide range of policies and practices for determining disability benefits; however, they may not be representative of the full extent of the variation nationwide.

[4]Pub. L. No. 108-375 (2004). This law also mandated that DOD conduct a study comparing the disability benefits for servicemembers with the disability benefit plans for commercial and other private-sector employees. In addition, under the National Defense Authorization Act for Fiscal Year 2004, Congress established the Veterans' Disability Benefits Commission to study the appropriateness of benefits for servicemembers for service-connected disability and death.

[5]These indicators included, for example, the state median monthly Social Security Disability Insurance (SSDI) benefit, salary levels for state PSOs, and the amount of cash survivor benefits available to PSOs.

We documented and compared program provisions for compensation and disability retirement benefits for military personnel, federal PSOs, and the selected state and local PSOs, relying primarily on statutes, regulations, and agency guidance and reports. (For descriptions of disability compensation benefit programs, see app. I. For descriptions of disability retirement benefit programs, see app. II. For descriptions of other disability benefit programs, see app. III.) To gain an initial understanding of how disability programs work, we conducted site visits with federal program officials at the Department of Defense (DOD), Department of Veterans Affairs (VA), Department of Labor, and Office of Personnel Management in Washington, D.C.; and with state and local program officials in California and New Jersey. We interviewed officials at all other agencies and locations by phone.

To demonstrate the effect of different types of injuries and other individual characteristics on the provision of benefits under each program, we constructed hypothetical scenarios for military personnel and the selected civilian PSOs at different ages, lengths of service, and salary levels. (For more detailed descriptions of these hypothetical scenarios, see app. IV.) We requested cognizant agency staff to review our characterization of program provisions and calculation of hypothetical benefit amounts to ensure the validity of our information. To compare different types of benefits, such as lump-sum and monthly payments, we calculated the present value of the lifetime disability benefits available, including disability compensation and disability retirement benefits, for each of our hypothetical scenarios. (See app. IV for a more detailed discussion of our methods for calculating present values.)

Our analysis focused on cash disability benefits that include government contributions rather than on other benefits and services such as medical care and vocational rehabilitation services, or benefits that are solely employee- or privately-funded. We did not include benefits from programs in which employees may or may not choose to participate and that provide variable benefits depending on how much an employee chooses to contribute (such as life insurance plans, savings plans, and alternative retirement options).[6] In addition, our analysis focused on the differences in how benefits are calculated given equal salaries, rather than on the differences in salary levels across locations for comparable jobs and years

[6]As a result, our analysis excludes, for example, the potential benefits received from the Traumatic Servicemembers Group Life Insurance Program, enacted in May 2005.

of service or on the differences in administrative processes for obtaining benefits. (For a more detailed discussion of the difference in benefit calculations based on the hypothetical salary levels compared with actual salary levels, see app. V.) We conducted our research from March 2005 to November 2005 in accordance with generally accepted government auditing standards.

Results in Brief

During the initial period of treatment, recovery, and evaluation, program provisions for temporary disability benefits offer certain advantages for military personnel compared with provisions for the civilian PSOs we reviewed. For example, whenever an active-duty servicemember incurs an injury or becomes ill and is found unfit for duty, the injury or illness almost always qualifies as line-of-duty, enabling the servicemember to receive compensation benefits. The injury can occur at any time, 24 hours a day, 7 days a week. The coverage for civilian PSOs we reviewed is not considered around-the-clock in this way. To be considered a line-of-duty injury eligible for compensation, usually the injury must occur during working hours when the PSO is performing assigned duties. In addition, the military generally has more flexibility in its provision of 100 percent salary replacement (referred to as continuation of pay) than do most of the civilian programs we reviewed, because unlike the provisions for PSOs, the time limit on this benefit for servicemembers is not fixed in law. In addition, servicemembers can have temporary access to disability retirement benefits as well as VA compensation benefits for up to 5 years in some cases. In contrast, on the civilian side, federal PSOs and the selected state and local PSOs we reviewed generally have access only to temporary compensation payments, not disability retirement, during this phase of benefit receipt.

When a partial disability incurred in the line of duty is determined to be permanent, the timing and amount of benefits provided over a lifetime varies, depending on the individual's circumstances. In most cases of permanent partial disability, servicemembers and civilian PSOs are eligible to receive compensation benefits, and in some cases, they also may be eligible to receive disability retirement benefits, but the criteria for benefit receipt and amount of benefits provided vary across programs. In some circumstances, when a permanent partial disability still allows a return to duty, the civilian PSOs we reviewed generally can receive compensation benefits immediately in addition to their salaries, whereas military personnel cannot receive compensation benefits until they are released from service through separation or retirement. Nevertheless, because the compensation benefits for permanent partial disabilities for the selected

PSOs are generally time-limited, whereas compensation benefits for military veterans are for the remainder of life, the present value of the compensation benefits available over a lifetime for veterans can be substantially greater than the present value of benefits available for the PSOs. In other circumstances, when a permanent partial disability prevents a return to duty, disability retirement benefits are often provided in addition to compensation benefits. We found that the present value of the combined compensation and disability retirement benefits available over a lifetime for veterans is sometimes higher and sometimes lower than the combined benefits available for the civilian PSOs we reviewed, depending on the specific provisions for calculating benefits and for the concurrent receipt of both types of benefits. In addition, if the individual is able to work at another job, the military and several disability retirement programs we reviewed require post-injury employment to be under a different retirement system, but most programs do not place any limits on the amount of post-retirement earnings.

When the disability incurred in the line of duty is severe enough to be determined to be permanent and total, the amount of benefits provided over a lifetime is greater for military veterans in some cases, and for civilian PSOs in others, depending on the specific program provisions and the type of impairment. In cases of permanent total disability, military veterans and civilian PSOs have access to a range of benefits that are enhanced compared with those available for permanent partial disability. These may include enhanced compensation and disability retirement benefits, a special lump-sum benefit available only to civilian PSOs, or additional benefits such as Social Security Disability Insurance (SSDI). Benefits received over a lifetime for permanent total disability are greater for military veterans than for the selected civilian PSOs in some situations and not in others, depending on such factors as the program's provisions for concurrent receipt of compensation and disability retirement benefits, and whether the veteran's type of injury qualifies for special compensation.

Cognizant agencies reviewed a draft of this report and provided only technical suggestions which were incorporated as appropriate.

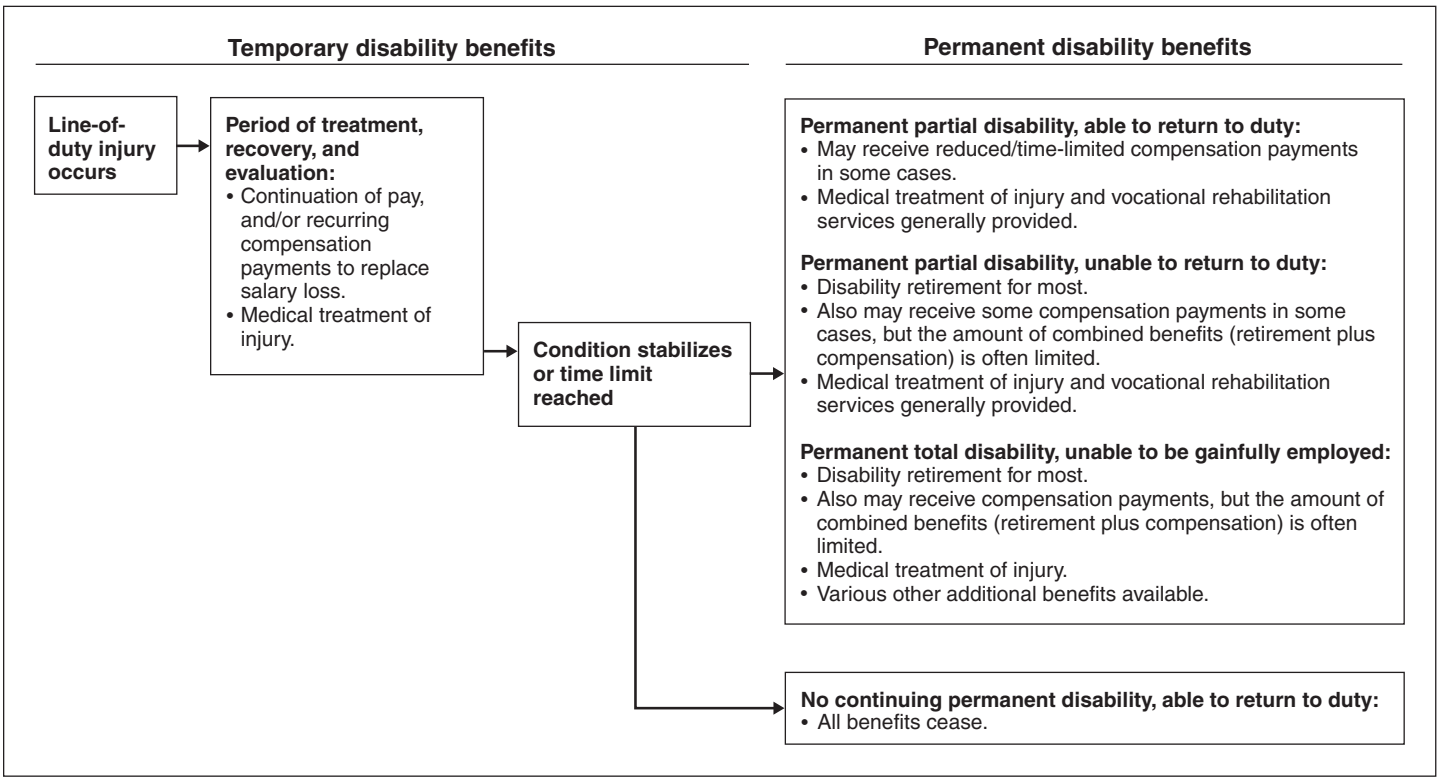
Background

Government-provided disability benefits for military personnel and civilian PSOs generally fall into two broad categories: disability compensation benefits and disability retirement benefits. (See fig. 1.)

- **Disability compensation**. Under workers' compensation and veterans' compensation programs, benefits typically include medical treatment for the injury, vocational rehabilitation services, and a cash payment to replace a percentage of the individual's loss in wages while injured and unable to work. Disability compensation benefits are exempt from federal income tax.

- **Disability retirement**. Disability retirement programs typically provide benefits that allow qualified individuals who are unable to return to work to retire earlier and/or to retire with a higher percentage of their pre-injury salary level than would otherwise be permitted with normal retirement based on age and length of service at the time of injury. Disability retirement benefits generally are not exempt from federal income tax, but there are exceptions. (For details, see app. VI.)

Figure 1: Progression of Disability Benefits Following a Line-of-Duty Injury



Source: GAO analysis.

Note: For a more comprehensive summary of disability benefits available, by occupation, see app. VII.

When an individual is eligible to receive both disability compensation and disability retirement benefits, programs sometimes place limits on the combined amount of benefits received. Some programs do not allow both types of benefits to be received concurrently, instead requiring the individual to choose which one to receive. Other programs may allow both types of benefits to be received, but they reduce (offset) either all or a portion of one of the benefits.[7]

For military personnel who incur a service-related disability, VA provides service-connected disability compensation benefits and DOD provides disability severance or retirement benefits, depending on level of disability and length of service. Military personnel found unfit for duty are evaluated and assigned disability ratings ranging from 0 to 100 percent, in 10 percentage-point increments. Those who have a disability rated at 20 percent or less and who have served at least 6 months, but less than 20 years, may be entitled to a lump-sum disability payment (disability severance). Those who have a disability rated 30 percent or more, or who have served 20 years or more, may be entitled to disability retirement. Once released from service through separation or retirement, military veterans can receive monthly VA compensation payments based on their disability rating, with added amounts for particularly severe injuries (referred to as special monthly compensation). In fiscal year 2004, VA provided about $20.6 billion in cash disability compensation benefits to more than 2.5 million veterans and their dependents, and DOD spent $1.25 billion on disability retirement benefits for approximately 93,000 recipients.

When military personnel are eligible for both VA compensation and DOD disability retirement benefits, in most cases, the retirement benefit is offset dollar-for-dollar by the amount of the compensation benefit.[8] Exceptions to this offset are provided for those who are eligible for normal retirement based on 20 years or more of service and who have either a disability rating of 50 percent or more, or combat-related

[7]Previously, we reported that while the specific rationales for offset provisions vary, they generally focus on restoring equity and fairness by treating beneficiaries of more than one program in a similar manner as beneficiaries who qualify for benefits under only one of the programs. See GAO, *Military and Veterans' Benefits: Observations on the Concurrent Receipt of Military Retirement and VA Disability Compensation*, GAO-03-575T (Washington, D.C.: Mar. 27, 2003).

[8]When eligible for both VA compensation and DOD disability severance benefits (as opposed to retirement benefits), the compensation benefit is offset.

disabilities.[9] Military personnel with 20 years or more of service and with a disability rating of 50 percent or more can qualify for Concurrent Retirement and Disability Payments. Under this program, the offset is being phased out over a 10-year period that began on January 1, 2004; thus, by January 1, 2014, veterans who qualify will be able to receive the full amount of their VA compensation and DOD disability retirement benefits concurrently with no offset. Alternatively, military personnel with 20 years or more of service and with combat-related disabilities can qualify for Combat-Related Special Compensation. Under this program, which became effective in May 2003, a special tax-exempt benefit is provided equal to the amount of the offset.[10]

On the civilian side, federal PSOs receive workers' compensation benefits under the Federal Employees' Compensation Act (FECA), and those with at least 18 months of service may be eligible for disability retirement benefits under the Federal Employees' Retirement System (FERS).[11] Benefits are generally the same as for all other civilian employees of the federal government, except that federal law enforcement officers and firefighters belong to a special group of employees who can take normal retirement at an earlier age and have their retirement benefits calculated differently.[12]

At the state and local level, all 50 states and the District of Columbia have workers' compensation statutes that cover virtually all industrial employees, and in many states this coverage is extended to public employees such as PSOs. Moreover, nearly all employees in state and local governments participate in employment-based retirement plans that generally include provisions for disability retirement. Among the PSOs

[9]Combat-related disabilities are defined as disabilities incurred as a direct result of armed conflict, while engaged in hazardous service, while performing duty simulating war, or through an instrumentality of war.

[10]According to DOD records, about 1,170 (about 1.3 percent) of those receiving disability retirement were receiving special compensation for combat-related disabilities at the end of fiscal year 2004, following the first year of the program's implementation.

[11]FERS generally covers all federal employees hired after January 1, 1984. Those hired before 1984 still may be covered by the Civil Service Retirement System; however, that system has been closed to new members since FERS was implemented in 1984.

[12]Federal law enforcement officers and firefighters can take normal retirement at age 50. The minimum retirement age for other federal employees is between the ages of 55 and 57, depending on the employee's year of birth. For details on benefit calculations, see app. II, federal PSOs.

included in our study, we found that disability compensation benefits were provided under the states' workers' compensation programs in all but one state: Indiana.[13] We also found that the provisions that govern workers' compensation benefits for PSOs at the state level are, in general, the same as those at the local level. In addition, among the state and local governments we reviewed, all provide some type of disability retirement benefits to qualified PSOs injured in the line of duty if the injury prevents a return to work.

At all levels of government, compensation and disability retirement programs often provide added benefits in cases of permanent total disability. Among the programs included in our study, most define permanent total disability as a disability that prevents an individual from engaging in any substantial gainful activity.[14] VA defines total disability as a disability rated at 100 percent;[15] however, a total disability rating may also be assigned when a veteran is unable to secure or follow a substantially gainful occupation as a result of service-connected disabilities.[16] Of the veterans being compensated at the 100 percent disability level in 2004, just under half qualified on the basis of individual unemployability.

In addition, other agencies and organizations may provide other cash benefits in cases of permanent total disability. For example, military personnel and civilian PSOs who participate in the Social Security system may be eligible to receive SSDI benefits. Also, the Department of Justice administers a Public Safety Officers' Benefits Program that provides a lump-sum benefit to civilian PSOs at the federal, state, and local level

[13]In Indiana, state statutes allow some public employers to opt out of the state's workers' compensation program, and we found that both the Indiana State Police and the Indianapolis Fire Department had opted to provide disability benefits only from their pension funds.

[14]See app. VIII for the various definitions of permanent total disability used across programs.

[15]California's workers' compensation program also defines total disability as a disability rated at 100 percent, but adjusts its disability ratings to account for diminished future earning capacity. California's rating guide states that permanent total disability is a level of disability at which an employee has sustained a total loss of earning capacity.

[16]In addition, current law specifies that benefit levels are to be based on disability ratings that reflect the average loss of earning capacity for the particular injury. However, we have noted in prior reports that the labor market information used in determining these benefits has not been updated since 1945. See GAO, *VA Benefits: Fundamental Changes to VA's Disability Criteria Need Careful Consideration*, GAO-03-1172T (Washington, D.C.: Sept. 23, 2003).

when totally incapacitated in the line of duty. In fiscal year 2005, this lump-sum benefit was set at $275,658.

Temporary Disability Program Provisions Offer Certain Advantages for Military Personnel Compared with Civilian PSOs

During the initial period of treatment, recovery, and evaluation following a line-of-duty injury, temporary disability benefit provisions for military personnel offer certain advantages compared with provisions for the civilian PSOs we reviewed. When a military servicemember or civilian PSO is injured, the first and most immediate concern is to ensure that appropriate medical treatment is provided. If the servicemember or PSO is unable to return to duty, however, another concern soon follows: ensuring that lost wages are replaced during the period of treatment, recovery, and evaluation. All programs reviewed provide benefits to replace a portion of lost wages for individuals injured in the line of duty up until the time the injury is determined to be permanent and/or the individual can return to duty. However, compared with program provisions following a line-of-duty injury to a civilian PSO, injuries to servicemembers are more likely to qualify as line-of-duty injuries; continuation of pay provisions for servicemembers are generally more flexible; and, unlike civilian PSOs, servicemembers can have access to temporary disability retirement benefits in some cases.

Injuries to Military Personnel Are More Likely to Qualify as Line-of-Duty Injuries

In the military, whenever an active-duty servicemember incurs an injury or becomes ill and is found unfit for duty, it is almost always considered a line-of-duty injury that would enable the servicemember to receive service-connected disability benefits. The injury or illness can occur at any time, 24 hour a day, 7 days a week, and does not have to occur while the servicemember is engaged in a duty-related activity. A pre-existing injury or illness also can be covered if it becomes aggravated during service.[17] Even a non-line-of-duty injury that is similar to the line-of-duty injury may be included in the determination of the disability level in some cases.[18] For the most part, the only exceptions to coverage are when the injury or disease is a result of the servicemember's own willful misconduct or abuse

[17]VA provides disability compensation for pre-existing injuries aggravated during service with no length of service requirement. Also, DOD can provide disability retirement benefits for a pre-existing condition, but only after the servicemember has completed 8 years or more of active service.

[18]For example, if a servicemember sustains deafness in one ear as a result of service-connected disability and deafness in the other ear from a non-line of duty injury, VA may combine both injuries to obtain a total level of compensable disability.

of alcohol or drugs,[19] or if the servicemember received a dishonorable discharge from the military for the period of service giving rise to the injury. Moreover, federal statutes and related regulations governing VA compensation benefits specify that many chronic diseases and other conditions are presumed to be caused by military service once the servicemember has served for 90 days. These presumptive conditions include, for example, arteriosclerosis, diabetes mellitus, epilepsy, leukemia, multiple sclerosis, and tuberculosis, among others.[20]

Federal PSOs' coverage for injuries and illness is not considered line-of-duty around-the-clock as in the military. Usually the injury or illness must occur during working hours when the PSO is performing assigned duties or engaging in an activity that is reasonably associated with employment. In addition, there are no presumptive conditions specified. All claims must establish a link between the injury or illness and employment. But similar to the provisions for servicemembers, federal PSOs are provided line-of-duty disability benefits for any pre-existing injury or disease that is aggravated, accelerated, or precipitated by employment, and similar exceptions to coverage apply if the injury is caused by willful misconduct, intoxication, or the employee's intention to harm himself or others.

The selected state and local PSOs have similar coverage—and exceptions to coverage—as described above for federal PSOs. Provisions governing line-of-duty disability benefits for PSOs typically specify that any injury or disease arising out of employment is covered. Unlike at the federal level, however, some states have established some illnesses as presumptive conditions for PSOs. We found this to be the case in California, Florida, and New Jersey.[21]

[19]However, military officials noted that the effects of drug abuse can be compensable if the servicemember develops human immunodeficiency virus (HIV) or acquired immunodeficiency syndrome (AIDS) from such use.

[20]If exposed to radiation, presumptive conditions can include certain cancers. Additional presumptions also are provided, depending on the years and location of service.

[21]See app. I for more detailed descriptions of these states' provisions.

Continuation of Pay Provisions for Military Personnel Are Generally More Flexible

Following a line-of-duty injury, the military's provisions for allowing servicemembers to continue to receive their full pre-injury salary, whether or not they are able to return to duty, are generally more flexible than the policies for the civilian PSOs we reviewed. In the military, and across all the selected civilian PSO programs, agency officials indicated that in most cases, they encourage individuals to return to work during the period of treatment, recovery, and evaluation to the extent their medical conditions allow; and that even if the individual is only able to work in a light-duty capacity, the full pre-injury salary is still provided. Moreover, the full pre-injury salary generally continues to be provided for a period of time, even if the individual cannot return to duty, through explicit continuation of pay policies or special sick leave allocations. The length of time this benefit is provided varies, but, in general, we found the military's continuation of pay policy to be more flexible than most of the civilian programs we reviewed.

The military will replace 100 percent of the servicemember's salary until the individual either returns to duty or is released from service through separation or retirement. DOD instructions call for cases to be referred for evaluation no later than 1 year following injury, but this time frame may be extended in some cases. For example, DOD officials told us that extensions may be provided when there is an indication the servicemember may be able to return to duty within a foreseeable amount of time. They also noted that continuation of pay is extended to cover the time between evaluation and final disposition, which can take up to 90 days.

Federal PSOs and most state and local PSOs we reviewed all have some type of continuation of pay provisions, either explicitly or through special sick leave allocations, but the length of time this benefit is provided varies widely. For example, federal PSOs have continuation of pay for up to 45 days in cases of traumatic injury. Among the state and local programs with these provisions, some have a 1-year time limit, but others range from 90 days to 2 years. (See table 1.) In most cases, these time limits are set in state statutes, and as a result, are less flexible than in the military; however, we found that some programs were willing to make extensions. For example, according to a Montana Highway Patrol official, although continuation of pay generally is provided for up to 1 year, in one recent case it was provided for 2 years before it was determined that the officer would not be able to return to duty.

Table 1: Continuation of Pay Provisions

Occupation	Availability of continuation of pay (100% salary replacement) for line-of-duty injuries
Military personnel	Yes: Until return to duty or release from service.
Federal PSOs	Yes: 45 days maximum (for traumatic injury only).[a]
Selected state and local PSOs	
• California Highway Patrol and Los Angeles Firefighters	Yes: 1 year maximum for state Highway Patrol and for Los Angeles Firefighters.
• Florida Highway Patrol and Miami Firefighters	Yes: 2 year maximum for State Police;[b] 210 days maximum for Miami Firefighters.
• Indiana State Police and Indianapolis Firefighters	No, but 365 days per year of sick leave provided for State Police; 90 days per year for Indianapolis Firefighters, and can be extended.[a]
• Montana Highway Patrol and Billings Firefighters	Yes: Generally 1 year and can be extended for state Highway Patrol and Billings Firefighters.
• New Jersey State Police and Newark Firefighters	No, but State Police and Newark Firefighters may take up to a year of sick leave, with extensions in some cases.
• Texas State Troopers and Houston Firefighters	Yes: 1 year maximum for State Troopers;[c] also 1 year for Houston Firefighters, with possible extensions up to 2 years.

Source: GAO analysis of state statutes and policies, and interviews with cognizant agency officials.

[a]These leave allocations for federal PSOs, Indiana State Police, and Indianapolis Firefighters are in addition to normally accrued sick leave.

[b]For Florida Highway Patrol and Miami Firefighters to qualify for these benefits, the injury must be a "malicious injury caused by another person." According to agency officials, this requirement is interpreted very broadly.

[c]The Texas statute providing continuation of pay for law enforcement officers became effective June 17, 2005.

Military Personnel Have Access to Temporary Disability Retirement Benefits in Some Cases

When an individual's ability to return to duty is still uncertain after a period of continuation of pay or sick leave expires, some types of prolonged temporary benefits often are provided. In the military, a servicemember can be temporarily released from service and have access to temporary disability retirement benefits for up to 5 years, as well as disability compensation benefits, in some cases. In contrast, the civilian PSOs included in our study generally have access only to temporary disability compensation benefits, not disability retirement. The different way compensation benefits are calculated, combined with the availability of temporary disability retirement benefits, results in higher monthly payments for servicemembers in some cases, and lower monthly payments in others, when compared with the benefits provided selected civilian PSOs. Specifically, we found that the monthly payments for servicemembers with either higher disability ratings or with 20 years or more of service are generally higher than the monthly payments for the

selected PSOs in similar circumstances, while the monthly payments for servicemembers with either lower disability ratings or less than 20 years or service are generally lower. However, the length of time temporary benefits can be provided varies widely across programs.

The basis for calculating compensation benefits for military personnel is different from that used for calculating civilian compensation benefits. Servicemembers are provided VA service-connected disability compensation benefits determined on the basis of the degree of injury, not salary level. VA evaluates the level of injury and assigns a disability rating ranging from 0 to 100 percent, in 10 percentage point increments, and each rating level corresponds to a fixed monthly payment amount, adjusted annually.[22] (See table 2.) Additional benefits are provided for each dependent if the disability is rated 30 percent or more; for certain types of severe injuries such as the loss of use of a limb or sensory organ; and for various special circumstances such as the need for attendant care, inability to maintain gainful employment, having a spouse with a disability, or having a child age 18 or older attending school. In addition, VA can reassess a veteran's condition over time and may increase or decrease the disability rating as health deteriorates or improves.[23]

Table 2: Basic Monthly Compensation Rates for VA Disability in 2005

Disability rating	Monthly payment	Disability rating	Monthly payment
10%	$108	60%	$839
20%	$210	70%	$1,056
30%	$324	80%	$1,227
40%	$466	90%	$1,380
50%	$663	100%	$2,299

Source: Department of Veterans Affairs.

On the civilian side, federal PSOs receive temporary disability compensation benefits under FECA, and state and local PSOs generally receive temporary disability compensation benefits under state workers' compensation statutes, with payments determined on the basis of a percentage of pre-injury salary up to a set maximum. Among the state and local PSOs included in our study, we found that all are provided workers'

[22]A cost-of-living adjustment (COLA) is not guaranteed, but Congress has historically passed annual COLAs based on a percentage equal to the Social Security increase.

[23]Re-examinations are required when it is likely a disability will improve over time, or when there is evidence of an error or a material change in a disability.

compensation benefits, with payments based on a percentage of their salary up to a cap, except in Indiana. (See table 3.) As noted earlier, in Indiana, both the Indiana State Police and the Indianapolis Fire Department have opted to provide disability benefits only from their pension funds.

Table 3: Temporary Compensation Payment Formulas and 2005 Payment Caps for Selected Civilian PSOs

Occupation	Compensation payment formula for temporary total disability	Maximum monthly payment cap in 2005
Federal PSOs[a]	Employee's average weekly wage times 66-2/3%, without dependents; 75% with dependents.	$6,473 per month without dependents; $7,283 per month with dependents.
Selected state and local PSOs[b]		
• California Highway Patrol and Los Angeles Firefighters	Maximum allowable average weekly earnings times 66-2/3%.	$3,460 per month.
• Florida Highway Patrol and Miami Firefighters	Employee's average weekly wage times 66-2/3% in most cases.	$3,033 per month for the first 6 months; $2,821 per month thereafter.
• Montana Highway Patrol and Billings Firefighters	Employee's average weekly wage times 66-2/3%.	$2,253 per month.
• New Jersey State Police and Newark Firefighters	Employee's average weekly wage times 70%, or the statewide average weekly wage times 75%, whichever is less.	$2,886 per month.
• Texas State Troopers and Houston Firefighters	Employee's average weekly earnings times 70%.	$2,336 per month.

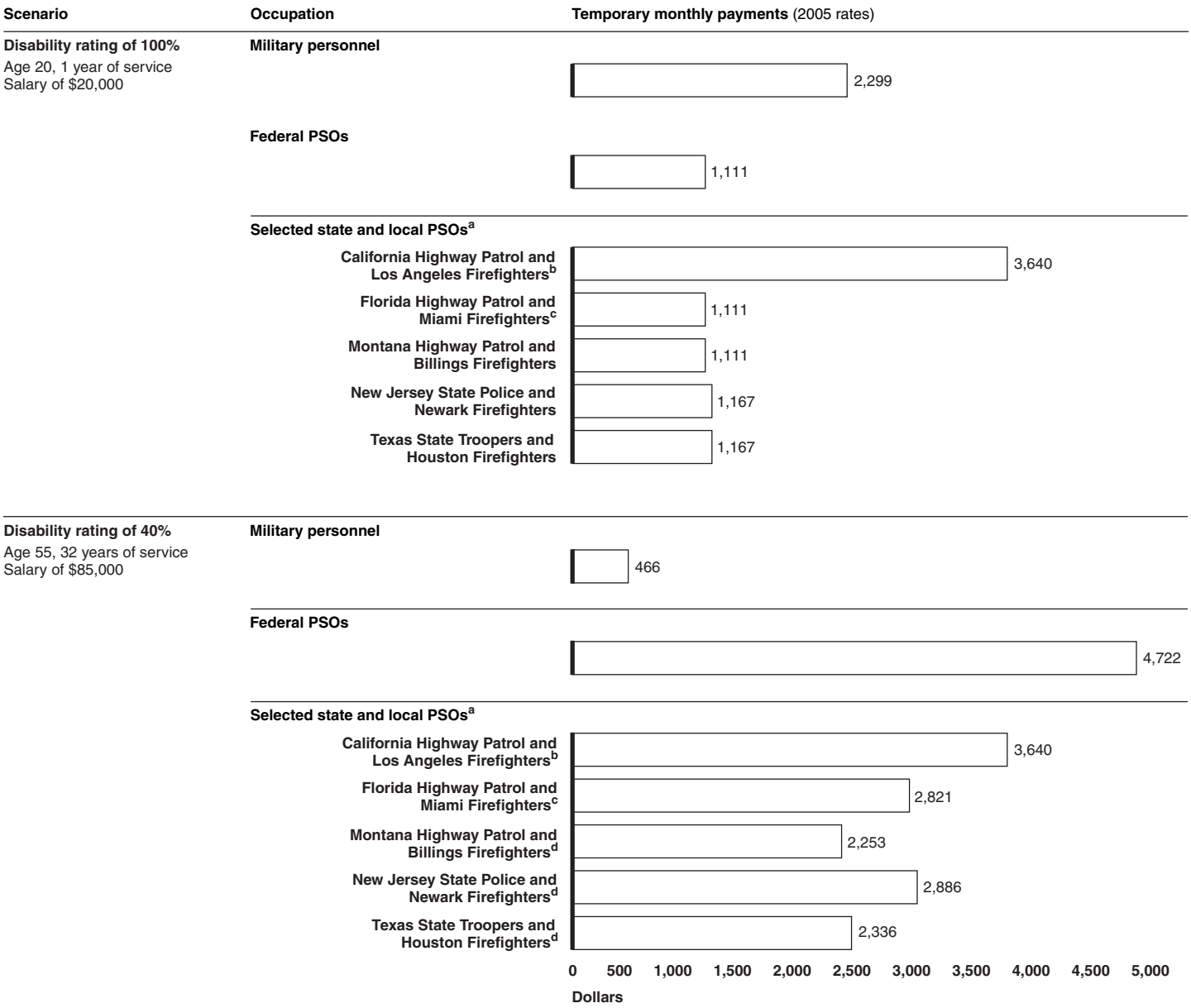
Source: GAO analysis of state statutes and policies.

[a]Payment caps for federal PSOs are based on the pay level for a General Schedule (GS)-15, step 10, position, which was $116,517 per year ($9,710 per month) in 2005.

[b]For all of the selected state and local PSOs that have access to temporary disability compensation benefits, payment caps are based on a percentage of the state's average weekly wage.

Thus, if an individual is temporarily unable to work due to a line-of-duty injury or illness, compensation payments for servicemembers are based on the disability rating, regardless of salary level; in contrast, compensation payments for the selected civilian PSOs are based on salary level, regardless of disability level. As a result, as illustrated in figure 2, if an individual has more severe injuries and lower wages, VA compensation payments are generally higher than the PSOs' compensation benefits. But if an individual has less severe injuries and higher wages, VA compensation payments are generally lower than the PSO's compensation benefits.

Figure 2: Military and Civilian Temporary Monthly Compensation Benefits in Two Contrasting Scenarios (2005 Payment Rates)



Source: GAO analysis based on program provisions.

Note: Calculations are based on the assumption that the individual is temporarily unable to return to duty due to a line-of-duty injury or illness. In such circumstances, payments for the selected PSOs are based on a percentage of salary regardless of disability rating.

[a]Indiana State Police and Indianapolis Firefighters are not included in the figure because they are not provided prolonged temporary compensation benefits following the period of special sick leave allocation.

[b]California state statutes call for PSOs to have their benefits calculated based on the maximum allowable average weekly wage, regardless of actual earnings.

[c]Florida payment amounts shown here are based on the higher benefit rate allowed for the first 6 months. (After 6 months, the benefit levels would drop to $1,111 for the individual earning $20,000, and to $2,821 for the individuals earning $60,000 and $85,000.)

[d]Payment amount is based on a cap.

However, unlike the civilian PSOs included in our study, military personnel whose ability to return to duty remains uncertain after the period of continuation of pay expires also may have access to DOD temporary disability retirement benefits. As with permanent disability retirement payments, servicemembers are eligible to receive temporary disability retirement payments if they are found unfit for duty and they have either (1) a disability rating of 30 percent or more, or (2) 20 years or more of service. Those who qualify may elect to have their temporary disability retirement payments calculated based on:

- basic pay times 50 percent,
- basic pay times the percentage of disability, or
- basic pay times 2.5 percent times years of service.[24]

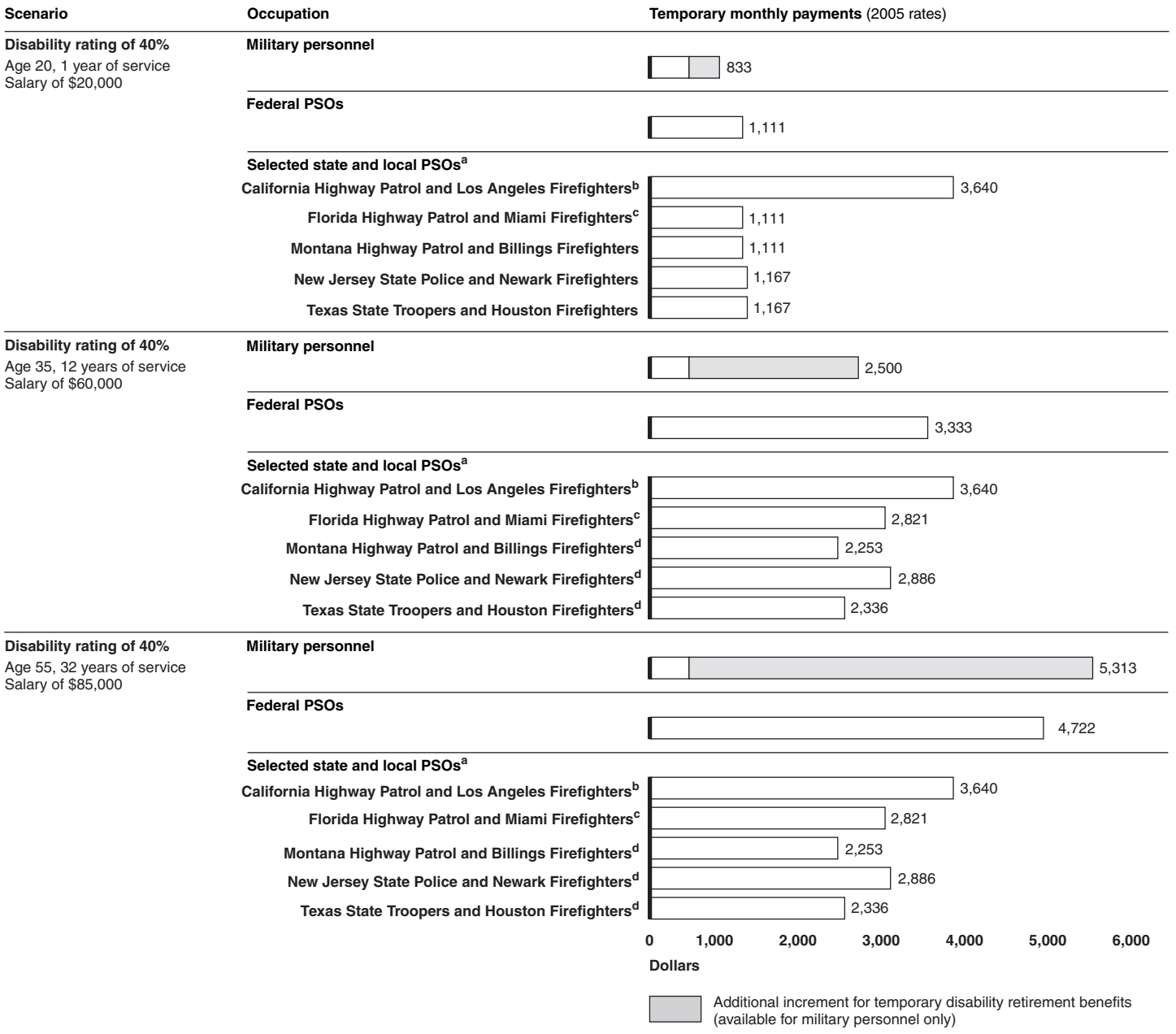
Regardless of which calculation method is used, the maximum temporary disability retirement payment that can be received is 75 percent of basic pay.

When servicemembers are eligible to receive VA compensation benefits and DOD disability retirement benefits at the same time, the amount of the retirement payment is reduced (offset) dollar-for-dollar by the amount of the VA compensation payment, unless they have at least 20 years of service and can qualify for an exception to this offset due to a disability rating of 50 percent or more, or combat-related disabilities. (See earlier background section for further details.) Nevertheless, the added increment available from disability retirement, even with applicable offsets, can increase servicemembers' monthly benefits significantly. As illustrated in

[24]For those who entered military service on or after September 8, 1980, basic pay is the average of the highest 3 years of basic pay. For reserve component members, it is the average of the last 36 months of basic pay as though the member were on full-time active duty. Basic pay does not include subsistence and housing allowances that often comprise a significant portion of a servicemember's total pay.

figure 3, if a servicemember with a 40 percent disability rating has an annual salary of $60,000 and 12 years of service, including the increment for temporary disability retirement boosts the temporary monthly payment above that of some of the comparable civilian PSOs included in our study. With an annual salary of $85,000 and 32 years of service, the increment boosts the monthly payment above that of all the comparable PSOs.

Figure 3: Military and Civilian Temporary Monthly Benefits for 40 Percent Disability Ratings, including Temporary Disability Retirement Benefits for Servicemembers (2005 Payment Rates)



Source: GAO analysis based on program provisions.

Note: Calculations are based on the assumption that the individual is temporarily unable to return to duty due to a line-of-duty injury or illness. In such circumstances, payments for the selected PSOs are based on a percentage of salary regardless of disability rating.

[a]Indiana State Police and Indianapolis Firefighters are not included in the figure because they are not provided prolonged temporary compensation benefits following the period of special sick leave allocation.

[b]California state statutes call for PSOs to have their benefits calculated based on the maximum allowable average weekly wage, regardless of actual earnings.

[c]Florida payment amounts shown here are based on the higher benefit rate allowed for the first 6 months. (After 6 months, the benefit levels would drop to $1,111 for the individual earning $20,000, and to $2,821 for the individuals earning $60,000 and $85,000.)

[d]Payment amount is based on a cap.

[e]Disabilities are assumed not to be combat related; thus, there is no exception to the offset.

As was the case with continuation of pay, provisions regarding the length of time that temporary disability payments are provided while an individual's condition remains uncertain also vary widely across programs. Military servicemembers may receive these payments for up to 5 years after the period of continuation of pay expires.[25] At the federal level, PSOs may receive compensation payments indefinitely, as long as they are unable to work. At the state and local level, if the injured PSO's condition is still uncertain following the period of continuation of pay or use of sick leave, temporary compensation payments are generally provided only up to a set time limit, even if the ability to return to duty remains unclear. Among the state and local programs we reviewed, these time limits ranged from 104 weeks (2 years) to 400 weeks (7.7 years) (see table 4).[26] Only in Montana did officials indicate that temporary compensation benefits would be provided indefinitely until maximum medical improvement was achieved, similar to the benefits for federal PSOs.

[25]During temporary disability retirement, the servicemember is treated the same as a regular retiree, and as such, no longer has access to certain benefits, such as subsistence and housing allowances.

[26]In some programs, the clock on these temporary disability payments starts following the end of continuation of pay (such as the programs for federal PSOs and California Highway Patrol). In other programs, these payments are made simultaneous to continuation of pay, with the employer recouping the payments from employees to help defray some of the cost of providing the employee with continuation of pay while injured employees are not working (such as the programs for Florida and Montana Highway Patrol). In these programs, injured employees could only continue to receive temporary compensation payments for the amount of time left after the period of continuation of pay expires.

Table 4: Time Limits on Temporary Disability Benefits

Occupation	Length of time disability benefits may be provided following the period of continuation of pay or sick leave
Military personnel	Up to 5 years, if disability is rated 30% or more, or if 20 years or more of service; also eligible to receive VA compensation benefits during this time, with applicable offsets.
Federal PSOs	Indefinitely, as long as the individual experiences wage loss or is unable to work.[a]
Selected state and local PSOs	
• California Highway Patrol and Los Angeles Firefighters	Up to 104 weeks (2 years) in most cases, following the period of continuation of pay.[b]
• Florida Highway Patrol and Miami Firefighters	Up to 2 years.[c]
• Indiana State Police and Indianapolis Firefighters	Not applicable. (No temporary compensation benefits are provided following the period of special sick leave allocation.)
• Montana Highway Patrol and Billings Firefighters	Indefinitely, until maximum medical improvement is achieved.[c]
• New Jersey State Police and Newark Firefighters	Up to 400 weeks (7.7 years).
• Texas State Troopers and Houston Firefighters	Up to 104 weeks (2 years) following continuation of pay.

Source: GAO analysis of state statutes and policies.

[a]For federal PSOs to qualify indefinitely, the individual must be unable to work at any job, not just the previous position held pre-injury.

[b]In California, benefits can be extended for up to a total of 240 weeks over 5 years for certain disabilities, such as hepatitis, amputations, severe burns, HIV, high velocity eye injuries, chemical burns to the eyes, pulmonary fibrosis, and chronic lung disease.

[c]In Florida and Montana, these benefits run concurrently with continuation of pay.

Permanent Partial Disability Benefits Are Greater over a Lifetime for Military Personnel or Civilian PSOs, Depending on Individual Circumstances

Once a line-of-duty injury is determined to be permanent, program provisions governing the benefits available for partial disabilities sometimes result in greater benefits for military personnel, and at other times result in greater benefits for the civilian PSOs we reviewed, depending on an individual's circumstances. Key factors affecting the amount of benefits provided over a lifetime include the type and degree of impairment, and whether the impairment prevents the individual from returning to duty. In most cases of line-of-duty permanent partial disability, servicemembers and civilian PSOs can receive disability compensation benefits. If unable to return to duty, they may also be eligible to receive disability retirement benefits. However, we found the criteria for benefit receipt, the way benefits are calculated, and the combined amount of benefits provided over a lifetime vary widely across programs for individuals with the same age, years of service, and salary level.

Degree of Impairment Affects Benefits for Permanent Partial Disabilities in Different Ways across Programs

For both military personnel and the selected civilian PSOs, the type and degree of impairment are key factors in determining the amount of compensation benefits for permanent partial disabilities. In addition, whether the type and degree of impairment prevents an individual from returning to duty is the key factor in determining eligibility for disability retirement benefits. But the specifics of how benefits are calculated vary considerably across programs.

Disability compensation benefits for permanent partial disability

Compensation benefits for permanent partial disability are based on the type and degree of impairment for both military personnel and for civilian PSOs. However, the way the impairment level is factored into the calculation of benefits for military personnel differs significantly from the way it is factored into the calculation of benefits for the civilian PSOs we reviewed.

For military personnel with permanent partial disabilities, the degree of impairment determines the monthly VA compensation payment amount, the same as described earlier for temporary VA compensation benefits. These compensation payments for permanent disabilities are provided only after the servicemember has been released from service through separation or retirement. But the payments are provided for the remainder of life, adjusted annually, as long as the impairment persists.

Civilian PSOs with permanent partial disabilities also receive compensation based on the degree of impairment (sometimes referred to as an impairment or schedule award). In contrast with military personnel, however, the degree of impairment does not affect the amount of the recurring compensation payments, but rather the length of time the payments are provided. The amount of the monthly payment is generally based on a percentage of the pre-injury salary up to a cap and, among the programs we reviewed, is generally the same as the monthly payment provided for temporary compensation. The payments for permanent disabilities are provided immediately, once the disability is determined to be permanent, regardless of whether or not the individual returns to duty. But the length of time payments are provided varies widely, depending on degree of impairment. A relatively minor impairment may result in benefits for a few weeks, while a more severe impairment may result in benefits for several years. In addition, some programs provide wage loss benefits

based on a percentage of the difference between pre-injury and post-injury salary levels.[27]

In general, civilian workers' compensation programs use one of two basic methods to determine the length of time to provide compensation benefits for permanent partial disabilities. The first method relies on a schedule of weeks that benefits are to be paid for specific types of impairments. This is the method used for federal PSOs. The second method uses one or more of the following factors to determine a disability rating: (1) the physical or psychological impairment, (2) an estimate of future wage loss, and/ or (3) actual wage loss. In assessing the physical or psychological impairment, many state workers' compensation programs require physicians to use the American Medical Association (AMA) *Guides to the Evaluation of Permanent Impairment*, while other states have developed guides unique to their states. An initial impairment rating based on the AMA *Guides* or its equivalent is then used, either directly or indirectly, to determine the disability rating that is correlated with a specific length of time compensation benefits will be provided. This is the method generally used by the selected state workers' compensation programs included in our study. Table 5 describes the maximum length of time compensation payments can be provided for permanent partial impairments among the programs we reviewed.

[27]VA does not provide wage loss benefits per se; however, veterans with disability ratings of 60 percent or more who are unable to secure employment due to their service-connected disabilities may be eligible to receive additional compensation at the 100 percent disability rate (referred to as Individual Unemployability benefits).

Table 5: Time Limits on Compensation for Permanent Partial Disabilities

Occupation	Maximum period of time compensation payments can be provided for permanent partial disabilities
Military personnel	No time limit regardless of degree of impairment (10% to 90%); payments are provided for the remainder of life, as long as the impairment persists.
Federal PSOs	Up to 312 weeks (6 years) for schedule awards due to the loss of an arm, or the loss (or loss of use) of any other important external or internal organ of the body. In the case of multiple impairments, benefits can be received for each loss and the awards run consecutively, with no specified limit. Following a schedule award, wage loss benefits may be received indefinitely, as long as post-injury wages are less than wages earned pre-injury.
Selected state and local PSOs[a]	
• California Highway Patrol and Los Angeles Firefighters	Up to 429.25 weeks (8.25 years) for an adjusted permanent disability rating of 69.75%; payments for the remainder of life for a rating of 70% or more.
• Florida Highway Patrol and Miami Firefighters	Up to 535 weeks (10.3 years).
• Montana Highway Patrol and Billings Firefighters	Up to 375 weeks (7.2 years).
• New Jersey State Police and Newark Firefighters	Up to 600 weeks (11.5 years).
• Texas State Troopers and Houston Firefighters	Up to 300 weeks (5.8 years).[b]

Source: GAO analysis of program provisions.

[a]In Indiana, both the Indiana State Police and the Indianapolis Fire Department have opted to provide disability benefits only from their pension funds following a period of special sick leave.

[b]Alternatively, in Texas, when the permanent impairment rating is at least 15% and the post-injury wage is less than 80% of the pre-injury wage, supplemental benefits may be received for up to 401 weeks (7.7 years), including weeks of benefit receipt for temporary, impairment, and supplemental benefits combined.

Disability retirement benefits for permanent partial disability

The eligibility criteria for disability retirement benefits due to a line-of-duty injury or illness vary across programs. In most programs reviewed, line-of-duty permanent partial disabilities that prevent individuals from returning to duty in their current jobs generally would enable them to receive disability retirement benefits. In the military, servicemembers who are unfit for duty are eligible for disability retirement benefits if they have a disability rating of 30 percent or more regardless of length of service, or if they have 20 years or more of service regardless of disability rating.[28] Federal PSOs must be unfit for duty and have 18 months of service under FERS to qualify for disability retirement benefits. Among the selected state

[28]If servicemembers are unfit for duty but they have fewer than 20 years of service, and they have a disability rating of less than 30 percent, they may be eligible to receive a lump-sum disability severance payment. See app. II, military personnel, for details.

and local PSOs we reviewed, most would have access to disability retirement benefits regardless of length of service if they are found unfit for duty.[29] In Florida, however, in addition to being unfit for duty in the current position, in order to qualify for disability retirement benefits, Highway Patrol Officers must be unable to be gainfully employed by any employer.

Programs generally calculate disability retirement benefits based on a percentage of salary. In the military, servicemembers may elect to have their disability retirement benefit calculated using length of service or their disability rating,[30] whichever is greater, up to a cap of 75 percent.[31] Among the civilian PSOs we reviewed, some programs use different formulas for calculating disability retirement benefits, depending on the individual's circumstances, such as length of service, or the type or degree of impairment. For example, as shown in table 6, programs for federal PSOs, and for PSOs in Montana and Texas, use a higher percentage for calculating disability retirement benefits for those with 20 years or more of service compared to those with fewer years of service.[32] Other programs, such as for Indianapolis and Houston Firefighters, use different calculations depending on the type or degree of disability sustained. For example, benefits for Indianapolis Firefighters are calculated differently based on whether the disability is due to injury or disease. Benefits for

[29]In several locations, state and local PSOs can opt into a special retirement program, referred to as a Deferred Retirement Option Plan (DROP). DROP programs have been established across the country as a means of retaining experienced PSOs beyond when they would be eligible for normal retirement. These programs create an additional retirement account with a guaranteed rate of return that produces a new benefit in addition to the standard retirement benefit. However, when PSOs opt into a DROP program, they generally are no longer eligible to receive disability retirement benefits.

[30]Once a servicemember is found to be unfit for duty, DOD assigns a disability rating using the VA's rating schedule to determine the degree (percent) of disability.

[31]Unlike with temporary disability retirement payments; however, there is no minimum payment of 50 percent of basic pay.

[32]Where provided, the alternative formulas for those with more years of service generally result in disability retirement benefits that are at least equal to, if not more than, the benefits available under normal retirement based on age and length of service. For federal PSOs, however, disability retirement benefits are less than normal voluntary retirement benefits, despite the use of the same formula. This is because under normal voluntary retirement, a special retirement supplement is provided until age 62 that approximates the Social Security benefit earned in federal service. This benefit is not provided for those taking disability retirement. As a result, officials told us that virtually no one eligible for both disability retirement and normal voluntary retirement chooses to take disability retirement benefits.

Houston Firefighters are calculated differently depending on whether the disability prevents them from returning to duty as a firefighter, or prevents them for engaging in any gainful employment.

Table 6: Disability Retirement Benefit Formulas for Military Personnel and Selected PSOs

Occupation	Disability retirement benefit formulas
Military personnel	The greater of: • 2.5% of basic pay or high 36-month average, as applicable, at the time of injury for each year of service or • basic pay or high 36-month average, as applicable, multiplied by the percent of impairment. Benefits are capped at 75% of basic pay regardless of calculation method.
Federal PSOs	• If under age 50 with fewer than 20 years of service: 60% of average high-3 salary for first year of disability; 40% of average high-3 salary thereafter, until the individual reaches age 62. Benefits are recalculated at age 62 based on the normal retirement formula for regular federal employees (not PSOs). • If age 50 or over with 20 years of service, or any age with 25 years of service: 1.7% of average high-3 salary for each year of service up to 20, plus 1.0% of the average high-3 salary times years of service exceeding 20.
Selected state PSOs	
• California Highway Patrol	The greater of: • 50% of the employee's final compensation or • 3% of final compensation for each year of service. Benefits are capped at 90% of final compensation regardless of calculation method.
• Florida Highway Patrol	65% of average final compensation.
• Indiana State Police	70% of the officer's average high-3 salary for first 2 years of receipt, 50% of the officer's average high-3 salary thereafter, until eligible for normal retirement. Benefits end when the individual is eligible for normal retirement, based on 25 years of service (including years receiving disability retirement), and normal retirement benefits are then provided instead.
• Montana Highway Patrol	• If fewer than 20 years of service: 50% of average highest salary. • If 20 years of service or more: 2.5% of average highest salary for each year of service.
• New Jersey State Police	66-2/3% of salary at the time of injury.
• Texas State Troopers	• If fewer than 20 years of service: 50% of average highest salary. • If 20 years of service or more: 2.8% of average highest salary for each year of service.
Selected local PSOs	
• Los Angeles Firefighters	30% to 90% of final salary, depending on the level of disability (but no less than 2% for each year of service). Benefits are capped at 90% of final average salary.
• Miami Firefighters	66-2/3% of salary at the time of injury or highest salary, whichever is greater.

Occupation	Disability retirement benefit formulas
• Indianapolis Firefighters	• If duty-related disability due to injury: 55% to 90% of base salary, depending on the degree of impairment. Benefits are capped at 90% of a first-class firefighter's monthly salary. • If duty-related disability due to disease: 22% of base salary, plus 0.5% for each year of service up to 30 years, plus an additional amount based on the degree of impairment. Benefits are capped at 82% of a first-class firefighter's monthly salary. At age 52, benefits are recalculated based on the formula for normal service retirement: 50% of base salary, plus 1% for each 6 months of active service over a 20-year period. Benefits are capped at 74% of base salary.
• Billings Firefighters	• If fewer than 20 years of service: 50% of average highest salary. • If 20 years of service or more: 2.5% of average highest salary for each year of service.
• Newark Firefighters	66-2/3% of salary at the time of injury.
• Houston Firefighters	If injury prevents employment as a firefighter (occupational disability), the greater of: • 50% of average monthly salary or • 50% of average monthly salary for 20 years of participation, plus 3% of average monthly salary for each year of participation over 20 years. If injury prevents any gainful employment (general disability), the greater of: • 75% of average monthly salary or • 50% of average monthly salary for 20 years of participation, plus 3% of average monthly salary for each year of participation over 20 years. Benefits are capped at 80% of average monthly salary.

Source: GAO analysis of selected disability retirement provisions.

Concurrent receipt provisions for permanent partial disability

When an individual with permanent partial disabilities is eligible to receive both compensation and disability retirement benefits, we found that offset provisions among the programs we reviewed represent the range of possible policies: concurrent receipt permitted with an offset, concurrent receipt permitted with no offset, and concurrent receipt not permitted. For example, DOD disability retirement benefits generally are reduced (offset) dollar-for-dollar when VA disability compensation benefits are received; however, military veterans with 20 years or more of service and a disability rating of 50 percent or more are having this offset phased out over a 10-year period, and those with 20 years or more of service and combat-related disabilities may be eligible for a special benefit equal to the offset. (See earlier background section for further details.)

On the civilian side, federal PSOs may receive disability retirement benefits and compensation benefits with no offset in some situations, but not in others, depending on the type of benefits. Two types of compensation benefits are available to federal PSOs with permanent partial disabilities: impairment awards (referred to as schedule awards) and wage loss benefits (which are provided after the schedule award

expires if an individual is unable to earn as much as could be earned pre-injury). Schedule awards may be received concurrently with disability retirement benefits with no offset. In contrast, wage loss benefits may not be received concurrently with disability retirement benefits.

As summarized in table 7, offset provisions also vary among the programs providing benefits to the state and local PSOs we reviewed. For example, California Highway Patrol Officers can receive compensation benefits for permanent partial disability and disability retirement benefits without an offset, but Los Angeles Firefighters cannot. In Miami, an offset comes into effect only if the total combined benefits exceed the amount of the PSO's pre-injury salary.

Table 7: Concurrent Receipt Provisions for Permanent Partial Disabilities

	Concurrent receipt of disability compensation and disability retirement benefits		
Occupation	**Allowed with no offset**	**Allowed with offset**	**Not allowed**
Military personnel		●[a]	
Federal PSOs	●[b]		●[b]
Selected state PSOs[c]			
• California Highway Patrol	●		
• Montana Highway Patrol	●[b]		●[b]
• New Jersey State Police		●[d]	
• Texas State Troopers	●		
Selected local PSOs[e]			
• Los Angeles Firefighters			●[f]
• Miami Firefighters		●[g]	
• Billings Firefighters	●[b]		●[b]
• Newark Firefighters		●[d]	
• Houston Firefighters	●		

Source: GAO analysis of program provisions.

[a]In general, military disability retirement benefits are reduced dollar-for-dollar for any compensation benefits received; however, this offset is being phased out for veterans with a disability rating of 50% or more and with 20 years or more of service. (See app. II, military personnel, for details.)

[b]For federal PSOs, Montana Highway Patrol, and Billings Firefighters, concurrent receipt is allowed with no offset for an impairment award, but concurrent receipt is not allowed with wage loss benefits.

[c]Florida is not included in the table because disability retirement benefits are provided only for permanent total disability. Indiana is not included in this table because compensation benefits are not provided to Indiana State Police.

[d]In New Jersey and Newark, disability retirement benefits are reduced dollar-for-dollar for any compensation benefits received.

[e]Indianapolis is not included in this table because compensation benefits are not provided to Indianapolis Firefighters.

[f]Not only is concurrent receipt not allowed, when Los Angeles Firefighters take disability retirement, they must repay any compensation payments received for any disability incurred throughout their careers.

[g]In Miami, workers' compensation is offset to prevent benefits from totaling more than 100 percent of pre-injury income.

When Able to Return to Duty, Compensation Benefits for Military Personnel Are Not Paid Immediately, but Amount Received over a Lifetime Is Generally Greater

When servicemembers or civilian PSOs are able to return to duty in their previous position with a permanent partial impairment, such as may be the case with tinnitus (ringing in the ears), disability retirement benefits would not be available, but disability compensation payments generally would be provided. The selected state and local PSOs we reviewed can receive compensation benefits for permanent disabilities immediately, whereas servicemembers cannot receive VA compensation benefits until they are released from service through separation or retirement. Nevertheless, because the PSOs' benefits are generally time limited, whereas military veterans can receive benefits for the remainder of life, our analysis shows that veterans often would receive a greater amount of compensation benefits over a lifetime, even when the monthly benefit payment is substantially lower and receipt of benefits is delayed for several years.

With respect to our hypothetical scenarios, officials administering disability programs for servicemembers and PSOs told us that in most circumstances, an individual with tinnitus would not be found unfit for duty.[33] In the military, no disability compensation would be paid until the servicemember is released from military service. Once released from service, however, a servicemember with tinnitus would be assigned a 10 percent disability rating, which corresponds to a VA compensation benefit amount of $108 per month based on rates effective in 2005. This benefit then would be provided for the remainder of life, adjusted annually.

On the civilian side, according to the AMA *Guides*, up to 5 percent can be added to a disability rating for tinnitus in the presence of measurable hearing loss if it affects activities of daily living. Some program officials—such as from the U.S. Department of Labor and from California's Labor and Workforce Development Agency—indicated that they most likely

[33]Across all programs, we were told that whether an individual is found unfit for duty depends on the specific duties of his or her position, and the extent to which the disability prevents successful performance of those duties.

would not provide any compensation for tinnitus alone. However, to compare benefits across programs, we asked program officials to assume that civilian PSOs with tinnitus are rated by physicians as having a 5 percent impairment due to hearing loss (which can be rated and compensated independently) and to calculate compensation benefits at a 5 percent level.

Among the civilian PSOs we studied, an individual with a 5 percent impairment rating from a physician would receive compensation benefits for set periods of time ranging from 2.3 months (10 weeks) in Florida and New Jersey to 9.8 months (just over 42 weeks) for more senior California PSOs (that is, those age 55 with 32 years of service). Despite equal hypothetical salaries across programs, the payment amounts vary due to different formulas and caps. For example, compensation payments for PSOs with an annual salary of $85,000 ranged from $770 per month in New Jersey to $4,722 per month for those in federal law enforcement, based on payment rates effective in 2005.[34] In addition, unlike the payments for servicemembers, these payments would begin immediately upon the determination that the injury is permanent, even when the PSOs return to duty and receive their salaries at the same time.

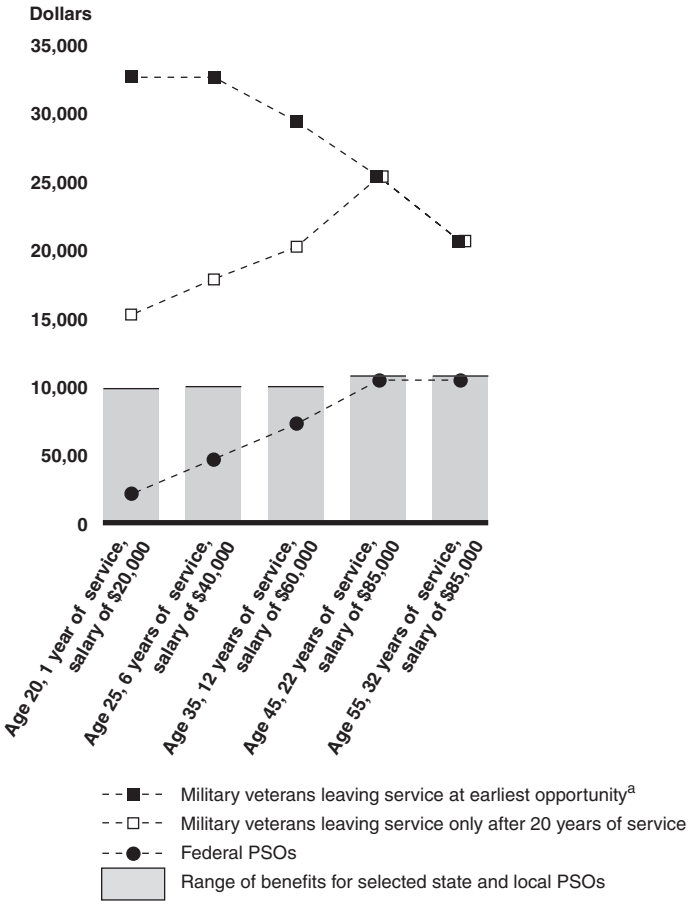
To compare the compensation benefits available to military veterans with the benefits available to the selected civilian PSOs, we calculated the present value of the lifetime payments that would be provided for tinnitus to five individuals with varying ages, lengths of service, and salary levels (see fig. 4). Because we are assuming the injury is not sufficient to prevent an individual from returning to duty, when the servicemember chooses to leave the military is an important factor in determining the lifetime present value of benefits for military personnel as VA compensation benefits would not be available until the servicemember is released from service. Therefore, in one scenario, we assume that the servicemember chooses to separate from service at the earliest opportunity.[35] In a second scenario, we assume that the servicemember chooses to leave the military only after reaching 20 years of service. As illustrated in figure 4, in the first scenario,

[34]For more detailed information across all hypothetical scenarios and programs reviewed, see app. IV, table 10.

[35]For purposes of our analysis, we assume that the servicemembers' tours of duty are such that, although still fit for duty, they can choose to separate immediately upon the determination of a permanent disability, with one exception: We assume that the servicemember with only 1 year of service must complete 2 years of service before being able to choose to separate.

when leaving service at the earliest opportunity, military veterans receive more benefits over a lifetime than the selected civilian PSOs by a substantial margin due to the longer period of time they would receive benefits. In the second scenario, when leaving after 20 years of service, military veterans still receive more benefits than the PSOs, but by a smaller margin.

Figure 4: Comparison of Present Value of Compensation Benefits over a Lifetime for Tinnitus



Source: GAO analysis.

Note: Calculations for federal PSOs, and the selected state and local PSOs, are based on the assumption that tinnitus is rated by physicians as a 5% hearing impairment that can be rated and compensated independently. See app. IV for details on methods and table 10 for more detailed data for the selected state and local PSOs.

[a]We assume that the servicemembers, though still fit for duty, choose to leave the military at the earliest opportunity. We assume that the servicemember with only 1 year of service must complete 2 years of service before being able to choose to separate. For all others, we assume that the servicemembers' tours of duty are such that they can choose to separate immediately upon the determination of a permanent disability.

When Unable to Return to Duty, Amount of Disability Benefits over a Lifetime for Military Veterans Is Sometimes More and Sometimes Less than the Amount of Benefits for the Selected PSOs

Due to the physical demands of military service, law enforcement, and firefighting, individuals in these occupations who sustain a permanent partial disability often are not able to return to duty in their previous positions. In such circumstances, disability retirement benefits may be provided in addition to compensation benefits. We found that when servicemembers and the civilian PSOs we reviewed are unable to return to duty due to a permanent partial disability, such as a leg amputation, the combined compensation and retirement benefits provided to military personnel over a lifetime are sometimes more, and sometimes less, than the combined benefits provided to the selected PSOs we reviewed. In addition, although servicemembers and PSOs who sustain a permanent partial disability may not be able to return to duty, they may still be able to be gainfully employed in another type of job. We found that disability retirement programs for servicemembers and most of the selected PSOs we reviewed require post-injury employment to be under a different retirement system, but most do not place any limits on the amount of post-retirement earnings.

With respect to our hypothetical scenarios, officials administering disability programs for servicemembers and PSOs told us that in most circumstances, an individual with an amputated leg would be found unfit for duty. In the military, once found unfit, a leg amputated below the knee would be assigned a 40 percent disability rating, thus entitling a servicemember to DOD disability retirement benefits, and VA monthly compensation benefits of $466, plus $84 per month in special compensation for this type of injury, based on rates effective in 2005. Total VA compensation benefits of $550 per month, adjusted annually, would be provided for the remainder of life, in addition to disability retirement benefits, taking into account any applicable offsets. The added increment for military disability retirement benefits would vary based on the servicemember's salary and years of service.

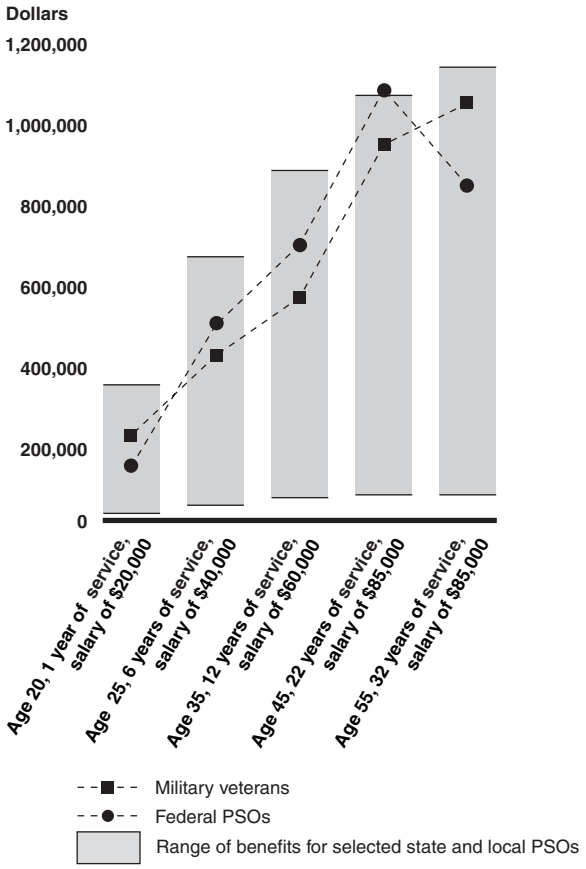
On the civilian side, according to the AMA *Guides*, a leg amputated below the knee less than 3 inches would be rated at 32 percent. Among the civilian PSOs we studied, a 32 percent impairment rating from a physician would correlate with compensation benefits being provided for set periods of time ranging from just under 22 months (just under 2 years) for Texas PSOs, to 73.7 months (just over 6 years) for more senior California PSOs

(that is, those age 55 with 32 years of service). Despite equal hypothetical salaries across programs, monthly compensation payment amounts would vary due to different formulas and caps, as was the case with tinnitus. In addition, most of the PSOs included in our study would be eligible for disability retirement benefits, except for Florida Highway Patrol Officers.[36] The added increment for civilian disability retirement benefits varies based on the program's concurrent receipt provisions, and the PSO's age, length of service, and salary level.

To compare the combined compensation and disability retirement benefits available to military veterans with the benefits available to the selected civilian PSOs, we calculated the present value of the combined payments that would be provided over a lifetime for a leg amputated below the knee to five individuals with varying ages, lengths of service, and salary levels, taking into account the relevant concurrent receipt and offset provisions. Although these individuals could not return to duty in their previous positions, we assumed that they secure employment with an alternative employer and earn 75 percent of their previous pay. As illustrated in figure 5, the combined benefits received over a lifetime for military veterans are more than the combined benefits for some of the selected PSOs, but less than others, in these circumstances. For example, Florida Highway Patrol Officers and Texas State Troopers generally would receive less combined benefits than comparable military veterans, whereas Indianapolis and Houston Firefighters generally would receive more combined benefits than comparable military veterans. (For detailed data for the selected state and local programs, see app. IV, table 11.)

[36]Florida PSOs are not eligible for disability retirement benefits unless they are unable to engage in any employment, not just their pre-injury occupation.

Figure 5: Comparison of Present Value of Combined Disability Benefits over a Lifetime for a Leg Amputation



Source: GAO analysis.

Note: See app. IV for details on methods and table 11 for more detailed data for the selected state and local PSOs.

A key factor affecting the combined benefits amounts illustrated above is whether or not the programs place restrictions on post-retirement employment and earnings. When servicemembers or civilian PSOs are unable to return to their previous positions due to permanent partial disabilities, they may still be capable of gainful employment in other positions or occupations. If disability retirement programs place restrictions on post-retirement employment and earnings, such restrictions can have an impact on an individual's benefit amounts and ability to earn future income. As shown in table 8, several programs we reviewed require post-injury employment to be under a different retirement system, but most do not place any limits on the amount of post-retirement earnings.

Those that do limit earnings include programs for federal PSOs, and for state PSOs in California, Florida, Montana, and Texas.

Table 8: Post-Retirement Employment and Earnings Restrictions on Receipt of Disability Retirement Benefits

Occupation	Post-retirement employment restrictions	Post-retirement earnings restrictions
Military veterans	No military employment.[a]	No restrictions.
Federal PSOs	If re-employed in federal government, salary is offset by the amount of the disability retirement payment.	If under age 60, may not have earnings of 80% or more of salary for pre-injury position.
Selected state PSOs		
• California Highway Patrol	No employment in a position similar to the one from which retired on disability.	Earnings combined with the disability retirement cannot exceed 100% of the maximum compensation of the pre-injury position.[c]
• Florida Highway Patrol[b]	No gainful employment.	May not have any substantial earnings.
• Indiana State Police	No work activities that are similar to those that the person is unable to perform as a State Police Officer due to the disability.	No restrictions.
• Montana Highway Patrol	No law enforcement employment.	No wages from a law enforcement position.
• New Jersey State Police	No employment covered by the State Police Retirement System.	No restrictions.
• Texas State Troopers	No employment that provides comparable pay to the pre-injury position.	Cannot receive earnings equal to or greater than earnings in the pre-injury position.
Selected local PSOs		
• Los Angeles Firefighters	No employment that violates the restrictions of the disability.	No restrictions.
• Miami Firefighters	No restrictions on employment outside of the Miami Fire Department.	No restrictions.
• Indianapolis Firefighters	No employment that is associated with an accommodation or light duty with the same employer.	No restrictions.
• Billings Firefighters	Employment under the same retirement system limited to 960 hours per year.	No restrictions.
• Newark Firefighters	No employment covered by the Police and Firefighters Retirement System.	No restrictions.
• Houston Firefighters	No restrictions on alternative employment for receipt of occupational disability benefits.[d]	No restrictions.

Source: GAO analysis of program provisions.

[a]Restrictions for military veterans include federal judgeships and certain types of employment with foreign governments.

[b]In Florida, disability retirement benefits are available only for officers with total and permanent disabilities.

[c]In California, an officer's earnings, when combined with disability retirement, are offset if they exceed 100% of maximum earnings of the pre-injury occupation.

[d]Houston Firefighters receiving general disability benefits (for total disability) may not maintain any gainful employment.

Permanent Total Disability Benefits Are Greater over a Lifetime for Military Veterans or for Civilian PSOs, Depending on the Type of Impairment

When a permanent injury is severe enough to be deemed a total disability,[37] military veterans may receive more or less benefits than civilian PSOs, depending on the type of impairment and individual circumstances. The military and civilian programs we reviewed provide various enhanced benefits for certain cases of permanent total disability, including increased disability compensation benefits, concurrent receipt of compensation and disability retirement benefits with no offset, or special lump-sum benefits for certain civilian PSOs. The amount of the combined benefits over a lifetime for military veterans and civilian PSOs with permanent total disabilities depends on the extent to which individuals qualify for these various enhanced benefits.

Military Veterans and Civilian PSOs with Total Disabilities Have Access to a Range of Enhanced Benefits

In cases of permanent total disability, military veterans and the selected civilian PSOs we reviewed have access to a range of enhanced benefits. Depending on an individual's specific circumstances, these benefits may include higher disability compensation and retirement payments, a special lump-sum benefit for civilian PSOs only, or several other types of additional benefits, including SSDI.

Disability compensation benefits for permanent total disability

Among the programs we reviewed that provide disability compensation benefits, all provide greater benefits for permanent total disability than for permanent partial disability.[38] For military veterans, the monthly payment for total disability is increased substantially over the amounts available for partial disabilities. For instance, the $2,299 monthly payment in 2005 for a 100 percent disability rating is over $900 per month more than the payment for a 90 percent disability rating (see earlier table 2). In addition, VA provides an enhanced set of compensation payments for certain severe injuries above and beyond the compensation provided for permanent total disability with a 100 percent rating. These higher special monthly compensation (SMC) payments are for military veterans who sustain particularly severe injuries, such as amputations, blindness, or other loss

[37]Across the programs we reviewed, permanent total disability generally means that an individual is unable to maintain gainful employment. See app. VIII for individual program definitions of what qualifies for permanent total disability.

[38]In Indiana, both the Indiana State Police and the Indianapolis Fire Department have opted to provide disability benefits only from their pension funds following a period of special sick leave allocation.

of use of organs and extremities. As described in table 9, the SMC rates are designed to account for attendant care or other special needs deriving from the disability.

Table 9: Basic Total and SMC Rates for VA Disability in 2005

Basic Total Disability Compensation Rate	Monthly payment
Disability rating: 100%	$2,299
SMC Rate Category Description	
SMC-L: Loss of use of more than one extremity (hand or foot), blindness, permanently bedridden, or in need of regular aid and attendance.	$2,860
SMC-M: Loss of use of extremities (hand or foot) with complications, or more severe blindness, rendering need for regular aid and attendance.	$3,155
SMC-N: Loss of use of extremities (arms or legs) and unable to use prostheses, or even more severe blindness.	$3,590
SMC-O/P: More severe injuries, or multiple injuries each entitled to special compensation.	$4,012
SMC-R.1: Any injury entitled to special compensation in categories SMC-N or SMC-O/P and in need of regular aid and attendance.	$5,734
SMC-R.2: Any injury entitled to special compensation in categories SMC-N or SMC-O/P and in need of a higher level of care.	$6,576
SMC-S: Multiple injuries, one rated at 100% plus another rated at 60% or more, or injuries causing the veteran to be permanently housebound.	$2,573

Source: Department of Veterans Affairs.

Note: Plus, SMC-K provides for an added $84 for each loss due to certain types of injuries (such as anatomical loss of use of certain organs or extremities), up to a total maximum monthly payment of $4,012, not including dependents. Added increments are also provided for each dependent if the disability is rated 30% or more (with the amount of the increment varying by level of injury and type of dependent).

For civilian PSOs, the monthly payment amounts for total disability are generally the same as for permanent partial disability, but are provided for life rather than for a limited time period.[39] Civilian payment rates are not increased to account for attendant care; however, federal PSOs may be eligible for an additional attendant allowance—up to $1,500 per month during 2005—if such care is needed. This amount is not incorporated into the compensation payment, but rather is provided separately to the care provider. Among the state and local programs we reviewed, it is possible that attendant care costs may be covered as a medical expense, but state

[39]In California, benefits are received for life for injuries rated 70 percent or higher, but the calculation of benefits for injuries rated 70 to 99 percent is different than for injuries rated 100 percent.

and local statutes and program rules do not address such costs specifically.

Disability retirement benefits for permanent total disability

In addition to disability compensation, military veterans and nearly all the selected civilian PSOs we reviewed have access to disability retirement benefits for permanent total disability (see earlier table 6 for disability retirement benefit formulas).[40] Military veterans who retire due to permanent total disability may receive enhanced benefits compared with veterans who retire due to permanent partial disabilities rated at 70 percent or less, but payments are the same as those with partial disabilities rated at 80 percent or more because DOD disability retirement payments are capped at 75 percent of the individual's basic pay.

Most of the disability retirement programs for the civilian PSOs we reviewed do not offer enhanced disability retirement benefits due to permanent total disabilities, but there are some exceptions. For example, Florida Highway Patrol Officers may retire on disability only if they are unable to perform any gainful employment. Thus, for Florida Highway Patrol Officers, disability retirement is itself an enhanced benefit, provided only to those with permanent total disabilities. Other examples include state police officers in Indiana and Texas, who can receive an enhanced disability retirement payments if they have permanent total disabilities: 100 percent of monthly salary in certain cases of total disability, compared with 50 percent in most cases of partial disability.[41] In addition, disability retirement benefits for firefighters in Indianapolis and Los Angeles are based in part on the degree of impairment; therefore, those with permanent total disabilities may receive higher disability retirement benefits than those with partial disabilities.

[40]Federal PSOs must have at least 18 months of service to be eligible for disability retirement benefits. See app. II, federal PSOs, for more information.

[41]In Indiana, State Police receive disability retirement payments of 100 percent of monthly salary when they sustain a catastrophic injury and are unable to perform any gainful work; otherwise, they receive a disability retirement payment of 70 percent for the first 2 years and 50 percent thereafter. In Texas, State Troopers receive disability retirement payments of 100 percent of monthly salary when they are incapable of substantial gainful activity due to an occupational disability that is considered a total disability under federal Social Security law; otherwise, they receive a regular disability retirement payment of 50 percent if they have less than 20 years of service, and a payment calculated at 2.8 percent of average monthly compensation for each year of service if they have 20 years or more of service.

Concurrent receipt provisions for permanent total disability

The provisions for concurrent receipt of disability compensation and disability retirement benefits in cases of permanent total disabilities are similar to the provisions in cases of permanent partial disabilities (see earlier table 7). As with partial disabilities, most military veterans have their DOD disability retirement reduced (offset) dollar-for-dollar by the amount of their VA compensation, except those with 20 years or more of service. However, as of January 1, 2005, those with a 100 percent disability rating were allowed concurrent receipt of both benefits with no offset immediately, whereas those with 20 years or more of service and disability ratings between 50 and 90 percent are having this offset phased out over a 10-year period.[42]

On the civilian side, disability compensation programs for federal PSOs, Montana Highway Patrol, and Billings Firefighters include provisions that specify that total disability benefits—like wage loss benefits—cannot be received concurrently with disability retirement benefits. These PSOs must choose which type of benefit to receive. Provisions for concurrent receipt for Florida Highway Patrol, who must have a total disability to be eligible to receive disability retirement, are similar to the provisions for Miami Firefighters: an offset comes into effect only if the total combined benefits exceed the amount of the PSO's pre-injury salary.

Public Safety Officers' Benefits Program

Civilian PSOs with permanent and total disabilities also may be eligible to receive a certain lump-sum benefit that is not available to military veterans. The Public Safety Officers' Benefits Program, administered by the Bureau of Justice Assistance in the Department of Justice, provides a lump-sum benefit to PSOs at the federal, state, and local levels who incur total permanent disabilities in the line of duty. Qualifying recipients of the disability benefit must have a catastrophic injury, defined as the consequence of an injury that permanently prevents an individual from performing any gainful work.[43] The disability benefit program was established in 1990 and provides the same cash benefit that a previously-established death benefit program provides to the survivors of public safety officers killed in the line of duty. During fiscal year 2005, the benefit

[42]Those with 20 years or more of service being compensated at the 100 percent disability level due to individual unemployability were initially excluded from this provision; however, legislation enacted in 2006 authorizes these veterans to qualify for full concurrent receipt with no offset as well, beginning in fiscal year 2010.

[43]See app. VIII for comparable definitions of total disability in the other programs we examined.

amount was set at $275,658.[44] PSOs can receive these benefits concurrently with most other benefits with no offset. From October 2002 through June 2005, the Bureau of Justice Assistance had paid disability benefits to 41 PSOs nationwide.

Social Security Disability Insurance

Another benefit that is available to military veterans and federal PSOs with permanent total disabilities, and to some of the selected state and local PSOs we reviewed, is Social Security Disability Insurance (SSDI).[45] SSDI benefits are available to individuals who incur a physical or mental impairment that prevents them from performing substantial gainful activity and that is expected to last at least 1 year or to result in death. The benefit is based on the employee's earnings history and lifetime contributions to Social Security; therefore the benefit amount varies widely among individuals.[46] Military veterans and federal PSOs pay into Social Security and thus may be eligible to receive SSDI benefits. State and local PSOs are eligible to receive SSDI benefits if they contribute to Social Security; however, many state and local PSOs do not participate in the program.[47] Of the selected state and local PSOs we reviewed, only Florida Highway Patrol and Texas State Troopers pay into Social Security.

In general, under federal law, public disability benefits, such as workers' compensation and disability retirement provided through a public retirement system, cannot exceed 80 percent of the pre-injury wage when combined with SSDI. When workers' compensation benefits are received in addition to SSDI and the combined benefit exceeds 80 percent of the pre-injury wage, one of the benefits is offset. In most states the Social Security Administration reduces the SSDI benefit to adhere to the 80-percent limit, while in 14 states the workers' compensation benefit may be reduced instead of the SSDI benefit. However, when disability

[44]The date of injury determines the benefit amount, which is adjusted annually based on the Consumer Price Index.

[45]The Social Security Administration does not use the terms "permanent" or "total" in its definition of eligibility for SSDI benefits. (See app. III for details.) However, most individuals who would qualify for SSDI would be considered as having permanent total disabilities by most other programs we reviewed.

[46]The maximum benefit in 2005 was $1,939 per month. Added benefits may also be payable to eligible family members. (See app. III, SSDI, for details.)

[47]State and local government employees who are members of a public retirement system are not required to pay into Social Security. Across all 50 states, 72 percent of state and local government employees were covered by Social Security as of 2002.

retirement benefits are received from federal, state, or local government employment in which the employee contributed to Social Security, the Social Security Administration does not reduce the SSDI benefit to adhere to the 80-percent limit. Nevertheless, the retirement programs may opt to reduce the disability retirement benefit in such cases.

Among the programs included in our study, we found that military veterans may receive SSDI benefits with no reduction to their VA compensation and military disability retirement benefits. Federal PSOs, however, have their disability retirement payment reduced when receiving SSDI benefits.[48] At the state and local level, Florida is 1 of the 14 states where workers' compensation benefits may be reduced for recipients of SSDI. According to agency officials in Florida, workers' compensation benefits are reduced by SSDI if total benefits (including workers' compensation, disability retirement, and SSDI) exceed 100 percent of the pre-injury average weekly wage. In Texas, the SSDI benefit is reduced for those receiving workers' compensation benefits, but Texas State Troopers may receive both disability retirement and SSDI benefits concurrently with no offset.

Additional benefits for permanent total disability

Finally, there are a number of additional benefits that may be available in cases of permanent total disabilities. One such benefit is additional compensation for dependents. For example, military veterans can receive an added increment to their VA compensation benefit for each dependent, and the amount is slightly larger for total disabilities than for partial disabilities.[49] In 2005, for instance, military veterans with a 100 percent disability receive $224 more for a dependent spouse and one child than if they were single; in contrast, military veterans with a 90 percent disability receive $201 more per month for a dependent spouse and child.[50] (Of the civilian PSOs we reviewed, federal PSOs and Indiana State Police also

[48]In the first year of FERS disability retirement benefits for federal PSOs, FERS reduces the retirement payment by the full amount of any SSDI payment. In subsequent years, FERS reduces the disability retirement payment by 60 percent of the SSDI payment.

[49]The increment for dependents is available only for disabilities rated 30 percent or higher.

[50]The additional amount changes with the number and type of additional dependents.

receive additional benefits for dependents, but they receive the same increment for both permanent partial and permanent total disability.[51])

Another additional benefit is educational assistance. Both military veterans and civilian PSOs may receive educational benefits for their families in cases of total disability. For veterans, the military offers a monthly payment for spouse and dependent education, up to $803 during 2005. For civilian PSOs, the Public Safety Officers' Benefits Program also offers a need-based educational benefit to spouses and children of recipients, up to $803 per month during fiscal year 2005. In addition, California and Indiana provide a tuition-free higher education for dependents of PSOs with permanent total disabilities.

Other additional benefits that military veterans with certain types of severe disabilities may be eligible for include VA grants up to $50,000 for adapting existing housing or purchasing a new home, and grants up to $11,000 for modifying a vehicle. Military veterans with a total disability rating also are eligible for a waiver of the premium on their life insurance costs, up to $10,000. Federal PSOs may be entitled to house or vehicle modifications in some cases, but fewer of these kinds of benefits are specified for the selected state and local civilian PSOs we reviewed. For example, in Texas, according to agency officials, the workers' compensation program at the state and local level permits modifications to housing if a line-of-duty injury requires it. In Montana, by contrast, agency officials told us that under state law, housing modifications are not covered by workers' compensation benefits. In most civilian programs we reviewed, statutes and program rules did not specify such additional benefits.

[51]Federal PSOs' disability retirement payments are calculated at 75 percent of salary for those with dependents, and 66-2/3 percent of salary for those without dependents. Indiana State Police receive an additional $40 per month per dependent.

Military Veterans with Certain Types of Impairments Receive Greater Benefits for Permanent Total Disability over a Lifetime than Most of the Selected PSOs

When military veterans and civilian PSOs incur injuries that are permanently and totally disabling, they may receive monthly disability compensation and retirement benefits, and, for civilian PSOs, a lump-sum benefit. Our analysis showed that, when veterans with total disabilities are receiving the highest VA SMC rates due to the type of their impairment, the present value of combined benefits provided over their lifetimes is higher than the combined benefits for most civilian PSOs. However, many military veterans who are rated as having permanent and total disabilities (that is, with a 100 percent disability rating) do not receive SMC. Of veterans receiving VA compensation for total disability in 2004, 86 percent received payments based on the basic monthly compensation rate and 14 percent received payments based on a higher SMC rate. When veterans are receiving the basic VA compensation for a 100 percent disability rating, the amount of benefits received over a lifetime is lower than some of the selected civilian PSOs' benefits due to the additional lump-sum benefit available to civilian PSOs and the varying provisions for concurrent receipt of benefits.

With respect to our hypothetical scenarios, officials administering programs for military veterans and PSOs told us that in most circumstances, quadriplegia would be considered a permanent total disability, and that an individual with this impairment would receive both permanent total disability compensation benefits and disability retirement benefits. Military officials told us that military veterans with quadriplegia would qualify for the highest VA special compensation rate (SMC-R.2--$6,576 per month in 2005, see earlier table 9) in addition to DOD disability retirement benefits. Agency officials in the Department of Justice told us that most civilian PSOs in this situation would be eligible for the lump-sum benefit under the Public Safety Officers' Benefits Program. Federal PSOs would also be eligible for up to an additional $1,500 per month for attendant costs that would be paid directly to the care provider.

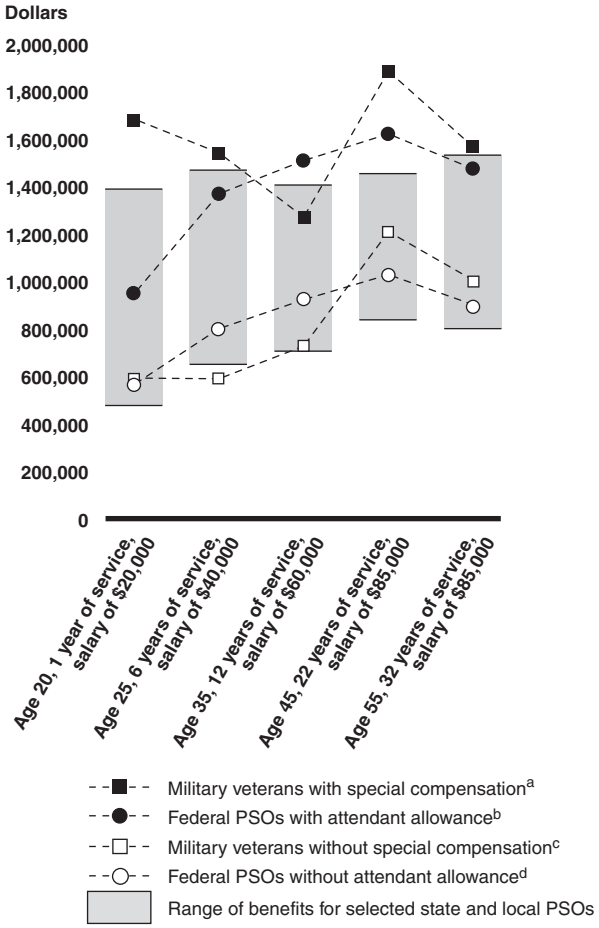
To compare the different benefit streams for quadriplegia available to military veterans and the selected civilian PSOs, we calculated the present value of combined payments that would be provided to individuals over a lifetime in five scenarios of varied ages, lengths of service, and salary levels. These calculations include the combined amount of disability compensation and disability retirement payments, taking into account the relevant concurrent receipt and offset provisions, as well as any lump-sum

payments that may be available.[52] For military veterans, we calculated benefits with special compensation, and for federal PSOs, we calculated benefits with the $1,500 attendant allowance.[53] As illustrated in figure 6, military veterans with quadriplegia are eligible for SMC, and therefore receive a higher present value of combined payments over a lifetime than most of the civilian PSOs we reviewed. Only for the hypothetical individual age 35, with 12 years of service and a salary of $60,000, do federal PSOs and selected PSOs in California, Texas, and Houston receive more benefits than their military counterparts with the same age, years of service, and salary level. When incurring a total disability at this point in their careers, the present value of military veterans' benefits dips because they would not receive benefits as long as would younger servicemembers, and do not have enough years of service to qualify for concurrent receipt of benefits with no offset.

[52]We were not able to include SSDI in this analysis of benefits received over a lifetime, due to the complexity of how SSDI benefits are calculated based on an individual's entire work history. Among the civilian PSOs we reviewed, additional SSDI benefits would not likely affect the outcome of our analysis. Few participate in Social Security, and if they should qualify for SSDI, their SSDI benefits would be offset. However, military personnel participate in Social Security, and if they should qualify for SSDI, their SSDI benefits are not offset. As a result, over a lifetime, military veterans could receive significant additional SSDI benefits over and above the disability compensation and retirement benefits discussed here.

[53]As state and local statutes and program rules for the programs we reviewed do not specify whether attendant care benefits are covered and in what amount, we could not include attendant care benefits for the selected state and local PSOs.

Figure 6: Comparison of Present Values of Combined Disability Benefits over a Lifetime for Quadriplegia and Other Permanent Total Disabilities



Source: GAO analysis.

Note: See app. IV for details on methods and table 12 for more detailed data for the selected state and local PSOs.

[a]Benefits are calculated using VA's highest SMC rate ($6,576 in 2005).

[b]Includes $1,500 per month for attendant costs. Benefits are calculated using FECA's schedule awards for loss of use of all four limbs.

[c]Benefits are calculated using VA's basic compensation rate for a 100% disability rating ($2,299 in 2005).

[d]Does not include $1,500 per month for attendant costs. Benefits are calculated using FECA total disability benefits.

We also calculated the benefit streams for permanent total disabilities for military veterans without special compensation, and for federal PSOs without the $1,500 per month allowance for attendant costs. As illustrated in figure 6, when military veterans receive the basic VA compensation rate for a 100 percent disability rating (set at $2,299 per month in 2005), as would be expected, the present value of the combined benefits over a lifetime is lower than the present value of benefits for veterans who qualify for the higher SMC rates. For the hypothetical veterans with fewer than 10 years of service, the amount of combined benefits over a lifetime is lower by more than half.

Compared with the benefit packages provided civilian PSOs with permanent total disabilities, military veterans receiving payments based on the basic VA compensation rate for a 100 percent disability rating would receive benefits over a lifetime that are greater than for some of the selected PSOs, but less than for others. Five factors account for the higher present value of the civilian benefit packages in some cases:

- The lump-sum benefit that is available only to civilian PSOs.
- The calculation of compensation payments for PSOs based on salary, as opposed to the calculation of VA compensation for military veterans based on the degree of injury, which can result in civilian PSOs with high salaries receiving higher compensation payments than their military counterparts with the same salary for the same injury.[54]
- The enhanced disability retirement benefits provided for permanent total disability for some PSOs, including Indiana State Police, and Indianapolis and Los Angeles Firefighters.
- The 75 percent cap on military disability retirement payments that is more restrictive than the caps placed on payments by several of the PSOs' disability retirement programs.[55]

[54]This is the case for a hypothetical civilian PSO age 35, with a salary of $60,000 and 12 years of service, serving as a state police officer in California, Florida, or New Jersey. See app. IV, table 12, for more details.

[55]Several of the civilian disability retirement programs we reviewed have no caps on payments, or have caps ranging from 80 to 100 percent of pre-injury salary. See table 6 in earlier section for details.

- Provisions allowing the concurrent receipt of disability retirement and compensation payments with no offset for some PSOs, but not for their military counterparts of the same age and years of service.

Concurrent receipt provisions are particularly important in determining the benefits received over a lifetime. For example, California Highway Patrol, Texas State Troopers, and Houston Firefighters all may receive both compensation and disability retirement payments concurrently, with no offset. The present value of benefits received over a lifetime for these three groups is higher than for military veterans who are receiving basic VA compensation for a 100 percent disability rating. In addition, Florida State Police and Miami Firefighters may receive benefits concurrently with no offset up to 100 percent of the pre-injury wage, and this contributes in some circumstances to greater benefits for these two groups than for military veterans.

Concluding Observations

Neither military personnel, nor any of the civilian PSOs we reviewed, consistently have more line-of-duty disability benefits available to them in all situations. Rather, our analysis illustrates the variation in benefit packages across programs, depending on specific program provisions and individual circumstances. In some situations, military benefits are greater; in other situations, one or more of the selected PSOs' benefits are greater. Provisions that govern continuation of pay and temporary disability benefits for servicemembers offer certain advantages. But provisions that govern permanent partial disability benefits sometimes result in more benefits over a lifetime for military personnel, and at other times for the selected civilian PSOs, depending on such factors as the type and degree of impairment, and whether the impairment prevents the individual from returning to duty. Similarly, provisions that govern permanent total disability benefits can result in greater benefits for PSOs in some circumstances, and for military veterans in others, such as when veterans qualify for special compensation.

The ongoing efforts to assess disability benefits may lead Congress and other policymakers to consider modifying disability programs. We are not taking a position on how disability benefits should be modified. However, we believe that any deliberations on this topic should include an examination of how such changes would affect ensuring adequate and appropriate benefits for those who serve our country, as well as the long-term fiscal well-being of our nation.

Agency Comments

We provided a draft of this report to the Departments of Defense, Labor, Justice, and VA; the Social Security Administration; and the Office of Personnel Management. All comments received were technical in nature and were incorporated as appropriate.

We are sending copies of this report to relevant congressional committees, the Secretary of Defense, the Secretary of Veterans Affairs, and other interested parties. The report will also be available on GAO's Web site at http://www.gao.gov. If you or your staff have any questions regarding this report, please contact me at (202) 512-7215. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Staff acknowledgments are listed in appendix IX.

Cristina T. Chaplain
Acting Director, Education, Workforce,
and Income Security Issues

List of Congressional Committees

The Honorable John Warner
Chairman
The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Larry E. Craig
Chairman
The Honorable Daniel K. Akaka
Ranking Minority Member
Committee on Veterans' Affairs
United States Senate

The Honorable Duncan L. Hunter
Chairman
The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable Steve Buyer
Chairman
The Honorable Lane Evans
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives

Appendix I: Disability Compensation Benefit Programs

Program name/ administering agency	Injuries covered	Temporary disability compensation payments	Permanent disability compensation payments
Military personnel			
Compensation for Service-Connected Disability/ Department of Veterans Affairs (VA)	Service-connected injuries from active military, naval, or air service, during either wartime or peacetime.[a] Includes personal injury suffered or disease contracted in the line of duty, or aggravation of a preexisting injury.[b] No compensation is paid if the disability is a result of the veteran's own willful misconduct or abuse of alcohol or drugs, or if the veteran received a dishonorable discharge from the period of service giving rise to the injury. No length of service requirement, but must be a veteran (that is, released from military service) to be eligible to receive benefits.[c]	Not applicable. (No distinction is made between temporary and permanent benefits.)	VA provides recurring monthly payments that vary with the degree of disability and number of dependents. Payments are made for the remainder of life, as long as the condition persists. **Payment calculation** • **Partial disability**: Basic payment amounts established annually for disability ratings ranging from 10% to 90%. During 2005, amounts ranged from $108 to $1,380 per month. • **Total disability**: Defined as those rated at 100%. During 2005, payment was set at $2,299 per month. **"Add-ons" to basic payments** Special monthly compensation (SMC) is provided for particularly severe injuries, such as amputations, blindness, or other loss of use of organs and extremities. If the disability rating is 30% or more, a veteran is entitled to additional compensation for each dependent. During 2005, the additional amounts ranged from $39-$130 for a spouse, and $26-$88 for a child, depending on the level of disability. If the disability rating is 60% or more, and the veteran is unable to secure employment due to service-connected disabilties, compensation may be increased to the 100% rate. **Payment cap** During 2005, the maximum monthly payment amount, including SMC, was $6,576 for a veteran with multiple severe injuries requiring a high level of attendant care (not including additional amounts for dependents).
Federal PSOs			
Federal Employees Compensation Act (FECA)/ Department of Labor, Office of Workers' Compensation Programs (OWCP)	Any injury or disease arising out of employment. However, if an injury arises from willful misconduct of the employee, caused by the employee's intention to bring about the injury or death of himself or another, or is proximately caused by the intoxication of the injured employee, OWCP	Recurring payment provided every 28 days when an employee is not able to return to work full time,[a] and the employee is not eligible for continuation of pay or is entitled to temporary total benefits beyond the period of continuation of pay.[b] An attendant allowance, not to exceed $1,500 per month, is also provided, if an attendant is necessary.	No distinction is made between temporary and permanent disability. An employee can continue to receive the recurring 28-day temporary partial or temporary total disability compensation payment (and an attendant allowance, if needed) as long as the employee continues to experience wage loss or is unable to return to work. In addition, however, an injured employee may receive a "schedule award" for the permanent impairment of certain members, functions, and

(continued)

		Receipt of other income and benefits	
Tax exemptions	**Cost-of-living adjustments**	**Post-injury wages**	**Disability retirement payments**
VA compensation benefits are federally tax-exempt.	A COLA is not guaranteed, but Congress has historically passed annual COLAs based on a percentage equal to the Social Security increase.	Veterans who return to military duty are not eligible to receive disability compensation payments. However, veterans may receive non-military earnings in addition to compensation payments with no restrictions.[d]	Veterans may receive concurrently military retirement pay, military disability severance pay, and other military separation incentive pay; however, such pay will be offset by the amount of the compensation payment in most cases.[e]
FECA compensation benefits are federally tax-exempt.	A COLA is provided on a yearly basis, equal to the change in the Consumer Price Index.	If able to work and have earnings, cannot receive total disability compensation payments. But can receive earnings in addition to partial disability compensation payments (based on wage loss), and in addition to a schedule award for a permanent impairment.	Cannot receive total disability or partial disability compensation payments (based on wage loss) concurrently with disability retirement benefit payments. However, can receive a schedule award for a permanent impairment concurrently with disability retirement benefits with no offset.

Program name/ administering agency	Injuries covered	Temporary disability compensation payments	Permanent disability compensation payments
(Federal PSOs – continued)			
	may reject the claim for compensation. No length of service requirement.	**Payment calculation** • **Partial disability** (when able to work, but at a reduced salary)**:** Payments are 66-2/3% of the wage loss (that is, the difference between part time and full time wages) if the employee has no dependents, 75% if the employee is married or has dependents. • **Total disability** (when unable to work)**:** Payments are 66-2/3% of the employee's average weekly wage if no dependents, 75% if the employee is married or has dependents. **Payment cap** No injured employee may receive more than 75% of the regular GS-15, step 10, pay level.[c]	organs of the body such as the eye, arm, or kidney, and for serious disfigurement of the head, face, or neck. **Payment calculation for schedule award** Payments are provided for a specified period of time depending on the type and degree of permanent impairment of a member, organ, or function. For the prescribed period of time, an employee receives 66-2/3% of his or her average weekly wage if no dependents, 75% if married or has dependents. For any one loss or loss of use of a member, organ, or function, 312 weeks is the maximum length of time benefits may be received. However, in the case of multiple impairments, benefits can be received for each loss and the awards run consecutively, with no specified limit. **Payment cap** No injured employee may receive more than 75% of the regular GS-15, step 10, pay level.[c]
Selected state and local PSOs			
• **California State Highway Patrol Officers and City of Los Angeles Firefighters**			
Workers' Compensation Program/ California Department of Personnel Administration and Department of Industrial Relations	Any injury or disease arising out of employment. The injury may be either specific, occurring as the result of one incident or exposure, or cumulative. For various state and local safety officers, specific injuries are presumed compensable. These include hernia, pneumonia, heart trouble, cancer, leukemia, tuberculosis, blood-borne infectious disease, exposure to a biochemical substance, meningitis, Lyme disease, and lower back impairment. The injury cannot be intentionally self-inflicted or be caused by the employee's use of alcohol or unlawful use of controlled substance, by the employee's initial	Following the period of continuation of pay,[a] temporary disability payments are provided on a recurring biweekly basis until: • the employee's condition is determined to be permanent and stationary; • the employee has received benefits for 2 years;[b] • the employee returns (or is medically authorized to return) to work full time; or • the employee returns to work part time and earnings exceed the maximum allowable. **Payment calculation** • **Temporary partial disability** (able to work part time at current job): Payments are 2/3 of the difference between the amount of actual earnings and the maximum allowable amount of average weekly earnings ($1,260 in 2005).[c] • **Temporary total disability** (unable to work at current job): Payments are 2/3 of the maximum allowable amount of average weekly earnings.	Once the employee's condition is determined to be permanent and stationary, recurring permanent disability payments are provided to compensate for a diminished future earnings capacity. **Payment calculations** • **Permanent partial disability:** Payments are 2/3 of the maximum allowable average weekly earnings for a set time period ranging from 3 weeks to about 17 years, based on an adjusted disability rating.[d] After this set time period has expired, those with an adjusted disability rating of at least 70%, but less than 100%, continue to receive payments for the remainder of life, calculated at 1.5% of the maximum allowable average weekly earnings[b] for each percent of their disability rating over 60%. • **Permanent total disability:** Payments are 2/3 of the maximum allowable amount of average weekly earnings[b] for the remainder of life. **Payment caps** • For partial disability of less than 70%, the maximum average weekly earnings to be used in the payment calculation in 2005 was $330 (times 2/3 equals $220).

(continued)

		Receipt of other income and benefits	
Tax exemptions	Cost-of-living adjustments	Post-injury wages	Disability retirement payments
Workers' compensation benefits are federally tax-exempt.	An annual COLA is provided only for those receiving permanent disability life pensions (for ratings 70% and higher) based on the percentage increase in the state's average weekly wage.[f]	Can receive earnings with permanent compensation payments, even if receiving compensation for total disability. Can receive earnings in addition to partial disability compensation payments with the following restrictions: • **Same employer:** Can receive earnings in addition to permanent partial disability benefits, but if in a comparable position, then benefits are reduced by 15% after 60 days. • **Different employer:** Can receive earnings in addition to permanent partial disability benefits with no reduction in benefits.[g]	Can receive concurrently with permanent disability compensation benefits with no offset.

Program name/ administering agency	Injuries covered	Temporary disability compensation payments	Permanent disability compensation payments
(California—continued)			
	aggression in a physical altercation, by the commission of certain specified crimes, or by voluntary participation in off-duty recreational, social, or athletic activities for the most part. No length of service requirement.	**Payment cap** 2/3 of the maximum allowable amount of average weekly earnings ($1,260 in 2005—times 2/3 equals $840 per week).	• For partial disability of 70-99%, the maximum average weekly earnings to be used in the payment calculation in 2005 was $405 (times 2/3 equals $270). • For total disability, the maximum average weekly earnings to be used in the payment calculation in 2005 was $1,260 (times 2/3 equals $840). **Other benefits** A supplemental job displacement benefit[e] and education assistance for dependents may also be provided under some circumstances.
• **Florida State Highway Patrol Officers and City of Miami Firefighters**			
Risk Management's Workers' Compensation Program/ Florida Department of Financial Services	Any injuries or occupational diseases that develop because of conditions on the job.[a] Tuberculosis, heart disease, and hypertension are presumed to be work-related for members of the special risk class.[b] No compensation is provided if the injury is caused by intoxication, use of non-prescribed drugs, or willful intention to kill or injure another person, or if the disease the employee suffers from is associated with fear or dislike of a person based on individual characteristics such as race, sex, color, or religion. No length of service requirement.	Recurring biweekly temporary disability payments are provided for up to 2 years, or until maximum medical improvement is reached, at which point a physician must assess the amount of permanent impairment according to the Florida Impairment Ratings Guide.[c] **Payment calculations** • **Temporary partial disability:** Payments are 80% of the difference between 80% of the employee's pre-injury average weekly wage[d] and the salary the employee is able to earn post-injury. • **Temporary total disability:** Payments are 66-2/3% of the employee's average weekly wage. Employees suffering particularly serious injuries, such as blindness or loss of a limb, receive temporary total disability of 80% of average weekly wage for up to 6 months. (After 6 months, payments are the same as regular temporary total disability benefits.) **Payment caps** • Temporary partial disability payment cannot be in an amount greater than 66-2/3% of the pre-injury wage, and is capped at the statewide average weekly wage ($651 in 2005). • Temporary total disability payment is capped at the statewide average weekly wage ($651 in 2005). Payments for certain more serious injuries have a higher weekly cap ($700 in 2005).	Two types of recurring bi-weekly payments are available for permanent disability, depending on degree of impairment. If eligible for both types of benefits, an employee must choose which to receive (permanent impairment benefits cannot be received in conjunction with permanent total disability benefits). **Payment calculations** • **Permanent impairment benefits** (to compensate employees for loss of use of a body part or function due to an injury): Payments are 75% of the employee's average weekly temporary total disability benefits, and are provided for a length of time ranging from 2 weeks up to 535 weeks, depending on the degree of impairment.[e] • **Permanent total disability** (to compensate employees considered not capable of engaging in at least sedentary employment)**:** Payments are 66-2/3% of the employee's average weekly wage and are provided for as long as the disability continues or until 75 years of age.[f] **Payment cap** Both types of permanent benefits are capped at 100% of the statewide average weekly wage ($651 in 2005).

		Receipt of other income and benefits	
Tax exemptions	**Cost-of-living adjustments**	**Post-injury wages**	**Disability retirement payments**
All workers' compensation benefits are federally tax-exempt.	A COLA is provided for permanent total disability benefits in the form of a supplement. The supplement equals 3% of the weekly compensation benefit times the number of calendar years since injury. Supplemental payments cease at age 62.[g]	Can receive earnings with temporary partial and permanent impairment benefits, but with some restrictions. For temporary partial benefits, earnings are factored into the payment calculation (see previous column).[h] For permanent impairment benefits, when post-injury earnings are equal to or greater than the pre-injury average weekly wage, permanent impairment benefits are payable at 37.5% of the average weekly temporary total disability benefits (instead of 75%). To receive permanent total compensation, the individual must not be capable of engaging in at least sedentary employment due to the disability.	According to program officials, can receive disability retirement benefits concurrently with workers' compensation benefits. However, with the exception of permanent impairment benefits,[i] the compensation benefits are offset if the combined total of benefits exceeds 100% of the pre-injury average weekly wage.

Program name/ administering agency	Injuries covered	Temporary disability compensation payments	Permanent disability compensation payments
• **Indiana State Police and City of Indianapolis Firefighters**			
Not applicable[a]			
• **Montana State Highway Patrol Officers and City of Billings Firefighters**			
Workers' Compensation/ Montana Department of Labor and Industry – Employment Relations, Workers' Compensation Claims Assistance Bureau	All injuries and illnesses sustained during work or when performing work-related activities. Workers' compensation benefits may be denied to those with injuries resulting from intoxication. However, if an employer had knowledge of an employee's use of intoxicants on the job and made "no effort to stop it," the employee still qualifies for workers' compensation benefits. No length of service requirement, according to agency officials.	A recurring bi-weekly payment provided until "maximum healing" is achieved, and/or the employee is released to work and is able to return to the same employer at an equal or higher wage.[a] **Payment calculation** • **Temporary partial benefits** (when able to work prior to maximum healing, but at a reduced salary)**:** Payments are equal to the total loss in wages, up to the amount of the worker's temporary total disability benefit rate. Benefits may be received for up to 26 weeks, with further extensions possible. • **Temporary total benefits** (when unable to work)**:** Payments are of 66-2/3% of wages at the time of injury. Benefits may be received for the duration of healing. **Payment cap** State average weekly wage ($520 in 2005).	A recurring bi-weekly payment provided after "maximum healing" is achieved if the employee experiences a wage loss and has a permanent impairment, or is unable to work due to the injury. **Payment calculation** • **Permanent partial benefits** (when able to work with a permanent impairment, but at a reduced salary)**:** Payment of 66-2/3% of wages at time of injury are provided for a length of time based on a percentage derived from injury, wage loss, and other factors,[b] which is then multiplied by 375 weeks. • **Permanent total benefits** (when unable to work): Payment of 66-2/3% of wages at the time of injury provided for the duration of the disability.[c] **Payment caps** • 50% of state average weekly wage for partial disability payments ($520 in 2005—times 50% equals $260 per week). • 100% of state average weekly wage for total disability payments ($520 in 2005). **Additional benefits** Employees with a face, head, or neck disfigurement may qualify for a lump-sum benefit of up to $2,500.
• **New Jersey State Police and City of Newark Firefighters**			
Workers' Compensation/ New Jersey Department of Labor and Workforce Development	All occupational injuries and illnesses arising out of and in the course of employment. In addition, for police and firefighters, the state statute provides a rebuttable presumption of compensability for all cardiovascular and cerebrovascular injuries. However, work-related injuries may not be covered if an employee was willfully negligent at the time of injury. No length of service requirement.	Recurring weekly payments are provided while an injured employee is temporarily unable to work and has not reached maximum medical improvement, up to a maximum of 400 weeks.[a] **Payment calculation** • **Temporary partial disability:** No benefits are provided for temporary partial disability. • **Temporary total disability:** 70% of the injured employee's average weekly wage, or 75% of the state average weekly wage, whichever is less.	Recurring weekly payments for injuries causing any degree of permanent disability, either "scheduled" or "non-scheduled," as determined by a physician.[b] **Payment calculation** • **Partial disability** (able to return to previous work)**:** The percentage of employee's average weekly wage and number of weeks payments are provided are determined based on type and degree of impairment. Payments can be received for up to a maximum of 600 weeks.[c] • **Total disability** (unable to return to previous work)**:** Payments are 70% of employee's average weekly wage for up to 450 weeks. After 450 weeks, payments continue only if it is determined that the employee's

(continued)

		Receipt of other income and benefits	
Tax exemptions	**Cost-of-living adjustments**	**Post-injury wages**	**Disability retirement payments**
Workers' compensation benefits are federally tax-exempt.	For permanent total disability benefits, there is a COLA after 2 years, and then annually. The adjustment is equal to the percentage increase in the state average weekly wage.	• Can receive earnings with temporary partial compensation benefits if the benefit and the new salary, when combined, do not exceed the employee's pre-injury wage. • Can receive earnings with permanent partial benefits. • Cannot receive earnings while receiving either temporary or permanent total compensation benefits, unless written consent is obtained from the insurer. .	The Montana Workers' Compensation Act does not address receipt of disability retirement benefits from employer-sponsored programs. (See app. II, Montana State Highway Patrol Officers and City of Billings Firefighters, under "Disability compensation payments," for relevant provisions.)
Workers' compensation benefits are federally tax-exempt.	No COLA provided. Rates are based on the year of injury and remain fixed for the entire period of disability.[d]	Cannot receive earnings with either temporary total or permanent total disability payments for the first 450 weeks. After 450 weeks, can receive earnings only in very limited circumstances.[e] Can receive earnings while receiving permanent partial disability payments.	Can receive concurrently with compensation benefits, but the benefits may be offset.[f]

Program name/ administering agency	Injuries covered	Temporary disability compensation payments	Permanent disability compensation payments
(New Jersey – continued)			
		Payment cap 75% of the state's average weekly wage ($888 in 2005—times 75% equals $666 per week).	disability precludes performance of any gainful employment. **Payment cap** 75% of the state's average weekly wage ($888 in 2005—times 75% equals $666 per week).
• **Texas State Troopers and City of Houston Firefighters**			
Workers' Compensation/ Texas Department of Insurance, Division of Workers' Compensation	All work-related injuries and illnesses, provided that the employer participates in the program. State Troopers are covered, and, according to City of Houston officials, Houston Firefighters are also covered. Injuries are not covered, however, if incurred as a result of intoxication, intentional injury, injury caused by another person for personal reasons, an "act of God," or "horseplay."	Following the period of continuation of pay,[a] recurring payments are provided to injured employees until they attain "maximum medical improvement" or for a maximum of 104 weeks. At 104 weeks, the state considers the injury to have achieved a statutory "maximum medical improvement." **Payment calculation** Temporary income benefits are based on 70% of the employee's loss in wages, calculated by subtracting the employee's weekly earnings after the injury from the employee's average weekly wage before the injury.[b] For employees making less than $8.50 per hour, the payments are based on 75% of the employee's loss in wages for up to 26 weeks, then drops to 70%. **Payment cap** 100% of statewide average weekly wage ($539 per week in 2005).	Upon reaching maximum medical improvement, three types of permanent disability benefits are available. **Payment calculations** • **Impairment Income Benefits:** Payments are 70% of the employee's average weekly wage, and are received for a length of time determined by the degree of impairment. An employee receives 3 weeks of benefits for each percentage point of impairment. • **Supplemental Income Benefits:** Payments begin upon expiration of impairment income benefits if an employee meets certain criteria, such as having an impairment rating of at least 15% and earning less than 80% of the pre-injury wage. Payments are 80% of the employee's loss in wages, calculated by subtracting the employee's weekly earnings after the injury from the employee's average weekly pre-injury wage. An employee can receive this benefit until reaching a cumulative total of 401 weeks of temporary, impairment, and supplemental workers' compensation benefits. • **Lifetime Income Benefits:** Payments provided for certain types of extreme injuries such as dismemberment, severe burn, or brain trauma. Payments are 75% of the employee's average weekly wage, and are increased 3% annually. These payments are provided for the remainder of life. **Payment caps** • Impairment and supplemental income benefits are capped at 70% of the statewide average weekly wage ($539 in 2005—times 70% equals $377 per week). • Lifetime income benefits are capped at 100% of the statewide average weekly wage ($539 per week in 2005).

		Receipt of other income and benefits	
Tax exemptions	**Cost-of-living adjustments**	**Post-injury wages**	**Disability retirement payments**
Workers' compensation benefits are federally tax-exempt.	A COLA of 3% per year is provided only for those receiving lifetime income benefits.[c]	• Can receive earnings with impairment and supplemental income benefits. Earnings are one of the factors considered in the determination of the benefit amount. • No restrictions on earnings are specified with respect to lifetime income benefits.	According to program officials, can receive concurrently with compensation benefits with no offset.

Source: GAO analysis based on statutes, regulations, program policies, and interviews with program officials.

Military personnel

[a]Groups considered to be covered in this definition include Coast Guard and Public Health Officers, among others.

[b]An alternative program, VA Disability Pension, is available for veterans of wartime service with low-incomes, and permanent and total disabilities, but whose disabilities are not service-connected. Payments under this program generally are lower than the compensation payable for service-connected disabilities. Veterans cannot receive benefits from both programs simultaneously.

[c]Veterans may be eligible for benefits if released from service only on a temporary basis, as when receiving temporary disability retirement benefits. See app. II, military personnel, for more details.

[d]Except when the veteran's compensation is based on an inability to secure employment due to a service-connected disability. In such cases, earnings may suggest a return to employment and might result in a reduction in the compensation payment.

[e]See app. II, military personnel, for exceptions to the offset requirements.

Federal PSOs

[a]There may be deviations from the 28-day cycle in certain circumstances.

[b]When totally disabled due to a traumatic injury, an injured employee may receive continuation of pay for a period of up to 45 calendar days. OWCP considers continuation of pay to be regular pay, not workers' compensation, and the salary is subject to the usual taxes and payroll deductions. Continuation of pay can run consecutively or intermittently.

[c]Currently, the GS-15, step 10, pay level is $116,517. This maximum does not apply to any employee whose disability is a result of an assault that occurs during an assassination or attempted assassination of a federal official.

Selected state and local PSOs

California

[a]State and local safety workers injured in the line of duty are entitled, regardless of length of service, to 1 year's leave of absence without loss of salary, tax-exempt.

[b]For most injuries, receipt of temporary disability benefits is limited to 104 weeks (2 years). However, benefit receipt can be extended for up to 240 weeks over 5 years for hepatitis, amputations, severe burns, HIV, high velocity eye injuries, chemical burns to the eyes, pulmonary fibrosis, and chronic lung disease.

[c]For state and local safety workers, the maximum allowable amount of average weekly earnings is always used in the calculation, regardless of actual earnings. For other non-safety workers, the calculation is based on the employee's average weekly earnings prior to injury (up to the maximum).

[d]The disability rating is based on the nature of the physical injury or disfigurement, then adjusted based on the employee's occupation, age at time of injury, and diminished future earning capacity.

[e]Vocational rehabilitation services were eliminated effective January 1, 2004, and replaced with this job displacement benefit, which provides a voucher for training ranging from $4,000 to $10,000 based on the employee's level of injury.

[f]The temporary disability payment rate is adjusted periodically by the state legislature to reflect salary increases. Beginning January1, 2006, the maximum temporary disability payment rate will be adjusted annually to reflect the percentage increase in the state average weekly wage (or remain at $1,260, whichever is greater). However, an individual's payment, once determined, generally does not change. An employee must receive temporary disability benefits for 2 years before being eligible to have their payment adjusted; therefore, only those qualifying for extended benefits (see endnote a above) would be eligible for such an increase. Similarly, an individual's permanent disability payment, once determined, does not change, except for life pensions.

[g]If no offer of comparable work from previous employer, benefits are increased 15% after 60 days.

Florida

[a]Law enforcement officials are covered if they are discharging duties under the aegis of the state and in circumstances consistent with their responsibilities.

[b]Members of the special risk class include certain law enforcement officers, firefighters, and correctional officers.

[c]Certain law enforcement officers, including Highway Patrol Officers, are eligible to continue in full-pay status if they sustain a malicious injury caused by another person. According to officials, officers are eligible to receive full pay for up to 2 years. There are also provisions for disability leave with full pay, at the employer's discretion. Under their collective bargaining agreement, Miami Firefighters can receive continuation of pay for up to 210 days, depending on the seriousness of the injuries. The clock on these benefits runs concurrently with workers' compensation temporary disability benefits.

[d]Average weekly wage is calculated based on the 13 weeks prior to the injury.

[e]Benefits are provided according to the following schedule: 2 weeks for each percentage point of disability from 1 to 10%; 3 weeks for each percentage point of disability from 11 to 15%; 4 weeks for each percentage point of disability from 16 to 20% and 6 weeks for each percentage point of disability from 21% and higher. According to agency officials, most employees would not receive benefits for the maximum length of time. (This schedule is established separately by the state of Florida, and incorporates, but expands upon, the AMA *Guides*.)

[f]The supplements cease unless the employee is not eligible for Social Security benefits (in which case the supplements continue), or unless the injury occurred after the age of 70 (in which case benefits are payable for a maximum of 5 years after the determination of permanent total disability). Florida State Highway Patrol Officers pay into Social Security, while Miami Firefighters do not.

[g]Permanent total disability supplements together with permanent total disability may not exceed the statewide average weekly wage.

[h]For each week that the employee earns income equal to or greater than his or her average weekly wage, permanent impairment benefits are payable at 37.5% of the average weekly temporary total disability benefits.

[i]There is no offset with permanent impairment benefits.

Indiana

[a]In Indiana, state statutes allow some public employers to opt out of the state's workers' compensation program, and we found that both the Indiana State Police and the Indianapolis Fire Department had opted to provide disability benefits only from their pension funds.

Montana

[a]Montana Highway Patrol Officers and Billings Firefighters have continuation of pay for up to 1 year. An official told us this policy was flexible with respect to Highway Patrol Officers and that extensions can be granted. The clock on these benefits runs concurrently with workers' compensation temporary disability benefits.

[b]Age, education, and manual versus sedentary labor are the other factors.

[c]Or until eligible for either Social Security retirement benefits or benefits from an alternative system to Social Security. However, Montana Highway Patrol Officers and Billings Firefighters do not pay into Social Security, and program officials advised us that there is no case law defining an alternative to Social Security.

New Jersey

[a]According to officials from the New Jersey State Police, Division of Human Resource, and the Newark Fire Department, there is no provision for continuation of pay for State Police Officers or Newark Firefighters. However, State Police Officers may take sick leave until they are able to return to duty or retire, generally for a maximum of 1 year, but longer if it appears they will be able to return to duty with more time. Newark Firefighters may take up to a year of sick leave for any injury (either work-related or non-work-related) that prevents them from working.

[b]A "scheduled" loss is one involving arms, hands, fingers, legs, feet, toes, eyes, ears, or teeth. A "non-scheduled" loss is one involving any area or system of the body not specifically identified in the schedule, such as the back, the heart, or the lungs.

[c]An additional amount of 30% of the award is added as a lump-sum payment for individuals with an amputation of a body member.

[d]However, workers whose total disabilities occurred prior to 1980 are entitled to a special adjustment.

[e]If an injured employee participates in physical or educational rehabilitation as ordered, and can show that because of the disability it is impossible to obtain wages or earnings equal to those earned at the time of the accident, further weekly payments can be made, minus the amount the employee is able to earn compared with the wages received at the time of injury. If the employee's wages or earnings equal or exceed wages received at the time of injury, then the compensation rate is reduced to $5.00.

[f]According to a program officials, if a government worker in New Jersey has an accidental disability pension (that is, covering only work-related injuries), the pension plan would take the offset. If the government worker has an ordinary disability pension (that is, covering non-work-related injuries), workers' compensation would take the offset. However, the additional lump-sum amount for amputation of a body member is not subject to offsets.

Texas

[a]Effective June 17, 2005, a new state law (HB 1428) allows law enforcement officers, including State Troopers, injured in the line of duty as a result of an "assaultive" offense to receive up to 1 year of leave without a reduction in salary before collecting workers' compensation benefits. Municipal firefighters injured in the line of duty can receive full pay for 1 year, with an extension at the discretion of the local governing body. According to officials, the Houston City Council can extend this leave up to 2 years in total, with proper medical documentation and a clear expectation of the firefighter returning to work.

[b]The average weekly wage equals 13 weeks' pre-injury salary divided by 13.

[c]According to officials, benefit levels are set according to the law in effect at the date of injury, and historically do not change for those already receiving benefits at the time of a change in the law, except for those receiving lifetime income benefits.

Appendix II: Disability Retirement Benefits Programs

Program name/ administering agency	Injuries covered	Disability retirement payments	Tax exemptions
Military personnel			
Disability Retirement and Disability Severance Pay/ Department of Defense (DOD)	Injuries covered are those which: • are incurred or aggravated while member is entitled to basic pay; • are incurred in line of duty while member is on active duty; and • are or may be permanent.[a] Injury cannot be the result of intentional misconduct or willful neglect, and not incurred during a period of unauthorized absence.[b] Length of service requirements vary for different types of benefits.	Recurring monthly payment available for servicemembers who are found unfit for duty, and who have either 20 years of service or have a disability rated at least 30%.[c] **Payment calculation** Basic pay[d] times the greater of either: • the percentage of disability or • 2.5% times the number of years of service. **Payment cap** Cannot exceed 75% of basic pay, regardless of calculation method.	Military disability retirement benefits are taxable, with some exceptions. A portion of disability retirement pay still may be tax-exempt under the following conditions:[c] 1 – If the member's disabilities are combat-related. 2 – Alternatively, if the member was entitled to receive a disability payment before September 24, 1975; or on active duty, a member of a reserve component, or under a binding written commitment to be a member on September 25, 1975.
Federal PSOs			
Federal Employees' Retirement System (FERS)/ Office of Personnel Management	Any disease or injury, occupational and non-occupational, causing a civilian federal employee[a] to become unable to perform useful and efficient service in their position.[b] Employees must have at least 18 months of creditable service to qualify.	A recurring monthly payment is provided. **Payment calculation** If not yet eligible for normal retirement, disability retirement payments are calculated as follows: • During the first year, disability retirement payments are 60% of the average high-3 salary,[c] minus 100% of any Social Security disability benefits to which entitled (but not less than the normal retirement benefit based on age and length of service). • During the second and subsequent years of disability until reaching age 62, payments are 40% of the average high-3 salary, minus 60% of any Social Security disability benefits to which entitled (but not less than the normal retirement benefit based on age and length of service). • Once reaching age 62 disability retirement payments are calculated based on the formula for normal retirement benefits: • If less than 20 years of service, including time on disability: 1.0% times high-3 average salary times years and months of service.	FERS benefits are federally taxable.

(continued)

Cost-of-living adjustments	Receipt of other income and benefits	
	Post-injury wages	Disability compensation payments
COLAs are provided annually, based on the increase in the Consumer Price Index.	Cannot receive with military earnings, most foreign government employment, or federal judgeships. Can receive with most other public and private employment.	Can receive concurrently with VA service-connected disability compensation, with offset.[f] Exceptions to the offset are made for the following special groups: 1 - For those with a disability rating of 50% or more, and who either were retired for length of service,[g] or retired for disability but with a length of service retirement entitlement (that is, with 20 years or more of service), the offset is being phased out.[h] 2 - For those with a disability rating of 100% and length of service retirement entitlement (that is, with 20 years or more of service), there is no offset).[i] 3 - Alternatively, retired servicemembers with combat-related injuries and 20 years or more of service may be eligible to receive a special benefit equal to the amount of the offset, tax-exempt.[j]
FERS benefits are adjusted annually for cost of living based on the Consumer Price Index, generally beginning after the first year of entitlement.[e]	Can receive earnings in addition to FERS disability retirement benefits if age 60 or over, or if under age 60 and earnings are less than 80% of the current basic rate of pay for the previous position.[f]	Cannot receive concurrently with total or partial disability compensation benefits based on wage loss. However, can receive concurrently with a schedule award, with no offset.

Program name/ administering agency	Injuries covered	Disability retirement payments	Tax exemptions
(Federal PSOs – continued)			
		• If 20 years of service or more, including time on disability: 1.1% times high-3 average salary times years and months of service. In addition to counting years on disability as years of service, a new high-3 average salary is calculated taking into account salary increases based on COLAs during the period of time receiving disability. If eligible for normal retirement under the special rules that apply to most federal PSOs—that is, age 50 with 20 years of service, or at any age with 25 years of service—then disability retirement payments are calculated using a different formula, as follows: • 1.7% of the average high-3 salary times years of service up to 20, plus 1.0% of the average high-3 salary times years of service exceeding 20.[d] **Payment cap** None specified.	
Selected state PSOs			
• **California State Highway Patrol Officers**			
Industrial Disability Retirement[a]/ California Public Employees' Retirement System	A work-related illness or injury that is of a permanent or extended and uncertain duration, and that prevents the officer from performing his or her job for the current employer or any other employer under the same retirement system. Highway Patrol Officers can qualify for industrial disability retirement regardless of age or length of service.[b]	A monthly industrial disability retirement payment is paid for the remainder of life (or until the employee recovers and returns to work). **Payment calculation** • For those not yet eligible for normal retirement based on age and length of service (age 50 with at least 5 years of service for Highway Patrol Officers), industrial disability retirement payments are generally 50% of final compensation. • For those eligible for normal retirement, industrial disability retirement payments are calculated based on the formula for normal retirement: for Highway Patrol Officers, this formula is 3% of final compensation for each year of service. **Payment cap** 90% of final compensation.	According to program officials, the amount of payment based on the first 50% of final compensation is treated as federally tax-exempt. Any additional amount received based on years of service is treated as federally taxable.
• **Florida State Highway Patrol Officers**			
Florida Retirement System/ Florida Department of Management Services, Division of Retirement	Any illness or injury causing total and permanent disability that arises out of the performance of job duties. Must have total and permanent disabilities that prevent any useful and efficient service as an officer or employee.	Recurring monthly payment provided for the remainder of life. **Payment calculation** Payments are 65% of average final compensation,[b] or normal retirement benefits (based on age and length of service), if greater. The formula for normal retirement benefits is 3% of average final compensation for each year of special risk service.[c]	According to state officials, the disability portion of a disability retirement pension is treated as federally tax-exempt (that is, 65% of average final compensation is treated as tax-exempt). If

(continued)

Cost-of-living adjustments	Receipt of other income and benefits	
	Post-injury wages	Disability compensation payments
COLAs are based on the Consumer Price Index for all United States cities, up to a maximum of 2% per year. The adjustments are paid the second calendar year of retirement, then every year thereafter.	Cannot receive earnings with industrial disability retirement payments if the individual continues to work in a position similar to the one from which retired on disability. Otherwise, can receive earnings with such payments up to a combined amount that is 100% of the maximum earnable compensation of the pre-injury position. If earnings, plus the industrial disability retirement payment, exceed the maximum earnable compensation level, then the retirement payment will be reduced to stay within the 100% earnings limitation.[c]	Can receive concurrently with industrial disability retirement payments with no offset.
An annual COLA of 3% is provided, pro-rated for the first year of benefit receipt.	Cannot receive substantial earnings with disability retirement benefits, as recipients cannot be gainfully employed by any employer.	According to program officials, workers' compensation payments can be received concurrently with disability retirement payments, but the workers' compensation benefit is offset if combined benefits exceed 100% of the employee's pre-injury average weekly wage.

Program name/ administering agency	Injuries covered	Disability retirement payments	Tax exemptions
(Florida – continued)			
	Tuberculosis, heart disease, hypertension, hepatitis, or meningococcal meningitis are presumed to be incurred in the line-of-duty.[a] No length of service requirement.	**Payment cap** 100% of pre-injury average weekly wage.	payments are greater based on the normal retirement formula, the added portion is treated as federally taxable.
• **Indiana State Police Officers**			
Police Benefit Fund, Supplemental Trust Agreement of 1987[a]/ Indiana State Police Department, Pension Advisory Board	Any injury incurred by a State Police Officer while in the performance of duty that results in disability. No length of service requirement.	Recurring monthly payments are provided until the disability no longer exists, death occurs, retirement occurs, or the later of the date the officer is credited with 25 years of service or the date the officer has received all available sick leave benefits and long-term disability insurance payments (but not to exceed 2 such years). **Payment calculation** • **Unable to return to duty**: Payments are 70% (50% provided by the supplemental trust plus 20% provided by insurance coverage) of the officer's average high-3 salary for the first 2 years of disability beyond 365 days of sick pay.[b] After the first 2 years at 70%, officers receive 50% of their average high-3 salary. • **Unable to perform any gainful work** (permanent total disability by catastrophic injury): Payments are 100% of the officer's salary at the time of injury. For both categories, an extra $40 is provided for each dependent parent and child under 18 years of age.[c] After 25 years of service including years receiving disability retirement, benefits are recalculated as normal service retirement benefits at 50% of average salary.[d] **Payment cap** Disability payments may not exceed the officer's basic monthly retirement payment at normal retirement age.[e]	According to a program manager, disability retirement benefits are treated as federally tax-exempt.
• **Montana State Highway Patrol Officers**			
Highway Patrol Officers' Retirement System/ State of Montana, Public Employees' Retirement Board	Line-of-duty injuries that prevent an officer from performing police duties. No length of service requirement.	A recurring monthly payment is provided. **Payment calculation** An employee with less than 20 years of service credit receives 50% of the highest 36-month average compensation. An employee with 20 or more years of service receives 2.5% of highest 36-month average compensation for each year of service. **Payment cap** None specified.	Board officials told us that disability retirement benefits are treated as federally taxable.

Cost-of-living adjustments	Receipt of other income and benefits	
	Post-injury wages	Disability compensation payments
The benefit is recomputed annually based on the prior 36 months average monthly salary as of the beginning of each fiscal year for the officer's pre-injury position, as if the officer were still on the force.	According to a program manager, officers can receive earnings while receiving disability retirement benefits provided that their new work activities are not similar to those unable to be performed as a State Police Officer and that all applicable department rules are followed.	Not applicable. State Police Officers do not receive recurring cash payments from the state workers' compensation program.
A guaranteed annual benefit adjustment of 3% is provided each year.	Can receive earnings if from a job outside of law enforcement.	Cannot receive disability retirement benefits concurrently with compensation benefits except for a permanent partial benefit award based on a permanent impairment.

Program name/ administering agency	Injuries covered	Disability retirement payments	Tax exemptions
• **New Jersey State Police Officers**			
State Police Retirement System/ New Jersey Treasury Department, Division of Pension and Benefits	Accidental disability benefits are provided for traumatic injuries sustained as a direct result of an officer's duties, causing mental or physical incapacitation for the performance of the usual duties of a police officer.[a] To qualify as a traumatic injury, the injury must not be caused by the officer, must not be induced by normal work efforts, and must have a violent or uncontrollable source. The injury is not covered if an officer is willfully negligent in causing the disabling injury. No length of service requirement.	A recurring monthly payment is provided. **Payment calculation** Payments are equal to 2/3 of final compensation. **Payment cap** None specified.	Accidental disability benefits are treated as federally tax-exempt. According to a program official, the benefits also are treated as exempt from state taxes until the officer reaches age 65, at which point the benefits are treated as taxable the same as normal retirement benefits.
• **Texas State Troopers**			
Occupational Disability Retirement Program/ Employees Retirement System of Texas	Any career-ending injury or illness sustained by a state law enforcement officer while performing duties specifically related to law enforcement. No length of service requirement.	A monthly annuity is provided for the life of the officer, unless the officer either returns to work or is found to be no longer incapacitated. **Payment calculation** • **Less than 20 years of service:** Payments are equal to the officer's average monthly compensation for the highest 36 months of service, multiplied by 50%. • **20 or more years of service:** Payments are equal to the officer's average monthly compensation for the highest 36 months of service, multiplied by 2.8% for each year of service credit. • **Incapable of substantial gainful activity** (due to an occupational disability that is considered a total disability under federal Social Security law): Payments are increased to 100% of the officer's average monthly compensation. **Payment cap** Benefits may not total more than 100% of the employee's average monthly compensation.	According to program officials, benefits are treated as federally taxable.

Cost-of-living adjustments	Receipt of other income and benefits	
	Post-injury wages	Disability compensation payments
A COLA is added to benefits in the 25th month after the date the employee's retirement, and then with the first benefit issued each February after that.[b]	Can receive earnings from a new job not covered by the State Police Retirement System. Also, if a member proves that the disability no longer exists, or no longer prevents a return to duty as a police officer, the member may be re-employed and re-enrolled in the retirement system.	Can receive concurrently with accidental disability retirement benefits, but the retirement benefit is offset dollar-for-dollar for any recurring workers' compensation benefits received.[c]
According to program officials, cost-of-living increases are not automatic, but can be granted by the state legislature on an ad hoc basis.[a]	Can receive earnings with disability retirement benefits, but only if the new position does not provide comparable pay to the pre-injury position, and the state determines that the officer is unable to hold a position offering comparable pay as a result of the injury.[b]	According to program officials, can receive all workers' compensation benefits and disability retirement benefits concurrently with no offset.

Program name/ administering agency	Injuries covered	Disability retirement payments	Tax exemptions
Selected local PSOs			
• **California: City of Los Angeles Firefighters**			
Service-Connected Disability[a]/ Los Angeles Department of Fire and Police Pensions	The injury must leave the firefighter incapable of performing the duties of a sworn employee of the Fire Department, including light or restricted duties, and be caused by the firefighter's duties. No length of service requirement.	A recurring monthly retirement payment is provided.[b] **Payment calculation** Payments range from 30% to 90% of the employee's final compensation depending on the level of disability, but can be no less than 2% for each year of service (for example, an employee with 25 years of service can receive no less than a 50% disability payment).[c] **Payment cap** 90% of the employee's final average salary.	The portion of the disability payment that is based on the disability rating is tax-exempt. Any portion based on years of service is subject to taxation.
• **Florida: City of Miami Firefighters**			
Accidental/Service-Incurred Disability Retirement[a]/ City of Miami Fire Fighters' and Police Officers' Retirement Trust	Disabling injury as a result of an accident occurring on the job, or as a result of heart disease, hypertension or tuberculosis. Employee must be less than 60 years of age to be eligible, and must be permanently incapacitated so that unable to return to duty. No length of service requirement.	A recurring monthly payment is provided. **Payment calculation** Payments are 2/3 of final compensation, or average final compensation, whichever is greater.[b] **Payment cap** None specified.	According to program officials, benefits are treated as federally tax-exempt.
• **Indiana: City of Indianapolis Firefighters**			
1977 Police Officers' and Firefighters Pension and Disability Fund/ Public Employees' Retirement Fund of Indiana	Any impairment that prevents police officers or firefighters from permanently or temporarily performing their normal duties, or their normal duties with reasonable accommodation. No length of service requirement.	Recurring monthly payments are provided for two classes of duty-related disability benefits. **Payment calculations** • **Class 1 benefits**: Injuries sustained while on duty, while off duty though responding to an incident as if on duty, or an occupational disease.[a] Payments range from 55 to 90% of base salary,[b] depending on the degree of impairment. • **Class 2 benefits**: A duty-related disease[c] arising directly out of employment.[d] Payments are 22% of base salary, plus 0.5% times the number of years of service up to 30 years, plus an additional amount of 10 to 45% based on the degree of impairment. • **Recalculation at age 52:** When employees reach age 52, both Class 1 and Class 2 benefits are recalculated based on the formula for normal service retirement: 50% of base salary, plus 1% for each 6 months of active service over a 20-year period. Calculation is based on the greater of either	Based on a private letter ruling from the Internal Revenue Service, benefits are treated as federally tax-exempt until age 55, at which time the disability benefits are considered taxable normal service retirement benefits.

(continued)

Cost-of-living adjustments	Receipt of other income and benefits	
	Post-injury wages	Disability compensation payments
A COLA is provided yearly based on the Consumer Price Index. The adjustment can be either a decrease or an increase, up to a maximum of 3%.	Can receive outside earnings with no statutory restrictions. According to city officials, pensioners are permitted to hold other jobs and earn income as long as they are not violating the restrictions of their disability (that is, engaging in physical activities that their disability retirement claim indicated that they could not do).	Cannot receive concurrently with disability retirement benefits. Moreover, a firefighter who is granted disability retirement after receiving workers' compensation benefits must repay all the workers' compensation cash benefits received to date.[d]
A COLA is provided for disability retirees age 50 years or older. The amount of the COLA is determined by the difference between projected and actual earnings of the Trust, and the retiree's years of service and years retired.	Can receive earnings from alternative employment while receiving disability retirement benefits.[c]	Can receive compensation benefits concurrently with retirement benefits, with offset if the combined benefit amount exceeds 100% of the pre-injury average wage.
Benefits may be increased or decreased in accordance with the Consumer Price Index, capped at 3%.	According to program officials, firefighters on disability may receive earnings from other employment, as long as it is not associated with an accommodation or light duty with the same employer.	Not applicable. Firefighters in Indianapolis do not receive recurring cash payments from the state's workers' compensation program.

Program name/ administering agency	Injuries covered	Disability retirement payments	Tax exemptions
(Indianapolis – cont'd)			
		normal service retirement with 20 years of service, or service retirement with the total number of years from start of employment to age 52. **Payment caps** • Class 1: 90% of a first-class firefighter's monthly salary. • Class 2: 82% of a first-class firefighter's monthly salary. • Recalculation at age 52: 74% of base salary.	
• **Montana: City of Billings Firefighters**			
Firefighters' Unified Retirement System/ State of Montana Public Employees' Retirement Board	Any disability that occurs while the employee is in a position covered under the Firefighters' Unified Retirement System and that causes the termination of service. The disability does not have to be work-related. Periodic reviews are conducted by the Board to determine whether the employee still qualifies for disability retirement. No length of service requirement.	A recurring monthly payment is provided. **Payment calculation** An employee with less than 20 years of service credit receives 50% of the highest 36-month average compensation. An employee with 20 or more years of service receives 2.5% of the highest 36-month average compensation for each year of service. **Payment cap** None specified.	Board officials told us that disability retirement benefits are treated as federally taxable.
• **New Jersey: City of Newark Firefighters**			
Police and Firemen's Retirement System/ New Jersey Department of the Treasury, Division of Pensions and Benefits	Accidental disability benefits are provided for traumatic injuries sustained as a direct result of a firefighter's duties,[a] causing total permanent inability to perform the functions of a firefighter.[b] To qualify as a traumatic injury, the injury must not be caused by the firefighter, must not be induced by normal work efforts, and must have a violent or uncontrollable power. No length of service requirement.	A recurring monthly payment is provided. **Payment calculation** Payments are 2/3 of the firefighter's salary at the time of the traumatic injury or at the time of retirement, whichever is greater. **Payment cap** None specified.	According to program officials, accidental disability retirement benefits are treated as exempt from state taxes until the firefighter reaches age 65, at which point the benefits are treated as taxable the same as normal retirement benefits. With respect to federal taxability, recipients are directed to contact the Internal Revenue Service.

Cost-of-living adjustments	Receipt of other income and benefits	
	Post-injury wages	Disability compensation payments
A guaranteed annual benefit adjustment of 3% is provided each year.	Can receive earnings from a new position outside of the retirement system with no restrictions. However, according to city officials, employees who are hired back into a city position where they are covered by the same retirement system may work no more than 960 hours per year.	Cannot receive disability retirement benefits concurrently with compensation benefits except for a permanent partial benefit award based on a permanent impairment.
A COLA is added to benefits in the 25th month after the date the employee's retirement, and then with the first benefit issued each February after that.[c]	Can receive earnings from a new job not covered by the Police and Firemen's Retirement System. Also, if a member proves that the disability no longer exists, or no longer prevents a return to duty as a firefighter, the member may be re-employed and re-enrolled in the retirement system.	Can receive concurrently with accidental disability retirement benefits, but the retirement benefit is offset dollar-for-dollar for any recurring workers' compensation benefits received.[d]

Program name/ administering agency	Injuries covered	Disability retirement payments	Tax exemptions
• **Texas: City of Houston Firefighters**			
On-Duty Disability Retirement/ Houston Firefighters' Relief and Retirement Fund	On-duty disability benefits are provided for injuries received while on duty as a firefighter with no length of service requirement. For firefighters with at least 6 years of service, heart disease, lung disease, and cancer are presumptive on-duty disabilities if a physical examination showed no signs of the disease prior to employment or prior to claiming the disability.	Two types of recurring monthly on-duty disability retirement benefits are available. **Payment calculations** • **Occupational disability** (incapable of performing the duties of a firefighter, but may be capable of other employment): Payments are based on either 50% of average monthly salary, or the formula for normal retirement based on length of service, whichever is greater.[a] • **General disability** (unable to maintain any gainful employment): Payments are based on either 75% of average monthly salary, or the formula for normal retirement, whichever is greater. **Payment cap** 80% of average monthly salary (the maximum a firefighter can receive for normal retirement based on length of service). **Additional benefits** • A lump-sum payment of $5,000 is provided to most firefighters retiring on either disability retirement or normal retirement.[b] • A monthly supplemental payment of $150 is paid to retirees, including disability recipients. • An annual supplemental benefit is provided that varies depending on the monthly payment amount and length of time retired.	According to program officials, disability retirement benefits are treated as federally tax-exempt. However, any amount received due to the normal retirement calculation that is greater than the disability retirement benefit otherwise calculated is subject to taxation.

Cost-of-living adjustments	Receipt of other income and benefits	
	Post-injury wages	Disability compensation payments
A 3% annual COLA is provided to occupational disability retirees beginning at age 48, and to general disability retirees at any age.	Can receive earnings from other employment while receiving occupational disability benefits. However, can receive general disability benefits only if cannot maintain any gainful employment, and the Board of Trustees requires annual income reports to be submitted to monitor compliance.	According to program officials, can receive workers' compensation benefits concurrently with disability retirement benefits with no offset of the retirement benefit.

Source: GAO analysis based on statutes, regulations, program policies, and interviews with program officials.

Military personnel

[a]Injured members continue to draw their regular salary while undergoing fitness evaluation until they return to duty or are released from service. (Release from service may be due to separation, retirement, or placement on the temporary disability retirement list.) According to DOD instructions, referral for evaluation shall occur within 1 year, but there is no binding time limit for the end of continuation of pay. Pay received during this time is taxable, the same as pay received pre-injury. Under temporary disability retirement, recurring monthly payments are available in situations following the period of continuation of pay if the member is still unfit for duty, but the disability is not determined to be of a permanent nature and stable. Qualifications and payment amounts are the same as for permanent disability retirement, except that the minimum payment is 50% of basic pay or of the high 3-year average, whichever is applicable. Disability can be considered temporary for up to 5 years maximum. After 5 years, the member must be: (1) placed either on the permanent disability retirement list or 20-year (normal service) retirement list; (2) separated with disability severance; or (3) returned to active duty or reserve service. During temporary disability retirement, the member is treated the same as a regular retiree. On the one hand, housing benefits are no longer provided, and the time does not count toward a regular service retirement. On the other hand, the member is eligible to receive VA service-connected compensation benefits (with offset to the temporary disability retirement payment, as appropriate). The servicemember is subject to medical examination at least once every 18 months.

[b]Generally, servicemembers must have 8 years of active service prior to the date of disability separation or retirement for any disability associated with a pre-existing condition to be covered.

[c]This applies to servicemembers on active duty for more than 30 days, and servicemembers on active duty for 30 days or less and reserve component members performing inactive-duty training or funeral honors duty, with some restrictions. Those who do not meet these requirements may be eligible for disability severance: a lump-sum payment for servicemembers who have at least 6 months of service and are found unfit for duty, but who have fewer than 20 years of service and whose disability is rated less than 30%. (According to DOD officials, both inactive duty and active duty service can count toward the 6-month requirement, the same as computed for entitlement to retirement pay.) Disability severance is calculated based on the highest monthly basic pay the member would have been entitled to by law, times twice the number of years of service (up to 12), or in the case of a reserve component member, the equivalent number of years creditable toward a reserve retirement.

[d]For servicemembers with a date of initial entry into military service on or after September 8, 1980, the high-3 average of basic pay is used in the computation. For reserve component members, it is the average of the last 36 months of basic pay as though the member were on full-time active duty.

[e]Only the amount of payment calculated based on basic pay and disability rating is tax-exempt. If the actual payment received is greater because it is calculated based on length of service, then the portion of the payment in excess of the basic pay and disability rating calculation is taxable.

[f]See app. I, military personnel, for details on this program.

[g]Including reserve retirees eligible to receive retired pay.

[h]The phase out is taking place over a 10-year period, beginning on January 1, 2004, under a program entitled Concurrent Retirement and Disability Payments.

[i]To qualify for this exception to the offset, currently veterans cannot be receiving compensation at the 100% disability level due to unemployability. However, in 2006, legislation was enacted authorizing these veterans to qualify for the exception to the offset as well, beginning in fiscal year 2010.

[j]This benefit, called Combat-Related Special Compensation, is provided to servicemembers who have a disability incurred as a direct result of armed conflict, especially hazardous service, training exercises that simulate war, or caused by an instrumentality of war. Servicemembers must have 20 years or more of service (that is, be eligible for normal retirement); if part of the reserve component, members must be age 60 and have 20 qualifying years of service (that is, be eligible for reserve retirement).

Federal PSOs

[a]Unless hired before 1984 and opting to remain under the Civil Service Retirement System. FERS generally covers all federal employees hired on or after January 1, 1984.

[b]The disabling injury must be expected to continue for at least 1 year from the date the application for disability retirement is filed, accommodation of the disabling medical condition in the position held must be unreasonable, and the individual must not have declined an offer of reassignment to a vacant position.

[c]Average high-3 salary is the average of the greatest 3 consecutive years of earned wages in creditable service. If the employee did not work for 3 years, the average salary for the total period of creditable service is applied.

[d]If the PSO chooses to take normal voluntary retirement, instead of disability retirement, the retirement benefit is calculated the same way, but a special retirement supplement is also provided until age 62 that approximates the Social Security benefit earned in federal service. After the PSO reaches the minimum retirement age, if earnings from wages or self-employment exceed the Social Security annual exempt amount, the supplement will be reduced or stopped.

[e]The COLA is equal to the Consumer Price Index increase when the index increase is between 0 and 2%; the COLA increase is 2% if the index increase is between 2 and 3%; the COLA increase is equal to the index increase less 1% when the index increase is greater than 3%. The COLA does not apply to disability retirees receiving benefits equal to 60% of their average high-3 salary (that is, in the first year of benefit receipt). Those taking disability retirement after normal retirement age would begin to receive the COLA immediately.

[f]The Office of Personnel Management considers income from self-employment and earned wages only.

Selected state PSOs

California

[a]This benefit is for work-related injuries only. A separate disability retirement benefit exists for non-work-related injuries.

[b]Most non-safety workers only have access to disability retirement (not industrial disability retirement) and must have 5 or 10 years of service to qualify, depending on the specific provisions relevant to the plan for that occupation.

[c]However, industrial disability retirement payments can be received with earnings for up to 960 hours annually, with no limitation or offset, if the individual is appointed during an emergency or to provide specialized work for a limited duration.

Florida

[a]Members who have previously retired under the normal retirement provisions, or who have participated in the Deferred Retirement Option Plan, are not eligible for disability benefits.

[b]Based on the highest 5 years under the Florida Retirement System.

[c]Members of the special risk class, which includes State Highway Patrol Officers, must be age 55 (or age 52 with 25 years of creditable special risk service) to retire without having benefits reduced for not yet being normal retirement age.

Indiana

[a]The Pension Trust Agreement has two systems: one covers employees hired prior to July 1, 1987; the second covers employees hired on or after July 1, 1987, and after, or employees hired before July 1, 1987, who have elected to receive coverage under the second system. This appendix describes the benefits available for employees under the second, post-1987 benefit system.

[b]According to a program manager, officers with line-of-duty disabilities are provided sick pay for 365 days, in addition to their sick leave normally accrued.

[c]In cases of permanent and total disability by catastrophic injury, an officer's dependents may also attend a state higher education institution at no cost.

[d]If more than 25 years of service, then additional monthly retirement benefits are provided as follows: 5% of the basic pension amount for each additional year up to 28; plus 6% for each additional year up to 30; plus 7% for each additional year up to 32; plus 8% for each additional year up to 34, up to a maximum of 78.5% of the average monthly salary.

[e]If the officer has more than 25 years of service at the time of retirement, the officer's normal retirement benefits would include additional benefits with a higher cap, as noted above.

New Jersey

[a]Multiple types of retirement benefits are available, depending on the circumstances. Accidental disability benefits are provided for line-of-duty injuries caused by a traumatic event. The benefits provided for accidental disability are greater than those provided for ordinary (non-line-of-duty) disability.

[b]The amount of the adjustment equals 60% of the percentage of change between the average Consumer Price Index for the year in which the person retired and the average Consumer Price Index for the 12-month period ending August 31, immediately preceding the year the adjustment is payable.

[c]The lump-sum compensation payments provided in cases of amputations are excluded from this provision and may be received with no offset.

Texas

[a]Program officials noted that no COLAs have been granted for the past 3 years, nor are any projected for the next 3 to 5 years.

[b]Program officials told us that even if an individual is working and earning less than the pre-injury wage, disability retirement benefits may still be withheld if it is determined that the individual is capable—based on training, education, and experience—of earning comparable pay to the pre-injury wage.

Selected local PSOs

Los Angeles

[a]This summary covers members of Tier 5, which applies, according to program officials, to most of the currently-employed firefighters. However, some firefighters are covered under other tiers and other provisions would apply.

[b]Once an employee has been on disability retirement for at least 5 years and is subsequently determined to have recovered, the disability pension can be reduced to a minimum of 30%, but it cannot be discontinued.

[c]To determine the level of disability, the Board of Fire and Police Pension Commissioners uses a disability rating worksheet developed by the Department of Fire and Police Pensions.

[d]This payback applies to all injuries previously claimed under workers' compensation, regardless if the same or different from the injury claimed as the basis for disability retirement benefits. The payback also includes any attorney fees paid out of workers' compensation.

Miami

[a]There is also a lump-sum benefit provided to all firefighters by a different state retirement program, the Miami Firefighters' Relief and Pension Fund Board. The Pension Fund Board receives funds from state taxes on property insurance premiums, and distributes them annually on an equal basis to an individual account for each firefighter. Upon retirement, a firefighter cashes out of the system and receives the amount in the individual account, plus interest. In 2003, Miami received $4.4 million from this fund and had approximately 500 active firefighters. Therefore, each firefighter received approximately $8,800 in 2003 in his or her Pension Fund account. According to officials, Miami Police Officers receive a similarly-structured benefit through another program.

[b]Final compensation is the compensation rate at the time of injury. Applicants are not eligible for additional benefits based on normal service retirement eligibility: they must choose to take either normal retirement or disability retirement. To take normal retirement, applicants must be 50 years old with at least 10 years of creditable service, or have combined age and creditable service of 64 years or more. Service retirement is calculated at 3% per year of final average compensation for the first 15 years of service, and 3.5% per year for every year beyond the first 15 years.

[c]The only restriction on earnings for an individual on accidental disability retirement is that, if employed as a firefighter or police officer elsewhere, or performing similar duties, the sum of current earnings and the disability pension cannot exceed 100% of the pre-injury earnings. If it does exceed 100%, then the disability pension may be offset for any amount over 100% of the pre-injury earnings.

Indianapolis

[a]Occupational disease is "a disease arising out of and in the course of employment."

[b]Base salary is stipulated in the bargaining contract between the union and the city. As of 2005, base salaries ranged from $48,410 for a third-year firefighter to $66,688 for a battalion chief.

[c]According to program officials, there are no internal guidelines to differentiate between duty-related and occupational disease, and the decision would be made on a case-by-case basis.

[d]There must be a connection between the conditions under which the firefighter performed his or her duties, the disease must be a natural incident resulting from exposure during duties, and the job must be the proximate cause of the disease.

Newark

[a]Multiple types of retirement benefits are available, depending on the circumstances. Accidental disability benefits are provided for line-of-duty injuries caused by a traumatic event. The benefits provided for accidental disability are greater than those provided for ordinary, or non-line-of-duty, disability.

[b]According to a program official, total and permanent disability for the Police and Firemen's Retirement System means an inability to perform the functions of a firefighter or police officer specifically, and does not necessarily preclude future work in alternative occupations.

[c]The amount of the adjustment equals 60% of the percentage of change between the average Consumer Price Index for the year in which the person retired and the average Consumer Price Index for the 12-month period ending August 31, immediately preceding the year the adjustment is payable.

[d]The lump-sum compensation payments provided in cases of amputations are excluded from this provision and may be received with no offset.

Houston

[a]The formula for calculating normal service retirement is 50% of average monthly salary for 20 years of participation, plus 3% of average monthly salary for each year of participation over 20 years up to a maximum of 80%.

[b]The lump-sum payment is not issued to deferred retirees—that is, members working 10 to 20 years who do not start receiving their pensions until age 50.

Appendix III: Other Disability Benefit Programs

Administering agency	Injuries covered	Disability payments	Tax exemptions
Public Safety Officers' Benefits Program			
Department of Justice, Bureau of Justice Assistance	All line-of-duty injuries to a federal, state, or local PSO that are permanently and totally disabling (that is, injuries that permanently prevent a PSO from performing any gainful work).[a] To qualify, the injuries must be the direct and proximate result of a catastrophic injury sustained in the line of duty, and not result from intentional misconduct, intoxication, or gross negligence. No length of service requirement.	A one-time lump-sum payment is provided to all qualifying PSOs.[b] **Payment calculation** The payment amount is the same for all qualifying PSOs injured in a given year. For injuries incurred in fiscal year 2005, the payment amount was set at $275,658.[c] **Payment cap** Not applicable.	The Internal Revenue Service has issued a decision letter indicating that the program's death benefit is not federally taxable. According to Department of Justice officials, the Internal Revenue Service has not issued a comparable decision letter with regard to the program's disability benefit.
Social Security Disability Insurance (SSDI)			
Social Security Administration	Any physical or mental impairment that precludes an employee from performing substantial gainful activity, which is expected to last at least 1 year or result in death.[a] All employees who contribute into the Social Security system and who have at least 40 quarters of coverage are eligible.[b] Younger employees may qualify with fewer quarters of coverage.[c] If alcoholism or drug addiction is determined to be a contributing material factor to the disability, then the Social Security Administration may deny benefits.	A monthly disability payment is provided beginning the sixth month after the date of onset of the disability.[d] **Payment calculation** The amount of benefits received is dependent on lifetime average earnings and contributions into Social Security. Added benefits may also be payable to certain eligible family members.[e] **Payment cap** The cap is based on the formula for calculating benefits. In 2005, the maximum payment was $1,939 per month.[f]	SSDI benefits receive the same federal tax treatment as Social Security retirement/old age benefits. Portions of SSDI benefits are federally taxable if they exceed monetary thresholds. For example, in 2005, if an individual's income is between $25,000 and $34,000, up to 50% of benefits may be taxable. If income is above $34,000, up to 85% of benefits may be taxable.

	Receipt of other income and benefits	
Cost-of-living adjustments	**Post-injury wages**	**Disability compensation and retirement payments**
Not applicable. (Single lump-sum payment.)	To qualify for the program's disability benefit, a PSO must not be able to perform any gainful work.	Can be received concurrently with most other benefits, with no offset in most cases.[d]
A yearly COLA is provided based on the Consumer Price Index.	Can receive SSDI with earnings, up to certain limits. Generally, in 2005, earnings could not exceed $830 per month (or $1,380 per month in cases of blindness).	Can receive concurrently with disability compensation benefits, but the combined amount of benefits cannot exceed 80% of pre-injury earnings. In most cases, the SSDI benefit is offset to adhere to this limit.[g] Can receive SSDI concurrently with disability retirement benefits. Offsets to disability retirement benefits vary.

Source: GAO analysis based on statutes, regulations, program policies, and interviews with program officials.

Public Safety Officers' Benefits Program

[a]The Public Safety Officers' Benefits Program also provides a death benefit that is the same dollar amount as the disability benefit.

[b]In addition, the program offers an educational benefit, capped at $803 per month in fiscal year 2005, to spouses and dependents of PSOs who qualify for either the death or disability benefit.

[c]The availability of the disability benefit is subject to federal appropriation. By statute, the payment amount is adjusted annually based on the Consumer Price Index.

[d]Benefits provided by the Public Safety Officers' Benefits Program are reduced (offset) by benefits authorized by District of Columbia Code § 4-622, and issued by the District of Columbia to employees who generally qualify as PSOs. FECA benefits for non-federal law enforcement officers who incur total and permanent disabilities resulting from law enforcement activities while interceding in crimes against the United States are offset by the amount of the Public Safety Officers' Benefits Program benefit.

SSDI

[a]There is no requirement that the injury by work-related.

[b]The Social Security Administration bases quarters of coverage on earnings, using work history to determine eligibility for retirement, disability benefits, or survivor benefits. Twenty of the quarters of coverage must have come within 10 years of the date of onset of the disability. In 2005, the Social Security Administration awarded one credit for each $920 of earnings, up to the maximum of 4 quarters of coverage per year.

[c]For individuals who are not yet age 31, they must have quarters of coverage in at least half the quarters during the period that begins with the quarter after attaining age 21 and ends with the quarter prior to incurring the disability.

[d]Individuals may be eligible for Supplemental Security Income benefits if they meet income and asset limits.

[e]According to the Commissioner, the amount of the additional benefits payable to family members of an individual with disabilities varies, but generally does not exceed 50% of the individual's benefit, and is limited by law. She noted that in December 2005, the average monthly disability benefit paid to an individual without dependents was $938, while the average monthly disability benefit paid to an individual with dependents (spouse and children) was $1,571.

[f]This amount assumes the person is at full retirement age and has made the maximum earnings contributions. For retirees born in 1939, full retirement age is 65 and 4 months; for those born in 1940, it is 65 and 6 months. Full retirement age will gradually increase to age 67 for those born in 1960 or later. Added benefits may also be payable to eligible family members (see note e above).

[g]In 14 states, the workers' compensation benefit is allowed the offset to adhere to this limit, instead of the SSDI benefit.

Appendix IV: Hypothetical Scenarios and Calculation of Lifetime Disability Benefits—Methods and Results

This appendix identifies the package of disability benefits available to eligible military personnel and selected civilian PSOs injured in the line of duty under varying circumstances. To illustrate the benefits available to military personnel and civilian PSOs of varying ages, lengths of service, and salary levels, we constructed five hypothetical profiles of individuals, as follows:

(1) Age 20, 1 year of service, average salary: $20,000.

(2) Age 25, 6 years of service, high-3 average salary: $40,000.

(3) Age 35, 12 years of service, high-3 average salary: $60,000.

(4) Age 45, 22 years of service, high-3 average salary: $85,000.

(5) Age 55, 32 years of service, high-3 average salary: $85,000.

We selected the salary levels to reflect the general range of pay provided to those in the military, and to those serving as PSOs across the country. These salaries do not reflect the actual pay scales for servicemembers or for any specific PSOs. For example, according to the military's pay scales for 2005, an enlisted servicemember with 1 year of service would have basic pay of $14,822; an officer with 1 year of service, $28,124. Entry level salaries for state police officers in 2000 ranged from a low of $21,063 in Florida to a high of $45,696 in Alaska. (See app. V for a more detailed discussion of the impact of salary differentials.)

We selected the various ages and lengths of service to capture differences that may exist in the benefits available to those employed for only a year, compared with the benefits available to those who incur disabilities after being employed long enough to qualify for normal retirement based on age and/or years of service. We did this to be able to describe more fully how the benefit programs work. No distribution of disabilities across the various ages and lengths of service should be inferred from the construction of these hypothetical profiles.

In addition, we created scenarios surrounding three different levels of injury, as follows:

Injury level 1: Tinnitus. A ringing, swishing, or other type of noise that seems to originate in the ear or head. Only the patient can hear the noise.

- 10 percent VA and DOD disability rating.
- Up to 5 percent can be added to a disability rating for tinnitus in the presence of measurable hearing loss if it affects activities of daily living, based on the AMA *Guides* for whole person impairment.
- GAO assumption: physician assessment determines that the civilian PSOs with tinnitus have a 5 percent impairment due to hearing loss.
- GAO assumption: physician assessment determines that the individual is able to perform a substantial portion of his or her current job duties.
- GAO assumption: able to return to duty in previous position.

Injury level 2: Leg amputated below the knee. Removal of the lower leg and foot due to injury, diabetes, frostbite, arteriosclerosis, or other illness.

- 40 percent VA and DOD disability rating.
- 32 percent physician disability rating based on AMA *Guides* for whole person impairment.
- GAO assumption: physician assessment determines that the individual is no longer able to perform a substantial portion of his or her current job duties, but could be gainfully employed in alternative job.
- GAO assumption: not able to return to duty in previous position, but secures employment with alternative employer (not under same retirement system) and earns 75 percent of previous pay.

Injury level 3: Quadriplegia. Paralysis of all four limbs (both arms and both legs) as from a high spinal cord accident or stroke.

- 100 percent VA and DOD disability rating.
- 100 percent physician disability rating based on AMA *Guides* for whole person impairment.
- GAO assumption: physician assessment determines that the individual is no longer able to perform the duties of his or her current job and could not be gainfully employed in alternative job.
- GAO assumption: Not able to return to duty in previous position, nor secure gainful employment with alternative employer.

We selected these injuries to illustrate the range of benefits provided based on degree of impairment: from a relatively minor injury (tinnitus) that generally would not prevent an individual from returning to duty; to a more serious injury (leg amputation) that generally would prevent an individual from returning to duty, but not from being employed in some other type of occupation; to a very serious injury (quadriplegia) that generally prevents an individual from any type of employment.

For each occupation and site, we calculated the monthly and lump-sum benefits that would be provided for each individual profile at each injury level from each relevant program, and had our calculations reviewed and confirmed by cognizant agency staff. We then calculated a combined monthly benefit amount of compensation and disability retirement benefits. We took into account any provisions requiring the offset of one benefit against another, which is sometimes required when an individual is eligible to receive benefits from multiple sources. Although available from some programs, no added increments for dependents were included.

Finally, we calculated the present value of the lifetime benefit stream of monthly and lump-sum payments for each scenario. Present value analysis relies on two basic assumptions: the expected length of time benefits will be received, and the rate at which future payments will be discounted (on the basis that a dollar today is worth more than a dollar received a year from today). For the first assumption, we used Social Security Administration mortality data to estimate how long each hypothetical individual would be expected to live. For the quadriplegia cases, we used mortality data for males from the SSDI program to account for a shorter expected lifespan.[1] For the leg amputation and tinnitus cases, we used general population mortality tables for males.[2] In all cases, we used data for males only as males account for a sizable majority of both military personnel and civilian PSOs.[3]

[1]Social Security Administration, *Social Security Disability Insurance Program: Worker Experience*, Actuarial Study No. 118, June 2005, SSA Pub. No. 11-11543.

[2]Social Security Administration, *Life Tables for the United States Social Security Area*, Actuarial Study No. 120, Aug. 2005, SSA Pub. No. 11-11536.

[3]As of 2000, 85.4 percent of the active-duty force was male and 14.6 percent was female. In 2001, it was estimated that about 89 percent of law enforcement officers nationwide were male and about 11 percent female.

The second assumption about the discount rate involves assumptions about inflation,[4] the rate of interest absent inflation, and cost-of-living adjustments (COLA). We assumed the rate of interest absent inflation (the real interest rate) is 3 percent and that inflation is constant at 3 percent annually, resulting in an assumed nominal interest rate (which is the sum of the real interest rate and inflation) of 6 percent. In specifying a discount rate, our present value analysis takes into account whether the program has a COLA provision and the specific provisions for how the COLA is calculated. If the COLA is equal to the Consumer Price Index, we categorized it as full. If the COLA is capped or otherwise limited, we categorized it as partial. We assumed that a full COLA is equal to the rate of inflation, and that a partial COLA is worth 1 percentage point less. Following the rule that a nominal rate of interest is used to discount nominal quantities, and that real rates of interest (equal to the nominal rate minus inflation) are used to discount real quantities,[5] we used a discount rate of 6 percent for benefit programs with no COLA, 4 percent for programs with a partial COLA, and 3 percent for programs that provide a full COLA.

We did not adjust benefit payment, or annuity streams, for various survivorship options. We assumed an annuity stream for disability retirement payments for the recipient's remainder of life with no survivor benefits to follow.

[4]By inflation, we mean the rate of aggregate price change as measured by an index, such as the Consumer Price Index.

[5]GAO, *Discount Rate Policy* (GAO/OCE-17.1.1, May 1991), 18.

Table 10: Benefits Provided for Tinnitus

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Total disability compensation benefits provided[a]
Age 20, 1 year of service, salary of $20,000		
Military personnel		
• Leaving service at earliest opportunity[b]	$108 for life[c]	$33,036 (annuity factor: 25.491)
• Leaving service only after 20 years of service	$108 for life[c]	$15,669 (annuity factor: 12.091)
Federal PSOs	$1,111 for 2.3 months[d]	$2,564
Selected state PSOs		
• California Highway Patrol[e]	$810 for 5.5 months	$4,486
• Florida Highway Patrol	$833 for 2.3 months	$1,922
• Indiana State Police[f]	Not applicable	Not applicable
• Montana Highway Patrol	$1,111 for 8.8 months	$9,743
• New Jersey State Police	$770 for 2.3 months	$1,777
• Texas State Troopers	$1,167 for 3.5 months	$4,040
Selected local PSOs		
• Los Angeles Firefighters[e]	$810 for 5.5 months	$4,486
• Miami Firefighters	$833 for 2.3 months	$1,922
• Indianapolis Firefighters[f]	Not applicable	Not applicable
• Billings Firefighters	$1,111 for 8.8 months	$9,743
• Newark Firefighters	$770 for 2.3 months	$1,777
• Houston Firefighters	$1,167 for 3.5 months	$4,040
Age 25, 6 years of service, salary of $40,000		
Military personnel		
• Leaving service at earliest opportunity[b]	$108 for life[c]	$33,034 (annuity factor: 25.489)
• Leaving service only after 20 years of service	$108 for life[c]	$18,290 (annuity factor: 14.112)
Federal PSOs	$2,222 for 2.3 months[d]	$5,128
Selected state PSOs		
• California Highway Patrol[e]	$810 for 6.2 months	$5,047
• Florida Highway Patrol	$1,667 for 2.3 months	$3,847
• Indiana State Police[f]	Not applicable	Not applicable
• Montana Highway Patrol	$1,127 for 8.8 months	$9,883
• New Jersey State Police	$770 for 2.3 months	$1,777
• Texas State Troopers	$1,634 for 3.5 months	$5,656
Selected local PSOs		
• Los Angeles Firefighters[e]	$810 for 6.2 months	$5,047
• Miami Firefighters	$1,667 for 2.3 months	$3,847
• Indianapolis Firefighters[f]	Not applicable	Not applicable

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Total disability compensation benefits provided[a]
(Table 10: Tinnitus—continued)		
• Billings Firefighters	$1,127 for 8.8 months	$9,883
• Newark Firefighters	$770 for 2.3 months	$1,777
• Houston Firefighters	$1,634 for 3.5 months	$5,656
Age 35, 12 years of service, salary of $60,000		
Military personnel		
• Leaving service at earliest opportunity[b]	$108 for life[c]	$29,801 (annuity factor: 22.995)
• Leaving service only after 20 years of service	$108 for life[c]	$20,629 (annuity factor: 15.917)
Federal PSOs	$3,333 for 2.3 months[d]	$7,692
Selected state PSOs		
• California Highway Patrol[e]	$810 for 7.0 months	$5,654
• Florida Highway Patrol	$2,500 for 2.3 months	$5,769
• Indiana State Police[f]	Not applicable	Not applicable
• Montana Highway Patrol	$1,127 for 8.8 months	$9,883
• New Jersey State Police	$770 for 2.3 months	$1,777
• Texas State Troopers	$1,634 for 3.5 months	$5,656
Selected local PSOs		
• Los Angeles Firefighters[e]	$810 for 7.0 months	$5,654
• Miami Firefighters	$2,500 for 2.3 months	$5,769
• Indianapolis Firefighters[f]	Not applicable	Not applicable
• Billings Firefighters	$1,127 for 8.8 months	$9,883
• Newark Firefighters	$770 for 2.3 months	$1,777
• Houston Firefighters	$1,634 for 3.5 months	$5,656
Age 45, 22 years of service, salary of $85,000		
Military personnel	$108 for life[c]	$25,759 (annuity factor: 19.876)
Federal PSOs	$4,722 for 2.3 months[d]	$10,897
Selected state PSOs		
• California Highway Patrol[e]	$810 for 8.8 months	$7,150
• Florida Highway Patrol	$2,821 for 2.3 months	$6,510
• Indiana State Police[f]	Not applicable	Not applicable
• Montana Highway Patrol	$1,127 for 9.5 months	$10,663
• New Jersey State Police	$770 for 2.3 months	$1,777
• Texas State Troopers	$1,634 for 3.5 months	$5,656
Selected local PSOs		
• Los Angeles Firefighters[e]	$810 for 8.8 months	$7,150
• Miami Firefighters	$2,821 for 2.3 months	$6,510

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Total disability compensation benefits provided[a]
(Table 10: Tinnitus—continued)		
• Indianapolis Firefighters[f]	Not applicable	Not applicable
• Billings Firefighters	$1,127 for 9.5 months	$10,663
• Newark Firefighters	$770 for 2.3 months	$1,777
• Houston Firefighters	$1,634 for 3.5 months	$5,656
Age 55, 32 years of service, salary of $85,000		
Military personnel	$108 for life[c]	$20,972 (annuity factor: 16.182)
Federal PSOs	$4,722 for 2.3 months[d]	$10,897
Selected state PSOs		
• California Highway Patrol[e]	$810 for 9.8 months	$7,898
• Florida Highway Patrol	$2,821 for 2.3 months	$6,510
• Indiana State Police[f]	Not applicable	Not applicable
• Montana Highway Patrol	$1,127 for 9.5 months	$10,663
• New Jersey State Police	$770 for 2.3 months	$1,777
• Texas State Troopers	$1,634 for 3.5 months	$5,656
Selected local PSOs		
• Los Angeles Firefighters[e]	$810 for 9.8 months	$7,898
• Miami Firefighters	$2,821 for 2.3 months	$6,510
• Indianapolis Firefighters[f]	Not applicable	Not applicable
• Billings Firefighters	$1,127 for 9.5 months	$10,663
• Newark Firefighters	$770 for 2.3 months	$1,777
• Houston Firefighters	$1,634 for 3.5 months	$5,656

Source: GAO analysis based on program provisions summarized in apps. I and II.

[a]Total compensation benefits for military personnel reflect the present value of VA benefits provided over a lifetime, using the annuity factors indicated. These annuity factors take into account mortality rates, discount rates, and COLAs, as appropriate.

[b] For purposes of our analysis, we assume that the servicemembers' tours of duty are such that, although still fit for duty, they can choose to separate immediately upon the determination of a permanent disability, with one exception: We assume that the servicemember with only 1 year of service must complete 2 years of service before being able to choose to separate.

[c]Upon separation from military service, VA compensation benefits are provided for the remainder of life, as long as the impairment persists.

[d]Under FECA, compensation payments are calculated on a 28-day cycle; converted to a monthly payment here to facilitate comparison with other programs' payments.

[e]In California, compensation payments are reduced by 15% if the current employer offers comparable employment within 60 days. Payments here include this 15% decrease.

[f]In Indiana, both the Indiana State Police and the Indianapolis Fire Department have opted out of providing compensation payments from the state workers' compensation program.

Table 11: Benefits Provided for a Leg Amputation

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
Age 20, 1 year of service, salary of $20,000							
Military personnel	$550 for life	$667	Retirement offset dollar-for-dollar	$667		26.477	$211,920
Federal PSOs	$1,111 for 66 months (schedule award) $278 thereafter (wage loss benefit)[b]	Not applicable[c]	Not applicable	$1,111 for 66 months $278 thereafter		4.639 (compensation schedule award) 21.838 (compensation wage loss benefit)	$134,700
Selected state PSOs							
• California Highway Patrol	$1,096 for 51.2 months[d]	$833	No offset	$1,929 for 51.2 months $833 thereafter		3.569 (compensation) 21.950 (retirement)	$266,349
• Florida Highway Patrol	$833 for 29.3 months	Not applicable	Not applicable	$833 for 29.3 months		1.891	$18,900
• Indiana State Police	Not applicable	$1,167 for first 2 years $833 thereafter[e]	Not applicable	$1,167 for first 2 years $833 thereafter		22.706 (until 25 years of service) 8.743 (thereafter)	$322,385
• Montana Highway Patrol	$1,111 for 49.4 months	$833	No offset	$1,944 for 49.4 months $833 thereafter		3.569 (compensation) 21.950 (retirement)	$266,992
• New Jersey State Police	$1,167 for 53 months	$1,111	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$1,167 for 53 months $1,111 thereafter	$18,561[f]	3.569 (compensation) 17.984 (retirement)	$308,298

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Texas State Troopers	$1,167 for 22 months (impairment benefits), then $333 for next 64.4 months (supplemental benefits)[g]	$833	No offset	$2,000 for 22 months $1,167 for next 64.4 months $833 thereafter		1.891 (compensation impairment benefits) 3.848 (compensation supplemental benefits) 16.082 (retirement)	$202,610
Selected local PSOs							
• Los Angeles Firefighters	$1,096 for 51.2 months[d]	$833	Cannot be received concurrently[h]	$833		21.950	$219,412
• Miami Firefighters	$833 for 29.3 months	$1,111	No offset	$1,944 for 29.3 months $1,111 thereafter	(Benefit provided, but not included)[i]	1.891 (compensation) 21.950 (retirement)	$311,537
• Indianapolis Firefighters	Not applicable	$1,283 to age 52 $1,233 thereafter[j]	Not applicable	$1,283 to age 52 $1,233 thereafter		17.613 (to age 52) 4.337 (thereafter)	$335,340
• Billings Firefighters	$1,111 for 49.4 months	$833	No offset	$1,944 for 49.4 months $833 thereafter		3.569 (compensation) 21.950 (retirement)	$266,992
• Newark Firefighters	$1,167 for 53 months	$1,111	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$1,167 for 53 months $1,111 thereafter	$18,561[f]	3.569 (compensation) 17.984 (retirement)	$308,298
• Houston Firefighters	$1,167 for 22 months (impairment benefits), then $333 for next 64.4 months (supplemental benefits)[g]	$983	No offset	$2,150 for 22 months $1,316 for next 64.4 months $983 thereafter	$5,000[k]	1.891 (compensation impairment benefits) 3.848 (compensation supplemental benefits) 21.950 (retirement)	$305,780

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
Age 25, 6 years of service, salary of $40,000							
Military personnel	$550 for life	$1,333	Retirement offset dollar-for-dollar	$1,333		25.489	$407,728
Federal PSOs	$2,222 for 66 months (schedule award) $512 thereafter (wage loss benefit)[b]	$2,000 for first year $1,333 to age 62 $1,577 thereafter	Schedule award and retirement can be received concurrently with no offset; wage loss benefits and retirement cannot be received concurrently	$4,222 for first year $3,555 for next 4.5 years (to end of schedule award) $1,333 for next 31.5 years (to age 62) $1,577 thereafter		4.640 (compensation) 0.986 (retirement first year) 18.135 (retirement till age 62) 2.411 (retirement thereafter)	$483,087
Selected state PSOs							
• California Highway Patrol	$1,096 for 52.9 months[d]	$1,333	No offset	$2,429 for 52.9 months $1,333 thereafter		3.569 (compensation) 21.335 (retirement)	$388,210
• Florida Highway Patrol	$1,667 for 29.3 months	Not applicable	Not applicable	$1,667 for 29.3 months		1.891	$37,821
• Indiana State Police	Not applicable	$2,333 for first 2 years $1,667 thereafter[e]	Not applicable	$2,333 for first 2 years $1,667 thereafter		19.033 (until 25 years of service) 10.162 (thereafter)	$599,989
• Montana Highway Patrol	$1,127 for 49.4 months	$1,667	No offset	$2,794 for 49.4 months $1,667 thereafter		3.6569 (compensation) 21.335 (retirement)	$475,047
• New Jersey State Police	$1,539 for 53 months	$2,222	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$2,222	$24,495[f]	3.571 (compensation) 3.702 (retirement for 53 months) 17.633 (retirement thereafter)	$590,954

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Texas State Troopers	$1,634 for 22 months (impairment benefits), then $667 for next 64.4 months (supplemental benefits)[g]	$1,667	No offset	$3,301 for 22 months $2,334 for next 64.4 months $1,667 thereafter		1.891 (compensation impairment benefits) 3.849 (compensation supplemental benefits) 15.826 (retirement)	$384,478
Selected local PSOs							
• Los Angeles Firefighters	$1,096 for 52.9 months[d]	$1,667	Cannot be received concurrently[h]	$1,667		21.335	$426,780
• Miami Firefighters	$1,667 for 29.3 months	$2,222	No offset	$3,889 for 29.3 months $2,222 thereafter	(Benefit provided, but not included)[i]	1.891 (compensation) 21.335 (retirement)	$606,690
• Indianapolis Firefighters	Not applicable	$2,567 to age 52 $2,467 thereafter[j]	Not applicable	$2,567 to age 52 $2,467 thereafter		16.022 (to age 52) 5.313 (thereafter)	$650,819
• Billings Firefighters	$1,127 for 49.4 months	$1,667	No offset	$2,794 for 49.4 months $1,667 thereafter		3.569 (compensation) 21.335 (retirement)	$475,047
• Newark Firefighters	$1,539 for 53 months	$2,222	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$2,222	$24,495[f]	3.571 (compensation) 3.702 (retirement for 53 months) 17.633 (retirement thereafter)	$590,954

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Houston Firefighters	$1,634 for 22 months (impairment benefits), then $667 for next 64.4 months (supplemental benefits)[g]	$1,817	No offset	$3,451 for 22 months $2,484 for next 64.4 months $1,817 thereafter	$5,000[k]	1.891 (compensation impairment benefits) 3.849 (compensation supplemental benefits) 21.335 (retirement)	$538,069
Age 35, 12 years of service, salary of $60,000							
Military personnel	$550 for life	$2,000	Retirement offset dollar-for-dollar	$2,000		22.995	$551,869
Federal PSOs	$3,333 for 66 months (schedule award) $769 thereafter (wage loss benefit)[b]	$3,000 for first year $2,000 to age 62 $2,145 thereafter	Schedule award and retirement can be received concurrently with no offset; wage loss and retirement cannot be received concurrently	$6,333 for first year $5,333 for next 4.5 years (to end of schedule award) $2,000 for next 21.5 years (to age 62) $2,145 thereafter		4.633 (compensation) 0.985 (retirement first year) 15.349 (retirement to age 62) 3.618 (retirement thereafter)	$682,276
Selected state PSOs							
• California Highway Patrol	$1,096 for 59.3 months[d]	$1,750	No offset	$2,846 for 59.3 months $1,750 thereafter		4.330 (compensation) 19.660 (retirement)	$469,807
• Florida Highway Patrol	$2,500 for 29.3 months	Not applicable	Not applicable	$2,500 for 29.3 months		1.890	$56,695
• Indiana State Police	Not applicable	$3,500 for first 2 years $2,500 thereafter[e]	Not applicable	$3,500 for first 2 years $2,500 thereafter		12.057 (until 25 years of service) 6.593 (thereafter)	$583,497

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Montana Highway Patrol	$1,127 for 49.4 months	$2,500	No offset	$3,627 for 29.4 months $2,500 thereafter		3.565 (compensation) 19.660 (retirement)	$638,017
• New Jersey State Police	$1,539 for 53 months	$3,333	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$3,333	$24,495[f]	3.569 (compensation) 3.699 (retirement for 53 months) 15.961 (retirement thereafter)	$808,412
• Texas State Troopers	$1,634 for 22 months (impairment benefits), then $1,000 for next 64.4 months (supplemental benefits)[g]	$2,500	No offset	$4,134 for 22 months $3,500 for next 64.4 months $2,500 thereafter		1.890 (compensation impairment benefits) 3.837 (compensation supplemental benefits) 15.021 (retirement)	$533,722
Selected local PSOs							
• Los Angeles Firefighters	$1,096 for 59.3 months[d]	$2,500	Cannot be received concurrently[h]	$2,500		19.660	$589,802
• Miami Firefighters	$2,500 for 29.3 months	$3,333	No offset	$5,833 for 29.3 months $3,333 thereafter	(Benefit provided, but not included)[i]	1.890 (compensation) 19.660 (retirement)	$843,019
• Indianapolis Firefighters	Not applicable	$3,850 to age 52 $3,400 thereafter[j]	Not applicable	$3,850 to age 52 $3,400 thereafter		11.686 (to age 52) 7.974 (thereafter)	$865,235
• Billings Firefighters	$1,127 for 49.4 months	$2,500	No offset	$3,627 for 49.4 months $2,500 thereafter		3.565 (compensation) 19.660 (retirement)	$638,017

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Newark Firefighters	$1,539 for 53 months	$3,333	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$3,333	$24,495[f]	3.569 (compensation) 3.699 (retirement for 53 months) 15.961 (retirement thereafter)	$808,412
• Houston Firefighters	$1,634 for 22 months (impairment benefits), then $1,000 for next 64.4 months (supplemental benefits)[g]	$2,650	No offset	$4,284 for 22 months $3,650 for next 64.4 months $2,650 thereafter	$5,000[k]	1.890 (compensation impairment benefits) 3.837 (compensation supplemental benefits) 19.660 (retirement)	$713,293
Age 45, 22 years of service, salary of $85,000							
Military personnel	$550 for life	$3,896	Retirement offset dollar-for-dollar[j]	$3,896		19.876	$929,227
Federal PSOs	$4,722 for 66 months(schedule award) $1,090 thereafter (wage loss benefit)[b]	$4,250 for first year $2,833 to age 62 $3,039 thereafter	Schedule award and retirement can be received concurrently with no offset; wage loss and retirement cannot be received concurrently	$8,972 for first year $7,555 for next 4.5 years (to end of schedule award) $2,833 for next 11.5 years (to age 62) $3,039 thereafter		4.607 (compensation) 0.985 (retirement first year) 16.281 (retirement to age 62) 5.495 (retirement thereafter)	$1,065,144
Selected state PSOs							
• California Highway Patrol	$1,096 for 66.3 months[d]	$2,271	No offset	$3,367 for 66.3 months $2,271 thereafter		5.016 (compensation) 17.400 (retirement)	$540,149
• Florida Highway Patrol	$2,821 for 29.3 months	Not applicable	Not applicable	$2,821 for 29.3 months		1.886	$63,844

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Indiana State Police	Not applicable	$4,958 for first 2 years $3,542 thereafter[e]	Not applicable	$4,958 for first 2 years $3,542 thereafter		2.858 (until 25 years of service) 12.050 (thereafter)	$667,617
• Montana Highway Patrol	$1,127 for 50.3 months	$3,896	No offset	$5,023 for 50.3 months $3,896 thereafter		3.550 (compensation) 17.400 (retirement)	$861,484
• New Jersey State Police	$1,539 for 53 months	$4,722	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$4,722	$24,495[f]	3.559 (compensation) 3.689 (retirement for 53 months) 13.711 (retirement thereafter)	$1,008,040
• Texas State Troopers	$1,634 for 22 months (impairment benefits), then $1,417 for next 64.4 months (supplemental benefits)[g]	$4,363	No offset	$5,997 for 22 months $5,780 for next 64.4 months $4,363 thereafter		1.890 (compensation impairment benefits) 3.796 (compensation supplemental benefits) 13.771 (retirement)	$822,618
Selected local PSOs							
• Los Angeles Firefighters	$1,096 for 66.3 months[d]	$3,542	Cannot be received concurrently[g]	$3,542		17.400	$739,562
• Miami Firefighters	$2,821 for 29.3 months	$4,722	No offset	$7,543 for 29.3 months $4,722 thereafter	(Benefit provided, but not included)[i]	1.886 (compensation) 17.400 (retirement)	$1,049,788
• Indianapolis Firefighters	Not applicable	$5,454 to age 52 $4,817 thereafter[j]	Not applicable	$5,454 to age 52 $4,817 thereafter		5.290 (to age 52) 12.110 (thereafter)	$1,046,218

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Billings Firefighters	$1,127 for 50.3 months	$3,896	No offset	$5,023 for 50.3 months $3,896 thereafter		3.550 (compensation) 17.400 (retirement)	$861,484
• Newark Firefighters	$1,539 for 53 months	$4,722	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$4,722	$24,495[f]	3.559 (compensation) 3.689 (retirement for 53 months) 13.711 (retirement thereafter)	$1,008,040
• Houston Firefighters	$1,634 for 22 months (impairment benefits), then $1,417 for next 64.4 months (supplemental benefits)[g]	$4,117	No offset	$5,751 for 22 months $5,534 for next 64.4 months $4,117 thereafter	$5,000[k]	1.890 (compensation impairment benefits) 3.796 (compensation supplemental benefits) 17.400 (retirement)	$966,227
Age 55, 32 years of service, salary of $85,000							
Military personnel	$550 for life	$5,313	Retirement offset dollar-for-dollar[l]	$5,313		16.182	$1,031,707
Federal PSOs	$4,722 for 66 months (schedule award) $1,090 thereafter (wage loss benefit)[b]	$3,258[m]	Schedule award and retirement can be received concurrently with no offset; wage loss and retirement cannot be received concurrently	$7,980 for 5.5 years (to end of schedule award) $3,258 thereafter		4.554 (compensation) 14.531 (retirement)	$826,145
Selected state PSOs							
• California Highway Patrol	$1,096 for 73.7 months[d]	$2,271	No offset	$3,367 for 73.7 months $2,271 thereafter		4.947 (compensation) 14.531 (retirement)	$461,071
• Florida Highway Patrol	$2,821 for 29.3 months	Not applicable	Not applicable	$2,821 for 29.3 months		1.878	$63,584

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Indiana State Police	Not applicable	$4,958 for first 2 years $3,825 thereafter[e]	Not applicable	$4,958 for first 2 years $3,825 thereafter		1.929 (for 2 years) 10.714 (thereafter)	$606,539
• Montana Highway Patrol	$1,127 for 50.3 months	$5,667	No offset	$6,794 for 50.3 months $5,667 thereafter		3.519 (compensation) 14.531 (retirement)	$1,035,785
• New Jersey State Police	$1,539 for 53 months	$4,722	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$4,722	$24,495[f]	3.545 (compensation) 3.674 (retirement for 53 months) 10.857 (retirement thereafter)	$845,520
• Texas State Troopers	$1,634 for 22 months (impairment benefits), then $1,417 for next 64.4 months (supplemental benefits)[g]	$6,347	No offset	$7,981 for 22 months $7,764 for next 64.4 months $6,347 thereafter		1.880 (compensation impairment benefits) 3.710 (compensation supplemental benefits) 11.977 (retirement)	$1,012,161
Selected local PSOs							
• Los Angeles Firefighters	$1,096 for 73. months[d]	$4,533	Cannot be received concurrently[h]	$4,533		14.531	$790,452
• Miami Firefighters	$2,821 for 29.3 months	$4,722	No offset	$7,543 for 29.3 months $4,722 thereafter	(Benefit provided, but not included)[i]	1.878 (compensation) 14.531 (retirement)	$886,993
• Indianapolis Firefighters	Not applicable	$5,242[j]	Not applicable	$5,242		14.531	$914,085
• Billings Firefighters	$1,127 for 50.3 months	$5,667	No offset	$6,794 for 50.3 months $5,667 thereafter		3.519 (compensation) 14.531 (retirement)	$1,035,785

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable	Annuity factor[a]	Present value of lifetime package of benefits
(Table 11: Leg amputation—continued)							
• Newark Firefighters	$1,539 for 53 months	$4,722[n]	Retirement offset dollar-for-dollar for recurring compensation benefits (not lump sum)	$4,722	$24,495[f]	3.545 (compensation) 3.674 (retirement for 53 months) 10.857 (retirement thereafter)	$845,520
• Houston Firefighters	$1,634 for 22 months (impairment benefits), then $1,417 for next 64.4 months (supplemental benefits)[g]	$5,817	No offset	$7,451 for 22 months $7,234 for next 64.4 months $5,817 thereafter	$5,000[k]	1.880 (compensation impairment benefits) 3.710 (compensation supplemental benefits) 14.531 (retirement)	$1,119,300

Source: GAO analysis based on program provisions summarized in apps. I and II.

[a]Annuity factors take into account mortality rates, discount rates, and COLAs, as appropriate. Where different provisions or changes in benefits over time require different annuity factors, the factors are used proportionately as appropriate.

[b]Under FECA, compensation payments are calculated on a 28-day cycle; converted to a monthly payment here to facilitate comparison with other programs' payments. Wage loss benefits reflect assumption that the individual secures work with an alternative employer and earns 75% of previous pay.

[c]Under FERS, 18 months of service are required to qualify for disability retirement benefits.

[d]In California, compensation payments are increased by 15% if no offer of comparable employment is received from the current employer after 60 days. Payments here include this 15% increase.

[e]In Indiana, disability retirement benefits are provided until the date the officer is credited with 25 years of service, including years on disability. Then, benefits are recalculated as normal service retirement benefits. In this scenario, after the first 2 years, the same formula is used to calculate both disability and normal retirement benefits.

[f]In New Jersey, an additional 30% of the normal compensation award is added as a lump-sum payment in cases of amputations, and this payment can be received concurrently with disability retirement benefits with no offset.

[g]Supplemental benefits reflect assumption that the individual secures work with an alternative employer and earns 75% of previous pay.

[h]In Los Angeles, firefighters on disability retirement are required to pay back any workers' compensation awards they have received throughout their careers. Therefore, lifetime benefits are maximized by receiving just disability retirement.

[i]Miami provides a lump-sum benefit available to firefighters upon retirement, in an amount that varies depending on several factors that we were not able to estimate; thus, the benefit is not included in these calculations.

[j]In Indianapolis, when the former firefighter reaches age 52, disability retirement benefits are recalculated based on the formula for normal service retirement. If already age 52 or older when applying for retirement due to disability, only normal service retirement benefits are available.

[k]Houston provides a lump-sum payment of $5,000 to most firefighters retiring on either disability retirement or normal retirement. An additional annual retirement benefit is also provided depending on the monthly payment and length of time retired. Due to variability from year-to-year and person-to-person, this additional benefit is not included in these calculations. (See app. II, City of Houston Firefighters, for details.)

[l]Benefits are offset, unless the injury is combat related. (See app. II, military personnel, for details.)

[m]Under FERS, if a PSO qualifies for normal service retirement (age 50 with 20 years of service, or any age with 25 years of service), the disability retirement benefit included here is calculated using the same formula as normal service retirement. However, the officer would not receive a special retirement supplement provided only to those taking normal service retirement. Therefore, a federal PSO age 55 with 32 years of service would receive greater benefits by taking normal retirement rather than disability retirement.

[n]In Newark, the disability benefit included here does not change based on age or length of service. Therefore, a firefighter with 32 years of service would receive greater benefits by taking normal retirement (calculated at 65% of salary plus 1% for each year of service over 25, up to 30), rather than disability retirement.

Table 12: Benefits Provided for Quadriplegia and Other Permanent Total Disabilities

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
Age 20, 1 year of service, salary of $20,000							
Military personnel							
• With SMC for quadriplegia[c]	$6,576	$1,250	Retirement offset dollar-for-dollar	$6,576	Not applicable	21.247	$1,676,664
• Without SMC	$2,299	$1,250	Retirement offset dollar-for-dollar	$2,299	Not applicable	21.247	$586,170
Federal PSOs							
• With attendant allowance	$2,611 (total disability)[d]	0[e]	Not applicable	$2,611	$275,658	21.247	$941,377
• Without attendant allowance	$1,111 (total disability)[d]	0[e]	Not applicable	$1,111	$275,658	21.247	$558,927
Selected state PSOs							
• California Highway Patrol	$3,640	$833	No offset	$4,473	$275,658	21.247 (compensation) 18.168 (retirement)	$1,385,342
• Florida Highway Patrol	$1,111 to age 75	$1,083	Compensation offset if combined amount is greater than 100% of pre-injury wage	$1,667 to age 75 $1,083 thereafter	$275,658	17.413 (compensation to age 62)[f] 0.657 (compensation age 62 to 75) 18.168 (retirement)	$638,405
• Indiana State Police	Not applicable	$1,667 until 25 years of service[g] $833 thereafter	Not applicable	$1,667 for 24 years $833 thereafter	$275,658	20.373 (for 24 years) 8.283 (thereafter)	$766,003
• Montana Highway Patrol	$1,111	$833	Cannot be received concurrently	$1,111	$275,658	21.247	$558,927

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
• New Jersey State Police	$1,167	$1,111	Retirement offset dollar-for-dollar	$1,167	$275,658	13.924 (compensation) 18.168 (retirement)	$470, 650
• Texas State Troopers	$1,250	$1,667	No offset	$2,917	$275,658	18.168 (compensation) 13.924 (retirement)	$826,708
Selected local PSOs							
• Los Angeles Firefighters	$3,640	$1,500	Cannot be received concurrently	$3,640	$275,658	21.247	$1,203,739
• Miami Firefighters	$1,111	$1,111	Compensation offset if combined amount is greater than 100% of pre-injury wage	$1,667	$275,658[h]	18.168	$639,084
• Indianapolis Firefighters	Not applicable	$1,500 to age 52 $1,233 thereafter[i]	Not applicable	$1,500 to age 52 $1,233 thereafter	$275,658	15.984 (to age 52) 2.184 (thereafter)	$595,679
• Billings Firefighters	$1,111	$833	Cannot be received concurrently	$1,111	$275,658	21.247	$558,927
• Newark Firefighters	$1,167	$1,111	Retirement offset dollar-for-dollar	$1,167	$275,658	13.924 (compensation) 18.168 (retirement)	$470, 650
• Houston Firefighters	$1,250	$1,400	No offset	$2,650	$275,658 plus $5,000[j]	18.168	$858,389
Age 25, 6 years of service, salary of $40,000							
Military personnel							
• With SMC for quadriplegia[c]	$6,576	$2,500	Retirement offset dollar-for-dollar	$6,576	Not applicable	19.444	$1,534,391
• Without SMC	$2,299	$2,500	Retirement offset dollar-for-dollar	$2,500	Not applicable	19.444	$583,330

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
Federal PSOs							
• With attendant allowance	$3,722 (schedule award for 23 years, total disability thereafter)[d,k]	$2,000 for first year $1,333 to age 62 $1,577 thereafter	Schedule award and retirement can be received concurrently with no offset; total disability and retirement cannot be received concurrently	$5,722 for first year $5,055 for next 22 years $3,722 thereafter	$275,658	19.444 (compensation) 0.972 (retirement first year) 12.152 (retirement for next 22 years)	$1,361,822
• Without attendant allowance	$2,222 (total disability)[d]	$2,000 for first year $1,333 to age 62 $1,577 thereafter	Total disability and retirement cannot be received concurrently	$2,222	$275,658	19.444	$794,122
Selected state PSOs							
• California Highway Patrol	$3,640	$1,667	No offset	$5,307	$275,658	19.444 (compensation) 16.800 (retirement)	$1,461,057
• Florida Highway Patrol	$2,222 to age 75	$2,167	Compensation offset if combined amount is greater than 100% of pre-injury wage	$3,333 to age 75 $2,167 thereafter	$275,658	15.828 (compensation to age 62)[f] 0.855 (compensation age 62 to 75) 16.800 (retirement)	$945,957
• Indiana State Police	Not applicable	$3,333 until 25 years of service $1,667 thereafter[g]	Not applicable	$3,333 for 19 years $1,667 thereafter	$275,658	15.188 (for 19 years) 8.366 (thereafter)	$1,050,449
• Montana Highway Patrol	$2,222	$1,667	Cannot be received concurrently	$2,222	$275,658	19.444	$794,122
• New Jersey State Police	$2,333	$2,222	Retirement offset dollar-for-dollar	$2,333	$275,658	13.075 (compensation) 16.800 (retirement)	$641,706

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
• Texas State Troopers	$2,336	$3,333	No offset	$5,669	$275,658	16.800 (compensation) 13.075 (retirement)	$1,269,548
Selected local PSOs							
• Los Angeles Firefighters	$3,640	$3,000	Cannot be received concurrently	$3,640	$275,658	19.444	$1,124,987
• Miami Firefighters	$2,222	$2,222	Compensation offset if combined amount is greater than 100% of pre-injury wage	$3,333	$275,658[h]	16.800	$947,597
• Indianapolis Firefighters	Not applicable	$3,000 to age 52 $2,467 thereafter[i]	Not applicable	$3,000 to age 52 $2,467 thereafter	$275,658	14.164 (to age 52) 2.636 (thereafter)	$863,605
• Billings Firefighters	$2,222	$1,667	Cannot be received concurrently	$2,222	$275,658	19.444	$794,122
• Newark Firefighters	$2,333	$2,222	Retirement offset dollar-for-dollar	$2,333	$275,658	13.075 (compensation) 16.800 (retirement)	$641,706
• Houston Firefighters	$2,336	$2,650	No offset	$4,986	$275,658 plus $5,000[j]	16.800	$1,285,844
Age 35; 12 years of service, salary of $60,000							
Military personnel							
• With SMC for quadriplegia[c]	$6,576	$3,750	Retirement offset dollar-for-dollar	$6,576	Not applicable	16.018	$1,264,041
• Without SMC	$2,299	$3,750	Retirement offset dollar-for-dollar	$3,750	Not applicable	16.018	$720,826
Federal PSOs							
• With attendant allowance	$4,833 (schedule award for 23 years, total disability thereafter)[d,k]	$3,000 for first year $2,000 to age 62 $2,145 thereafter	Schedule award and retirement can be received concurrently with no offset; total disability and retirement cannot be received concurrently	$7,833 for first year $6,833 for next 22 years $4,833 thereafter	$275,658	16.018 (compensation) 0.962 (retirement for first year) 10.937 (retirement for next 22 years)	$1,501,789

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
• Without attendant allowance	$3,333 (total disability)[d]	$3,000 for first year $2,000 to age 62 $2,145 thereafter	Total disability and retirement cannot be received concurrently	$3,333	$275,658	16.018	$916,329
Selected state PSOs							
• California Highway Patrol	$3,640	$2,500	No offset	$6,140	$275,658	16.018 (compensation) 14.144 (retirement)	$1,399,667
• Florida Highway Patrol	$2,821 to age 75	$3,250	Compensation offset if combined amount is greater than 100% of pre-injury wage	$5,000 to age 75 $3,250 thereafter	$275,658	12.683 (compensation to age 62)[f] 1.285 (compensation age 62 to 75) 14.144 (retirement)	$1,120,613
• Indiana State Police	Not applicable	$5,000 until 25 years of service $2,500 thereafter[g]	Not applicable	$5,000 for 13 years $2,500 thereafter	$275,658	10.258 (for 13 years) 7.102 (thereafter)	$1,104,153
• Montana Highway Patrol	$2,253	$2,500	Cannot be received concurrently	$2,500	$275,658	14.144	$699,985
• New Jersey State Police	$2,886	$3,333	Retirement offset dollar-for-dollar	$3,333	$275,658	11.380 (compensation) 14.144 (retirement)	$745.645
• Texas State Troopers	$2,336	$5,000	No offset	$7,336	$275,658	14.144 (compensation) 11.380 (retirement)	$1,354,958
Selected local PSOs							
• Los Angeles Firefighters	$3,640	$4,500	Cannot be received concurrently	$4,500	$275,658	14.144	$1,039,446

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
• Miami Firefighters	$2,821	$3,333	Compensation offset if combined amount is greater than 100% of pre-injury wage	$5,000	$275,658[h]	14.144	$1,124,312
• Indianapolis Firefighters	Not applicable	$4,500 to age 52 $3,400 thereafter[i]	Not applicable	$4,500 to age 52 $3,400 thereafter	$275,658	10.181 (to age 52) 3.963 (thereafter)	$987,133
• Billings Firefighters	$2,253	$2,500	Cannot be received concurrently	$2,500	$275,658	14.144	$699,985
• Newark Firefighters	$2,886	$3,333	Retirement offset dollar-for-dollar	$3,333	$275,658	11.380 (compensation) 14.144 (retirement)	$745.645
• Houston Firefighters	$2,336	$3,900	No offset	$6,236	$275,658 plus $5,000[j]	14.144	$1,339,099
Age of 45, 22 years of service, salary of $85,000							
Military personnel							
• With SMC for quadriplegia[c]	$6,576	$5,313	No offset (because 20 or more years of service and a 100% disability rating)	$11,889	Not applicable	13.166	$1,878,409
• Without SMC	$2,299	$5,313	No offset (because 20 or more years of service and a 100% disability rating)	$7,612	Not applicable	13.166	$1,202,662

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
Federal PSOs							
• With attendant allowance	$6,222 (schedule award for 23 years, total disability thereafter)[d,k]	$4,250 for first year $2,833 to age 62 $3,039 thereafter	Schedule award and retirement can be received concurrently with no offset; total disability and retirement cannot be received concurrently	$10,472 for first year $9,055 for next 16 years (to age 62) $9,261 for next 6 years $6,222 thereafter	$275,658	13.166 (compensation) 0.950 (retirement for first year) 8.489 (retirement for next 16 years) 0.510 (retirement for next 6 years)	$1,614,340
• Without attendant allowance	$4,722 (total disability)[d]	$4,250 for first year $2,833 to age 62 $3,039 thereafter	Total disability and retirement cannot be received concurrently	$4,722	$275,658	13.166	$1,021,713
Selected state PSOs							
• California Highway Patrol	$3,640	$3,542	No offset	$7,182	$275,658	13.166 (compensation) 11.874 (retirement)	$1,355,433
• Florida Highway Patrol	$2,821 to age 75	$4,604	Compensation offset if combined amount is greater than 100% of pre-injury wage	$7,083 to age 75 $4,604 thereafter	$275,658	9.435 (compensation to age 62)[f] 2.145 (compensation age 62 to 75) 11.874 (retirement)	$1,276,114
• Indiana State Police	Not applicable	$7,083 until 25 years of service $3,542 thereafter[g]	Not applicable	$7,083 for 3 years $3,542 thereafter	$275,658	2.680 (for 3 years) 10.744 (thereafter)	$960,144
• Montana Highway Patrol	$2,253	$3,896	Cannot be received concurrently	$3,896	$275,658	11.874	$830,768

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
• New Jersey State Police	$2,886	$4,722	Retirement offset dollar-for-dollar	$4,722	$275,658	9.877 (compensation) 11.874 (retirement)	$879,323
• Texas State Troopers	$2,336	$7,083	No offset	$9,419	$275,658	11.874 (compensation) 9.877 (retirement)	$1,448,021
Selected local PSOs							
• Los Angeles Firefighters	$3,640	$6,375	Cannot be received concurrently	$6,375	$275,658	11.874	$1,183,981
• Miami Firefighters	$2,821	$4,722	Compensation offset if combined amount is greater than 100% of pre-injury wage	$7,083	$275,658[h]	11.874	$1,284,858
• Indianapolis Firefighters	Not applicable	$6,375 to age 52 $4,817 thereafter[i]	Not applicable	$6,375 to age 52 $4,817 thereafter	$275,658	5.254 (to age 52) 6.620 (thereafter)	$1,060,213
• Billings Firefighters	$2,253	$3,896	Cannot be received concurrently	$3,896	$275,658	11.874	$830,768
• Newark Firefighters	$2,886	$4,722	Retirement offset dollar-for-dollar	$4,722	$275,658	9.877 (compensation) 11.874 (retirement)	$879,323
• Houston Firefighters	$2,336	$5,462	No offset	$7,798	$275,658 plus $5,000[j]	11.874	$1,391,733
Age 55, 32 years of service, salary of $85,000							
Military personnel							
• With SMC for quadriplegia[c]	$6,576	$5,313	No offset (because 20 or more years of service and a 100% disability rating)	$11,889	Not applicable	10.931	$1,559,445

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
• Without SMC	$2,299	$5,313	No offset (because 20 or more years of service and a 100% disability rating)	$7,612	Not applicable	10.931	$998,444
Federal PSOs							
• With attendant allowance	$6,222 (schedule award for 23 years, total disability thereafter)[d,k]	$3,258[l]	Schedule award and retirement can be received concurrently with no offset; total disability and retirement cannot be received concurrently	$9,480 for 23 years $6,222 thereafter	$275,658	10.931 (compensation) 9.594 (retirement for 23 years)	$1,466,866
• Without attendant allowance	$4,722 (total disability)[d]	$3,258	Total disability and retirement cannot be received concurrently	$4,722	$275,658	10.931	$895,029
Selected state PSOs							
• California Highway Patrol	$3,640	$6,375	No offset	$10,015	$275,658	10.931 (compensation) 10.051 (retirement)	$1,522,015
• Florida Highway Patrol	$2,821 to age 75	$6,800	Compensation offset if combined amount is greater than 100% of pre-injury wage	$7,083 to age 75 $6,800 thereafter	$275,658	5.170 (compensation to age 62)[f] 4.292 (compensation age 62 to 75) 10.051 (retirement)	$1,127,960
• Indiana State Police	Not applicable	$7,083 for 2 years $3,542 thereafter[m]	Not applicable	$7,083 for 2 years $3,542 thereafter	$275,658	1.864 (for 2 years) 9.358 (thereafter)	$831,826
• Montana Highway Patrol	$2,253	$5,667	Cannot be received concurrently	$5,667	$275,658	10.051	$959,173

Hypothetical individuals, by occupation	Disability compensation monthly benefit	Disability retirement monthly benefit	Compensation and retirement offset provisions	Combined monthly benefit	Lump-sum benefits, if applicable[a]	Annuity factors[b]	Present value of lifetime package of benefits
(Table 12: Quadriplegia—continued)							
• New Jersey State Police	$2,886	$4,722	Retirement offset dollar-for-dollar	$4,722	$275,658	8.632 (compensation) 10.051 (retirement)	$796,056
• Texas State Troopers	$2,336	$7,083	No offset	$9,419	$275,658	10.051 (compensation) 8.632 (retirement)	$1,291,118
Selected local PSOs							
• Los Angeles Firefighters	$3,640	$6,375	Cannot be received concurrently	$6,375	$275,658	10.051	$1,044,567
• Miami Firefighters	$2,821	$4,722	Compensation offset if combined amount is greater than 100% of pre-injury wage	$7,083	$275,658[h]	10.051	$1,129,961
• Indianapolis Firefighters	Not applicable	$5,242[i]	Not applicable	$5,242	$275,658	10.051	$907,913
• Billings Firefighters	$2,253	$5,667	Cannot be received concurrently	$5,667	$275,658	10.051	$959,173
• Newark Firefighters	$2,886	$4,722[n]	Retirement offset dollar-for-dollar	$4,722	$275,658	8.632 (compensation) 10.051 (retirement)	$796,056
• Houston Firefighters	$2,336	$5,817	No offset	$8,153	$275,658 plus $5,000[j]	10.051	$1,264,018

Source: GAO analysis based on program provisions summarized in apps. I and II.

[a]Unless noted otherwise, the lump-sum benefit included below is the payment available under the U.S. Department of Justice's Public Safety Officers' Benefits Program for PSOs at the federal, state, and local levels who incur total permanent disabilities in the line of duty. (See app. III for details.)

[b]Annuity factors take into account mortality rates, discount rates, and cost-of living adjustments, as appropriate. Where different provisions or changes in benefits over time require different annuity factors, the factors are used proportionately as appropriate.

[c]According to VA officials, a veteran with quadriplegia would qualify for the SMC rate of R-2 (the highest compensation rate provided) for loss of use of multiple extremities and in need of a high level of care.

[d]Under FECA, compensation payments are calculated on a 28-day cycle; converted to a monthly payment here to facilitate comparison with other programs' payments.

[e]Under FERS, 18 months of service are required to qualify for disability retirement benefits.

[f]In Florida, the COLA for permanent total disability compensation benefits ends at age 62.

[g]In Indiana, disability retirement benefits are provided until the date the officer is credited with 25 years of service, including years on disability. Then, benefits are recalculated as normal service retirement benefits.

[h]Miami provides a lump-sum benefit available to firefighters upon retirement, in an amount that varies depending on several factors that we were not able to estimate; thus, the benefit is not included in these calculations.

[i]In Indianapolis, when the former firefighter reaches age 52, disability retirement benefits are recalculated based on the formula for normal service retirement. If already age 52 or older when applying for retirement due to disability, only normal service retirement benefits are available.

[j]Houston provides a lump-sum payment of $5,000 to most firefighters retiring on either disability retirement or normal retirement. An additional annual retirement benefit is also provided depending on the monthly payment and length of time retired. Due to variability from year-to-year and person-to-person, this additional benefit is not included in these calculations. (See app. II, City of Houston Firefighters, for details.)

[k]For federal PSOs, combined compensation and retirement benefits are maximized by receiving a schedule award as long as possible (which can be received concurrently with no offset), followed by total disability (which is greater than the retirement payment under FERS, and cannot be received concurrently). The schedule award for quadriplegia is calculated as four consecutive awards for each loss of use of a limb: 312 weeks plus 312 weeks (for each arm) and 288 weeks plus 288 weeks (for each leg) equals 1200 weeks total (approximately 23 years).

[l]Under FERS, if a PSO qualifies for normal service retirement (age 50 with 20 years of service, or any age with 25 years of service), the disability retirement benefit included here is calculated using the same formula as normal service retirement. However, the officer would not receive a special retirement supplement provided only to those taking normal service retirement. Therefore, a federal PSO age 55 with 32 years of service would receive greater benefits by taking normal retirement rather than disability retirement.

[m]In Indiana, when an officer already qualifies for normal service retirement at the time a catastrophic disability occurs, the officer receives retirement payments of 100% of pay for 2 years, then benefits are recalculated as normal service retirement benefits. However, we were unable to confirm with officials whether or not an officer in this situation would be provided the added increments for having more than 25 years of service, as provided under normal service retirement. In our hypothetical scenario for the officer age 55 with 32 years of service, the added increments for the 7 years of service over 25, plus the 2 years receiving disability pay, would increase the monthly payment upon retirement from $3,542 to $5,560, and the present value of lifetime package of benefits would be $1,058,434.

[n]In Newark, the disability benefit included here does not change based on age or length of service. Therefore, a firefighter with 32 years of service would receive greater benefits by taking normal retirement (calculated at 65% of salary plus 1% for each year of service over 25, up to 30), rather than disability retirement.

Appendix V: Impact of Varying Salary Levels on Monthly Benefit Payments

In our analysis, we held salaries for military personnel and civilian PSOs constant to be able to characterize the differences in how payment amounts are calculated across the various programs. However, the actual salaries vary by occupation, and salaries paid to civilian PSOs in comparable occupations vary widely from state to state. The Bureau of Justice Statistics collects state-level data on various law enforcement occupations, including salary levels. According to the most recent data available, for example, annual base salaries for entry level state police officers in 2000 ranged from a low of $21,063 in Florida to a high of $45,696 in Alaska. Salaries for a police chief or sheriff ranged from a low of $40,000 in Montana to a high of $127,000 in New York.[1] Table 13 summarizes actual salary levels in 2000 for three levels of experience for military servicemembers, federal FBI agents, and for state police officers in the six states included in our review.

Table 13: Base Annual Starting Salaries by Occupation and Experience Level, 2000

Occupation	Entry level	Midlevel	Senior level
Military personnel[a]	Enlisted member	Warrant officer	Commissioned officer
	$13,529	$30,272	$84,186
Selected federal PSO	Trainee (GS-10)	Field, non-supervisory position (GS-13)	Supervisory/management position (GS-14)
• FBI agent	$35,658	$55,837	$65,983
Selected state PSOs	Entry-level officer	Sergeant	Chief or sheriff
• California Highway Patrol	$42,600	$51,804	$117, 960
• Florida Highway Patrol	$21,063	$26,084	$56,484
• Indiana State Police	$28,804	$33,758	$78,258
• Montana Highway Patrol	$23,000	$31,000	$40,000
• New Jersey State Police	$39,255	$51,393	$104,202
• Texas State Troopers	$29,000	$43,400	$78,258

Sources: Department of Defense, Office of Personnel Management, and Department of Justice.

[a] For military personnel, the entry level salary is that of an E-2 enlisted member with less than 2 years of service, the midlevel salary is that of a W-1 warrant officer with over 12 years of service, and the senior level salary is that of an O-6 commissioned officer with over 26 years of service.

[1] See B. A. Reaves, *Law Enforcement Management and Administrative Statistics, 2000: Data for Individual State and Local Agencies with 100 or More Officers*. U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics. March 2004, NCH 203350, 246.

To indicate how the difference between hypothetical and actual salary levels would affect disability benefits provided, we compared the monthly disability compensation and retirement payments generated in our hypothetical scenarios for entry level ($20,000), midlevel ($60,000), and senior level ($85,000) salaries, with the payment amounts that would be generated based on the actual salaries in table 13 (assuming the same age and length of service as in the corresponding hypothetical scenario). As shown in table 14, the difference in monthly temporary compensation payments based on the hypothetical salary levels compared with the actual salary levels is relatively minor, in most cases, due to the use of a set amount based on the disability rating (as in the military), or due to the imposition of caps on maximum payment amounts in several states based on the statewide average wage.

Table 14: Monthly Temporary Compensation Payments Based on Actual versus Hypothetical Salary Levels

	Entry level		Mid level		Senior level	
	Payment based on actual entry level starting salary in 2000	Payment based on hypothetical salary of $20,000	Payment based on actual midlevel starting salary in 2000	Payment based on hypothetical salary of $60,000	Payment based on senior level starting salary in 2000	Payment based on hypothetical salary of $85,000
Military personnel[a]	Set amount based on disability rating	(same)	(same)	(same)	(same)	(same)
Federal FBI agent	$1,961	$1,111	$3,102	$3,333	$3,666	$4,722
Selected state PSOs						
• California Highway Patrol[b]	$3,640	$3,640	$3,640	$3,640	$3,640	$3,640
• Florida Highway Patrol	$1,170	$1,111	$1,449	$2,821[c]	$2,821[c]	$2,821[c]
• Indiana State Police[d]	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
• Montana Highway Patrol	$1,278	$1,111	$1,722	$2,253[c]	$2,222	$2,253[c]
• New Jersey State Police	$2, 290	$1,167	$2,886[c]	$2,886[c]	$2,886[c]	$2,886[c]
• Texas State Troopers	$1,692	$1,167	$2,336[c]	$2,336[c]	$2,336[c]	$2,336[c]

Source: GAO analysis based on data in table 13, program summaries in app. I, and the hypothetical scenarios in app. IV.

[a]VA compensation benefits for military personnel do not differentiate between temporary and permanent disability.

[b]In California, statutes call for PSOs to be paid the maximum allowable payment, regardless of actual earnings.

[c]Based on a payment cap.

[d]Indiana State Police do not receive compensation payments from the state's workers' compensation program.

In contrast, disability retirement payments are generally calculated as a percentage of pre-injury salary with more generous caps on maximum payment amounts, if any. As a result, the difference in disability retirement payments based on the hypothetical salary levels compared with the actual salary levels is much more significant, as shown in table 15. Those earning lower wages than in the hypothetical scenarios receive much lower disability retirement payments, and those earning higher wages than in the hypothetical scenarios receive much higher disability retirement payments.

Table 15: Monthly Disability Retirement Payments Based on Actual versus Hypothetical Salary Levels

	Entry level		Mid level		Senior level	
	Payment based on actual entry level starting salary in 2000	Payment based on hypothetical salary of $20,000	Payment based on actual midlevel starting salary in 2000	Payment based on hypothetical salary of $60,000	Payment based on senior level starting salary in 2000	Payment based on hypothetical salary of $85,000
Military personnel[a]	$338	$500	$757	$1,500	$5,262	$5,313
Federal FBI agent[b]	$1,189	$667	$1,861	$2,000	$2,529	$3,258
Selected state PSOs						
• California Highway Patrol	$1,775	$833	$2,159	$2,500	$8,847[c]	$6,375[c]
• Florida Highway Patrol	$1,141	$1,083	$1,413	$3,250	$4,519[c]	$6,800[c]
• Indiana State Police[c]	$1,200	$833	$1,407	$2,500	$3,261	$3,542
• Montana Highway Patrol	$958	$833	$1,292	$2,500	$2,667[c]	$5,667[c]
• New Jersey State Police	$2,181	$1,111	$2,855	$3,333	$5,789	$4,722
• Texas State Troopers	$1,208	$833	$1,808	$2,500	$5,843[c]	$6,347[c]

Source: GAO analysis based on data in table 13, program summaries in app. II, and the hypothetical scenarios in app. IV.

[a]Military personnel can elect to have their retirement payments calculated based on average high-3 salary times either (1) 2.5% for each year of service or (2) their disability rating. In this table, we assumed the disability rating to be 30%, the lowest rating that qualifies for disability retirement. Nevertheless, use of the formula with the disability rating provides the higher monthly retirement benefit for the entry-level servicemember, and the same monthly benefit as the years of service formula for the midlevel servicemember, with respect to both the hypothetical and actual salaries.

[b]Payments shown here for FBI agents are based on 40% of average high-3 salary, which is the payment level provided after the first year of benefits until reaching age 62. (During the first year, payments are 60% of average high-3 salary; after age 62, payments are 1.0% times high-3 average salary times years and months of service.)

[c]Eligible for enhanced payments due to age or length of service.

[d]Payments shown here for Indiana State Police are based on 50% of average high-3 salary, which is the payment level provided after the first 2 years. (During the first 2 years, payments are 70% of average high-3 salary.)

Appendix VI: Federal Income Tax Treatment of Disability Benefits

Provisions in 26 U.S.C. § 104(a) set forth the types of disability benefits that may be excluded from gross income subject to federal income tax. These include, among others:

- amounts received under workmen's compensation acts as compensation for personal injuries or sickness and
- amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces if due to combat-related injuries.[1]

The federal tax treatment of the disability benefits examined in this report is based on whether the benefits received fall within the categories set forth in 26 U.S.C. § 104(a), as discussed below.

Disability Compensation Benefits

Amounts received as workers' compensation for an occupational sickness or injury are fully exempt from federal income tax if they are paid under a workers' compensation act or a statute in the nature of a workers' compensation act. Disability compensation payments from VA (for military veterans) and from FECA (for federal PSOs) fall under this category and are not taxable. Across all programs we reviewed, we found workers' compensation benefits and disability compensation benefits treated as federally tax-exempt.

Disability Retirement Benefits

Individuals who retire on disability must include as taxable income any disability pension received under a plan that is paid for by the employer.[2] If a disability pension is paid under a statute that provides benefits only to employees with service-connected disabilities, the part based on level of disability may be considered workers' compensation, exempt from tax. The part based on years of service, however, is taxable. Since the disability retirement programs we reviewed varied as to whether only those with service-connected disabilities were included, and whether the benefits were calculated based on level of disability or years of service, we found

[1]Combat-related injury is defined as personal injury or sickness that is incurred as a direct result of armed conflict, while engaged in extra-hazardous service, or under conditions simulating war; or that is caused by an instrumentality of war.

[2]However, individuals who have limited income and are retired on permanent and total disability, and who have taxable disability income, may qualify for a tax credit entitled Credit for the Elderly or the Disabled.

the tax treatment of disability retirement benefits varied among the programs.

In general, military disability retirement pay is subject to federal income tax unless the servicemember's disabilities are combat-related. In addition military disability retirement pay is not subject to federal income tax if the member was entitled to receive a disability payment before September 24, 1975; or on active duty, a member of a reserve component, or under a binding written commitment to be a member on September 25, 1975. Finally, if the veteran would have been entitled to receive VA compensation benefits, the amount of retirement benefits that would have been received if calculated based on a percentage of disability (that is, the amount of VA compensation benefits) is not subject to federal income tax.

The disability retirement program for federal PSOs (FERS) does not distinguish between work-related and non-work-related disability, and disability retirement benefits are treated as taxable.

Among the selected state and local PSOs we reviewed, the tax treatment of disability retirement benefits varies. Some program officials, such as those providing benefits to Montana Highway Patrol Officers, Billings Firefighters, and Texas State Troopers, told us that their disability retirement payments are subject to federal income tax. Other program officials, such as those providing benefits to California and Florida Highway Patrol Officers, and Houston and Los Angeles Firefighters, told us that the portion of their disability retirement payment based on disability is federally tax-exempt, but any additional amount based on years of service is taxable. Officials providing benefits to Miami Firefighters told us that their disability retirement benefits are treated as federally tax-exempt. Still other program officials, such as those providing benefits to Indiana and New Jersey State Police, and Indianapolis Firefighters, told us that their disability retirement benefits are treated as tax-exempt only for the period of time until the PSO reaches normal retirement age, at which point benefits are treated as federally taxable the same as normal retirement benefits.

Continuation of Pay

Pay received from an employer while an employee is sick or injured is part of salary or wages and should be included as taxable income. Among the programs we reviewed, for the most part, program officials told us that

continuation of pay and/or sick leave provided following a line of duty injury is subject to federal income tax the same as if the injured person were still working,[3] with one exception. In California, program officials providing benefits to State Highway Patrol Officers and to Los Angeles Firefighters told us that continuation of pay is treated as federally tax-exempt based on a court decision and an Internal Revenue Service revenue ruling.[4]

[3]Certain military personnel serving in a combat zone may qualify to have their pay excluded from gross income subject to federal taxes, including pay received while hospitalized as a result of wounds, disease, or injury incurred in the combat zone for up to 2 years after leaving the zone.

[4]*Hawthorne v. City of Beverly Hills*, 245 P. 2.d, 352 (1952); Rev. Rul. 68-10, 1968-1 C.B. 50; and Priv. Ltr. 7920009 (Feb. 13, 1979).

Appendix VII: Progression of Disability Benefits Following a Line-of-Duty Injury, by Occupation

Line-of-duty injury occurs, by occupation →	Temporary disability: period of treatment, recovery, and evaluation →	Decision point about permanent effects of disability and ability to return to duty →
Military personnel	Military benefits, including: • Continuation of pay for generally no longer than a year, followed by Temporary Disability Retirement for up to 5 years, including VA compensation benefits.[a] • Medical treatment for injury.	Based on: • Attainment of optimal medical treatment benefits. • Physician assessment of disability rating and whether fit/unfit for duty. • Time period for Temporary Disability Retirement expires.
Federal PSOs	FECA benefits including: • Continuation of pay up to 45 days, followed by a recurring payment for wage loss (based on a percentage of pre-injury salary, up to a cap). • Medical treatment for injury.	Based on: • Injury has reached "maximum medical improvement" (no time limit). • Physician assessment whether able to return to previous job, or any job.
Selected state and local PSOs[e]	Employer/Workers' compensation benefits, including: • Continuation of pay, and/or recurring payment (usually based on a percentage of salary, up to a cap).[f] • Medical treatment for injury.	Based on: • Injury has reached "maximum medical improvement" or is "permanent and stable;" or a set time limit has been reached. • Physician assessment of disability rating and whether able to return to previous job. • Availability of job offer from current employer.

Continued benefits based on level of disability and ability to return to duty			
No continuing disability, able to return to duty, pre-injury salary resumes	**Permanent partial disability, able to return to duty, pre-injury salary resumes**	**Permanent partial disability, unable to return to duty**	**Permanent total disability, unable to be gainfully employed**
Benefits cease.	Military benefits, including: • Medical treatment for injury. • Vocational rehabilitation.[b]	Military benefits, including: • Disability severance or retirement. VA benefits, including: • Monthly compensation payment for the remainder of life. • Medical treatment for injury. • Vocational rehabilitation.	Military benefits, including: • Disability retirement. VA benefits, including: • Monthly compensation payment for the remainder of life. Medical treatment for injury. • Various other enhanced benefits.
Benefits cease.	FECA benefits, including: • Specified amount for permanent impairments (schedule award). • Medical treatment for injury • Vocational rehabilitation.	FERS benefits, including: • Disability retirement.[c] FECA benefits, including: • Continued recurring payments for wage loss, if applicable.[d] • Specified amount for permanent impairments (schedule award). • Medical treatment for injury. • Vocational rehabilitation.	FERS benefits, including: • Disability retirement.[c] FECA benefits, including: • Continued recurring payments for wage loss, if applicable.[d] • Specified amount for permanent impairments (schedule award). • Medical treatment for injury. • Various other enhanced benefits.
Benefits cease.	Workers' compensation benefits, including: • Permanent disability. compensation payment based on disability rating (usually for a set time period and/or dollar amount). • Medical treatment for injury. • Vocational rehabilitation.	Employer benefits, including: • Disability retirement. Workers' compensation benefits, including: • Disability compensation payment based on disability rating (usually for a set time period and/or dollar amount). • Medical treatment for injury. • Vocational rehabilitation.	Employer benefits, including: • Disability retirement. Workers' compensation benefits, including: • Recurring disability compensation payment for the remainder of life. • Medical treatment for injury. • Various other enhanced benefits.

Source: GAO analysis based on statutes, regulations, program policies, and interviews with program officials.

[a]No VA compensation benefits are provided until or unless the servicemember is released from military service. If receiving temporary disability retirement benefits, however, the servicemember is considered temporarily released from service, with access to VA compensation benefits, with offsets, as applicable. (See earlier background section for further details on offsets.)

[b]A servicemember pending medical separation from the military may apply for vocational rehabilitation services in advance of separation, but no VA compensation payments are provided until or unless the servicemember is released from military service.

[c]Federal PSOs must have 18 months of service to qualify for disability retirement under FERS. Also, they can earn up to 80% of pre-injury salary and still qualify.

[d]Federal PSOs cannot receive wage loss compensation benefits concurrently with disability retirement. However, if unable to qualify for disability retirement (for example, because cannot meet the 18-month service requirement, or because earning more than 80%, but less than 100%, of pre-injury salary), FECA will continue to provide a percentage of the difference between old and new salaries, with no time limit.

[e]Based on a review of benefits available to selected state and local PSOs, including state police officers in California, Florida, Indiana, Montana, New Jersey, and Texas; and local firefighters in Los Angeles, Miami, Indianapolis, Billings, Newark, and Houston.

[f]In Indiana, state statutes allow some public employers to opt out of providing workers' compensation payments, and we found that both the Indiana State Police and the Indianapolis Fire Department had opted out of such payments. Instead, after their special allocation of sick leave is exhausted, these PSOs receive disability benefits only from their pension funds.

Appendix VIII: Definitions of Total Disability

	Definitions are provided for programs reviewed that offer additional benefits for total disability. (Programs reviewed that do not distinguish between total disability and other types of disability are not included.)
Compensation for Service-Connected Disability, Department of Veterans Affairs	"Total disability will be considered to exist when there is present any impairment of mind or body which is sufficient to render it impossible for the average person to follow a substantially gainful occupation." Permanent total disability is presumed for loss or loss of use of both hands, both feet, one hand and one foot, sight in both eyes, or permanently helpless or bedridden. Any disability or combination of disabilities that rates 100 percent on the Schedule of Rating Disabilities qualifies for total disability. A total rating can also occur if injuries are less than 100 percent, if it is "determined that the service-connected disabilities are sufficient to produce unemployability without regard to advancing age." (38 C.F.R. §§ 3.340, 3.341.)
Federal Employees' Compensation Act	Permanent total disability is presumptively loss of use of both hands, arms, feet, legs, eyes. "Temporary total disability is defined as the inability to return to the position held at the time of injury or earn equivalent wages, or to perform other gainful employment." Disability is always presumed temporary unless it fits under the definition of permanent total disability. (20 C.F.R. § 10.400.)
Social Security Disability Insurance	"Disability means…inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months" (42 U.S.C. § 423(d)(1)(A).)
Public Safety Officers' Benefits Program, Bureau of Justice Assistance	Permanent and total disability is "medically determinable consequences of a catastrophic, line-of-duty injury that permanently prevent a former public safety officer from performing any gainful work." Catastrophic injury is one in which the "consequences of an injury…permanently prevent an individual from performing any gainful work." (28 C.F.R. § 32.2(h); 42 U.S.C. § 3796b.)

Workers' Compensation, California	"Permanent total disability" means a permanent disability with a rating of 100 percent permanent disability only." Loss or loss of use of both eyes, both hands, total paralysis, or severe brain injury are presumptively total and permanent. "In determining the percentages of permanent disability, account shall be taken of the nature of the physical injury or disfigurement, the occupation of the injured employee, and his or her age at the time of the injury, consideration being given to an employee's diminished future earning capacity." (Cal. Lab. Code §§ 4452.5, 4662, 4660(a).)
Workers' Compensation, Florida	To qualify for permanent total disability benefits, an employee must be "not able to engage in at least sedentary employment." (Fla. Stat. Ann. § 440.15(1)(b).)
Disability Benefits, State Police, Indiana	Disability pension equal to full salary is provided for a "catastrophic" injury that "permanently prevents the Employee from performing any gainful work." (Ind. Code Ann. § 10-12-2-5(d).)
Workers' Compensation, Montana	Permanent total disability benefits are available when there is a "physical condition resulting from injury…in which a worker does not have a reasonable prospect of physically performing regular employment." (Mont. Code Ann. § 39-71-116(25).)
Workers' Compensation, New Jersey	Permanent total disability benefits are available for "physical or neuropsychiatric total permanent impairment caused by a compensable accident or compensable occupational disease, where no fundamental or marked improvement in such condition can be reasonably expected." Agency officials interpret this as a person who cannot perform any occupation. (N.J. Stat. Ann. § 34.15-36.)
Disability Retirement for Law Enforcement, Texas	An enhanced benefit of 100% of average monthly compensation is provided where "occupational disability makes the person incapable of substantial gainful activity solely because of the disability and is considered a total disability under federal social security law." (Tex. Gov't Code Ann. § 814.207(e).)

Workers' Compensation, Texas	Lifetime income benefits are available for blindness in both eyes, loss of both feet or hands, other major amputations, spinal injuries, traumatic brain injuries, or burns. (Tex. Lab. Code Ann. § 408.161.)

Appendix IX: GAO Contacts and Staff Acknowledgments

GAO Contacts

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