



VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION FACTS

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There are 1,973 Volunteer Firefighters' Relief Associations (VFRAs) in the Commonwealth of Pennsylvania.

VFRAs were established in 1895 with the passage of a law that levied a two percent tax on foreign fire insurance premiums. The legislation was enacted in order to encourage individuals to participate in the fire service by making funds available which could be used to provide benefits to protect volunteer firefighters and their families.

Act 205 of 1984 provides the funding for VFRAs but the "Volunteer Firefighters Relief Association Act," commonly known as Act 84 of 1968, is the sole legislation governing the actual operation of relief associations.

The VFRA, although established through its affiliation to one or more the fire companies, is a separate legal entity.

The 1,973 relief associations have approximately \$306 million in monetary assets.

VFRA Monetary Asset Breakdown:

Total Assets	#VFRAs and % in 2006	#in 2005	# in 2004	# in 2002	# in 2000
Over \$1 million	53 -3%	51	52	40	42
\$500,000 to \$999,999	73 -4%	60	63	67	57
\$100,000 to \$499,999	410 -20%	406	394	386	387
\$50,000 to \$99,999	296 -15%	266	259	257	267
\$10,000 to \$49,999	850 -43%	866	854	837	821
\$0 to \$9,999	291 -15%	332	356	396	415

1141 VFRAs - 58% have total monetary assets of less than \$50,000

30 VFRAs have total monetary assets of less than \$2,000.

53 VFRAs have monetary assets over \$1 million. The total monetary assets of these 53 VFRAs is approximately \$120 million, which represents 39% of the total monetary assets of all the Commonwealth's 1,973 VFRAs. (3% of the VFRAs hold 39% of the monetary assets).

Statewide Average Annual VFRA Expenditures*:

Equipment**-	\$ 38,262,583	66.1%
Insurance-	\$ 11,840,255	20.5%
Death Benefits-	\$ 2,709,280	4.7%
Training-	\$ 2,097,964	3.6%
Administrative Expenses-	\$ 1,857,883	3.2%
Relief Benefits-	\$ 751,795	1.3%
Fire Prevention-	\$ 308,488	0.5%
Token Of Sympathy-	\$ 83,865	0.1%
Total	\$ 57,912,113	

*Data has been obtained from the latest VFRA audits. Since audits are performed on a multiple year basis the data compiled is from audit financial data presented as of December 31, 2005, 2004, 2003 or 2002.

**Equipment total represents the purchase of equipment and expenditures for maintenance of VFRA owned equipment.

Act 84 sets forth minimum requirements for the operation and management of the relief association such as the establishment of bylaws, maintaining minutes of meetings, and keeping records of financial activities.

Act 84 also addresses how funds may be spent, and identifies the types of benefits a relief association may provide. Authorized relief association expenditures include:

- General administrative expenditures such as office supplies, officers' salaries, hall rental, legal fees
- Various types of insurance coverage
- Death benefits
- Tokens of sympathy to families of a deceased member
- Payments to families in distressed circumstances due to fire service participation
- Medical bills incurred from fire service participation not covered by insurance
- Volunteer firefighters' association membership dues
- Fire training expenses, including travel, books, tuition and lodging
- Purchase of fire equipment and fire apparatus
- Enrollment in health and physical fitness programs
- Purchase of exercise equipment for firefighters
- Purchase of fire prevention materials

VFRA FUNDING:

The Municipal Pension Plan Funding Standard and Recovery Act passed December 18, 1984 (commonly referred to as Act 205) changed the formula used to calculate the state aid amount distributed to each municipality.

The source of the funding is a two percent tax on foreign fire insurance premiums. A two percent tax is levied on all fire insurance premiums paid by Commonwealth residents and businesses to insurance companies that are incorporated outside the state of Pennsylvania. The calculation is based on the population and property value of the respective municipality.

In late September of each year, the Auditor General's Department mails state aid checks to 2,532 municipalities in the Commonwealth. The municipality then has 60 days from receipt of the state aid to distribute this check to the relief association or multiple relief associations who provide fire protection to the municipality.

The total foreign fire insurance tax distribution in 2006 was \$82,149,902.01

- \$15,809,536.25 of the distribution was transferred to the Foreign Casualty Insurance Tax Fund and was allocated on behalf of the state's 91 paid firefighter pension funds.
- VFRAs received \$66,340,365.76 which was distributed to the Commonwealth's 2,532 municipalities on September 22, 2006.

The largest state aid check allocated to a municipality in 2006 was \$834,793.56 while the smallest was \$87.61. 47% of municipalities received less than \$10,000 of state aid in 2006.

VFRA State Aid Breakdown:

State Aid	Number of Municipalities and Percentage Receiving State Aid					
	2006	2005	2004	2003	2002	2000
More than \$100,000	135-5%	132-5%	109-4%	114-5%	68-3%	59-2%
\$50,000 to \$99,999	176-7%	168-7%	154-6%	152-6%	128-5%	120-5%
\$10,000 to \$49,999	1050-41%	1047-41%	1002-40%	1024-40%	871-34%	832-33%
\$5,000 to \$9,999	518-21%	521-21%	537-21%	527-21%	551-22%	558-22%
\$0 to \$4,999	658-26%	664-26%	730-29%	715-28%	914-36%	963-38%

Since 1986 over \$906 million in VFRA state aid has been distributed by the Department of the Auditor General.

VFRA State Aid History 1986-2006:

YEAR	STATE AID	\$ CHANGE	% CHANGE
1986	\$ 23,258,889	\$ -	
1987	\$ 28,499,637	\$ 5,240,748	22.5%
1988	\$ 30,760,381	\$ 2,260,744	7.9%
1989	\$ 34,091,543	\$ 3,331,162	10.8%
1990	\$ 36,314,519	\$ 2,222,976	6.5%
1991	\$ 38,105,847	\$ 1,791,328	4.9%
1992	\$ 38,170,378	\$ 64,531	0.2%
1993	\$ 38,809,305	\$ 638,927	1.7%
1994	\$ 39,975,711	\$ 1,166,406	3.0%
1995	\$ 42,414,083	\$ 2,438,372	6.1%
1996	\$ 42,693,767	\$ 279,684	0.7%
1997	\$ 42,521,217	\$ (172,550)	-0.4%
1998	\$ 41,867,627	\$ (653,590)	-1.5%
1999	\$ 41,955,395	\$ 87,768	0.2%
2000	\$ 42,500,642	\$ 545,247	1.3%
2001	\$ 45,327,252	\$ 2,826,610	6.7%
2002	\$ 50,496,553	\$ 5,169,301	11.4%
2003	\$ 58,994,584	\$ 8,498,031	16.8%
2004	\$ 58,301,923	\$ (692,661)	-1.2%
2005	\$ 65,351,646	\$ 6,357,062	10.8%
2006	\$ 66,340,365	\$ 988,719	1.7%
TOTAL	\$ 906,751,264		

MANAGEMENT GUIDELINES MANUAL/RELIEF ASSOCIATION WORKSHOPS:

The Management Guidelines manual provides volunteer firefighters with guidance in administering their relief associations. The original manual was published in 1980. The 2006 edition of the manual was released in April.

The Management Guidelines manual contains minimum record-keeping procedures and VFRA administrative requirements. It answers most questions firefighters have regarding the relief associations.

The Department of the Auditor General has instructed over 250 informational workshops for VFRA officers and members. They are held in the evenings at fire companies in all areas of the state.

The workshops have been well received by the firefighters. They give volunteers an opportunity to receive firsthand instruction on administrative procedures and have questions answered about VFRA related matters.

The workshops also assist the Bureau by instructing officers to maintain adequate financial records that can be audited more expeditiously.