

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-1285/2	Introduction Number SB-203	
Description Requiring the payment of health insurance premiums, and establishing a loan program, for survivors of a law enforcement officer, emergency medical technician, or fire fighter who dies, or has died, in the line of duty and making appropriations		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
Agency/Prepared By DOR/ Daniel Huegel (608) 266-5705	Authorized Signature John Koskinen (608) 267-8973	Date 6/20/2013

Fiscal Estimate Narratives

DOR 6/20/2013

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Assumptions Used in Arriving at Fiscal Estimate

CURRENT LAW

Under current law, if a municipality (town, village, or city) provides health insurance for its employees who are fire fighters, the municipality must continue to provide and pay for health insurance for the surviving spouse and dependent children of any fire fighter who dies or has died in the line of duty. Surviving spouse coverage must continue the earlier of the spouse reaching the age of 65 or upon remarriage. Dependent children coverage must continue until the child reaches the age of 18 (and is not a full-time high school student) or the age of 26 (if enrolled in an accredited college or university). The cost of the health insurance benefits for the surviving spouse and dependents is paid by the local government that employed the fire fighter.

PROPOSED LAW

The bill makes several changes to current law.

(1) The health insurance benefits currently provided to the surviving spouse and dependents of a fire fighter who dies or has died in the line of duty are extended to include the surviving spouse and dependents of a law enforcement officer or emergency medical technician who dies or has died in the line of duty.

(2) As long as these benefits were not required to be paid as a benefit under an employment-related agreement, a municipality which provides this coverage to a surviving spouse and dependents could apply to the Department of Administration (DOA) for reimbursement of the cost of providing this coverage. The DOA would be required to pay these premiums, but only after any sick leave credits that may be used for the purchase of health insurance have been exhausted. Funding for DOA's payments would come from the county and municipal aid appropriation. Any reduction in funding for county and municipal aid payments would be prorated across all county and municipal aid recipients.

(3) The DOA would be required to establish a loan program for surviving spouses of law enforcement officers and fire fighters who have died in the line of duty. Loans under the program would equal the salary that would have been paid to the law enforcement officer or fire fighter if he or she had not died in the line of duty. Any loan under the program must be secured by the proceeds of any life insurance policy that covered the deceased law enforcement officer or fire fighter. Funding for the loans would come from the county and municipal aid appropriation. Any reduction in funding for county and municipal aid payments would be prorated across all county and municipal aid recipients. Repayments of the loans would be credited to the general fund as "general purpose revenue-earned".

With respect to the payment of health insurance premiums, the bill applies retroactively to any law enforcement officer, emergency medical technician, or fire fighter who has died in the line of duty.

FISCAL EFFECT

Based on information from the Wisconsin Department of Employee Trust Funds, for those local governments that participate in the Wisconsin Public Employers Group health insurance program, the annual health insurance for families in 2012 ranges from \$17,300 to \$34,400, depending on the health care plan provided and the where the covered persons live. Insurance premium costs for local governments that do not participate in this program are not available, but are assumed to be comparable.

The Department of Revenue (DOR) does not have information that would permit it to identify which

municipalities provide health insurance coverage to their law enforcement officers, emergency medical technicians, or fire fighters. The DOR also does not have information on the number of surviving spouses and dependent children that would qualify for benefits under the bill. However, for purposes of illustrating the potential cost of the bill, it is assumed that 50 surviving spouses and their families would qualify benefits under the bill. The total cost would range from \$865,000 ($\$17,300 \times 50$) to \$1,720,000 ($\$34,400 \times 50$). As surviving spouses attain the age of 65 or remarry, and as additional surviving spouses and dependents qualify for benefits, the number of beneficiaries is expected to remain about equal to the number that currently qualify. Thus, annual costs, except for changes in health care premiums, are expected to remain near current levels.

Local governments would be permitted to apply to the DOA for reimbursement of their costs under the bill, and these costs would be funded by a prorated reduction in county and municipal aid payments to all recipients of such funds. For payments in 2013, the total county and municipal aid payment (excluding utility shared revenues and expenditure restraint payments) was about \$753.1 million. Thus, if the bill had been in effect for 2013, the reduction in county and municipal aid payments would have ranged from 0.11% ($865,000 / 753,100,000$) to 0.23% ($1,720,000 / 753,100,000$).

With respect to the loans that could be provided under the bill, the DOR is unable to estimate the amount of such loans that might be made. It should be noted that any such loans would be funded by reducing payments under the county and municipal aid program, and that loan repayments would be paid to the general fund. Thus, any loans that are made would in larger decreases in county and municipal aid payments than those noted in the preceding paragraph.

ADMINISTRATIVE COST

The DOR will incur costs related to calculating the reductions in county and municipal aid payments required under the bill. These costs can be absorbed in current budgetary resources.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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Description Requiring the payment of health insurance premiums, and establishing a loan program, for survivors of a law enforcement officer, emergency medical technician, or fire fighter who dies, or has died, in the line of duty and making appropriations			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$see text of fiscal note
NET CHANGE IN REVENUE		\$	\$see text of fiscal note
Agency/Prepared By		Authorized Signature	
DOR/ Daniel Huegel (608) 266-5705		John Koskinen (608) 267-8973	
		Date	
		6/20/2013	