

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -2367/1

INTRODUCTION # AB 187

Admin. Rule #

Subject

Establishes a service award program for volunteer fire fighters and EMTs and creates a volunteer fire fighter and EMT service award board.

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

s. 20.515 (2)(a)

Assumptions Used in Arriving at Fiscal Estimate:

The bill requires that a volunteer fire fighter and emergency medical technician (EMT) service award board (Board) be created to establish a volunteer fire fighter and EMT service award program as a tax-deferred benefit under federal income tax code regulations. The bill attaches the board to the Department of Employee Trust Funds and requires the board to contract with an independent contractor to provide administrative and investment services for the program.

The Board is authorized to charge the service award trust fund for the general program operations of the costs of the program. The attachment of the Board to DETF implies some degree of oversight and staffing service. However, no mechanism exists in the proposed legislation to transfer funds to DETF to cover any expenses it incurs for general program operations of the Board. Proposed section 40.03(10) (g) also states that the Board shall accept timely appeals of determinations made by the department. Therefore, DETF would review the administrative contractor's decision and issue a determination. Any party affected by the DETF determination could appeal to the Board. DETF would incur costs associated with providing legal services for appeals and the review of administrative rules for the program. It is estimated the new program would generate 25 appeals per year at a cost of \$4,200 per appeal (based upon hours for DETF paralegal and attorney services, hearing examiner services and court reporter costs) or \$105,000 per year. This workload would require .50 FTE paralegal and .35 FTE attorney position.

(Continued on Page 2)

Long-Range Fiscal Implications:

On-going.

Prepared By: / Phone # / Agency Name
 Department of Employee Trust Funds
 Pamela Henning 267-2929

Authorized Signature / Telephone No.

David Hinrichs 266-3763

Date

3/16/99

The bill implies that DETF would staff the Board and provide administrative oversight of all contract services (administrative, investment and actuarial). DETF would also be responsible for disbursing the GPR match to the investment provider, making administrative payments to the contractors and for financial reporting of the new program. DETF is required to promulgate administrative rules by February 1, 2001 to establish the award program and provide all start-up costs of the program. Based upon the assumptions that three contracts would be necessary for the program with a competitive bidding process initiated for each: administrative services, investment management, and actuarial services and the Board would meet at least quarterly with more frequent meetings during the first year to establish the program and award structure, DETF estimates the following:

- 1.0 FTE Employee Benefit Plan Policy Advisor-Entry to provide contract oversight, prepare administrative rules and work with IRS on tax-deferred status of program. This position would be responsible for preparing all materials for the Board (\$44,400 salary and fringe per year; \$1,200 on-going supplies; \$8,500 one-time costs for supplies/computer).
- .25 FTE Program Assistant (Board Coordinator) to prepare Board agenda, minutes, mailing materials, appeals, etc. and act as clerical support staff to Board and EBPPA (\$7,600 salary and fringe per year; \$1,200 on-going supplies; \$8,500 one-time costs for supplies/computer).
- \$50,000 one-time cost for administrative expenses such as meeting rooms, Request for Proposals, board materials, postage and supplies. \$3,500 on-going cost for quarterly board meetings.
- \$20,000 one-time cost for federal tax counsel to assist in the development of a plan document and request for ruling from IRS on compliance with federal tax laws.
- \$30,000 one-time cost for consultant services to develop and evaluate the initial competitive bidding process to select contractors for administration, investment management and actuarial services.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # - 2367/1

Admin. Rule #

INTRODUCTION # AB 187

Subject

Establishes a service award program for volunteer fire fighters and EMTs and creates a volunteer fire fighter and EMT service award board attached to the Department of Employee Trust Funds

- I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**
 \$ 117,000 GPR one-time costs

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations – Salaries and Fringes	\$ 162,900	\$ -
(FTE Position Changes)	(2.10 FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 162,900	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 162,900	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
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

STATE

LOCAL

NET CHANGE IN COSTS \$ 162,900
 NET CHANGE IN REVENUES \$

\$
 \$

Prepared By: / Phone # / Agency Name Department of Employee Trust Funds Pamela Henning 267-2929	Authorized Signature/Telephone No. <i>David Henning</i> 266-3763	Date 3/16/99
---	---	-----------------