



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #136

Volunteer Firefighter Service Award Program (DOA -- General Agency Provisions)

CURRENT LAW

A Volunteer Firefighter and EMT Service Award Board is attached to the Department of Administration (DOA). Any city, village or town that operates or contracts with a volunteer fire department or authorizes volunteer EMT services may participate in a service award program for such volunteers. These municipalities may contribute whatever amount they wish to a third-party administrator to maintain an account on behalf of the volunteer. The state Volunteer Firefighter and EMT Service Award Board will provide an initial maximum state match to the municipal contributions of up to \$250 per individual account per year. Upon meeting certain age and vesting requirements, the volunteer firefighter or EMT may withdraw the accumulated service award amounts, plus investment returns, at retirement. The state match is subject to an annual inflation adjustment, commencing in the 2002-03 fiscal year. A sum sufficient appropriation, estimated at \$600,000 GPR annually, funds awards under the program. This sum sufficient appropriation is subject to a statutory annual expenditure cap of \$2,000,000 GPR.

GOVERNOR

Continue base level expenditure estimates of \$600,000 GPR annually for the state match requirement for volunteer firefighter and EMT service awards.

DISCUSSION POINTS

1. Based on the most current information from the Department of Commerce, through March 31, 2001, there were 724 volunteer fire departments. The Department estimates that these volunteer fire departments have 22,100 members. In addition, the Department of Health and Family

Services licenses EMT personnel and reports that currently there are 3,372 volunteer EMTs.

2. When 1999 Wisconsin Act 105 was enacted, establishing the service award program for volunteer firefighters and EMT's, the sum sufficient service award appropriation was estimated at \$600,000 GPR annually on the assumption that initially as many as 10% of the state's volunteer firefighters and volunteer EMT's would be successful in securing annual municipal contributions towards which a state matching grant would be provided.

3. The Volunteer Firefighter and EMT Service Award Board was not appointed until January of this year. At this writing, the Board has neither established eligibility rules for participation under the program nor selected a third-party administrator to manage the service awards accounts and investments. Consequently, it is not expected that any GPR-funded service award state match payments will be made during the current fiscal year.

4. This office conducted a random survey of state volunteer fire departments in an attempt to gauge the current level of knowledge about and interest in participating in the program and to assess the likelihood that municipal contributions would be forthcoming.

5. It appears that only a few of the volunteer fire departments have actually been successful in obtaining a commitment of municipal funding support in calendar year 2001 for the locally required contribution that is a prerequisite for state matching funds. These initial state matching payments are likely to be paid during the first part of the 2001-02 fiscal year.

6. Volunteer fire departments cited the fact that many serve multiple municipalities, which makes it difficult to obtain the proper funding commitments from all localities. In addition, current expenditure restraints on municipalities make it difficult for many of them to commit new funding to a volunteer firefighter and volunteer EMT service award program at this time. Consequently, there is no certainty the degree to which the volunteer fire departments will actually be successful in securing the municipal funding commitment.

7. Slightly more of the fire departments contacted in our survey stated that municipal funding might be more likely in calendar year 2002 or 2003. Based on these general findings, it would appear reasonable that participation under the program would not likely exceed 7% of the membership of all volunteer fire departments (an estimated 1,780 individuals) in 2001-02 but could approach 10% of the membership of all volunteer fire departments (an estimated 2,547 individuals) by 2002-03.

8. Under this scenario, the Committee could reduce the current base level estimate of \$600,000 GPR provided for the state's service award match by -\$155,000 GPR in 2001-02 and increase the amount by \$53,900 GPR in 2002-03. The 2002-03 reestimate also includes a projected inflationary adjustment of 2.7%, which would apply to the amount of the state match in that fiscal year.

ALTERNATIVES

1. Reestimate the volunteer firefighter and EMT service award state matching funds sum sufficient appropriation by -\$155,000 GPR in 2001-02 and \$53,900 GPR in 2002-03 to reflect revised estimates of participation in the program.

<u>Alternative 1</u>	<u>GPR</u>
2001-03 FUNDING (Change to Base)	- \$101,100

2. Take no action.

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