



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #580

Fire Incident Reporting System and Fire Dues Reestimate (DSPS -- Buildings and Environmental Regulation)

[LFB 2013-15 Budget Summary: Page 427, #5]

CURRENT LAW

Any insurer doing fire insurance business in the state must pay fire department dues equal to 2% of the amount of all Wisconsin based premiums paid to the company for insurance against loss by fire, including insurance on property exempt from taxation. The revenues are used for DSPS administration of fire prevention and fire protection programs, Wisconsin Technical College System (WTCS) fire fighter training programs and administration of fire fighter training programs, and the DSPS-administered fire dues program. The fire dues program distributes the portion of fire dues revenues not spent on the DSPS administrative appropriation and the WTCS programs to each city, village or town maintaining a local fire department that complies with state law. Fire dues payments may only be used for eligible activities related to operation of a fire department. DSPS distributes a proportionate share of the fire dues revenues based on the equalized valuation of real property improvements on land within the qualifying towns, villages and cities. In 2011-12, DSPS distributed fire dues totaling \$16,098,600, and, in 2012-13, will distribute approximately \$15.9 million. DSPS is authorized base funding of \$603,900 PR and 5.5 PR positions for administration of fire prevention and fire protection programs.

Under 2007 Act 75, effective March, 2008, each city, village, and town fire department is required to file a report for each fire that involves a building, and that occurs within the boundaries of the municipality, with the U.S. Fire Administration for inclusion in the National Fire Incident Reporting System (NFIRS), within 60 days after the fire. The U.S. Fire Administration is an entity of the U.S. Department of Homeland Security's Federal Emergency Management Agency. Municipalities are required to include all of the following information in the report: (a) the age of the building; (b) the use of the building; (c) if the building was a residence, whether it was a single-family dwelling, multifamily dwelling, or mixed-use building;

(d) if a multifamily dwelling, the number of dwelling units; (e) whether the building had an automatic fire sprinkler system or fire alarm system at the time of the fire, and whether the systems were operational; (f) the cause of the fire; (g) an estimate of the amount of damages to the building due to the fire; (h) the number of human deaths and injuries due to the fire; and (i) any other relevant information concerning the building, as determined by the fire department. DSPS is authorized to review, correct, and update any report filed by a fire department.

GOVERNOR

Provide \$180,000 PR annually to the fire prevention and fire dues administrative appropriation to contract for statewide services related to the National Fire Incident Reporting System (NFIRS). The private vendor would provide software, technical assistance, and training to local fire departments to help them meet their statutory requirement to report every fire involving a building to the U.S. Fire Administration for inclusion in the NFIRS.

Maintain the base level estimate of \$15,400,000 PR annually for fire dues distribution.

DISCUSSION POINTS

1. Insurers pay the fire dues to the Office of the Commissioner of Insurance (OCI). OCI transfers the fire dues revenues to DSPS in April of each year. DSPS is required to calculate, by May 1 of each year, the proper amount of fire dues to be paid to each qualifying city, village or town. DSPS calculates this by adding unexpended funds from the prior year to the fire department dues revenues reported by OCI. Then DSPS subtracts the appropriated amounts for the DSPS administrative appropriation and the two WTCS fire fighter training appropriations. Finally, DSPS withholds 0.5% of the remaining fire dues funds. The resulting amount is distributed to municipalities. The 0.5% of withheld fire dues is distributed in the following year if needed to correct errors of DSPS or OCI, or to correct payments to municipalities, or, if not needed for those purposes, is distributed in the regular distribution in the subsequent year.

2. The table shows the actual expenditures for each appropriation from fire dues revenue in 2011-12, estimated fire dues revenues and expenditures in 2012-13 under current law, and estimated revenues and expenditures in 2013-14 and 2014-15 under the bill. The amount of fire dues revenue in 2012-13, is approximately \$245,000 less than in 2011-12 because of an adjustment made by OCI to correct reporting errors by insurers in the prior year.

3. While the Chapter 20 appropriations schedule would include \$15,400,000 for the DSPS fire dues distribution in 2013-14 and 2014-15, estimated expenditures are shown in the table. The appropriation for fire dues distribution to local fire departments is a continuing appropriation and is generally reestimated in the budget to include the amount expected to be available for distribution each year. Based on the estimates of available fire dues revenue, approximately \$16,070,000 will be available in 2013-14 for distribution to local governments with eligible fire departments, and \$16,340,000 will be available in 2014-15 (Alternative 2).

Fire Dues Revenues, Appropriations and Estimated Expenditures Under AB 40

	2011-12 <u>Actual</u>	2012-13 <u>Estimated</u>	2013-14 <u>AB 40</u>	2014-15 <u>AB 40</u>
Fire Dues Revenue	\$17,675,700	\$17,434,600	\$17,870,000	\$18,140,000
<u>Appropriations</u>				
DSPS fire prevention and fire dues administration	\$540,500	\$608,900	\$785,900	\$786,500
WTCS fire schools administration	406,200	406,200	413,900	414,800
WTCS fire schools training local assistance	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Subtotal	\$1,546,700	\$1,615,100	\$1,799,800	\$1,801,300
Amount available for DSPS fire dues distribution	<u>\$16,098,600</u>	<u>\$15,889,100</u>	<u>\$16,070,000</u>	<u>\$16,340,000</u>
Total Expenditures *	\$17,645,300	\$17,504,200	\$17,869,800	\$18,141,300
Chapter 20 Fire dues distribution			\$15,400,000	\$15,400,000
Difference (Estimated distribution less Chapter 20)			\$670,000	\$940,000

*Total expenditures may differ from revenue because of carryover from prior years.

4. DSPS uses the administrative appropriation for activities such as: (a) conducting annual training sessions for local fire inspectors; (b) providing onsite consultations and technical assistance to fire department officials and inspectors related to fire prevention and fire safety elements of the state building and fire prevention codes; (c) administering code provisions related to fire prevention; (d) determining eligibility of municipalities to receive fire dues distribution; (e) calculating payments of fire dues; (f) verifying compliance of municipalities with the fire dues program criteria; (g) maintaining a database of fire incident reporting records of all fires occurring in the state; (h) training local fire departments how to report fire incidents; and (i) providing information related to fire safety. The 5.5 DSPS positions include: (a) 4.0 fire prevention coordinators whose duties include to audit municipalities for fire dues grant eligibility, assist municipalities and local fire departments to meet state requirements, and provide technical support, onsite consultations, and training regarding fire prevention; and (b) 1.5 program support positions who are responsible for entering fire prevention data into databases, providing information related to fire prevention programs, and managing the fire incident reporting and self-certification activities of the fire prevention program.

5. State administrative rules have required municipal fire departments to submit fire incident reports to the NFIRS since 1989. Reporting requirements have varied from monthly, to quarterly, to annually, and used to allow submittal of written reports. In 2007 Act 75, s. 101.141 of the statutes was amended to specifically require fire departments to submit the information described above, and to submit the report within 60 days after the fire incident.

6. DSPS administrative rules have required fire departments to submit reports electronically to the NFIRS since 2008. DSPS indicates that local fire departments currently have the option of downloading free software offered by the U.S. Fire Administration to assist in reporting fires, or purchasing software from vendors.

7. DSPS indicates that in 2011, 618 (72%) of 855 municipal fire departments reported 184,655 incidents to the NFIRS, of which 14,950 were fire incidents. DSPS does not have a specific schedule for reviewing local fire department incident reports, but staff review reports as time is available or when assisting fire departments with NFIRS reports. While the statutes allow DSPS to review, correct, and update reports filed by fire departments, administrative rule requires DSPS to obtain the permission from the local fire chief before correcting a report. DSPS assists local fire departments in making the changes themselves. Compliance with the reporting requirement is not a prerequisite for local fire departments to receive fire dues distribution payments.

8. DSPS currently utilizes approximately 60% of the time of a 0.5 program associate to provide technical assistance to local fire departments (via email, telephone, or in person) on how to establish accounts on the NFIRS web-based system, and reactivate user accounts, and to provide training sessions to fire departments. The time of the staff person currently spent on assisting fire departments with the NFIRS would be reallocated, under the bill, to provide program support to DSPS fire prevention coordinators and fire dues administration.

9. DSPS staff provided 45 training sessions on the NFIRS for local fire departments in August, 2012, through March, 2013, which were attended by a total of 598 people from 203 local fire departments. These sessions include three hours of overview presentation, hands-on examples, and time for questions.

10. DOA and DSPS officials indicate the private contractor hired under the bill would provide services to the 855 municipal fire departments in the state on how to report fires in the NFIRS web-based reporting system. The contractor would provide ongoing training, technology assistance, software to access the NFIRS, and assistance to fire departments to increase the timeliness and accuracy of data reported to the NFIRS. The \$180,000 of annual funding was developed by DSPS staff who researched costs in neighboring states. DSPS also indicates that it is unknown how many fire departments would be trained or assisted per year in each of 2013-14 and 2014-15, and the amount of training performed by the contractor would be determined through the requests for proposal process of selecting a vendor.

11. DOA and DSPS indicate the funding would be provided as ongoing because the need to assist fire departments with reporting to the national system is an ongoing project. In addition, the contractor services would include ongoing provision of software, and ongoing maintenance of the software. DSPS officials indicated that while the Department estimates costs of \$180,000 annually during 2013-15, they estimate approximately \$95,000 each year of the funding would be for the one-time purchase of a software license and information technology. The Committee could provide \$95,000 of the funding as one-time during the 2013-15 biennium and the remaining \$85,000 as ongoing.

12. If the Governor's recommendation is not approved, the \$180,000 would be available for distribution of fire dues revenues to local fire departments. The reestimate of the fire dues distribution appropriation could be increased by \$180,000 annually (Alternative 4). Local fire departments could continue to utilize training offered by DSPS and free software offered by the U.S. Fire Administration, or could purchase software and training services from private vendors.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$180,000 PR annually to the fire prevention and fire dues administrative appropriation to contract for statewide services related to the National Fire Incident Reporting System.

2. Approve the Governor's recommendation. In addition, reestimate the fire dues distribution to local fire departments from \$15,400,000 to \$16,070,000 in 2013-14 and \$16,340,000 in 2014-15.

ALT 2	Change to Bill Funding
PR	\$1,610,000

3. Approve the Governor's recommendation, and provide \$95,000 of the contract funding on a one-time basis in the 2013-15 biennium (the remaining \$85,000 would be ongoing). In addition, reestimate the fire dues distribution to local fire departments from \$15,400,000 to \$16,070,000 in 2013-14 and \$16,340,000 in 2014-15.

ALT 3	Change to Bill Funding
PR	\$1,610,000

4. Delete the Governor's recommendation (-\$180,000 PR annually). In addition, reestimate the fire dues distribution to local fire departments from \$15,400,000 to \$16,250,000 in 2013-14 and \$16,520,000 in 2014-15.

ALT 4	Change to Bill Funding
PR	\$1,610,000

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