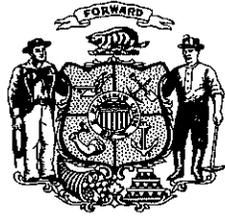


# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: December 23, 2019

Re: DOA Report to JFC

Attached is a report on the service award program from the Department of Administration, pursuant to s. 16.25(6), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor  
Joel Brennan, Secretary  
Dawn Vick, Division Administrator

December 19, 2019

Senator Alberta Darling, Co-Chair  
Joint Committee on Finance  
Room 317 East, State Capitol  
Madison, WI 53703

DEC 23 2019  
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Representative John Nygren, Co-Chair  
Joint Committee on Finance  
Room 309 East, State Capitol  
Madison, WI 53703

Dear Senator Darling and Representative Nygren:

This letter serves as a report to the Joint Committee on Finance on the Service Award Program administered by the Department of Administration, as required by s. 16.25 (6), Wis. Stats.

The State of Wisconsin created the Service Award Program (Program), formerly called the Length of Service Award Program, under 1999 Wisconsin Act 105. The Program establishes by rule a tax-deferred benefit program for volunteer fire fighters, emergency medical technicians, and first responders, the intent of which is to assist municipalities in recruiting and retaining volunteers.

This annual reporting period represents the second period during which program participants were eligible for a two-to-one state match to municipal contribution rate up to the maximum state match rate authorized by 2017 Wisconsin Act 59 and subject to the statutory maximum of \$2,500,000, as specified under s. 20.505 (4)(er). If the contributions required for the participants exceed the statutory maximum prescribed under s. 20.505(4) (er), the Department is required to prorate state match payments.

In addition, 2017 Wisconsin Act 59 provided a one-time increase of the maximum state match rate at the time of \$343.77 to \$390.00 (a 13.5% increase) with the continued annual CPI adjustment, and a reduction in service years required for a participant to be fully vested in the program in order to receive a full contribution. It also provided for a reduction in service years and years-of-age required for partially vested contributions.

The maximum state match rate for the 2018 service year was \$398 per participant, up from \$390 for the 2017 service year. The state match for the 2019 service year will be \$405.60 based on a CPI adjustment of 1.91% at a \$2 state match for every \$1 municipal dollar contributed.

December 19, 2019

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For service year 2018, the Program matched \$2,733,998.56 in municipal contributions with \$2,500,000.00 of state funds. This consists of awards to 6,603 individual volunteer firefighters and emergency medical service personnel from 255 participating departments.

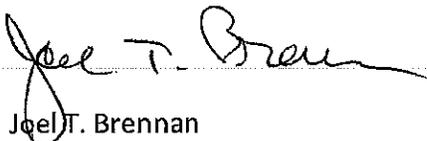
Of the three vendors engaged in the administration of the Program during service year 2018, Glaetfelter-VFIS-Horton received in full its requested state match amount of \$1,733,152.38. Following the April 2019 payment to Glaetfelter-VFIS-Horton, the Department received invoices from the remaining two vendors, Penflex and RBC/BPAS, and became aware that the total state match requested exceeded the statutory maximum of \$2,500,000 by \$45,711.63. Proration was applied to Penflex and RBC/BPAS 2018 service year payments, resulting in a reduction to contributions equal to the amount in excess of the statutory maximum.

2019 Senate Bill 556, which has been introduced and heard at the Senate Committee on Labor and Regulatory Reform, would increase the statutory maximum limit by \$305,700 to \$2,805,700 in FY 2019-20, and by \$400,000 to \$2,900,000 in FY 2020-21, to accommodate increased state match payments in order to avoid a reduction in the state contribution to participants, as otherwise required through proration. The proposed legislation would also include an amount for Program Year 2018 of \$45,700 for the purpose of providing additional state match payment amounts to program participants who received a prorated state match amount for program year 2018, paid with FY 2018-19 expenditure authority.

There are currently four vendors providing administrative services and investment plans under the Program. The vendors were selected in accordance with purchasing requirements specified in Wisconsin Statutes.

If you have any questions regarding the Service Award Program, please feel free to contact my office.

Sincerely,



Joel T. Brennan  
Secretary