



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #118

### **Transfer Volunteer Firefighter Service Award Program to the Department of Commerce (DOA – Transfers from the Department to Other Agencies)**

[LFB 2003-05 Budget Summary: Page 38, #3]

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#### **CURRENT LAW**

The Volunteer Firefighter and Emergency Medical Technician (EMT) Service Award Board (Board) is attached to the Department of Administration (DOA). The Board administers a service awards program that provides a cash benefit for volunteer firefighters and EMTs who have at least 10 years of service at retirement or who are killed in the line of duty. The Board contracts with qualified private individuals or organizations to provide investment plans and administrative services to municipalities that choose to participate in the service award program.

Any municipality that operates a volunteer fire department or contracts with a volunteer fire company and any municipality that authorizes volunteer EMTs to provide services are eligible to participate under the program. Municipalities contribute annual amounts toward the benefits directly to the plan provider, and the Board must match all such municipal contributions for current service, up to a maximum of \$257 per year per volunteer fire fighter or EMT. The amount of the state's contribution is subject to an annual adjustment for inflation.

The state's contribution is funded from a GPR sum sufficient appropriation that is subject to a statutory annual expenditure cap of \$2,000,000 GPR. State contribution amounts would be prorated, if the \$2,000,000 annual expenditure limit were exceeded. Annual base level expenditures under this appropriation are estimated at \$653,900 GPR. The Board's administrative costs are supported by a general program operations appropriation with base level funding of \$20,300 GPR annually. Staff support for the Board is provided by DOA's Division of Housing and Intergovernmental Relations.

## **GOVERNOR**

Transfer the Board, the administrative responsibilities for the service award program and funding of \$674,200 GPR annually (\$653,900 GPR for awards and \$20,300 GPR for program support) to the Department of Commerce. The transfer would be effective 30 days after the publication of the bill.

Replace the Secretary of DOA with the Secretary of Commerce on the Volunteer Firefighter and EMT Service Award Board.

## **DISCUSSION POINTS**

1. Currently, the Board has no authorized staff. The existing administrative appropriation of \$20,300 GPR annually provides LTE support associated with Board operations (\$5,400 GPR annually) and Board meeting expenses and DOA overhead charges (\$14,900 GPR). Currently, the LTE staff support is provided by temporary staff attached to the Division of Housing and Intergovernmental Relations, which would be transferred to the Department of Commerce under the bill.

2. The program is being transferred to Commerce to some extent because current LTE staff for the Board is part of the housing function that is being transferred from DOA. Temporary staff that had previously worked on mobile home regulation (a function that was also transferred to Commerce as part of 2001 Wisconsin Act 16) was reassigned to the Board. If this had not been the case, it is not clear that the Board would necessarily been proposed for transfer. Further, it could be argued that the Board is essentially an intergovernmental relations program. Consequently, the Board could equally well be staffed under the intergovernmental relations function that would remain in DOA and not be made subject to transfer to Commerce. Accordingly, the Committee could choose to retain the Board and associated appropriations under DOA.

3. However, one compelling rationale for the transfer of the Board to Commerce is that Commerce currently administers a fire department safety and health program and distributes annual fire dues payments to qualifying permanently staffed and volunteer fire departments. This Commerce unit, located in the agency's Environmental and Regulatory Services Division, has ongoing contact with fire departments in the state, including approximately 720 volunteer fire departments. This familiarity, and the fact that some fire departments already use a portion of their fire dues distributions to support firefighters pension and disability funds, suggests that the transfer would be desirable from the standpoint of merging the current DOA function with a comparable one under Commerce. The Committee could, therefore, approve the proposed transfer.

4. Whether or not the Committee chooses to transfer the program, it might also wish to consider whether the annual inflation adjustment applied to the amount of the state match should be retained or not. Currently, the annual amount of the state match is subject to an annual adjustment to reflect any changes during the preceding year in the federal Consumer Price Index (U. S. city average for all urban consumers). When the program was initiated, the annual state match was

\$250. Effective with 2003 grant payments, the state match was adjusted by the prior year's rate of inflation (2.8%) to \$257.

5. Given the state's scarce GPR resources and the fact that the current state award is funded from a sum sufficient appropriation (subject to an overall annual expenditure cap of \$2,000,000), the Committee could conclude that it would be desirable to eliminate the inflation adjustment provision. It could be argued that this action would be desirable in order to maximize the use of available state funds to pay as many matching grants as possible. Further, it is doubtful that the additional state amounts provided by the inflation adjustment provide any kind of meaningful incentive for additional volunteer fire departments to participate in the program. For these reasons, the Committee could choose to eliminate the annual inflation adjustment applied to the state's share and freeze the state's contribution rate at the current \$257 annually per volunteer firefighter or EMT.

6. However, it can also be argued that many municipalities that contract for volunteer firefighter and EMT protection have limited available resources with which to fund the municipalities' share of the award program costs. Consequently, the state's inflation-adjusted contribution amount is an important consideration in providing a meaningful award program for local volunteer protectives. For these reasons, the Committee could choose to retain the current law inflation adjustment provision.

## **ALTERNATIVES**

1. Approve the Governor's recommendation to transfer the Volunteer Firefighter and Emergency Medical Technician Service Award Board and funding of \$674,200 GPR annually to the Department of Commerce and to replace the Secretary of DOA with the Secretary of Commerce on the Board

2. Delete provision transferring the Board and making Board membership changes.

3. *In addition to Alternatives 1 or 2*, delete the current law requirement that the Board annually adjust the amount of the state's match to reflect prior year changes in the federal Consumer Price Index (U. S. city average for all urban consumers) and establish the state's service award payment at \$257 annually.

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