

## Clearinghouse Rule 18-011

### ORDER of the DEPARTMENT OF ADMINISTRATION

The Wisconsin Department of Administration proposes an order to repeal Wis. Admin. Code §§ Adm 95.03 (6m) and (16) and 95.07 (1) (c); to amend §§ Adm 95.01, 95.02, 95.03 (5), (14), and (20), 95.04 (1), (2) (Note), (3), (4), (5) (a), and (5) (b), 95.05 (2) (a), 95.07 (1) (a), (1) (b), (2) (b), (2) (c), and (3), 95.08 (1), 95.09 (2) (b) and (3) (c), and 95.10 (2); to repeal and recreate § Adm 95.07 (2) (a); and to create §§ 95.03 (4s) and (5m); relating to the Service Award Program.

### Rule Analysis prepared by the Department of Administration

#### 1. Citations to statutes interpreted:

Section 16.25, Wis. Stats.

#### 2. Citations to statutory authority:

Sections 16.25 (2), (3) (g) - (i), and 227.11 (2) (a), Wis. Stats.

#### 3. Explanation of the agency's statutory authority to promulgate the rule under the statutes cited:

Section 227.11 (2) (a), Wis. Stats., expressly grants authority to the Department to “promulgate rules interpreting the provisions of any statute enforced or administered by the agency, if the agency considers it necessary to effectuate the purpose of the statute, and s. 16.25 (2), Stats., charges the Department with administering the Service Award Program. The proposed rule interprets the provisions of s. 16.25, Stats., and is necessary to effectuate the purpose of s. 16.25 as amended by 2017 Wisconsin Acts 12 and 59.

Section 16.25 (3) (g) - (i), Wis. Stats., contain provisions specifically charging the Department to promulgate rules implementing the requirements of those paragraphs, including determining the manner of payment and the amounts to be paid to certain volunteers under the program. The proposed rule implements these statutory directives.

#### 4. Related statutes or rules:

Section 16.25, Wis. Stats. governs the Service Award Program.

Chapter Adm 95, Wis. Admin. Code, sets forth the Department's rules governing the Program.

Section 20.505 (4) (er), Stats., provides a sum sufficient appropriation for state matching funds to be paid under s. 16.25 (3) (d), Stats., not to exceed \$2,500,000 in a fiscal year.

## **5. Brief plain language summary of the proposed rule:**

**Sections 1 through 10 and Section 19** of the proposed rule relate to updating the terminology for certain emergency medical personnel consistent with 2017 Wisconsin Act 12. The proposed rule implements Act 12 by replacing “first responder” with “emergency medical responder” and replacing “emergency medical technician” with “emergency medical services practitioner,” throughout Ch. Adm 95. Also, the definitions in s. Adm 95.03 for “emergency medical responder” and “emergency medical services practitioner” now point directly to the statutory definitions of those terms in s. 16.25 (1) (am) and (at), Stats.

**Section 10** of the proposed rule updates the contact information in s. Adm 95.04 (2) (Note) to reflect the location of the Service Award Program in the Department’s Division of Intergovernmental Relations.

**Section 11** of the proposed rule updates s. Adm 95.05 (2) (a) to update the requirements for the state match to incorporate the new requirements of s. 16.25 (3) (d) 1., Stats., as amended by 2017 Wisconsin Act 59. The proposed rule also updates s. Adm 95.05 (2) (a) to recognize the potential for proration under s. 16.25 (3) (d) 2., Stats.

**Section 12** of the proposed rule updates s. Adm 95.07 (1) to reflect the new 15-years-of service threshold for a volunteer to be fully vested. The proposed rule also clarifies that the volunteer who receives an award under subsection (1) shall receive the “full net asset value” of their account. (“Net Asset Value” is already defined in s. Adm. 95.02 in a manner consistent with what s. 16.25 (3) (g), Stats., authorizes a fully vested volunteer to receive.) The proposed rule also makes editorial changes to use the terminology “elect to receive” instead of “request to receive,” for stylistic consistency with the proposed amendments to s. Adm 95.07 (2), Stats.

**Section 13** of the proposed rule repeals s. Adm 95.07 (1) (c), but as Section 14 reflects, this language is simply being moved to s. Adm 95.07 (3), with the intent that it apply to all length of service awards—both fully and partially vested—not just to fully vested awards under s. Adm 95.07 (1).

**Sections 14 and 15** of the proposed rule amend s. Adm 95.07 (2) to establish new provisions for vesting, to implement the portion of s. 16.25 (3) (g), Stats., that delegates to the Department the task of determining the amounts payable to volunteers who are not fully vested because they meet one or both of the following criteria: (1) between the ages of 53 and 60 or (2) between 10 and 15 years of service for credit.

According to s. 16.25 (3) (f), a vesting period of 10 years is the minimum requirement to receive any length of service award. Based on this provision and on the other applicable provisions of s. 16.25 (3) (g), the Department has determined that a volunteer shall be considered partially vested and may elect to receive a partial length of service award after performing a minimum of 10 years of service and reaching age 53. Unless and until a volunteer makes this election, the volunteer is not eligible for a partial length of service award. Alternatively, the volunteer may

elect to receive a full length of service award under sub. (1) after the volunteer has performed 15 years of service and reaches age 60. There is no requirement that a volunteer maintain serving continuously until age 60 in order to become fully vested, provided that the volunteer accumulated at least 15 years of service before discontinuing providing service for credit.

As with the existing rule, the proposed rule calculates the amount payable for a partial length of service award based upon the number of years of service. The new formula adjusts the percentages to reflect the fact that a volunteer can now be fully vested with 15 years of service, rather than 20 years. However, the formula is designed so that a volunteer who has 15 or more years of service but is not yet age 60 may not receive more than 95% of the net asset value of the account. This is required by the statute, which provides that the amount must be less than what is paid to a fully vested volunteer.

**Sections 16 and 17** of the proposed rule implement the statutory change in s. 16.25 (3) (j), Stats., that doubled the length of time—from 6 months to 12 months—that a volunteer may experience a break in serving without the volunteer’s account being closed. Accordingly, the proposed rule inserts “12 months” where “6 months” was previously used in this context.

**Section 18** proposes changes to the first sentence of s. Adm 95.09 (3) (c) to harmonize the language with the vesting provisions in the proposed revisions to s. Adm. 95.07.

Finally, the proposed rule standardizes the terminology throughout Ch. Adm 95 to use the term “service for credit” uniformly, in place of other variations such as “eligible service.” Both “credit” and “service” are specifically defined in s. Adm 95.03 (4) and (14).

In summary, the purpose of the proposed rule is to ensure that Ch. Adm. 95 reflects and implements the statutory changes to s. 16.25, Stats. and effectively carries out the Department’s explicit statutory obligations to administer the program and to promulgate rules implementing the various vesting requirements.

## **6. Summary of, and preliminary comparison with, any existing or proposed federal regulation that is intended to address the activities to be regulated by the proposed rule:**

There are no federal regulations directly regulating the subject matter of the proposed rule, although federal tax regulations do provide special treatment for length of service award programs in section 457 of the Internal Revenue Code, specifically 26 C.F.R. 457 (e) (11) (B). Further, s. 16.25 (2), Wis. Stats., requires the Department to “administer the program so as to treat the length-of-service awards as a tax-deferred benefit under the Internal Revenue Code.”

## **7. Comparison with similar rules in Illinois, Iowa, Michigan, and Minnesota:**

Minnesota has a similar program; however, it allows volunteers to serve as little as 5 years to receive a partial vesting payment starting with 40% up to 20 years and 100%.

Michigan also has a service award program, but there are not specific statutory provisions that govern the program at the state level similar to Wisconsin’s program.

Illinois has a volunteer incentive program; however, it is not similar to those established in Wisconsin, Michigan, or Minnesota.

Legislation to establish a service award program has been introduced to the Iowa legislature several times, but it has not passed.

**8. Summary of the factual data and analytical methodologies that the agency used in support of the proposed rule and how any related findings support the regulatory approach chosen for the proposed rule:**

The Department is proposing this rule to update existing rules and interpretations of existing statutes; therefore, the Department reviewed existing statutes and administrative rules in order to determine the necessary revisions to the administrative rules to implement the legislative directives.

**9. Effect on small business:**

There is no anticipated effect on small business from implementing the proposed rule.

**10. Any analysis and supporting documents used in support of the agency's determination of the rule's effect on small business or in preparation of economic impact report:**

The Department is proposing this rule to update existing rules and interpretations of existing statutes. There is no anticipated economic impact from implementing the proposed rule, other than incidental compliance work on the part of program administrators to update their administration of the program in light of the revised dollar amounts and vesting thresholds.

**11. Email address and telephone number of agency contact person:**

Dawn Vick, Division Administrator  
Division of Intergovernmental Relations  
Department of Administration  
[Dawn.Vick@wisconsin.gov](mailto:Dawn.Vick@wisconsin.gov)  
(608) 266-7043.

**12. Place where comments are to be submitted [and deadline for submission (if known)]:**

Written comments may be submitted at the public hearing, by regular mail, or by email to the contact information listed above.

A public hearing will be held on Tuesday, February 27, 2018 from 2:00 pm to 4:00 pm at the Department of Administration building located at 101 E. Wilson Street, Madison, WI 53703.

Rule comments will be accepted until close of business on Tuesday, February 27, 2018.

## RULE TEXT

**SECTION 1:** Adm 95.01 is amended to read:

**Adm 95.01 Authority.** Sections 16.004 (1) and 16.25 (2), (3), (4) and (5), Stats., and 2015 Wisconsin Act 55, section 9101 (10j) (e), authorize the department to promulgate rules for establishing a length of service award program for volunteer fire fighters, ~~first emergency medical~~ responders, and emergency medical ~~technicians~~ services practitioners.

**SECTION 2:** Adm. 95.02 is amended to read:

**Adm 95.02 Purpose.** The purpose of this chapter is to establish a program for length of service awards to VFF-EMT participants who provide services to municipalities that operate volunteer fire departments or volunteer fire companies, or authorize emergency medical and technical services, and to ~~first emergency medical~~ responders in any municipality that authorizes ~~first emergency medical~~ responders to provide ~~first emergency medical~~ responder services, and to establish qualifications and requirements for private sector individuals and organizations eligible to provide administrative and investment services for length of service award programs.

**SECTION 3:** Adm 95.03 (4s) is created to read:

**Adm 95.03 (4s)** “Emergency medical responder” has the meaning given in s. 16.25 (1) (am), Stats.

**SECTION 4:** Adm 95.03 (5) is amended to read:

**Adm 95.03 (5)** “Emergency medical services” means medical care that is rendered to a sick, disabled, or injured individual based on signs, symptoms, or complaints, prior to the individual's hospitalization or while transporting the individual between health care facilities and that is limited to the use of the knowledge, skills, and techniques received from training required under s. 256.15, Stats., and ch. DHS 110, as a condition for being issued an emergency medical ~~technician~~ services practitioner license.

**SECTION 5:** Adm 95.03 (5m) is created to read:

**Adm 95.03 (5m)** “Emergency medical services practitioner” has the meaning given in s. 16.25 (1) (at), Stats.

**SECTION 6:** Adm 95.03 (6m) is repealed.

**SECTION 7:** Adm 95.03 (14) is amended to read:

**Adm 95.03 (14)** “Service” includes fire fighting services, ~~first emergency medical responder services~~, emergency medical services, or rescue services provided to a participating municipality by a volunteer fire fighter, first responder, or emergency medical technician VFF-EMT.

**SECTION 8:** Adm 95.03 (16) is repealed.

**SECTION 9:** Adm 95.03 (20) is amended to read:

**Adm 95.03 (20)** “VFF-EMT” means a volunteer fire fighter, ~~first volunteer emergency medical responder~~, or volunteer emergency medical technician services practitioner.

**SECTION 10:** Adm 95.04 (1), (2) (Note), (3), (4), and (5) (a) and (b) are amended to read:

**Adm. 95.04 (1)** A municipality that operates a volunteer fire department or that contracts with a volunteer fire company organized under ch. 181 or 213, Stats., that authorizes ~~first emergency medical responders~~ to provide first emergency medical responder services or that authorizes volunteer emergency medical ~~technicians~~ services practitioners to provide emergency medical services, is eligible to become a participating municipality.

**(2) (Note)** To request approval of a form for a resolution or ordinance, contact the ~~Length of Service Award Program, c/o Department of Administration, Office of Legal Counsel~~ Division of Intergovernmental Relations, P.O. Box 7864 ~~8944~~, Madison, Wisconsin ~~53707-7864~~ 53708 or (608) ~~266-7043~~.

**(3)** Each participating municipality shall develop standards for determining the service required of the volunteer fire fighters, first emergency medical responders, and emergency medical ~~technicians~~ services practitioners it sponsors under the program in order to qualify for an annual contribution.

**(4)** Municipalities that jointly operate or contract with a volunteer fire department or a volunteer fire company or that jointly authorize volunteer emergency medical ~~technicians~~ services practitioners, or that jointly authorize first emergency medical responders to provide first emergency medical responder services, may operate as a single participating municipality under the program, and may be required to do so by the program administrator.

**(5) (a)** A VFF-EMT may perform service for credit toward a length of service award to more than one volunteer fire department, volunteer fire company, first emergency medical responder service or entity authorized to provide volunteer emergency medical services.

**(5) (b)** A VFF-EMT may have only one account for each volunteer fire department, volunteer fire company, first emergency medical responder service, or entity authorized to provide volunteer emergency medical services to which the VFF-EMT provides service.

**SECTION 11:** Adm 95.05 (2) (a) is amended to read:

**Adm 95.05 (2) (a)** On a calendar year basis, the department shall ~~match a participating municipality's annual contributions made on behalf of its VFF-EMT participants during that calendar year up to a maximum of \$250 per VFF-EMT, subject to any annual adjustment under sub. (3). The department shall pay all amounts matched under this section s. 16.25 (3) (d) 1., Stats.,~~ directly to the program administrator, up to the maximum appropriated under s. 20.505 (4) (er), Stats., and subject to any proration required under s. 16.25 (3) (d) 2., Stats.

**SECTION 12:** Adm 95.07 (1) (a) and (b) are amended to read:

**Adm 95.07 (1) (a)** A VFF-EMT that has provided ~~20~~ 15 years of service for credit to a participating municipality shall be fully vested and paid a length of service award upon reaching age 60.

**(1) (b)** ~~A fully vested VFF-EMT age 60 or older shall notify notifying the program administrator and the participating municipality of the VFF-EMT's request~~ may elect to receive their length of service award under this subsection by notifying the program administrator and the participating municipality within the time period required by the program administrator or the applicable program. A VFF-EMT receiving an award under this subsection shall receive the full net asset value of their account.

**SECTION 13:** Adm 95.07 (1) (c) is repealed.

**SECTION 14:** Adm 95.07 (2) (a) is repealed and recreated to read:

**Adm 95.07 (2) (a)** A VFF-EMT that has provided a minimum of 10 years of service for credit shall be partially vested and may elect to receive a partial length of service award under this subsection at any time after reaching age 53. A VFF-EMT may elect to receive a length of service award under this subsection by notifying the program administrator and the participating municipality within the time period required by the program administrator or the applicable program. A VFF-EMT who has discontinued performing service for credit after reaching age 53 and performing a minimum of 15 years of service for credit and who has not elected to receive a partial length of service award under this subsection may instead elect to receive their length of service award under sub. (1) upon reaching age 60.

**Section 15:** Adm 95.07 (2) (b), (2) (c), and (3) are amended to read:

**Adm 95.07 (2) (b)** ~~Upon reaching the age of 60, a~~ A VFF-EMT requesting electing to receive their a partial length of service award after performing 10 years, but less than 20, of service for credit under this subsection shall be entitled to receive the award in the next calendar year following the date of the election. The VFF-EMT shall receive 50% of the net asset value of their account at as of the time date of the request election for the first 10 years of service for credit is provided performed. For each year of service for credit more than 10, but less than ~~20~~ 15, performed by the VFF-EMT, ~~five~~ ten percent of the net asset value of the account ~~at as of the date of the request election~~ shall be added. A VFF-EMT who has reached the age of 53 but has not reached the age of 60 and who has 15 or more years of service shall receive 95% of the net asset value of the account as of the date of the election. The amounts not paid to a VFF-EMT

under this subsection shall be forfeited and equally distributed among all other open VFF-EMT accounts sponsored by that municipality at the time of the forfeiture.

(2) (c) A VFF-EMT who has reached age ~~60~~ 53 but is not fully vested may continue to perform service for credit toward a length of service award.

(3) NEW ACCOUNTS. At any time a VFF-EMT receives a length of service award associated with an account, they may discontinue providing ~~eligible service and accruing~~ service for credit under that account, and begin providing eligible service for credit under a new account, but the VFF-EMT shall be paid any subsequent contributions made on the VFF-EMT's behalf by the participating municipality or the department immediately after they are received by the program administrator.

**SECTION 16:** Adm 95.08 (1) is amended to read:

**Adm 95.08 (1) NON-VESTED FORFEITURE.** The account of a VFF-EMT that has performed less than 10 years of service under a program shall be closed if the VFF-EMT ceases to perform ~~creditable~~ service for credit for more than ~~6~~ 12 months in any calendar year, or fails to meet any other program requirement established by the municipality, unless a supervisor has granted the VFF-EMT a leave of absence for that period.

**SECTION 17:** Adm 95.09 (2) (b) is amended to read:

**Adm 95.09 (2) (b)** The VFF-EMT begins performing ~~creditable~~ service for credit for a subsequent participating municipality within ~~6~~ 12 months of ceasing to perform ~~creditable~~ service for credit for the VFF-EMT's former participating municipality.

**SECTION 18:** Adm 95.09 (3) (c) is amended to read:

**Adm 95.09 (3) (c)** Payment of a length of service award may only occur ~~upon reaching~~ after a VFF-EMT has reached age ~~60~~ 53, and must be made under the provisions of either s. Adm 95.07 (1) or (2), as the individual circumstances ~~require permit~~. In order to receive payment of a length of service award from a frozen account, a VFF-EMT shall notify their former program administrator of any service credited by a subsequent program administrator.

**SECTION 19:** Adm 95.10 (2) is amended to read:

**Adm 95.10 (2) DEATH.** If a VFF-EMT dies while actively on the rolls of a volunteer fire department, volunteer fire company, ~~first emergency medical~~ responder service in any municipality that authorizes ~~first emergency medical~~ responders to provide ~~first emergency medical~~ responder services, or an emergency medical service that provides services to a participating municipality under a program, the VFF-EMT's designated beneficiary shall be paid an amount equal to the net asset value of each account held by the VFF-EMT designating that beneficiary. Upon request, the program administrator shall make payment as soon as administratively possible.



**SECTION 20: EFFECTIVE DATE.** This rule shall take effect on the first day of the month following publication in the Wisconsin Administrative Register as provided in s. 227.22 (2) (intro), Stats.

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STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION

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Scott A. Neitzel, Secretary

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Date