



## Fiscal Estimate Narratives

DOR 3/16/2017

|   |                  |                     |                |               |                 |
|---|------------------|---------------------|----------------|---------------|-----------------|
| LRB Number  | <b>17-2141/1</b> | Introduction Number | <b>AB-0150</b> | Estimate Type | <b>Original</b> |
| <b>Description</b><br>Requiring the payment of health insurance premiums, and establishing a loan program, for survivors of a law enforcement officer, emergency medical technician, or fire fighter who dies in the line of duty and making appropriations |                  |                     |                |               |                 |

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, a municipality providing health insurance for fire fighters must continue to pay such premiums for the surviving spouse and dependent children of a fire fighter who dies in the line of duty until the surviving spouse remarries or reaches the age of 65. Surviving children are covered until age 18, with the exception of a full-time student who remains covered until the age of 27.

Under the bill, a political subdivision providing health insurance to law enforcement officers, fire fighters, or emergency medical technicians shall continue to pay such premiums for a surviving spouse until the spouse remarries or reaches the age of 65. Surviving children are covered until age 26. Political subdivisions may request a reimbursement for health insurance costs from the Department of Administration, provided the benefit could not be paid under a different employment-related benefit. The health insurance benefit for political subdivisions is funded by a prorated reduction to the county and municipal aid payment to local governments.

The health insurance benefit applies retroactively to when a law enforcement officer, fire fighter, or emergency medical technician died in the line of duty, but only with respect to health insurance premiums that come due on or after the effective date of the bill.

The bill also creates a loan program for surviving spouses administered by the Department of Administration. The loan amount equals the salary that would have been paid to the deceased employee. The loan disbursement coincides with the pay period that applied to the deceased employee. A life insurance policy secures the loan, and the total loan amount becomes due upon receiving the life insurance proceeds. Loan disbursements for political subdivisions are made from the county and municipal aid appropriation. Loan repayments are recorded as GPR earned.

### Fiscal Effect

The fiscal effect of the health insurance program is indeterminate. The department does not have information on the number of potential health insurance beneficiaries under the bill. 2017 health insurance plans administered by the Department of Employee Trust Funds for local governments range in cost from \$18,800 to \$42,600 annually. Assuming 50 beneficiaries emerge as qualified under the program, the health insurance costs could range from \$939,100 to \$2,125,900 annually. The prorated funding reduction to the \$753.1 million county and municipal aid payment range from 0.12% to 0.28% for each local government.

Based on these assumptions, the bill could reduce the average town payment by \$43 to \$96. The average village government reduction could range from \$192 to \$433. For city governments, the average reduction could range from \$3,429 to \$7,761, while the average county government reduction could range from \$2,124 to \$4,809. The ten largest Wisconsin cities would have a median reduction ranging from \$12,000 to \$27,131.

The loan program costs are indeterminate given the variables involved with an individual's application.

The Department of Revenue would absorb minor administrative costs with existing budget authority.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

|   |  |                         |
|---|--|-------------------------|
| <b>LRB Number</b> 17-2141/1   | <b>Introduction Number</b> AB-0150             |                         |
| <b>Description</b><br>Requiring the payment of health insurance premiums, and establishing a loan program, for survivors of a law enforcement officer, emergency medical technician, or fire fighter who dies in the line of duty and making appropriations |  |                         |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>   |  |                         |
| <b>II. Annualized Costs:</b>  |  |                         |
|   | <b>Annualized Fiscal Impact on funds from:</b> |                         |
|   | Increased Costs      Decreased Costs           |                         |
| <b>A. State Costs by Category</b>   |  |                         |
| State Operations - Salaries and Fringes   | \$   | \$                      |
| (FTE Position Changes)  |  |                         |
| State Operations - Other Costs  |  |                         |
| Local Assistance  |  |                         |
| Aids to Individuals or Organizations  |  |                         |
| <b>TOTAL State Costs by Category</b>  | <b>\$</b>                                      | <b>\$</b>               |
| <b>B. State Costs by Source of Funds</b>  |  |                         |
| GPR   |  |                         |
| FED   |  |                         |
| PRO/PRS   |  |                         |
| SEG/SEG-S   |  |                         |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>  |  |                         |
|   | Increased Rev                                  | Decreased Rev           |
| GPR Taxes   | \$   | \$                      |
| GPR Earned  |  |                         |
| FED   |  |                         |
| PRO/PRS   |  |                         |
| SEG/SEG-S   |  |                         |
| <b>TOTAL State Revenues</b>   | <b>\$</b>                                      | <b>\$</b>               |
| <b>NET ANNUALIZED FISCAL IMPACT</b>   |  |                         |
|   | <u>State</u>                                   | <u>Local</u>            |
| NET CHANGE IN COSTS   | \$   | \$ See fiscal note text |
| NET CHANGE IN REVENUE   | \$   | \$ See fiscal note text |
| <b>Agency/Prepared By</b>   |  |                         |
| <b>Authorized Signature</b>   |  | <b>Date</b>             |
| DOR/ Craig Steinfeldt (608) 266-5705  |  | 3/16/2017               |
| Robert Schmidt (608) 266-5773   |  |                         |