

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2016 REGULAR SESSION**

MEASURE

2016 BR NUMBER **1947**

SENATE BILL NUMBER **199**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to the law enforcement and firefighters foundation programs and making an appropriation therefor.**

SPONSOR **Senator D. Carroll**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Department of Criminal Justice Training and Kentucky Community and Technical College System**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		\$18,516,300	\$18,530,600	Indeterminable
NET EFFECT		(\$18,516,300)	(\$18,530,600)	Indeterminable

() indicates a decrease/negative

MEASURE'S PURPOSE: This legislation will increase the stipend offered to law enforcement and firefighters from \$3,000 to \$4,000 beginning July 1, 2017. In addition, the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) is to provide for the pension contributions of each recipient's respective retirement plan and the Kentucky Firefighters Foundation Program Fund (KFFPF) is to provide for the pension contributions of each recipient due to the pay increase.

PROVISIONS/MECHANICS: Section 1 amends KRS 15.410 to include state law enforcement as part of the intent of the General Assembly to attract and retain personnel to provide public safety in the Commonwealth.

Section 2 amends KRS 15.420 to define unit of government to include state agencies.

Section 3 amends KRS 15.440 to clarify language requiring that all police officers have at least a high school degree, or its equivalent, complete at least 640 hours of basic training, and acquire

40 hours of annual in-service training.

Section 4 increases the statutory amount of the KLEFPF stipend from \$3,000 to \$4,000 and requires the KLEFPF to provide for the pension contributions on this amount. In addition, an administrative expense reimbursement in the amount of 7.65% of the total annual supplement received greater than \$3,100 is provided to the governmental unit employing each officer, capped at a total of \$525,000 each fiscal year. This fee is to be used to partially cover the costs of administering the stipend payments.

Section 5 increases the annual statutory amount of the stipend from \$3,000 to \$4,000 effective July 1, 2017.

Section 6 increases the amount of aid to be paid to volunteer fire departments from the KFFPF from \$8,250 to \$11,000 per year, starting July 1, 2017.

FISCAL EXPLANATION:

Kentucky Law Enforcement Foundation Program Fund

The amount of the stipend is \$3,100 for the current fiscal year, and covers 7,377 participants; however, the bill includes 335 personnel that have historically been excluded from receiving the stipend. As a result, this analysis is based on the increase from \$3,100 to \$4,000 for 7,377 personnel and the cost of including 335 new personnel in the amount of \$4,000. FICA, each participant's respective pension contributions, and the 7.65% administrative fee are included in this cost estimate. It is important to note that the total number of participants is based on a snapshot in time and changes frequently.

The cost of increasing the stipend to \$4,000 for the 7,377 state personnel that have traditionally been considered eligible through budget language since FY 2006, and those that are included in statute, is estimated to be \$9,379,600 in FY 2017 and \$9,395,500 in FY 2018.

The estimated cost of providing a \$4,000 stipend to the 335 personnel that have historically been excluded is \$1,761,700 in FY 2017 and \$1,760,090 in FY 2018.

Based on the total number of participants, the administrative fee would reach an estimated \$533,100; however, the bill caps this amount at \$525,000 each fiscal year.

That said, total impact to the KLEFPF is estimated to be \$11,666,300 in FY 2017 and \$11,680,600 in FY 2018.

Kentucky Firefighters Program Fund

The fiscal impact of SB 199 on the Kentucky Firefighters Program Fund totals approximately \$6.85 million per year broken down as follows: \$3,300,000 for the increased stipend of \$900 for approximately 3,667 professional firefighters; \$250,000 for the 7.5% administrative fee; \$1,100,000 pension costs on the increased stipend; and \$2,200,000 for the increase of \$2,750 to

the approximately 800 volunteer fire departments.

SB 199 increases the statutory annual supplement available to qualified professional firefighters from the Kentucky Firefighter Foundation Program Fund to \$4,000 beginning July 1, 2017. Recent budget language has the amount of this stipend at \$3,100; therefore the following analysis is based on an increase of \$900 from this traditionally paid amount to bring the stipend to \$4,000.

SB 199 provides for a total reimbursement equal to 7.65% of the total increase in annual supplement received for each qualified professional firefighter to partially cover the cost of administering the payments from the Kentucky Firefighter Foundation Program Fund. This reimbursement is subject to a \$250,000 cap for each fiscal year.

DATA SOURCE(S): Kentucky Community and Technical College System's Fire Commission, LRC Staff
PREPARER: Zach Ireland & Jennifer Krieger NOTE NUMBER: 107 REVIEW: JRS DATE:
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