

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2019 REGULAR SESSION**

MEASURE

2019 BR NUMBER 0268

HOUSE BILL NUMBER 79

TITLE AN ACT relating to certified law enforcement telecommunicators and making an appropriation therefor.

SPONSOR Representative Rothenburger

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Criminal Justice Training, State Police

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Kentucky Law Enforcement Foundation Program Fund (KLEFPF)

FISCAL ESTIMATES	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES			\$6,941,000
NET EFFECT			\$(6,941,000)

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of this legislation is to provide full-time, certified telecommunicators an annual training incentive supplement, as well as certain reimbursements to their respective employers, payable from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), beginning July 1, 2020. Additionally, HB 79 increases the administrative expense reimbursement cap to \$627,000 annually and allows local units of government to expand the use of 911 fees to pay for administrative expenses attributable to the annual supplement for telecommunicators.

FISCAL EXPLANATION: HB 79 will result in an increase in expenditures beginning in fiscal year (FY) 2021. Increased expenditures will stem from a population of telecommunicators who will be eligible to receive an annual supplement of \$4,000, the required employer's contribution on the supplement to the retirement plan to which the telecommunicator belongs, and a 7.65 percent administrative expense reimbursement on the total supplement received above \$3,100 from KLEFPF.

There are 1,296 full-time telecommunicators that fit the qualifications listed within this legislation and be eligible to receive this annual supplement. These telecommunicators are employed at local, state, and quasi-state agencies including, but not limited to, local police departments, the Department of Kentucky State Police (KSP), public universities, and airports. Currently, KSP employs approximately 172 full-time telecommunicators across the state.

HB 79 references existing KLEFPF statutes as the primary vehicle to provide annual supplements to telecommunicators and certain reimbursements to employers; however, while both state and local telecommunicators exist, no guidance is provided within HB 79 to differentiate between them. The significance of this fact is that KLEFPF statutes define the lines between state and local employers, which have clearly outlined fiscal implications. Because HB 79 does not delineate between these two groups, it is unclear how the Department of Criminal Justice Training (DOCJT) will execute HB 79 if enacted.

Currently, employing state agencies of eligible employees of the KLEFPF stipend receive reimbursement for the federal insurance contributions tax act (FICA) at 7.65 percent on the full \$4,000 stipend. Employing local agencies receive an “administrative expense reimbursement” of 7.65 percent for the total stipend received greater than \$3,100. HB 79 does not provide authorization for the state employer of telecommunicators (KSP) to receive FICA reimbursement, but instead, authorizes KSP to receive the administrative expense reimbursement on stipends issued above \$3,100. KSP would be the only state agency to receive an administrative expense reimbursement in lieu of FICA expenses.

KRS 15.470(3) dictates that any KLEFPF supplement “shall not be used to supplant existing salaries or as a substitute for normal salary increases periodically due to police officers.” Because HB 79 does not extend this provision to telecommunicators, it is possible for employing agencies of telecommunicators to leverage KLEFPF resources to offset their agency budgets.

HB 79 does not dictate a method by which DOCJT is to provide KLEFPF resources to employers. Specifically, KRS 15.460(2) mandates that “the payment shall be in addition to the police officer’s regular salary.” KRS 15.490(2) also states that those employers are to “include the additional compensation paid to each police officer [...] as part of the officer’s regular salary in determining payroll deductions.” HB 79 does not identify the manner in which DOCJT is to provide stipends to telecommunicators, and it is unclear whether HB 79 grants discretion to DOCJT or fails to provide DOCJT with the authority for funds to be issued to employers.

The KLEFPF largely generates its revenue from a surcharge rate (currently 1.8 percent) on casualty insurance premiums. Pursuant to KRS 136.392(2), this rate, in part, is “calculated using as its base the number of local government units eligible for participation in the funds under applicable statutes.” HB 79 does not amend this statute to incorporate state agencies. Therefore, the calculation used to determine the premium surcharge rate, which is subsequently used to generate sufficient revenues for KLEFPF expenditures, excludes all eligible state government units. If the exclusion of all eligible state officers and telecommunicators from this calculation is permitted, it is reasonable to assume that KLEFPF receipt projections could lead to insufficient funds in the KLEFPF and trigger the premium surcharge rate to automatically increase beyond 1.8 percent.

For the purposes of this fiscal note, our estimated increase in expenditures includes all full-time, qualified telecommunicators receiving a \$4,000 annual supplement, the required employer’s contribution on the supplement to the retirement plan to which the telecommunicator belongs, and a 7.65 percent administrative expense reimbursement on the total supplement received above \$3,100 to each unit of government. It should be noted that current 2018-2020 Biennial Budget includes line item language that provides Kentucky State Police with \$3,100, in General Fund, to provide an annual dispatcher training incentive to telecommunicators.

DATA SOURCE(S): LRC Staff, Department of Criminal Justice Training

PREPARER: Savannah Wiley and Zach Ireland NOTE NUMBER: 23 REVIEW: JAB DATE: 1/11/2019