

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 11, 2007
POSITION: Neutral
SPONSOR: California State Firefighters Association

BILL NUMBER: SB 581
AUTHOR: P. Wiggins

BILL SUMMARY: Firefighters

This bill would transfer responsibility for the Volunteer Firefighters Length of Service Award System (VFLSAS) from the California Public Employees' Retirement System (CalPERS) to the California State Fire Employees Welfare Benefit Corporation (CSFEWBC). This bill would require CalPERS to transfer the data and files of the VFLSAS members to the CSFEWBC, upon their request.

FISCAL SUMMARY

The annual cost of administering the VFLSAS is in excess of \$100,000, which is paid to CalPERS by participating employers. This bill would shift the administrative responsibilities and associated costs to the CSFEWBC. The administrative costs CalPERS will incur to transfer this program to CSFEWBC should be minor. The costs will be deducted from the account before the shift in plan administrators is complete.

COMMENTS

The Department of Finance is neutral on this bill.

ANALYSIS

A. Programmatic Analysis

The VFLSAS was created by the legislature in 1980 to provide a means for fire departments and districts that utilize volunteer firefighters to offer a lifetime award to their volunteer firefighters as a recruitment and retention incentive.

The CSFEWBC currently administers several group insurance benefit programs for members of the California State Firefighters Association including Life, Accidental Death and Disbursement, Long Term Disability, Homeowners, Auto, and Health Insurance.

B. Fiscal Analysis

We note that the cost to administer the VFLSAS program continues to rise, even as membership has declined. In 2006-07 the employer cost was \$340.34 per active member with 783 active members in the program, in 2007-08 the cost will increase to \$427.73 per active member, with 726 active members in the program. The annual cost of administering the VFLSAS is in excess of \$100,000, which is paid to CalPERS by participating employers. This bill would shift the administrative responsibilities and associated costs to the CSFEWBC.

Analyst/Principal (0931) K. Hansen Date Program Budget Manager Thomas E. Dithridge Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

**BILL NUMBER**

P. Wiggins

June 11, 2007

SB 581

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2006-2007	FC	2007-2008	FC	2008-2009	
1900/PERS	SO	No		--	M	-\$100	M	-\$100	0962
<u>Fund Code</u>	<u>Title</u>								
0962	Volunteer Firefighter Length Serv Awd Fd								