

Institution: Texas Forest Service

NOTE: THIS HAS BEEN INCLUDED IN OUR LAR AS AN EXCEPTIONAL ITEM, BUT IT IS REALLY JUST A TECHNICAL ADJUSTMENT. THERE IS NO COST TO GR AND IT REQUIRES NO INCREASES IN TAXES.

FY 2010-2011 Exceptional Item: Rural Volunteer Fire Department Insurance Program

Requested Amount: \$250,000 per year

Program Description:

Goals are to assist rural volunteer fire departments in the payment of workers' compensation insurance and accidental death and disability insurance.

Benefit to the State / Results:

- Increased level of insurance coverage for volunteer fire fighters.
- Increased level of assistance to volunteer fire departments.
- Improved utilization of revenues collected and deposited into the Rural Volunteer Fire Department Insurance Fund (Fund 5066).

Background Information:

- Existing Appropriation

| | <u>FY 2008</u> | <u>FY 2009</u> |
|---------------|----------------|----------------|
| VFD Insurance | \$ 750,000 | \$ 750,000 |

- Revenue History

| | <u>GAA</u> | <u>Actuals</u> |
|------|------------|----------------|
| 2002 | \$413,000 | \$ 551,537 |
| 2003 | 434,000 | 816,410 |
| 2004 | 434,000 | 903,252 |
| 2005 | 434,000 | 978,729 |
| 2006 | 858,205 | 854,626 |
| 2007 | 858,205 | 1,159,229 |
| 2008 | 750,000 | 1,177,390 |
| 2009 | 750,000 | TBD |

- In the 2002-2003 Biennium, the agency's appropriation was for a fixed amount stated in an Article IX Rider.
- In the 2004-2005 Biennium, the appropriation was added to the agency's bill pattern and identified as estimated, which allows the agency to spend up to the actual amount of revenues realized.

- In the 2006-2007 Biennium, the appropriation was increased through the LAR process to equal the total the actual revenues received in Fiscal Years 2004 and 2005. *[Note: This increase was accomplished without the need for an Exceptional Item request.]*
- In the 2008-2009 Biennium, the appropriation was reduced to \$750,000 per year. *[Note: This decrease was not accomplished through the Exceptional Item process.]* The reduced appropriation reflected a more conservative estimating of revenues by the agency, which was done for the following reasons:
 1. The agency had been advised by staff at the State Comptroller's Office that it could spend up to actual revenues, but if it overspent revenues in a given year then it would have to cover the overage from another source of funds.
 2. More than half of the revenues for Fund 5066 come from the July 4th fireworks sales and these revenues are not deposited into the fund until the end of August or first of September. Because of this, the agency has no way of knowing how much it can spend until after the year has ended.
- As a result of inquiries made by staff in Rep. McReynolds' office, the agency was advised on July 15 by the State Comptrollers' Office that it would be allowed to spend up to the appropriated amount for each year of the biennium even if the actual revenues for that year were less. The only caveat to this is there had to be enough cash in the fund.
- In light of the most recent interpretation from the Comptroller's Office and given the fact that the current appropriated amounts are significantly less than revenues (past and projected), the agency is requesting its appropriation from Fund 5066 be increased to an amount closer to the revenue projections.