

Fiscal Estimate Narratives

DER 8/1/2003

LRB Number	03-2092/1	Introduction Number	AB-453	Estimate Type	Original
Subject					
Veterans Day as state government holiday					

Assumptions Used in Arriving at Fiscal Estimate

This draft would add November 11 to the list of days on which state government offices are closed. If November 11 does not fall on a weekend, state employees would receive 10 paid holidays annually. If November 11 falls on a weekend, the number of paid holidays would be nine, the same as current law. The bill also reduces the number of personal holidays from 3.5 to three per year.

Since holidays are a bargainable subject for employees represented by a union, this draft would apply only to nonrepresented employees.

This draft would provide a net gain of paid holidays to state employees. In an average seven-year period (corresponding to the seven days of the week), state employees would gain five legal holidays, but lose 3.5 personal holidays (seven times one-half) for a net gain of 1.5 days.

There are two ways of calculating the fiscal impact of additional legal holidays for state employees.

1. There is the "cost" or value to the state of providing paid leave to employees for time during which no work is required to be performed. However, this is not a direct or increased cost to the state. For illustration purposes only, the payroll for one day for nonrepresented employees (including UW unclassified staff, but excluding elected officials) is \$8.47 million in salaries and fringe benefits, of which \$3.89 million, or 46%, consists of GPR funds.

[This figure does not include the cost of the paid holiday if it is included in new collective bargaining agreements with represented employees. If November 11 were to be included as a paid legal holiday in all collective bargaining agreements, the "cost" under this methodology for represented employees would be \$7.25 million in salaries and fringe benefits, of which \$3.33 million is GPR, in addition to the \$8.47 million for nonrepresented employees.

2. There is the additional "out of pocket" cost of a paid legal holiday for certain employees in certain agencies. If an employee is required to work on a paid holiday (e.g., in a correctional or health care institution, or in law enforcement), the agency is required to grant compensatory time or overtime pay at the rate of time and one-half. In addition, the employee receives the holiday off at a later date.

Thus, an agency must pay overtime pay and/or provide additional staffing levels to maintain the same level of staff coverage during the absence of these employees. As the bill is drafted, an agency would incur these increased costs every November 11, even if the holiday fell on a weekend. Under the draft, when November 11 falls during the week, the employee would receive time and a half, either in pay or in compensatory time, plus the holiday off at a later date. If November 11 falls on a weekend, the employee would receive the overtime or compensatory time, but not the holiday off at a later date. There would be increased costs for affected agencies, but DER currently does not have data on the number or pay rates of employees who are required to work on holidays, nor whether they are paid overtime or given compensatory time off. Therefore, DER cannot determine the out-of-pocket costs to the state for employees required to work on holidays. Further, it is impossible for DER to determine whether agencies can absorb increased costs in their budgets, but it will be extremely difficult for agencies to do so in the 2003-05 biennium in light of current fiscal conditions.

Long-Range Fiscal Implications