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Joint Committee on Finance

Paper #675

Convert Limited-Term Employees to Full-Time Employees (State Fair Park)

[LFB 2019-21 Budget Summary: Page 393, #3]

CURRENT LAW

State Fair Park (SFP) is a 190-acre site located in West Allis and Milwaukee primarily associated with hosting the annual Wisconsin State Fair. The Park's grounds include the Wisconsin Exhibition Center, Milwaukee Mile racetrack, the Tommy G. Thompson Youth Center, dormitories, and several other agricultural barns and exhibition spaces. State Fair Park's operations are funded with revenues generated by the Wisconsin State Fair and other events at Park facilities throughout the year. Revenues are primarily from admissions fees, parking fees, facility rentals, and a percentage of sales made by vendors and food and beverage concessionaires.

Park revenue is deposited into program revenue (PR) appropriations for general operations, capital expenditures for Park improvements, and debt service costs on certain Park facilities. In 2017-18, revenue totaled approximately \$27.5 million, with expenditures of \$22.3 million PR on operations costs, \$1.4 million PR on capital improvements, and \$3.2 million PR on debt service. SFP may expend all revenues it receives in a year, subject to approval by the Department of Administration. The Park also expended approximately \$3 million in general purpose revenue (GPR) for debt service on other Park facilities. In 2018-19, SFP is authorized 47.0 PR positions, all of which are in the unclassified service. The Park also regularly hires limited-term employees (LTEs) for ongoing operation of the Park and various events, including approximately 1,200 LTEs during the annual Wisconsin State Fair.

GOVERNOR

Provide 3.0 unclassified positions with \$7,200 PR each year to convert LTEs to permanent positions at the same wage rate. Funding of \$192,000 PR each year would be converted from LTE

salaries to permanent position salaries. New funding provided was intended to reflect a differential between LTE and full-time fringe benefit costs, although after additional review State Fair Park indicates no additional funding is necessary. Staff would be allocated to the police department (1.0 position), and sponsorship and concession sales (2.0 positions).

DISCUSSION POINTS

1. The proposal would consolidate six LTE appointments into full-time positions as follows: (a) LTE police chief and LTE director of public safety to 1.0 police chief; (b) LTE sponsorship fulfillment manager and LTE sponsorship sales manager to 1.0 sponsorship manager; and (c) LTE vendor services coordinator and LTE commercial vendor coordinator to 1.0 commercial vendor manager. SFP reports the duties of the police chief and sponsorship manager would remain largely unchanged, while the commercial vendor manager would take on additional staff and program management duties. Currently, all six LTE positions are filled by three employees, who worked approximately full-time hours in the most recent year. Employees in these positions have held one or both of their two LTE appointments since 2013. SFP reports that it offers LTEs that have worked at least six months health insurance, life insurance, and all other fringe benefits available to permanent staff covered by the Wisconsin Retirement System. However, LTEs are not eligible for paid vacation, holiday, or sick leave.

2. SFP reports that converted staff would work overtime, especially leading up to and during the Wisconsin State Fair. In 2018, SFP's overtime policy provided compensatory time off for the first 40 hours of overtime, and the standard hourly rate for any additional hours above 40 up to 160. While a 2019 policy has not been approved, it is expected the Park's overtime policy will remain consistent with prior years. Staff are paid at the standard hourly rate for overtime because the Park, as an establishment providing amusement, is generally exempt from overtime compensation requirements under the federal Fair Labor Standards Act.

3. The Park reports due to the variability and uncertainty of its work, it is unable to estimate the amount of overtime these converted positions would work. However, under the overtime policy, the cost of compensation for overtime work for all three positions would not exceed \$12,700 annually. If proposed positions are not converted, SFP reports it would continue to maintain these employees as LTEs, which would not be eligible for overtime. While these costs are not included in this proposal, any additional expenditures in overtime would be reflected in future biennial budgets' standard budget adjustments.

4. SFP reports the primary intent of the request is to reduce turnover, as the Park has had difficulty retaining dual LTEs. Of 35 positions with dual appointments (70 LTEs), the Park reports seven are currently vacant. Further, the Park reports it had turnover of 34% in dual LTE positions in 2018. SFP reports that departing staff noted that lack of paid time off and other benefits associated with permanent positions lowered morale and made them feel undervalued. SFP argues that employee turnover has negative impacts on the Park, as current staff dedicate more time to recruiting, onboarding, training, and managing new staff.

5. While the Park would prefer to offer all dual LTEs permanent positions, it reports that

the three staff identified for conversion to full-time represent the highest priority needs for the Park's continued operation. SFP reports an increasing need for police and security during events in recent years, and SFP management sees a full-time police chief as necessary for meeting these increased public safety needs. Further, as a PR-funded agency, SFP staff argue that increased effort related to coordinating and managing vendors and sponsors supports the Park's revenues and is essential to its continued growth.

6. However, as LTEs are not eligible for vacation, holiday, or sick leave, the actual hours worked by a dual LTE could exceed actual hours of a permanent, full-time employee; this assumes a permanent employee works 160 hours of overtime and is also eligible for other paid leave, including a starting allotment of 120 vacation hours, 36 personal hours, nine state holidays, and 130 hours of sick leave. Thus, the proposed conversion may increase compensation for employees but not increase active work hours at the Park. If increased workload were the primary consideration, the annual maximum overtime cost of \$12,700 could instead be used to fund approximately 400 hours of LTE staff time at the same average wage rates. However, SFP argues that hiring additional LTEs would not address its retention issues or provide the same expertise as a longer tenured employee.

7. Improving retention and continuity of staff dedicated to management of sponsorship and vendor relationships could build employee expertise through longer tenure, which may benefit SFP programming and financial performance. Full-time employment of a primary police and public safety position may ensure the safety and security of the Park, which could have a positive effect on event attendance. It could be argued that the cost of conversion to full-time staff for these positions would be offset at least in part by increased program revenues from Park operations associated with their positions and decreased administrative costs related to recruitment and retention.

8. 2007 Wisconsin Act 20, the biennial budget act, provided 1.0 PR position to SFP for a chief of police. Prior to July 1, 2007, Capitol Police oversaw SFP, and the position was intended to replace Capitol Police supervision. SFP subsequently hired a full-time police chief, who resigned in July, 2013. SFP hired a new police chief as an LTE in July, 2013, and later created a dual LTE appointment for the chief that October. Current SFP leadership reports the human resources director and CEO in place at that time elected to maintain the chief of police as an LTE, and the full-time position was instead filled by an employee in another division. SFP reports it was not aware of the provision in 2007 Act 20 when it requested this position conversion in September, 2018. Further, current Park leadership views not hiring a full-time police chief as an error. SFP management states visitor and event safety is its highest priority and placing the police chief in a permanent position is needed to maintain safety standards. Park vacancies as of April, 2019, suggest that there is sufficient turnover at the Park to allow it to hire the chief to a full-time position. However, at the time of the request in September, 2018, only one position, dedicated to the Park's controller, was vacant.

9. Considering that conversion of the proposed positions could improve staff retention and continuity in Park operations, resulting in improved visitor safety and Park performance, the Committee could consider approving the Governor's proposal (Alternative 1). Consistent with State Fair Park's report that it does not require additional funding associated with fringe benefits, the Committee could modify the Governor's proposal to delete additional funding (Alternative 2). Considering that SFP was previously authorized a full-time police chief, but elected to use it for other

staff, the Committee could consider modifying the Governor's proposal to instead provide 2.0 positions (Alternative 3). Conversely, considering that the duties and approximate work hours of current dual LTEs would generally not change, or perhaps decrease, if they were converted to permanent positions, the Committee could consider taking no action (Alternative 4).

ALTERNATIVES

1. Approve the Governor's proposal to provide 3.0 unclassified positions with \$7,200 each year to hire LTEs as permanent staff at the same wage rate.

ALT 1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$14,400	3.00	\$0	0.00

2. Modify the Governor's proposal by providing 3.0 unclassified positions only. (This would delete bill funding of \$7,200, which State Fair Park reports is not required for fringe benefit costs.)

ALT 2	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$0	3.00	-\$14,400	0.00

3. Modify the Governor's proposal by providing 2.0 unclassified positions only. (This would delete bill funding of \$7,200 each year, which State Fair Park reports is not required for fringe benefit costs.)

ALT 3	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$0	2.00	-\$14,400	- 1.00

4. Take no action and maintain positions as limited-term staff.

ALT 4	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	\$0	0.00	-\$14,400	- 3.00

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