

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

FISCAL ESTIMATE
 DOA-2048 N(R10/94)

Subject

Payment of Health Insurance Premiums for UW System Faculty and Staff

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
- Decrease Existing Appropriation Decrease Existing Revenues
- Create New Appropriation

Decrease Costs

Local: No local government costs

- 1. Increase Costs
 - Permissive Mandatory
- 2. Decrease Costs
 - Permissive Mandatory

- 3. Increase Revenues
 - Permissive Mandatory
- 4. Decrease Revenues
 - Permissive Mandatory

5. Types of Local Governmental Units Affected:
- Towns Villages Cities
 - Counties Others _____
 - School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate

Current law prohibits employer contribution for health insurance premiums during the first six months of employment for faculty, academic staff and most other state employees. Members and employees of the legislature, certain judges, certain employees of the Wisconsin Conservation Corps, and the chief clerk and sergeant at arms of the Senate and Assembly receive the employer contribution immediately upon hire. Although all new employees are eligible for health insurance immediately, most, including faculty and academic staff, must either pay the full cost of coverage for six months or delay coverage until the seventh month when the employer contribution becomes effective. This delay in the employer contribution places the UW System at a disadvantage in recruiting new faculty and academic staff and treats newly hired faculty and staff differently from the categories of employees named above.

LRB 0903/1 would make newly hired University of Wisconsin System faculty and academic staff eligible for the employer contribution to health insurance coverage immediately upon hire. Calculation of the fiscal impact of LRB 0903/1 includes: (1) the cost of health insurance benefits for a six-month period, and (2) the number of new faculty and academic staff hires per year who actually elect coverage. Based on 1998 premiums in Dane County, the average six-month cost for HMO coverage for new hires is \$3,348 for family coverage and \$1,344 for single coverage. The number of new faculty and academic staff hires per year is estimated to be 1,499.

Based on the assumptions noted above, LRB 0903/1 would increase costs for the UW System by \$4,177,500 (of which \$2,633,900 is GPR/Fees) annually. The UW System would absorb these costs.

Long-Range Fiscal Implications

Agency/Prepared by: (Name & Phone No.)

University of Wisconsin System

Authorized Signature/Telephone No.

[Signature]

2-6423

Date

1/13/99

FISCAL ESTIMATE WORKSHEET

1999 Session

Detailed Estimate of Annual Fiscal Effect
DOA-2047 (R10/94)

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB or Bill No./Adm. Rule No.
LRB 0903/1 SB 3

Amendment No.

Subject
Payment of Health Insurance Premiums for UW System Faculty and Staff

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal Impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$4,177,500	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$4,177,500	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$1,821,900	\$ -
FED	676,300	-
PRO/PRS	1,679,300	-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -


NET ANNUALIZED FISCAL IMPACT

STATE

LOCAL

NET CHANGE IN COSTS \$ 4,177,500 \$ _____

NET CHANGE IN REVENUES \$ _____ \$ _____

Agency/Prepared by: (Name & Phone No.) University of Wisconsin System	Authorized Signature/Telephone No.  2-6423	Date 1/13/99
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