

**FISCAL ESTIMATE FORM**

1999 Session

ORIGINAL

UPDATED

**LRB # -2519/1**

CORRECTED

SUPPLEMENTAL

**INTRODUCTION # AB 322**

Admin. Rule #

**Subject**

Social Security Coverage for Students Employed at Public Schools, Colleges and Universities

**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

3.  Increase Revenues

Permissive  Mandatory

5. Types of Local Governmental Units Affected:

Towns  Villages  Cities

2.  Decrease Costs

Permissive  Mandatory

4.  Decrease Revenues

Permissive  Mandatory

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:**

AB 322 would create legislation to exclude student employees from social security payments through a window created by congressional action in 1998. Congress enacted PL 105-277, which allows states to modify social security coverage agreements with the federal government. AB 322 would exclude from social security coverage services performed by students employed by the public school, college or university where they are enrolled and regularly attending classes.

Current law, with certain exceptions, requires public employers to provide social security coverage to all employees. One of the exceptions to the social security coverage requirement involves students. Currently, public employers are not required to provide social security coverage to students employed in a position not normally requiring actual performance of duty for at least 600 hours each calendar year.

Based on the 1997-98 Academic Year and 1997 Summer Session, the total 1998 UW System FICA payments for Graduate Assistants was \$2,742,200 (GPR-\$1,091,800, PRO/PRS-\$1,213,800, FED - \$436,600). Most undergraduates are generally exempt because they work less than 600 hours. This estimate reflects changes in the second semester of 1997-98 when graduate assistant salaries were reduced by the cost of tuition remissions. On an annualized basis, it has been estimated that the 1998-99 salaries will be 91% of 1997-98. All fringe benefit savings have been reduced to 91% of the actual experience.

The savings from GPR fringe benefits will lapse to the state and reduce the calculated need for fringe benefits in the next biennium. Fringe savings on program revenue funds will reduce expenditures in the current year and the amount budgeted on those funds will be adjusted in future years to reflect the reduced costs.

In the year mentioned above (FY 1998), AB 322 would have decreased costs for the UW System by \$2,742,200. GPR savings of \$1,091,800 would have lapsed to the state and Fee savings of \$460,400.

**Long-Range Fiscal Implications:**

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2-6715

Date

5/20/99

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**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
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$	\$ -
<b>B. State Costs by Source of Funds</b>		
GPR	\$	\$ -1,091,800
FED		-436,600
PRO/PRS		-1,213,800
SEG/SEG-S		-
<b>State Revenues</b> Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	\$	\$ -

**NET ANNUALIZED FISCAL IMPACT**  
STATE LOCAL

NET CHANGE IN COSTS \$ -2,742,200 \$

NET CHANGE IN REVENUES \$ \$

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