

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-3444/1	Introduction Number AB-646
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Subject
 Fringe benefits for state employees who are limited term employees

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DER/ Elizabeth Reinwald (608) 266-5316	Authorized Signature Elizabeth Reinwald (608) 266-5316	Date 12/20/01
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Fiscal Estimate Narratives

DER 12/20/01

LRB Number 01-3444/1	Introduction Number AB-646	Estimate Type Original
Subject Fringe benefits for state employees who are limited term employees		

Assumptions Used in Arriving at Fiscal Estimate

AB 646 provides that Limited Term Employees [LTE's] of the state who worked six months in the last two-year period would be eligible for sick leave, holidays and vacation leave.

Limited Term Employees are employees not appointed to permanent positions who work fewer than 1044 hours in a 12 month period.

The bill does not define "six months" for the purposes of eligibility for benefits. If six months means 1043 hours, or six months of 40-hour weeks, fewer LTE's would be eligible for these benefits than if six months means any hours worked in a continuous six month period.

The Department of Employment Relations [DER] assumes the intent of the bill is to cover LTE's who worked 1043 hours in any two year period. The Department also assumes that eligible LTE's would earn and be allowed to use vacation, holidays and sick leave according to the same policies affecting permanent employees.

The state employs approximately 4,920 LTE's a year. The Department does not have data that would indicate how many of the LTEs would meet the six-month eligibility requirement in a subsequent LTE appointment. Nor does it have data showing their full/part-time status that would indicate how much leave they would earn. It is unlikely that all the LTEs would meet the six-month eligibility test, and that all of those eligible would earn leave at the full-time rate. Therefore, this fiscal estimate is based on the cost of the bill for each eligible LTE employee. This estimate also assumes that average hourly wage of LTE's is \$11.842 per hour.

Full-time permanent employees earn 80 hours of vacation for each full year of service during the first five years of employment. Full-time LTE's, working a maximum of six-months in an LTE appointment, would earn 40 hours of vacation. For each eligible LTE who earns leave at the full-time rate, the average cost of one-week of leave would be \$474.

If it assumed that all the LTEs would meet the six-month eligibility test, and that all of them would earn leave at the full-time rate, the value of the vacation would be \$2.2 million. Assuming that 46% of the LTE's are paid from GPR, the cost to GPR for one week of vacation for those 46% is \$1.1 million annually. This would be the maximum cost of the leave.

LTE's would be able to "cash out" unused leave at the end of their LTE appointment.

LTEs would also be eligible annually for 3.5 personal holidays and up to 9 legal holidays if they were working before or after the holiday. For each day of leave, a full-time eligible LTE would receive a payment of \$94.74, assuming an average wage of \$11.842 per hour.

Eligible LTE's would earn .0625 hours of sick leave for every hour worked or just over 8 days--65.19 hours--of sick leave for 1043 hours. For each day of sick leave claimed by a full-time eligible LTE, the cost would be \$94.74, assuming an average wage of \$11.842.

In addition, accumulated sick leave may be converted to credits for post-retirement health insurance premiums if an employee continues to work until minimum retirement age. If an LTE did not use the sick leave earned under this bill and accumulated the leave until retirement age, each day of sick leave would have a conversion value of \$94.74.

Also indeterminate is the cost to make adjustments to payroll systems to calculate and track seniority based benefits for employees that do not accrue seniority.

Long-Range Fiscal Implications