

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:

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

Local:

<input type="checkbox"/> No Local Government Costs	<input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Revenue	
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"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> Counties <input type="checkbox"/> Others
	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts

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 UWS/ Leslie Perelman (608) 262-5850	Authorized Signature Freda Harris (608) 263-5679	Date 12/17/01
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Fiscal Estimate Narratives

UWS 12/18/01

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

This bill provides that any individual appointed to a limited term appointment, who prior to that appointment had been employed by the State for at least six months within the immediately preceding two-year period, shall be considered a permanent employee for the purposes of qualifying for tenure, vacation, paid holidays, sick leave, performance awards, and the right to compete in promotional exams.

Based on some analysis of the LTE population, it was estimated that approximately as many as 75% of the LTE's currently on the payroll had at least six months of prior service in the two-year period. All of the numbers provided below are estimates because the University appointment base does not contain information about LTEs' prior state service outside the University.

Assumptions:

1. Vacation estimates are based on a vacation schedule of 80.0 hours per year for a 100% FTE. Thus, the 80.0 hours were prorated based on an average LTE FTE. The bill provided no detailed information. It would be very difficult to determine costs outside the initial 80 hr "basic" provision since the vacation earnings plateau is based on seniority years of service. Since LTEs are not granted formal "leave of absences", it would be difficult to arrive at a seniority date relating to "years of service".
2. Sick Leave - The estimate is based on the .0625 hours of earnings for every paid hour.
3. Holidays - Relative to holiday calculations, the estimate used the official nine (9) paid state holidays per calendar year. It did not include any of the personal holidays that are granted to permanent and project classified employees. This figure could be somewhat high since the employee would normally have to work his/her scheduled workday, either before or after the holiday in order to get paid for the holiday and this might not always be the case.
4. The estimate is based on an average LTE headcount for the entire UW System; This head count is approximately 3000 (but varies depending on the time of year). Payroll office provided some estimates on average turnover. Also since an "official" seniority date is not maintained for limited term employees, any vacation earnings beyond the basic 80 hr FTE allocation would be difficult to determine.
5. The estimate determined an average salary paid to a LTE by examining the last six (6) months of data and dividing the total number of hours paid by the total wages paid. The average salary based on this logic was approximately \$11.30 per hour.
6. The estimate determined the average number of hours a LTE worked per calendar year by examining the last six (6) months of data and taking the total number of paid hours and dividing that number by the total number of LTE's paid. The average hours worked would be approximately 700 hours a year. In deriving a FTE, the 700 hours was divided by the total number of classified work/paid hours per calendar year (2088); arriving at 33.5%.

The calculations were as follows:

Vacation:

$$80.0 \text{ Hrs} \times 33.5\% \times \$11.30/\text{hr} \times 2250 = \$681,390$$

Sick Leave:

$$2088 \text{ Hrs} \times 33.5\% \times .0625 \times \$11.30/\text{hr} \times 2250 = \$1,111,517$$

Paid Holidays

$$72\text{hrs} (9 \text{ Pd Holidays}) \times 33.5\% \times \$11.30 \times 2250 = \$613,251$$

$$\text{Estimated Costs per calendar year} = \$2,406,158$$

NOTE: The above costs do not include any University costs in the administration of the provisions noted above or any computer programming costs. Both costs figures have the potential to be quite extensive. Much of the administration of this program in determining eligibility, tracking, monitoring (overall management) of seniority

years of service based on state wide service and the employment volatility of the LTE's, etc. could be quite labor intensive. It is impossible to determine these costs at the present time.

Long-Range Fiscal Implications

These costs could change dramatically based on any substantial change in the number of LTEs hired throughout the University of Wisconsin System.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Fringe benefits for state employees who are limited term employees			
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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$2,406,158		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$2,406,158	\$	
B. State Costs by Source of Funds			
GPR	2,406,158		
FED			
PRO/PRS			
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			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$2,406,158	\$	
NET CHANGE IN REVENUE	\$	\$	
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		Date	
		12/17/01	