



## Fiscal Estimate Narratives

DER 5/30/2003

LRB Number	03-2149/1	Introduction Number	AB-337	Estimate Type	Original
<b>Subject</b>					
Right to strike under the State Employment Labor Relations Act					

### Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 337 establishes binding arbitration procedures and a limited right to strike for all represented state government employees.

This estimate is based on the following limitations:

1. This estimate is restricted to the operational impact on the Department of Employment Relations. There may be an additional, but indeterminate cost impact on other state agency staff who participate on the management bargaining teams and who would also be expected to participate in the arbitration proceedings.
2. This estimate does not include any costs of an arbitration award in favor of a union that may be greater than the costs of a tentative agreement that would otherwise be implemented. There is a likelihood of increased costs, but the amounts are indeterminate.
3. This estimate does not include any costs for overtime, additional hours or replacement staff to perform the work of striking employees in the event of an authorized strike by state employees. There is a likelihood of increased costs, but the amounts are indeterminate because it is impossible to predict the frequency, duration or scope of an authorized strike. However, for illustration purposes, there was a limited two-day job action by certain state employees in early 2003. One agency, the Department of Corrections, estimated its overtime costs at \$212,000.

The bill would increase costs to the Department of Employment Relations (DER) in the following areas:

**Fees:** For each arbitration hearing, there would be a \$250 filing fee to the Wisconsin Employment Relations Commission. The department estimates that the average arbitration hearing would last eight days, requiring the payment of court reporter and arbitrator fees for each day. Daily court reporter fees (including transcripts) are \$650. Daily arbitration fees are \$1,000. In addition, the arbitrator would require an average of five days of post-hearing research, preparation and decision writing. The number of days of an arbitration will vary depending on the complexity of the issues involved in each bargaining unit. Since the total cost for each hearing would be split evenly between the state and the union, the state's share for an average hearing would be \$9,200. The state bargains on a two-year cycle, so the annualized cost would be \$4,600 per hearing for each unit. For purposes of this estimate, the Department assumes that nine of the 19 bargaining units would go to binding arbitration each biennium at the average cost identified above, with a resulting cost of \$41,500. If negotiations with all 19 bargaining units resulted in binding arbitration proceedings, the total cost for the hearings would be \$87,400 GPR annually. If the arbitrations involve bargaining units with more complex issues to resolve, the costs would be higher. The Department would be unable to absorb the costs of arbitration hearings within its current operational budget.

**Staff time:** DER staff time will be required to prepare for and participate in arbitration hearings. The department must be prepared for potential arbitration cases by employing the necessary additional staff before the arbitration activities commence. Binding arbitration activities will be in addition to and not supplant existing labor relations duties related to the 19 bargaining units. Arbitration functions would be performed by Labor Relations Specialists who currently engage in negotiations, contract implementation and interpretation, grievance handling and training. The additional workload of handling binding arbitrations could not be absorbed within existing staff levels. It will be necessary to reduce the number of bargaining units assigned to each specialist so they can handle the additional workload of binding arbitration proceedings. The Department estimates it will need an additional 2.0 FTE to handle the workload. The annual cost of these positions is \$108,300 GPR in salary and fringe benefits, plus \$3,000 in supplies and services for travel, training and other support costs.

## Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> 03-2149/1		<b>Introduction Number</b> AB-337	
<b>Subject</b>			
Right to strike under the State Employment Labor Relations Act			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$108,300	
(FTE Position Changes)		(2.0 FTE)	
State Operations - Other Costs		44,500	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$152,800</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR		152,800	
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$152,800	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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