

Fiscal Estimate Narratives

OSER 9/19/2003

LRB Number	03-0643/1	Introduction Number	SB-240	Estimate Type	Original
Subject					
Veteran's Day as state government holiday					

Assumptions Used in Arriving at Fiscal Estimate

This draft would add November 11 to the list of days on which state government offices are closed. If November 11 falls on a Saturday or Sunday, then state government offices are closed the following Monday. The bill also increases the number of paid holidays received by state employees from 9 annually to 10 annually. Represented employees continue to have paid holidays as provided by their collective bargaining agreements.

This bill increases the paid holidays for state employees and does not provide for a corresponding decrease of any other form of paid leave.

There are two ways of calculating the fiscal impact of additional legal holidays for state employees.

1. There is the "cost" or value to the state of providing paid leave to employees for time during which no work is required to be performed. However, this is not a direct or increased cost to the state. For illustration purposes only, the payroll for one day for nonrepresented employees (including UW unclassified staff, but excluding elected officials) is \$8.47 million in salaries and fringe benefits, of which \$3.89 million, or 46%, consists of GPR funds.

This figure does not include the cost of the paid holiday if it is included in new collective bargaining agreements with represented employees. If an additional paid legal holiday were to be included in all collective bargaining agreements, the "cost" under this methodology for represented employees would be \$7.25 million in salaries and fringe benefits, of which \$3.33 million is GPR, in addition to the \$8.47 million for nonrepresented employees.

2. There is the additional "out of pocket" cost of a paid legal holiday for certain employees in certain agencies. If an employee is required to work on a paid holiday (e.g., in a correctional or health care institution, or in law enforcement), the agency is required to grant compensatory time or overtime pay at the rate of time and one-half. In addition, the employee receives the holiday off at a later date.

Thus, many agencies would face increased payroll costs to maintain operations on a paid legal holiday. As the bill is drafted, an agency would incur these increased costs every November 11, or on the following Monday if November 11 fell on a weekend. OSER currently does not have data on the number or pay rates of employees who are required to work on holidays, nor whether they are paid overtime or given compensatory time off. Therefore, OSER cannot determine the state's out-of-pocket costs for employees required to work on a legal holiday. Further, OSER cannot determine whether agencies can absorb increased costs in their budgets, but it will be extremely difficult for agencies to do so in the 2003-05 biennium in light of current fiscal conditions.

Long-Range Fiscal Implications