

Fiscal Estimate Narratives

DHS 1/12/2010

LRB Number	09-3372/3	Introduction Number	AB-0634	Estimate Type	Original
Description Collective bargaining and protective occupation participant status under the Wisconsin Retirement System and a county retirement system for county jail employees, county employees of a juvenile detention facility, and state employees who are employed at state correctional institutions, juvenile correctional facilities, the mental health institutes at Mendota and Winnebago, the Wisconsin Resource Center, and secure mental health units or facilities for sexually violent persons					

Assumptions Used in Arriving at Fiscal Estimate

Current law specifically classifies police officers, fire fighters, and various other individuals as protective occupation participants. Under the Wisconsin Retirement System (WRS), the normal retirement age of a protective occupation participant is lower than that of other participants, and the percentage multiplier used to calculate retirement annuities is higher for protective occupation participants than for other participants.

This bill gives protective status to represented state employees who are not already in protective status and who are employed at the Mendota Mental Health Institute, the Winnebago Mental Health Institute, the Sand Ridge Secure Treatment Center, and the Wisconsin Resource Center if collective bargaining agreements covering the employees require the employees to become protective occupation participants. The bill also makes this provision a mandatory subject of collective bargaining under the State Employees Labor Relations Act.

The Department of Health Services (DHS) assumes that those classifications currently under protective status will remain so.

The Department is not able to estimate if, or how many, classifications would be changed from nonprotective to protective status under the bill because this reclassification would be dependent on the collective bargaining process.

Under this bill, it is assumed that an additional 1,518.54 FTE currently under collective bargaining agreements would be eligible for reclassification from nonprotective to protective occupation status. In DHS, the protective fringe rate is 51.70% as opposed to 45.40% fringe rate for nonprotective classifications, a difference of 6.30%.

If all classifications that are eligible for the new protective status became protective classifications through the collective bargaining process, the annual cost to the Department for the increase in fringe benefits would be \$4,889,900 All Funds (\$3,114,900 GPR, \$1,693,500 PRO, and \$81,500 PRS). The fiscal effect of this bill is indeterminate, however, because the number of new protective classifications is dependent on the collective bargaining process.

The Department is not able to absorb these costs.

This bill also applies to employees in certain county facilities. County retirement benefits could be affected by this bill, but DHS does not have data available to calculate this cost.

Long-Range Fiscal Implications

Employees who are in protected status may have the opportunity to retire at an earlier age than if they are in unprotective status. This could increase attrition rates for these DHS facilities and, in turn, increase recruitment and training costs. Since it is unknown how many persons would take advantage of an earlier retirement date, DHS cannot estimate these additional costs at this time.