

### Fiscal Estimate - 2025 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>25-1552/1</b>	<b>Introduction Number</b> <b>SB-0027</b>
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**Description**  
 requiring state employees to perform their work at the offices of their employer

**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"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<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"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<b>5. Types of Local Government Units Affected</b> <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
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Michael Oakleaf (608) 261-5173	Michael Oakleaf (608) 261-5173	2/26/2025

## Fiscal Estimate Narratives

DOR 2/26/2025

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<b>Description</b> requiring state employees to perform their work at the offices of their employer					

### Assumptions Used in Arriving at Fiscal Estimate

The bill directs the Department to require employees to perform their work in person at state agency offices during the employee's regularly scheduled work hours, beginning July 1, 2025. The bill exempts duties that were performed off site before March 1, 2020.

#### Fiscal Effect

DOR would have both one-time and ongoing costs for requiring all employees to perform their assigned work duties in the office during regularly scheduled work hours.

Since 2019, DOR has decentralized its workforce by significantly increasing staff at DOR District Offices. Due to telecommuting and shared desks, more employees have been able to work in those offices without increasing office space. However, full-time work in the office would necessitate expanded and new office facilities to compensate. Since July 2019, the agency has added 83.9 FTE positions to district offices. During that time, DOR has not had a significant change in FTE for the agency overall.

Using current lease rates for district offices and the DOA standard of 64.0 square feet/employee, DOR would need to lease an additional 7342 feet at all district offices combined for an annual increase in lease costs of \$164,115.

DOR has consolidated and moved entirely out of the 3rd Floor at the Rimrock building and has significantly reduced our footprint on the second floor. DOR would need to reoccupy that equivalent amount of space in the building, which would cost an additional \$609,066/annually per DOA's December 2024 billing rates for the Rimrock building.

Combined annual costs for leasing would be \$773,181 (\$164,115 for District Office Space plus \$609,066 for Rimrock).

The Rimrock parking lot has considerably fewer spaces than would accommodate the expected daily in-office workforce required in this bill. The 2019-2021 Capital Budget designated the construction of a parking ramp to accommodate full occupancy levels in the Rimrock building. The estimate in 2019 was \$5,694,600. Using the BLS inflation calculator between July 2019 and January 2025, that cost would be \$7,050,716 in 2025. Construction costs have increased at a greater rate than inflation overall, so it's very likely that the one-time ramp construction costs could be considerably more than the \$7 million estimated, which is based on historical prices and a likely outdated architectural plan.

In order to have the necessary computer and IT infrastructure for all employees to be in the office at the same time, as opposed to sharing of desks and workstations that is possible when some employees work a portion of the week at home, the Department will need purchase laptops, monitors, and other IT equipment at a one-time cost of \$350,000. Because the bill requires employees to be in the office full time by July 1, 2025, that cost will occur during the current fiscal year. The Department is unable to absorb this cost.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

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 requiring state employees to perform their work at the offices of their employer

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

One-time costs of \$350,000 for IT infrastructure. Additional one-time cost of an estimated \$7.05 million for construction of a parking structure at the Rimrock Road building.

<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	\$	\$
(FTE Position Changes)		
State Operations - Other Costs	773,181	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$773,181</b>	<b>\$</b>

<b>B. State Costs by Source of Funds</b>		
GPR	773,181	
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		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>

<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$773,181	\$
NET CHANGE IN REVENUE	\$	\$

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