

Fiscal Estimate Narratives

DWD 2/26/2025

LRB Number	25-1552/1	Introduction Number	SB-0027	Estimate Type	Original
Description requiring state employees to perform their work at the offices of their employer					

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, state agencies must 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 telehealth services and duties that were performed off-site before March 1, 2020.

The fiscal effects related to implementing the bill for the Department of Workforce Development (DWD) are anticipated to be an increase in costs that cannot be absorbed, but the magnitude of the increase is indeterminant.

For the purposes of this fiscal estimate, DWD assumes there will be a need for new and revised lease agreements as part of securing sufficient space for all staff and that those leases will be approved by all parties by July 1, 2025. DWD has staff working throughout the state in both state- and privately-owned spaces. DWD assumes the statewide space needs on July 1st will be similar to the space needs in place on July 1, 2020, which was the first day of SFY21. For comparison, in March of 2020 DWD had 1,618.45 authorized FTE with a total filled level at 1,392.60. In February of 2025 DWD has 1,622.75 authorized FTE with a total filled level at 1,478.75. The difference in filled FTE between these two dates is 86.15 FTE or 6.2%. DWD assumes securing space equivalent to the March 2020 space footprint will be enough to accommodate fluctuations in staffing for the first full year beginning on July 1, 2025.

In March of 2020 DWD leased approximately 243,000 square feet of private space and 168,000 square feet of state-owned space. DWD's estimated lease space in place for July 1, 2025 is 189,000 square feet for private space and 87,000 square feet for state-owned space. To implement the bill provisions effective July 1, 2025, DWD will need to find space equivalent to the square footage gaps outlined above. The total need for additional space starting July 1, 2025, is approximately 135,000 square feet which can be covered by any combination of private or state-owned space that is available. The costs associated with leasing 135,000 square feet of office space; which would include rent, utilities, and other building overhead costs; for one year are indeterminant at this time.

In reviewing DWD staff locations assigned during the March of 2020 timeframe, the distribution of DWD's 1,618.45 authorized FTE positions were as follows: the majority, 46.8%, were assigned to work headquarters in Madison, while 6.9% were assigned to Milwaukee, 6.4% to Eau Claire and the remaining 39.8% were assigned to locations throughout the balance of the state. DWD would anticipate these distribution ratios for office locations would continue under the bill.

Additionally, because DWD has telework options, the agency has been able to hire more staff from rural areas. DWD would anticipate that it would lose an indeterminant number of workers who are not located in the vicinity of office space provided by the agency to implement the bill. The fiscal effect of the bill's provision on annual retention and recruitment efforts are unknown at this time; therefore, these costs are indeterminate.

One-time costs are also anticipated for moving certain files, office equipment, and setting up and supporting staff's telecom and IT needs in any newly leased privately owned office spaces. The department anticipates a need for IT contractors and staff overtime to work through unique IT and telecom infrastructures in leased spaces, maintain the security of DWD's data and equipment in those spaces, and ensure services to DWD customers are provided seamlessly while staff move into the new spaces. The fiscal effect of the bill's provision on the costs outlined above are dependent on several factors that are unknown at this time; therefore these one-time costs are indeterminate.

Long-Range Fiscal Implications

The department's use of office space throughout Wisconsin is subject to change in response to how work

locations affect recruitment, and retention efforts needed for hiring qualified staff to deliver DWD's services. It is possible greater emphasis on balance of state office locations could lead to cost decreases in the long term. However, it is unknown if or when this change would occur and whether there would be a difference in space costs at that time.