

Fiscal Estimate Narratives

DWD 08/08/2001

LRB Number	01-3471/1	Introduction Number	AB-460	Estimate Type	Original
Subject					
Executive salary group assignments					

Assumptions Used In Arriving at Fiscal Estimate

The proposal would assign the Secretary of the Department of Workforce Development (DWD) to executive salary group (ESG) 7 (compared to the current ESG 6), which increases the minimum salary payable to this individual from \$71,576 to \$77,068 and the maximum salary payable to this individual from \$110,941 to \$119,454.

The increase in the minimum salary payable has no impact on the Department currently, since its Secretary earns more than the new minimum already. However, a newly appointed Secretary could theoretically be paid an additional \$5,492 annually as a result of this proposal if this person was hired at the lower end of the pay range.

The increase in the maximum salary payable will allow DWD to pay its Secretary up to \$8,513 more per year than under current conditions. The additional annual costs to the Department depend on the existing salary level of the current incumbent in combination with any wage increases given this individual in the future, as well as the initial salary level and subsequent wage increases of any new Secretary subsequently appointed.

While the salary of the current Secretary is known (and is less than the old ESG 6 salary maximum), future increases in compensation are not known. Because of this, one cannot say with any certainty whether the maximum salary of the old salary group (ESG 6) will be exceeded upon future wage increases given the current Secretary. As a result, it is not known if or when there will be an impact on Departmental costs as a result of implementing this proposal as long as the current Secretary remains at DWD. Cost impacts associated with any subsequent DWD Secretary cannot be estimated either, since the salary level of that individual cannot be predicted. What can be said is the full, annualized cost of this proposal could be as high as the difference between the ESG 6 and ESG 7 maximum salary levels, which is \$8,513. Conversely, the impact could be zero over an extended period of time should a new Secretary be hired in the near future at or near the minimum of the new salary group and if that individual would have been hired at the same salary regardless of the change in salary groups for this position.

The above-indicated Departmental impacts only relate to salary costs. For the total impact, one must add fringe benefits at the marginal, or variable, rate of 21.2%. After applying this rate, the total potential impact on the Department is \$10,300 ($\$8,513 \times 1.212$, rounded to the nearest \$100).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$10,300		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$10,300		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS	10,300		
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			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$10,300		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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