

### Fiscal Estimate - 2007 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 07-0945/3		<b>Introduction Number</b> SB-005	
<b>Description</b> Elimination of accumulated sick leave credit program for legislators, justices and judges, all other state elected officials, and certain appointed executive branch officials			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input checked="" type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<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	
5. Types of Local Government Units Affected			
<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	
<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>
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**Fiscal Estimate Narratives**  
**ETF 2/1/2007**

LRB Number	<b>07-0945/3</b>	Introduction Number	<b>SB-005</b>	Estimate Type	<b>Original</b>
<b>Description</b> Elimination of accumulated sick leave credit program for legislators, justices and judges, all other state elected officials, and certain appointed executive branch officials					

**Assumptions Used in Arriving at Fiscal Estimate**

This bill would eliminate the ability of members of the legislature, judges, state elected officials, and certain individuals appointed by the Governor subject to Senate confirmation to accumulate unused sick leave from year to year while in the affected positions. Assumptions used in the preparation of this estimate include the following:

- \* Current accumulated sick leave balances would not be affected.
- \* A level percent of payroll as annually determined by the consulting actuary and approved by the Employee Trust Fund Board will continue to be charged to state, judicial, and legislative agencies to fund the sick leave conversion credit programs.
- \* Eligibility of individuals to convert unused accumulated sick leave to credits to pay premiums for post-retirement health insurance as per Chapter 40 of the Statutes will not be affected by this bill.
- \* Eligibility of individuals to receive matching credits under the Supplemental Sick Leave Conversion program as per Chapter 40 of the Statutes will not be affected by this bill.
- \* Approximately \$5,000 in one-time administrative costs associated with staff training and publication revisions would be incurred during the implementation year. No on-going administrative costs are anticipated.

There is no cost effect for the current fiscal year since this estimate assumes that elimination of accumulation of sick leave from year to year will not be effective until after the current year. In the long term, it is assumed that there will be some cost reduction since it is likely that the sick leave balances of the affected individuals at the time they retire will be less due to the elimination of year to year accumulation of unused sick leave. Due to the small population of affected individuals relative to the total population of program participants, it is likely that any cost reduction will be minimal.

The accumulated sick leave conversion credit programs undergo an actuarial valuation annually. The results of the annual valuation are reflected in the percent of payroll charged to fund these programs. The earliest any program change would be reflected in this percent of payroll rate charge would be two calendar years after the calendar year in which the change becomes effective. Any rate change will, in part, be based on trends and assumptions regarding salary, sick leave usage, and sick leave accumulation patterns. As such, the cost effect is indeterminate.

There is a potential that costs associated with the Income Continuation Insurance (ICI) program, the Long-term Disability (LTDI) program, and s. 40.63 disability retirement program could increase due to the current requirement that individuals exhaust some or all of their accumulated sick leave balances prior to receiving payment under these programs. Since the bill could potentially reduce the sick leave available to the affected individuals, disability payments could begin earlier than they would if the affected individuals could accumulate unused sick leave year to year. Premiums and costs for these programs are dependent, in part, upon accumulated sick leave balances, salary, sick leave usage patterns, and rates of disability. An actuarial analysis based on actual experience (after any change is implemented) would be required to determine the cost effect. As such, the cost effect for this component is indeterminate. However, it is anticipated that any cost effect would be minimal.

**Long-Range Fiscal Implications**