



## Fiscal Estimate Narratives

DWD 3/13/2012

LRB Number	11-2163/1	Introduction Number	AB-0578	Estimate Type	Original
<b>Description</b> Employment discrimination based on credit history					

### Assumptions Used in Arriving at Fiscal Estimate

This bill would prohibit employment discrimination against current or prospective employees based upon their credit history, as defined in the federal Fair Credit Reporting Act. Discrimination based upon credit history is not currently a protected class under the Wisconsin Fair Employment Act.

The Wisconsin Fair Employment Act (WFEA) is enforced by the Equal Rights Division of the Department of Workforce Development. It is difficult to predict how many cases might be filed under this new provision. A 2010 Society of Human Resources Managers (SHRM) survey found that approximately 13 percent of employers surveyed conduct credit checks on all job applicants, and that approximately 60 percent of employers conduct credit history checks on at least some job applicants. However, the federal Fair Credit Reporting Act contains specific requirements for how reports on an individual's credit history may be used in the employment context. For example, an employer that makes a hiring decision based upon a person's credit history must give the person a copy of the credit report and must also give that person the opportunity to challenge the report before making a final hiring decision. Because the federal law places restrictions on the use of credit histories in the employment context, and because this proposed bill lists many exceptions to the provision prohibiting discrimination on the basis of credit history, it is unlikely that more than fifty complaints would be filed with the Equal Rights Division each year if this law is enacted.

Assuming that fifty cases are filed with the Equal Rights Division under this provision each year, the Division would need to hire a one-half FTE Equal Rights Officer to handle the increased workload, at a yearly cost of \$39,422 for salary, fringe benefits, supplies and services.

In addition, the Equal Rights Division would have one-time costs of \$2,000 to re-print the rules, statutes and pamphlets relating to the WFEA.

### Long-Range Fiscal Implications

None.