

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-3641/4	Introduction Number AB-0791	
Description Minimum hourly wages for procurement contracts entered into by an executive branch agency, granting rule-making authority, and providing a penalty		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local:		
<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		
Fund Sources Affected		
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.445(1)(a)		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
DWD/ Jean Culbert (608) 266-6898	David Anderson (608) 266-2284	3/6/2014

Fiscal Estimate Narratives

DWD 3/6/2014

LRB Number	13-3641/4	Introduction Number	AB-0791	Estimate Type	Original
Description Minimum hourly wages for procurement contracts entered into by an executive branch agency, granting rule-making authority, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, an executive branch agency may contract for services if the services can be performed more economically or efficiently by contract rather than a state employee. This bill requires an employer with a state contract valued at \$100,000 or more to pay full-time employees over the age of 18 and working at least half of their time on the state contract a wage equal to the lesser of an hourly wage paid to a state employee, or an "hourly living wage". The "hourly living wage" would be calculated based on the poverty level of a three-person household times 2080 hours. The hourly wage may be lower if the employer provides health insurance or contributes to the employee's deferred compensation plan.

This bill would require DWD to investigate both oral and written wage complaints against a contractor in a manner similar to how other alleged wage complaints are investigated. If DWD finds the contractor has paid an employee an amount that is less than the minimum hourly wage, DWD must order payment of the unpaid wages and a forfeiture of \$20 per day for such employee and may order additional liquidated damages up to the amount of the unpaid wages.

Current law requires Dept. of Administration to maintain a list of persons who have violated laws of state procurement and are no longer eligible to bid for state contracts. This bill would require employers who paid employees less than the minimum hourly wage be added to this ineligible list of persons. This bill also requires DWD to develop a notice that lists the hourly living wage and contact information for DWD, and also requires the contractor to post such notice for the employees to see.

The DWD Equal Rights Division projects this bill would result in an additional 200-300 complaints per year. An additional 1.5 Equal Rights Officer - Senior positions at an annual cost of \$90,750 GPR for salary/fringe and \$28,550 GPR for other administrative costs would be needed to investigate the oral and written complaints. In addition, there would be a one time start up cost of \$5,800 GPR to cover desks, chairs, computer/monitors, file cabinets and miscellaneous office supplies.

Complaint review would include determination of contractual thresholds for contractors to see if the law applies. If there is a violation, DWD Equal Rights would then assess a \$20 forfeiture per day and may order additional liquidated damages up to the amount of unpaid wages. Contractors are subject to a \$50 per violation forfeiture for not posting the "living wage" notice. The bill also allows DWD Equal Rights to sue the employer on behalf of the employee to collect any wage claim or wage deficiency, or to refer such action to the district attorney of the county where the violation occurred for prosecution and collection.

Long-Range Fiscal Implications

The long range fiscal impact would be the annual cost of \$119,300 for 1.5 FTE.

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One time start-up costs totalling \$5,800 for the 1.5 Equal Rights Officer positions would be needed to cover a desk, chair, computer/monitor, file cabinet and miscellaneous office supplies.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$90,750		\$
(FTE Position Changes)	(1.5 FTE)		
State Operations - Other Costs	28,550		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$119,300		\$
B. State Costs by Source of Funds			
GPR	119,300		
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, ets.)			
	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	\$119,300		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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