

Fiscal Estimate Narratives

DWD 12/8/2015

LRB Number	15-2007/1	Introduction Number	SB-342	Estimate Type	Original
Description Exemption of bona fide administrative, executive, and professional employees from the overtime pay requirements of the wage and hours laws, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

Current administrative rules promulgated within the Department of Workforce Development require employers to pay employees overtime pay of 1.5 times their pay rate for hours worked in excess of 40 per week. Included in these rules are exemptions for employees whose primary duties involve administrative, executive, and professional work. Under the promulgated rules, administrative, executive, and professional employees are defined as those who do not devote more than 20 percent of their hours worked to work activities that are administrative, executive, or professional in nature and those individuals compensated on a salary basis at a rate not less than \$700 a month, or \$750 a month for professional employees.

Senate Bill 342 requires the Department of Workforce Development to redefine an exempt employee by setting the compensation threshold at \$970 a week and replacing the 20 percent rule with a requirement that an employee's primary responsibilities be administrative, executive, or professional work. SB 342 also requires DWD, by the first day of the 18th month after the bill's effective date, and annually thereafter, to promulgate emergency rules that revise the compensation threshold to reflect annual percent changes to the consumer price index.

Administratively, DWD could absorb complaints arising from the changes without hiring Equal Rights officers to investigate them. DWD can also absorb costs arising from the new requirement to promulgate added administrative rules. On an annual basis however, DWD would need approximately \$5,000 to modify existing publications that define employment laws.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 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	\$	\$
(FTE Position Changes)		
State Operations - Other Costs	5,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$5,000	\$
B. State Costs by Source of Funds		
GPR	5,000	
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, 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	\$5,000	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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