

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-0452/1	Introduction Number SB-040	
Description the provision by employers to employees of written disclosure statements of the terms of employment, various changes pertaining to wage claims, occupational or professional licensing of employers that owe wages under wage claim judgments, and making an appropriation		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input 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 checked="" 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 Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.445(1)(a) and (1)(gu)		
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Fiscal Estimate Narratives

DWD 2/21/2019

LRB Number	19-0452/1	Introduction Number	SB-040	Estimate Type	Original
Description the provision by employers to employees of written disclosure statements of the terms of employment, various changes pertaining to wage claims, occupational or professional licensing of employers that owe wages under wage claim judgments, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Current law allows employees who believe they are owed unpaid wages from an employer to file a claim with the Department of Workforce Development (DWD) or commence a circuit court action to collect wages unpaid within two years of the cause of action or two years after the wages are due. If a claim action is commenced with the courts before DWD has completed the wage claim investigation, settlement, and compromise process, the court can order employers to pay unpaid wages as well as increased wages equaling up to 50 percent of the total unpaid wages. If the claim action occurs after DWD has completed its investigation, settlement, and compromise process, the court may order the employer to pay unpaid wages plus increased wages of up to 100 percent of the unpaid wages.

This bill would increase the statute of limitations for these actions to four years; increase the wage multiplier courts may order on unpaid wages; and permit DWD to require, and a court to order, an employer to pay interest on unpaid wages that have not been paid.

This bill also creates an employer surcharge of \$500 for the first violation, \$750 for a second violation, and \$1,000 for subsequent violations. This surcharge revenue would be sent to a new PRO appropriation within DWD that is created in the bill to administer the wage claim law. The bill also permits a circuit court to require an employer that fails to pay wages to pay reasonable costs and attorney fees.

The bill adds a provision that would require an employer to provide a disclosure statement to each employee at the time of hire, on January 1 of each year, and not less than 7 days before the effective date of any change to the terms of employment. This statement must include the employees full name, address, and telephone number; the wages paid to the employee, payment frequency, and if wages will be paid as an hourly wage, the hourly basic payment rate; changes to the hourly basic rate for working more than an established number of hours per day, week, month, and specified nights, weekends, and holidays; and a description of additional employment benefits provided to the employee and any cost of required employee contributions.

The failure to provide a statement, or comply with the terms stated within it, would result in an employer liability that may include damages sustained by the employee as a result of the failure to provide the statement or comply with the terms; liquidated damages of up to \$50 for each working day the employer fails to provide a statement; as well as reasonable costs and attorneys' fees.

Administratively, DWD assumes this legislation would generate 300 complaints annually (200 relating to the disclosure statement and 100 relating to wage complaints) that cannot be fielded, investigated, or resolved at current staffing levels. To meet this increased workload, DWD's Equal Rights Division would have to reallocate existing staff workloads equal to one Full Time Equivalent Equal Rights Officer which has an annual cost of \$51,700 for salary and fringe benefits and \$20,100 for other operations costs for a total of \$71,800. This bill does not provide position authority for these new duties. The cost is not absorbable within the ER Division's staffing resources.

There would be one-time costs of \$3,500 to staff the position and \$5,000 to review, revise, and reprint existing publications. These costs could be absorbed within the current operating budget.

Long-Range Fiscal Implications

The Department of Workforce Development (DWD) Equal Rights Division would have ongoing staff reallocation of other workloads, resulting in slower case reviews and completions, equal to one Equal Rights Officer (1.0 FTE). If enacted, revenue would be sent to a new PRO appropriation within DWD.