

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-0452/1	Introduction Number SB-040
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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"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
3. <input type="checkbox"/> Increase Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
4. <input type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By UWS/ Chrissy Klappa (608) 890-2881	Authorized Signature Renee Stephenson (608) 263-4422	Date 3/5/2019
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Fiscal Estimate Narratives

UWS 3/5/2019

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

This proposed legislation would expand the statute of limitations for wage claims from 2 to 4 years and would increase the allowable penalty amounts for filed wage claims. Additionally, the proposed bill would require employers to provide terms of employment statements to every employee upon hire, to provide statements on January 1 of each year, and provide statements not less than seven days before the effective date of any change in the terms of employment. All issued statements would be provided in English; however, for employees with limited English proficiency, the document must also be available in the employee's native language. The proposed bill would impose a penalty on noncompliant employers.

In order to provide this estimate, data and input were collected from the UW System Office of Human Resources. As the largest employer for the state of Wisconsin, this legislation would have significant impact on the UW System. The exact costs for this proposed bill were indeterminate; however, this estimate illustrates examples of various costs.

While wage claims against the university are rare, they do occur and can vary substantially in the nature of the claim. Claims filed in the past included examples of both individual claims as well as claims with a unit-wide impact. Costs for previously filed wage claims varied depending on the nature of the claim. Costs ranged from just over \$1,000 to tens of thousands per claim. By extending the statute of limitations, this proposed legislation opens the UW System to increased risk which inevitably would drive up costs.

The requirement to provide terms of employment also poses additional costs and administrative burden. While UW System does provide initial terms of employment upon hire, it does not currently provide statements after this initial distribution, unless an individual is reappointed or experiences a change in terms. In addition, the UW System makes many appointments on an academic/fiscal year basis which means that the January 1 date would provide duplication of information contained in May appointment letters.

To arrive at an estimate for this provision, certain assumptions needed to be made. This estimate assumed that electronic statements could be issued rather than paper mailed statements. The estimate assumes a 2020 start date. The HR information contained in the statements may impact the cost. This estimate assumes that no changes would need to be made to the terms. However, if changes were needed, costs would be significantly higher. The estimate also does not include the cost of communication efforts that would provide explanation of purpose and intent of the statements which would further increase total costs.

With the above assumptions, the estimate for this portion of the proposed legislation is 350-450 hours of setup and 50-100 hours per year for ongoing support. This would equate to a minimum of \$16,000-\$21,000 for setup costs. Costs would likely increase based on timing and further definition of requirements as well as identification of translation needs for employees not proficient in English.

Long-Range Fiscal Implications