

Fiscal Estimate Narratives

DWD 4/20/2015

LRB Number	15-0172/1	Introduction Number	SB-005	Estimate Type	Original
Description Provision by employers to employees of written disclosure statements of the terms of employment, the filing and investigation of wage claims, the statute of limitations for filing a wage claim action, the payment of interest, penalties, and surcharges on 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 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.

Senate Bill 5 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.

SB 5 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 appropriation within DWD that is created in SB 5 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 remuneration paid to the employee, payment frequency, and if remuneration is 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, and month; and a description of additional economic benefits provided to the employee.

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, this legislation would create 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, one Equal Rights Officer would be need to be hired at an annual cost of \$60,900.

A one-time cost of \$5,000 is also needed to reprint revised wage claim publications. This cost cannot be absorbed within the current operating budget.

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): \$5000 to reprint revised wage claim publications.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$60,900	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$60,900	\$
B. State Costs by Source of Funds		
GPR	60,900	
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	\$60,900	\$0
NET CHANGE IN REVENUE	\$	\$0
Agency/Prepared By	Authorized Signature	Date
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