

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-0236/1	Introduction Number AB-0538	
Description prohibiting an employer from relying on information about a prospective employee's compensation when making employment decisions or inquiring about a prospective employee's compensation and from restricting an employee's right to disclose compensation information, allowing actions in circuit court, 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 checked="" 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 checked="" 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 checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.445(1)(a), 20.445(1)(o)		
Agency/Prepared By DWD/ Erin Blair (608) 405-4657	Authorized Signature Jennifer Sereno (608) 267-9692	Date 12/20/2023

Fiscal Estimate Narratives

DWD 12/20/2023

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Assumptions Used in Arriving at Fiscal Estimate

Under current law, s. 103.36, employers have the right to solicit information regarding the salary history of prospective employees. The proposed bill repeals s. 103.36 and creates new provisions prohibiting certain employer conduct related to requesting and disclosing compensation information of current and prospective employees. The bill also requires employers to post notices regarding employees' and prospective employees' rights under the bill. The bill also provides a penalty if employers fail to post the required notices.

This bill requires the Department of Workforce Development (DWD) to:

- prohibit certain employer conduct related to requesting and disclosing compensation information,
- investigate complaints filed against employers,
- enforce payment of penalties if a violation is found to have occurred, and
- annually review and revise punitive damage limits.

The bill does not provide funding or position authority for the department to implement these requirements or provide ongoing oversight.

This bill's fiscal impact on DWD is estimated at \$204,000 in ongoing annual expenditures and \$6,000 in one-time costs. Additionally, there is an indeterminate federal revenue decrease because the department is unable to absorb the annual costs within its' current base-level General Purpose Revenue (GPR) operating budget.

The proposed bill would expand the scope of Wisconsin labor standards law, which DWD's Equal Rights Division (ERD) oversees and enforces. Based on the department's current experience with complaints and investigations, the bill is estimated to expand labor standards law complaints between 5% and 10% annually. For the purposes of this fiscal estimate, a 6.5% increase in complaints is assumed. In the last year, the department has managed 2,350 labor standards complaints. The estimated 6.5% increase in complaints equals an additional 150 complaints annually. A total of 150 complaints corresponds to the workload of two equal rights officers. This bill's estimated fiscal impact of \$204,000 in ongoing annual expenditures is for the salary, fringe, and operational costs for two equal rights officers to manage these new labor standards law complaints.

Since the bill does not provide increased funding or position authority, and because the department's GPR funding is fully subscribed, DWD assumes for the purposes of this estimate that ERD's base GPR budget will be reallocated to meet the new annual workload demands.

Implementing resource reallocations to address the additional workload is anticipated to increase the average time needed to complete case resolutions, resulting in a reduction to ERD's annual completed caseload counts that generate federal revenues of \$830 per completed case from the Equal Employment Opportunities Commission (EEOC) reimbursement contract. These revenues are received in appropriation s. 20.445(1)(o). The department is unable to estimate the bill's impact to EEOC federal revenue at this time, but the reduction is anticipated to be material.

Under the bill, the department is permitted to seek civil action against an employer that is alleged or found to have engaged in discrimination. In cases where the department would choose to bring civil action, the department would refer these cases to the Department of Justice (DOJ), and DWD would reimburse DOJ for its costs. The department is unable to estimate how many cases it would refer annually; therefore, the cost of such referrals is indeterminate.

The department also estimates a one-time cost of \$6,000 to revise and update online materials. These costs are absorbable within the current operating budget.

Under this legislation, DWD is required to revise damage caps annually, which is estimated to have a minor absorbable cost. A specific cost for this activity is indeterminate at this time.

Local governments as employers may incur costs related to provisions in the bill. Local governments' counterparts to DWD's Equal Rights Division may experience an increase in complaints and may need to update publications. These costs are indeterminate at this time.

Long-Range Fiscal Implications