

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 94** HLS 20RS 200  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 13, 2020 10:10 AM	<b>Author:</b> GREEN
<b>Dept./Agy.:</b> Statewide	<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> State minimum wage	

EMPLOYMENT/WAGES-MINIMUM OR INCREASE GF EX See Note Page 1 of 2  
 Establishes a state minimum wage rate effective January 1, 2021.

Proposed law establishes a state minimum wage at \$9.00 per hour beginning 01/01/2021. Proposed law requires that if the federal minimum wage is raised above the state minimum wage, the state minimum wage shall also be raised to that higher federal level. Proposed law authorizes LA Workforce Commission (LWC) to assess a civil fine of \$500 to \$1,000 per employee per violation for failure to pay minimum wage. Proposed law further requires that an employer who fails to pay his employee minimum wage shall pay the employee the difference between what the employee was paid and minimum wage. Proposed law excludes student workers.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
<b>Annual Total</b>						

  

<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

This proposed legislation is anticipated to increase state expenditures by a minimum of \$619,621 plus related benefits in FY 21 as a result of a new minimum wage (\$525,130) and enforcement cost to LWC (\$94,491). Annualized expenditures will exceed \$1 M in future fiscal years. This minimum does not include costs associated with related benefits because the rates vary depending on the employee's retirement plan. For illustrative purposes, the additional impact of related benefits applying a LASERS member retirement rate of 40.1% would be \$166,741 in FY 21; \$333,474 in FY 22; \$340,551 in FY 23; \$347,839 in FY 24; and \$355,346 in FY 25 (see note below on page 2).

**Wage Increase Impact**

Proposed legislation will increase state expenditures by a total of \$525,111 in FY 21 to fund the additional salary costs of the new minimum wage. According to State Civil Service, as of 01/31/2020, there are 341 classified employees, 91 unclassified employees and 160 When Actually Employed (WAE) temporary employees identified that will be earning less than \$9 per hour on 01/01/2021. In FY 21, to comply with the requirements of this legislation, additional state expenditures of \$283,825 for classified, \$117,457 for unclassified employees, and \$123,827 for WAE employees are anticipated, which is annualized in future fiscal years. This fiscal note assumes that 341 classified employees will receive an annual 3% Market Rate Adjustment on July 15th based on the new civil service market rate adjustment plan, which ranges from 2 to 4%. See table below.

	FY 21	FY 22	FY 23	FY 24	FY 25
Classified Employees*	\$283,835	\$567,650	\$584,680	\$602,220	\$620,286
Unclassified Employees**	\$117,457	\$234,914	\$234,914	\$234,914	\$234,914
WAE Employees**	\$123,827	\$247,654	\$247,654	\$247,654	\$247,654
<b>Total</b>	<b>\$525,130</b>	<b>\$1,050,240</b>	<b>\$1,067,271</b>	<b>\$1,084,812</b>	<b>\$1,102,879</b>

\*Assumes 3% Market Rate Adjustment  
 \*\*Increase to bring wages to \$9 per hour

**Continued on Page 2**

**REVENUE EXPLANATION**

This proposed legislation creates fines of \$500 to \$1,000 per employee for failure to pay a \$9 per hour minimum wage in FY 21. The LFO cannot anticipate the amount of funding that may be collected in fines from employers that fail to comply with state minimum wages.

Senate	Dual Referral Rules	House
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  
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**Staff Director**

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**CONTINUED EXPLANATION from page one:**

**(CONTINUED EXPENDITURE EXPLANATION from Page 1)**

NOTE: Although not included in the analysis, related benefits will increase proportionately to the increase in salary by a rate varying from 7.65% to 53.85% depending on the employee's retirement plan. For example, if an employee is in the LASERS rank and file plan, then the related benefit cost for this employee will increase proportionately to the pay increase by 41.55% (40.1% for employer contributions to LASERS + 1.45% for Medicare).

**Louisiana Workforce Commission**

According to the LA Workforce Commission (LWC), if a state minimum wage law is enacted, they would need to hire an attorney (\$122 K salary and benefits) and administrative coordinator (\$46 K salary and benefits) to investigate and enforce wage complaints. There is also anticipated one time implementation cost in FY 21 for two computers (\$1.4 K each). The projected cost of the additional staff, office supplies, travel, and equipment is \$94,491 in FY 21 and on going salary, supplies, and travel cost of \$181,883 in future fiscal years.

The proposed law also allows for penalties to be imposed by a ruling of the LWC executive director. However, the ruling is pursuant to a Division of Administrative Law (DAL) adjudicatory hearing. The estimated cost to LWC per hearing is indeterminable at this time and is based on a statewide allocation from the DAL.

**Local**

Data released in August 2019 by the U.S. Census Bureau indicates that as of March 2018, there were 129,048 full time and 21,766 part time local government employees. To the extent that any of these employees are being paid below the newly created state minimum wage, local government expenditures will increase by an amount that is equal to the difference between the employee's current wage and the minimum wage as provided in this proposed bill.

**Public Assistance Programs**

To the extent the minimum wage increase results in individuals' earnings exceeding the means-tested public assistance threshold, there may be an indeterminable decrease in public assistance enrollment and expenditures. The number of individuals that would be impacted by the increase is unknown.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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