



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 229** HLS 22RS 262
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 16, 2022 9:48 AM	Author: GREEN
Dept./Agy.: LA Workforce Commission	
Subject: Employment Minimum Wage	Analyst: Prashant Sastry

EMPLOYMENT/WAGES-MINIMUM OR INCREASE GF EX See Note Page 1 of 2
 (Constitutional Amendment) Establishes a state minimum wage

Proposed constitutional amendment establishes a state minimum wage of \$11.65 per hour beginning July 1, 2023. Proposed constitutional amendment provides that the legislature may enact a minimum wage rate that is higher than the established minimum wage rate, and if so, the higher minimum wage rate shall be used. Proposed constitutional amendment provides that if the federal minimum wage set by federal law is increased to a rate that is higher than the state's minimum wage, the legislature may enact legislation establishing an identical or higher minimum wage rate.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Agy. Self-Gen.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Ded./Other	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Federal Funds	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Local Funds	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Annual Total	\$0					\$0

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed constitutional amendment is anticipated to increase state governmental expenditures by \$4,303,689 for 1,973 employees in FY 24 as a result of additional salary expense due to the new minimum wage.

Wage Increase Impact

According to State Civil Service, as of 01/31/2022, there are 1,085 classified employees, 299 unclassified employees and 589 When Actually Employed (WAE) temporary employees identified that will be earning less than \$11.65 per hour on 7/01/2023. In FY 24, to comply with the requirements of this proposed law, additional state expenditures of \$2,561,434 for classified employees, \$724,156 for unclassified employees, and additional state expenditures of \$1,018,099 for WAE employees are anticipated.

	FY-23	FY-24	FY-25	FY-26	FY-27
Classified Employees*	\$0	\$2,561,434	\$2,663,891	\$2,770,447	\$2,881,265
Unclassified Employees	\$0	\$724,156	\$724,156	\$724,156	\$724,156
WAE Employees**	\$0	<u>\$1,018,099</u>	<u>\$1,018,099</u>	<u>\$1,018,099</u>	<u>\$1,018,099</u>
Total	\$0	\$4,303,689	\$4,406,146	\$4,512,702	\$4,623,520

* Assumes annual 4% performance adjustments

**Assumes employee works 1,245 hrs/year which is the max for WAE

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REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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}

Evan Brasseaux

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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

Continued Expenditure Explanation from Page 1

Salaries and wages of classified employees and WAE employees are paid with all means of financing (MOF). All MOF may be affected by the total cost increase resulting from this proposed law. Expenditures discussed and displayed above are shown as State General Fund MOF for clarity. This minimum wage analysis does not include costs associated with related benefits because these rates vary depending on the employees' retirement plan. For illustrative purposes, the additional impact of related benefits applying to a LASERS member retirement rate of 42.1% would be \$1.38 M for FY 24, \$1.43 M for FY 25, \$1.47 M for FY 26, and \$1.52 M for FY 27. NOTE: This illustrative calculation does not include WAEs as they are not eligible for retirement. Although not included in the analysis, related benefits are anticipated to increase by an indeterminable amount under this measure.

Local

The proposed constitutional amendment will increase local governmental expenditures by an indeterminable amount as a result of the newly created state minimum wage that is higher than the current federal minimum wage. To the extent any employees at the local level are paid below the new minimum wage, local governmental expenditures will increase by an amount that is equal to the difference between the employee's current wage and the minimum wage in proposed law.

Public Assistance Programs

To the extent the minimum wage increase results in individuals' earnings exceeding the means-tested threshold for TANF cash assistance programs (FITAP and KCSP) and SNAP, 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.

The Department of Children and Family Services (DCFS) administers SNAP. SGF funds approximately half of the costs of administering SNAP. The rest of the administrative costs are funded through a federal match provided by the Food and Nutrition Services (FNS). The possible decrease in SNAP enrollment and expenditures, could generate a decrease in the costs associated with administering the program. The magnitude of this decrease is unknown, but unlikely to be significant.

SNAP benefits are not issued by DCFS (and are not part of DCFS budget). The federal government issues SNAP benefits directly to beneficiaries. Therefore, the possible decrease in SNAP benefits issued as a result of lower enrollment will have no impact on DCFS expenditures (or revenue).

TANF cash assistance programs (FITAP and KCSP) are administered by DCFS using federal funds. Benefits are also issued by DCFS using federal funds. Because of the low-income threshold for eligibility associated with cash assistance programs (for a household of 3 members with one working members, the maximum income to be eligible for FITAP is \$360), few beneficiaries would be negatively affected by the increase in minimum wage, and the increase in minimum wage is likely to have an immaterial impact on the costs associated with administering the program and issuing benefits.

Senate
Dual Referral Rules
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