



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 7** SLS 21RS 122
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 21, 2021 9:59 AM	Author: PETERSON
Dept./Agy.: Department of Labor / Workforce Commission / Civil Service	
Subject: Minimum Wage	Analyst: Monique Appeaning

EMPLOYMENT OR INCREASE GF EX See Note Page 1 of 1
 Provides relative to the state minimum wage. (gov sig)

Proposed law establishes a state minimum wage at \$11.00 per hour beginning 01/01/2022, \$13.00 per hour beginning 01/01/2024, and \$15.00 per hour beginning 01/01/2026. Proposed law provides for a specific civil remedy for violations of proposed law. Proposed law provides for specific damages for violation of proposed law. Proposed law provides for specific exceptions. Proposed law provides for specific reporting to House and Senate committees on labor and industrial relations and the governor's office on employers who violated proposed law. Proposed law authorizes the Louisiana Workforce Commission (LWC) to promulgate rules and regulations necessary for the implementation of proposed law. Proposed law is effective upon the signature of the governor.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
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	
Annual Total						
REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase state governmental expenditures by at least \$3.2 M plus related benefits for FY 22 for 1,194 employees, \$4.6 M plus related benefits in FY 24 for 2,051 employees, and \$8.5 M plus related benefit in FY 26 for 3,713 to implement the new minimum wage increase. This minimum wage 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 40.1% would be \$1.1 M for FY 22, \$1.6 M for FY 24 and \$3 M for FY 26. NOTE: This illustrative calculation does not include WAEs as they are not eligible for retirement.

Locals - 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.

The Department of Children and Family Services (DCFS) reports the following: 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.

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.

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}

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