



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 49** SLS 21RS 79
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Department of Labor / Workforce Commission / Civil Service		Analyst: Monique Appeaning
Subject: Minimum Wage		

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 and provides that beginning January 1, 2022, the state minimum wage shall be set at \$15 per hour. Every employer in the state shall pay to each employee wages at a rate of not less than \$15 per hour for hours worked in a pay period, regardless of how the time at work is measured. Proposed law provides that beginning January 1, 2023, and each January first thereafter, the minimum wage shall be increased by the percentage increase of the Consumer Price Index for all Urban Consumers (CPI-U), or its successor index, as calculated by the U.S. Department of Labor, or its successor agency, for the twelve months preceding the previous September first. Proposed law provides the minimum wage shall be rounded off to the nearest five cents. Proposed law provides that if there is a CPI-U decrease, the minimum wage shall not be decreased. Proposed law provides that the secretary of the La. Workforce Commission (commission) shall calculate the new minimum wage annually and, on or before October first of each year, publish on the commission's website the new minimum wage effective January first of the next year. Proposed law provides that if, at any time, the federal minimum hourly wage rate is raised to a level higher than the state minimum wage rate, then the state minimum wage rate shall be increased to the federal level. Proposed law provides that an employee shall have the right to file an action to enforce a wage claim against the employer through a summary proceeding as provided by the La. Code of Civil Procedure. Proposed law provides for specific exceptions.

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 direct state governmental expenditures by at least \$29.5 M (all means of finance), plus related benefits for FY 22 to implement the new minimum wage increase of \$15 per hour for 6,438 employees. 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 \$11 M. (NOTE: This illustrative calculation does not include WAEs as they are not eligible for retirement). Proposed law provides beginning January 1, 2023, and each January first thereafter, for the minimum wage to increase by the percentage increase of the CPI-U. The fiscal impact will increase state governmental expenditures in the years the CPI-U increases; however, it will not decrease in the years the CPI-U decreases. The out-year fiscal impact will likely result in an indeterminable increase to state governmental expenditures.

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 as 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 U.S. Department of Agriculture, 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
 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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