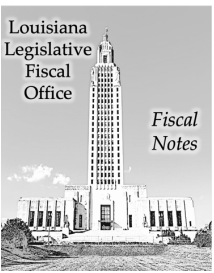


**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 311** HLS 22RS 334  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 16, 2022 10:08 AM	<b>Author:</b> MARCELLE
<b>Dept./Agy.:</b> LA Workforce Commission	
<b>Subject:</b> Establishes a Minimum Wage Rate	<b>Analyst:</b> Prashant Sastry

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

Proposed law establishes a state minimum wage at \$10 per hour beginning Jan. 1, 2023 and \$12 per hour beginning Jan. 1, 2024. Proposed law requires that if the federal minimum wage is raised, the state minimum wage shall also be raised to that level. Proposed law sets forth the proper venues of any civil action. Proposed law 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 provides for specific reporting to House and Senate committees on labor and industrial relations and the governor's office who violated proposed law. Proposed law excludes student employees of private employers and tipped agricultural employees. Proposed law outlines the reporting procedures for city, parish, and district clerks which will be submitted monthly to the Louisiana Workforce Commission (LWC) beginning Feb. 1, 2023, and that LWC shall compile the list of information beginning March 1, 2024. Proposed law provides that the LWC shall enforce the proposed law and is authorized and directed to promulgate rules and regulations.

<b>EXPENDITURES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</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>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
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>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The proposed law is anticipated to increase state governmental expenditures by \$791,764 for 590 employees in FY 23, and \$3,991,730 for 2,003 employees in FY 24 as a result of additional salary expense due to the new minimum wage.

**Wage Increase Impact**

Proposed law will increase state expenditures by a total of \$791,764 for FY 23 to fund the additional salary costs associated with the new minimum wage. According to State Civil Service, as of 01/31/2022, there are 290 classified employees, 104 unclassified employees and 196 When Actually Employed (WAE) temporary employees identified that will be earning less than \$10 per hour on 01/01/2023. In FY 23, to comply with the requirements of this proposed law, additional state expenditures of \$394,152 for classified employees, \$192,809 for unclassified employees, and additional state expenditures of \$204,802 for WAE employees are anticipated. State Civil Service projects 1,083 classified employees, 322 unclassified employees, and 598 WAE employees to earn less than \$12 per hour on 01/01/2024. In FY 24, to comply with the requirements of the proposed law, additional state expenditures of \$2,212,985 for classified employees, \$706,451 for unclassified employees, and \$1,072,294 for WAE employees are anticipated. The fiscal note assumes that the 1,083 full-time classified employees will receive annual 4% performance adjustments beginning FY 25.

	FY-23	FY-24	FY-25	FY-26	FY-27
Classified Employees*	\$394,152	\$2,212,985	\$2,301,504	\$2,393,565	\$2,489,307
Unclassified Employees**	\$192,809	\$706,451	\$706,451	\$706,451	\$706,451
WAE Employees***	\$204,803	\$1,072,294	\$1,072,294	\$1,072,294	\$1,072,294
Total	\$791,764	\$3,991,730	\$4,080,249	\$4,172,309	\$4,268,052

\* Assumes annual 4% performance adjustments

\*\*Increase to bring wages to \$10/hr in FY 23 and \$12/hr FY 24

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

Note: FY 23 represents 6 months as the proposed law begins 1/01/2023

**Continue on Page 2**

**REVENUE EXPLANATION**

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

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*  
**Evan Brasseaux**  
 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 \$247,111 for FY 23, \$1.23 M for FY 24, \$1.27 M for FY 25, \$1.31 M for FY 26, and \$1.35 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.

Louisiana Workforce Commission

Presently, the State is under the federal minimum wage enforced by the U.S. Department of Labor (US DOL), Wage and Hour Division through the Fair Labor Standards Act (FLSA). As such, the U.S. Wage and Hour Division handle the majority of wage and hour complaints. According to the LA Workforce Commission (LWC), if a state minimum wage law is enacted, they have a memorandum of understanding (MOU) with the US DOL to investigate and enforce wage and hour complaints.

According to LWC, if the department is tasked to provide the same or similar enforcement services as US DOL Wage and Hour division, a new division within LWC will have to be created and staffed. LWC estimates that they would need to hire ten investigators (salary of \$40,560 and benefits each), an attorney (\$80,080 salary and benefits), and an administrative assistant (\$26,000 salary and benefits) to investigate and enforce wage complaints. There is also anticipated one time implementation costs for twelve computers (\$1,100 each), ten vehicles (\$21,500 each), and employee education material (\$12,500). The projected cost of the additional staff, office supplies, travel, and equipment is \$1,104,140 in FY 24, and ongoing salary, supplies, and travel cost of \$865,493 in future fiscal years.

Local

The proposed law 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.

Judicial and Local Courts

To the extent the proposed law increases the number of civil cases in district courts, an indeterminable increase in costs associated with district attorney prosecutions, judicial workload, time and attendance (presence of judges, clerks, bailiffs, counsel, etc.) may result. It is speculative as to how many, if any, additional civil cases will occur as a result of this measure, as is the materiality of associated costs.

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
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[ ] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[X] 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