



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 149** SLS 23RS 312
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 17, 2023 9:01 AM	Author: CARTER, GARY
Dept./Agy.: Louisiana Workforce Commission	
Subject: State Minimum Wage	Analyst: Noah O'Dell

EMPLOYMENT EG INCREASE GF EX See Note Page 1 of 2
 Provides relative to the state minimum wage. (gov sig)

Proposed law establishes a state minimum wage and sets it at \$10.00 per hour beginning January 1, 2024. Proposed law provides that the state minimum wage shall be \$12.00 per hour beginning on January 1, 2026. Proposed law provides that the state minimum wage shall be \$14.00 per hour beginning on January 1, 2028. Proposed law provides that if the federal minimum wage is raised, the state minimum wage shall also be raised to that level. Proposed law provides that a lawsuit filed by the employee to recover wages (plus reasonable attorney fees and court costs) for a violation of proposed law must be commenced within one year of the date that an employee becomes aware that the employer is in violation of proposed law. Proposed law provides that the employee's civil lawsuit may be filed in a parish, city, or district court of proper venue. Proposed law authorizes the La. Workforce Commission to promulgate rules and regulations pursuant to the provisions of the Administrative Procedure Act that may be necessary for the implementation of the provisions of proposed law.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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	2023-24	2024-25	2025-26	2026-27	2027-28	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

The proposed law is anticipated to increase state expenditures by at least \$160,176 in FY 24, \$320,352 in FY 25, \$892,889 in FY 26, \$1.5 M in FY 27, and \$2.7 M in FY 28. These estimated expenditures can be attributed to the increased wages of persons employed by the State.

Wage Increase Impact

The following table shows the required salary increases provided by State Civil Service Department necessary to comply with the proposed minimum wage at each tier. Wage increases at each minimum wage tier will cumulatively increase state expenditures.

Minimum Wage	FY 24	FY 25	FY 26	FY 27	FY 28
\$10	\$ 160,176	\$ 320,352	\$ 320,352	\$ 320,352	\$ 320,352
\$12	-	-	\$ 572,537	\$ 1,145,073	\$ 1,145,073
\$14	-	-	-	-	\$ 1,270,385
Total Impact	\$ 160,176	\$ 320,352	\$ 892,889	\$ 1,465,425	\$ 2,735,810

Note: Civil Service indicates these values include salary market adjustment percentages from 4/3/2/2 to 4/4/3/3, which are effective July 15, 2023. The minimum wage tiers bring wages to \$10/hr, \$12/hr, and \$14/hr on January 1st in each respective fiscal year and assume WAEs work 1,245 hrs/year, which is the max for WAEs. This minimum wage analysis does not include costs associated with related benefits because these rates vary depending on the employee's retirement plan.

The following table shows the classification of state employees who are impacted at each minimum wage tier.

Affected State Employees	FY 24	FY 25	FY 26	FY 27	FY 28
Classified Employees	0	0	173	173	772
Unclassified Employees	183	183	339	339	724
WAE's	<u>67</u>	<u>67</u>	<u>280</u>	<u>280</u>	<u>599</u>
Total	250	250	792	792	2,095

CONTINUED ON PAGE 2

REVENUE EXPLANATION

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<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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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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. This minimum wage analysis does not include costs associated with related benefits because these rates vary depending on the employee's retirement plan. Although not included in the analysis, related benefits are anticipated to increase by an indeterminable amount under this measure.

Local Wage Impact Costs

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.

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 is unlikely to be significant.

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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