

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 46** SLS 14RS 168
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2014 5:46 PM	Author: DORSEY-COLOMB
Dept./Agy.: Civil Service	Analyst: Patrice Thomas
Subject: Creates a State Minimum Wage	

EMPLOYMENT OR INCREASE GF EX See Note Page 1 of 2
 Provides for a state minimum wage. (1/1/15)

Proposed law establishes a state minimum wage at \$10 per hour beginning 01/01/2015. Proposed law requires that the employers of tipped employees make up the difference between the \$2.13 per hour paid to the employee plus tips and the state minimum wage. Proposed law excludes student workers employed with the state and employees of state colleges and universities from the minimum wage requirement.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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

This proposed legislation will increase state governmental expenditures by at least \$4,092,591 in FY 15 as a result of additional salary expense.

Civil Service

Proposed legislation will increase state expenditures by a total of \$4,092,591 to fund the additional costs of the new minimum wage. According to State Civil Service, as of 01/31/2014, there are 1,608 classified employees and 262 when actually employed (WAE) employees projected to earn less than \$10 per hour on 01/01/2015. Therefore, to comply with the requirements of this legislation, additional state expenditures of \$3,516,529 for classified employees and one-time additional state expenditures of \$576,062 for WAE employees. In subsequent fiscal years, the 1,608 classified employees are projected to receive annual 4% performance adjustment on October 1st. See table below.

	FY 15	FY 16	FY 17	FY 18	FY 19
Classified Employees*	\$3,516,529	\$3,657,190*	\$3,803,478*	\$3,955,617*	\$4,113,842*
WAE Employees**	\$ 576,062	\$ 576,062	\$ 576,062	\$ 576,062	\$ 576,062
Total	\$4,092,591	\$4,233,252	\$4,379,540	\$4,531,679	\$4,689,904

*Assumes annual 4% performance adjustments

**Increase to bring wages to \$10 per hour

The above analysis only estimates the impact on classified employees and WAE employees in state agencies, housing authorities, ports, levee boards and independent agencies that are subject to the rules of the State Civil Service Commission. Unclassified employees are not subject to the rules of the State Civil Service Commission; therefore unclassified employees are not included in the above analysis.

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REVENUE EXPLANATION

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

Senate	<u>Dual Referral Rules</u>	House	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 John D. Carpenter Legislative Fiscal Officer
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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}		

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CONTINUED EXPLANATION from page one:

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(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 legislation. Expenditures discussed and displayed above are displayed as State General Fund MOF for clarity.

Local
The proposed legislation will increase local governmental expenditures by an indeterminable amount.

Public Assistance Programs
To the extent the minimum wage increase results in individuals' earnings exceeding the means-tested public assistance threshold, 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.

Senate Dual Referral Rules House 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} **John D. Carpenter**
Legislative Fiscal Officer