

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 123** SLS 14RS 94
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2014 6:29 PM	Author: NEVERS
Dept./Agy.: Civil Service	Analyst: Patrice Thomas
Subject: Creates a State Minimum Wage	

EMPLOYMENT OR INCREASE GF EX See Note Page 1 of 2

Constitutional amendment to provide, with certain exemptions, for a state minimum wage effective January 1, 2015. (2/3-CA13s1(A))

Proposed constitutional amendment provides a constitutional amendment that creates a state hourly minimum wage of \$9.50, effective 01/01/2015. The proposed constitutional amendment provides that every employer with 50 or more full-time employees that are 18 years of age and older shall pay a minimum hourly wage of \$9.50 per hour or the federal minimum wage, whichever is higher. Proposed constitutional amendment states the state minimum wage shall be annually adjusted for inflation. Proposed constitutional amendment provides that the legislature shall provide for definitions and for certain exemptions from the state minimum wage requirement. Examples of exemptions include but not limited to student employees and further allows an employer to take a tip credit toward its minimum wage obligation for tipped employees. Proposed constitutional amendment provides for submission to the voters at the statewide election to be held 11/04/2014.

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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This proposed constitutional amendment will increase state governmental expenditures by at least \$2,451,618 in FY 15 as a result of additional salary expense and provides that the minimum wage shall be adjusted annually for inflation in subsequent fiscal years.

Civil Service

Proposed legislation will increase state expenditures by a total of \$2,451,618 to fund the additional costs of the new minimum wage. According to State Civil Service, as of 01/31/2014, there are 1,118 classified employees and 233 when actually employed (WAE) employees projected to earn less than \$9.50 per hour on 01/01/2015. Therefore, to comply with the requirements of this legislation, additional state expenditures of \$2,036,834 for classified employees and one-time additional state expenditures of \$414,784 for WAE employees. In subsequent fiscal years, the 1,118 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*	\$2,036,834	\$2,118,307*	\$2,203,040*	\$2,291,162*	\$2,382,761*
WAE Employees**	\$ 414,784	\$ 414,784	\$ 414,784	\$ 414,784	\$ 414,784
Total	\$2,451,618	\$2,533,091	\$2,617,824	\$2,705,946	\$2,797,545

*Assumes annual 4% performance adjustments

**Increase to bring wages to \$9.50 per hour

The above analysis only estimates the impact on classified employees and WAE employees in state agencies, state colleges and universities, 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.

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|--|----------------------------|-------|--|
| Senate | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <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} |

John D. Carpenter
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

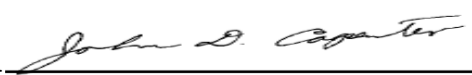
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(Continued Expenditure Explanation from Page 1)

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	<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
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