

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 252** SLS 18RS 271
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 14, 2018 4:48 PM **Author:** CARTER
Dept./Agy.: Statewide **Analyst:** Tanesha Morgan
Subject: 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 August 1, 2019.

Proposed constitutional amendment creates a state hourly minimum wage of \$9.50, effective 08/01/2019. 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 11/06/2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Local Funds	<u>\$0</u>	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Annual Total	\$0					\$0

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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 constitutional amendment will increase state governmental expenditures by a minimum of \$849,955 in FY 20 as a result of additional salary expense and provides that the minimum wage shall be adjusted annually for inflation in subsequent fiscal years. (see note below)

Wage Increase Impact

Proposed legislation will increase state expenditures by a total of \$849,955 to fund the additional salary costs of the new minimum wage. According to State Civil Service, as of 01/1/2018, there are 471 classified employees and 138 When Actually Employed (WAE) temporary employees identified that will be earning less than \$9.50 per hour on 08/01/2019 (implementation date). In FY 20, to comply with the requirements of this legislation, additional state expenditures of \$730,798 for classified employees and additional state expenditures of \$119,158 for WAE employees are anticipated, which is annualized in future fiscal years. This fiscal note projects that 471 classified employees will receive an annual 3% Market Rate Adjustment on July 15th based on the new civil service market rate adjustment plan, which ranges from 2 to 4%. See table below.

	FY 20	FY 21	FY 22	FY 23
Classified Employees*	\$730,798	\$821,151	\$845,786	\$871,159
WAE Employees **	<u>\$119,158</u>	<u>\$129,990</u>	<u>\$129,990</u>	<u>\$129,990</u>
Total	\$849,955	\$951,141	\$975,776	\$1,001,149

*Assumes 3% Market Rate Adjustment
 **Increase to bring wages to \$9.50 per hour

NOTE: 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.

Continued 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
 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}

Evan Brasseaux
Evan Brasseaux
Staff Director

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 252** SLS 18RS 271
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: March 14, 2018 4:48 PM	Author: CARTER
Dept./Agy.: Statewide	Analyst: Tanesha Morgan
Subject: State minimum wage	

CONTINUED EXPLANATION from page one:

Page 2 of 2

(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. Although not included in the analysis, related benefits will increase proportionately to the increase in salary by a rate varying from 7.65% to 48.85% depending on the employee's retirement plan. For example, if an employee is in the LASERS rank and file plan, then the related benefit cost for this employee will increase proportionately to the pay increase by 39.25% (37.8% for employer contributions to LASERS + 1.45% for Medicare).

Local

The proposed legislation 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.

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

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}

Evan Brasseaux

Evan Brasseaux
Staff Director