

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Date: March 26, 2018 11:51 AM **Author:** CARTER
Dept./Agy.: Statewide **Analyst:** Tanesha Morgan
Subject: State minimum wage

EMPLOYMENT EG 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 \$8.00 per hour beginning 08/01/2019 and \$8.50 per hour beginning 08/01/2020. 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 the state minimum wage 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	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Ded./Other	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Federal Funds	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$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 \$3,566 in FY 20 as a result of a new minimum wage. This minimum does not include cost associated with related benefits because the rates vary. For illustrative purposes, the additional impact of related benefits applying a LASERS member retirement rate of 39.25% would be \$1,400 in FY 20; \$15,475 in FY 21; \$16,165 in FY 22; and \$16,983 in FY 23 (see note below on page 2).

Wage Increase Impact

Proposed legislation will increase state expenditures by a total of \$3,566 to fund the additional salary costs of the new minimum wage. According to State Civil Service, as of 01/1/2018, there are 6 classified employees and 3 When Actually Employed (WAE) temporary employees identified that will be earning less than \$8.00 per hour on 08/01/2019 (implementation date). In FY 20, to comply with the requirements of this legislation, additional state expenditures of \$1,774 for classified employees and additional state expenditures of \$1,792 for WAE employees are anticipated, which is annualized in future fiscal years. In FY 21, to comply with the requirements of this legislation, state expenditures of \$27,637 for classified employees and state expenditures of \$11,790 for WAE employees are anticipated. State Civil Service projects 79 classified employees and 34 WAE employees will earn less than \$8.50 per hour on 08/01/2020. This fiscal note projects that 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%. This fiscal note also projects that both classified and WAE employees will receive annual inflation adjustments based on the Consumer Price Index (CPI) of 2.13% in FY 22 and 2.02% in FY 23. See table below.

	FY 20	FY 21	FY 22	FY 23
Classified Employees*	\$1,774	\$27,637	\$29,123	\$30,597
WAE Employees **	<u>\$1,792</u>	<u>\$11,790</u>	<u>\$12,062</u>	<u>\$12,672</u>
Total ***	\$3,566	\$39,427	\$41,185	\$43,269

*Assumes 3% Market Rate Adjustment

**Increase to bring wages to \$8.00 beginning 08/01/2019 and \$8.50 beginning 08/01/2020

***Adjusts for inflation annually after 8/1/2020

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
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Staff Director

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CONTINUED EXPLANATION from page one:

(CONTINUED EXPENDITURE EXPLANATION from Page 1)

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. Salary data is not available for unclassified employees. However, to the extent that an unclassified employee's hourly wage falls below the minimum proposed in this bill, it will be increased accordingly.

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

Data released in October 2017 by the U.S. Census Bureau indicates that as of March 2016, there were 171,120 full time and 31,965 part time local government employees. To the extent that any of these employees are being paid below the newly created state minimum wage, local government expenditures will increase by an amount that is equal to the difference between the employee's current wage and the minimum wage as provided in this proposed bill.

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
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