

### Fiscal Estimate - 2013 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>13-1011/1</b>	<b>Introduction Number</b> <b>AB-0542</b>
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**Description**  
 State minimum wage, permitting the enactment of local living wage ordinances, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority

**Fiscal Effect**

**State:**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><input type="checkbox"/> Increase Existing Appropriations<br><input type="checkbox"/> Decrease Existing Appropriations<br><input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues<br><input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs |
|---|--|---|

**Local:**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> No Local Government Costs<br><input checked="" type="checkbox"/> Indeterminate<br>1. <input checked="" type="checkbox"/> Increase Costs<br><input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>4. <input type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <b>5. Types of Local Government Units Affected</b><br><input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities<br><input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others<br><input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts |
|---|--|---|

**Fund Sources Affected**

**Affected Ch. 20 Appropriations**

- GPR   
  FED   
  PRO   
  PRS   
  SEG   
  SEGS

**Agency/Prepared By**

**Authorized Signature**

**Date**

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12/23/2013

## Fiscal Estimate Narratives

DWD 12/23/2013

LRB Number	13-1011/1	Introduction Number	AB-0542	Estimate Type	Original
<b>Description</b> State minimum wage, permitting the enactment of local living wage ordinances, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

For AB-542, DWD divisions were asked to review the possible effects on their programs. The Divisions of Employment and Training; Vocational Rehabilitation; and Worker's Compensation do not anticipate any increased costs.

Equal Rights Division does project a small annualized cost of \$2,000 for updating the administrative rule, printed materials and the website if the minimum wage changes each year with the price index. The Equal Rights Division projects the bill may result in an additional 20 minimum wage complaints being filed based on statistics from the 2005 and 2006 minimum wage increases. At that time the Department (DWD) raised the minimum wage above the federal rate, which resulted in about 20 additional minimum wage claims per year. Since the DWD processes about 3,500 unpaid wage complaints per year, the Division of Equal Rights should be able to absorb the additional workload of 20 claims.

The Division of Unemployment Insurance projects AB-542 may cost state government reimbursable employers approximately \$15,000 and local government reimbursable employers approximately \$58,000 in 2014 due to an increase in unemployment benefits that would be payable. The amount could increase by approximately 2% per year under the current inflation projections, affecting all state and local appropriations funding FTE's.

AB-542 will also have an impact on the UI Trust Fund. The increase in the minimum wage will increase the total wages used by minimum wage earning employees to qualify for UI benefits, thus increasing their weekly benefit rate and maximum benefit amount. Based on analysis of 2012 reports showing the number of claimants in the minimum wage category (assuming one job, fulltime 30-40 hours per week) and calculating the increase in minimum wage using 16 weeks as the average number of weeks claimed for unemployment, the increase in UI benefits paid from the UI Trust Fund would be \$2.7 million and up to \$2.9 million in benefits when reimbursable employers are included. Based on the UI Tax Model, the increase in benefits payable results in an increase in UI employer taxes of approximately \$960,000 due to a change in the employers' experience ratings. Higher wages for all employees at minimum wage results in additional employer UI taxes of approximately \$11,200 based on BLS data. The increase in benefits compared to the increase in employer taxes would result in an estimated decrease in the UI Trust Fund of \$1.8 million in 2014. Under current inflation projections, the UI Trust Fund would continue to decrease more each year due to the estimated 2% consumer price index adjustment each year.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> State minimum wage, permitting the enactment of local living wage ordinances, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes (FTE Position Changes)	\$	\$
	State Operations - Other Costs	17,000	
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$17,000</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR	10,700	
	FED	1,500	
	PRO/PRS	3,300	
	SEG/SEG-S	1,500	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$17,000	\$
	NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DWD/ Jean Culbert (608) 266-6898		Jonathan Barry (608) 267-3200	12/23/2013