

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>23-4431/1</b>	<b>Introduction Number</b> <b>AB-0816</b>	
<b>Description</b> minimum wage for all inmates and residents of state correctional institutions and county jails or houses of correction and making an appropriation		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue                      5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input checked="" type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS    20.410(1)a,kk,kf,km		
<b>Agency/Prepared By</b> DOC/ Craig Vruwink (608) 240-5415	<b>Authorized Signature</b> Anna Neal (608) 228-1331	<b>Date</b> 2/2/2024

## Fiscal Estimate Narratives

DOC 2/2/2024

LRB Number	23-4431/1	Introduction Number	AB-0816	Estimate Type	Original
<b>Description</b> minimum wage for all inmates and residents of state correctional institutions and county jails or houses of correction and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

#### \*STATE\*

Current law provides that the Department of Corrections (DOC) sets the rate of pay for persons in our care (PIOC) working in state correctional institutions and the Prison Industries Board (PIB) sets wages for PIOC's employed by the Bureau of Correctional Enterprises (BCE).

Under current law, BCE employees may be paid an hourly rate plus an incentive wage based on productivity in some instances, but wages may not be set at a rate that would cause a deficit on operations.

The bill provides that all PIOC's and residents that perform labor must be paid a wage, and in addition to the standards under current law, provides that no PIOC or resident of a state correctional institution may be paid a wage that is less than the rate for tipped workers, which is currently \$2.33 per hour. The bill removes the provision that wages may not be set at a rate that would cause a deficit on operations.

The bill increases all wages established by the Prison Industries Board for payment to PIOC's employed by BCE by \$2.33 on the effective date of the bill. The bill provides that any prisoner in a county jail or county work camp must be paid a wage that is not less than the rate for tipped workers, which is currently \$2.33 per hour.

The bill also provides to DOC \$58,933,600 GPR in FY24 and \$88,400,400 GPR in FY25 to pay the wages of PIOC's in state correctional institutions and \$873,300 PR in FY24 and \$1,310,000 PR in FY25 to pay the wages of PIOC's engaged in labor under BCE.

During FY23, the Department paid \$5,400,000 in PIOC wages. PIOC's work in jobs such as food service, groundskeeping, laundry, custodial, and maintenance. Wisconsin Administrative Code 309.55 establishes that institutions have multiple pay ranges based on the "skill and responsibility of each assignment". There are ten hourly pay ranges for PIOC workers, starting at \$0.05/\$0.07 up to \$2.00/\$2.02. Should this legislation be enacted, the Department would adopt a new pay scale starting at \$2.33/hr up to \$3.20/hr. Applying the FY23 hours worked at each pay level, the Department would require at least \$81,000,000 GPR annually to absorb the cost and implement a revised PIOC pay scale, with a minimum wage of \$2.33/hr.

BCE has 16 teams at 11 correctional facilities, producing products such as milk, furniture, and textiles for sale to federal, state and local government agencies/campuses and non-profit organizations. During FY23, BCE had 84.00 filled FTE across all teams and in central office and employed 381 PIOC workers. The PIOC average hourly wage in FY23 ranged from \$0.58/hr to \$1.43/hr with a Bureau-wide average wage of \$0.99/hr. In FY23, BCE paid out \$685,000 PR in PIOC wages. Applying the FY23 hours worked to this proposal, BCE would require at least \$1,600,000 PR annually in both expenditure authority and revenue to absorb the cost of paying increased wages.

DAI and BCE leadership are concerned this legislation only provides additional expenditure authority to BCE, but does not provide any source for the revenue needed to pay for the increased wages. This may result in BCE having to raise prices to account for increased labor costs. Higher prices may cause BCE to lose bids for service. Decreased revenue may result in a challenge for BCE to maintain operations which would eliminate critically important work experience for PIOC BCE workers.

#### \*LOCAL\*

The bill provides that any prisoner in a county jail or county work camp must be paid a wage that is not less than the rate for tipped workers, which is currently \$2.33 per hour.

County jails do not currently provide any monetary compensation to inmate workers, and thus this bill's minimum pay rate requirement would result in a significant cost increase to the counties. There could also be additional costs from counties needing to set up new systems for managing the compensation of their inmate

workers. As DOC does not have data regarding the number of inmate workers in county jails and county work camps across the state and how many hours they work per week, it cannot estimate the cost of this requirement on the counties. Note that there are no county work camps operated by Sheriff Departments.

### **Long-Range Fiscal Implications**