



## 2013 ASSEMBLY BILL 531

November 25, 2013 – Introduced by Representatives SINICKI, BARNES, KAHL, BARCA, BERCEAU, BERNARD SCHABER, BEWLEY, BILLINGS, CLARK, DANOU, DOYLE, GOYKE, HEBL, HESSELBEIN, HULSEY, JOHNSON, JORGENSEN, KOLSTE, OHNSTAD, PASCH, POPE, RICHARDS, RINGHAND, SARGENT, SHANKLAND, SMITH, VRUWINK, WACHS, WRIGHT, YOUNG, ZAMARRIPA and ZEPNICK, cosponsored by Senators HARRIS, CARPENTER, T. CULLEN, L. TAYLOR and VINEHOUT. Referred to Committee on Labor.

1     **AN ACT** *to amend* 104.04; *to repeal and recreate* 104.06; and *to create* 15.227  
2           (1) and 19.85 (1) (ej) of the statutes; **relating to:** creation of a wage council to  
3           study and make recommendations concerning increases in the living wage and  
4           granting rule-making authority.

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### ***Analysis by the Legislative Reference Bureau***

Under the current state minimum wage law, employers are required to pay to their employees a living wage, which is defined as compensation that is sufficient to enable an employee to maintain himself or herself under conditions consistent with his or her welfare. Under that law, the Department of Workforce Development (DWD) is required to investigate and determine the living wage. If, upon investigation, DWD finds that there is reasonable cause to believe that the wages paid to any employee are not a living wage, DWD must appoint a wage council, selected so as fairly to represent employers, employees, and the public, to assist DWD in its investigations and determinations. In determining the living wage, DWD may consider the effect that an increase in the living wage might have on the economy of the state, including the effect of a living wage increase on job creation, retention, and expansion; on the availability of entry-level jobs; and on regional economic conditions within the state.

This bill creates a permanent wage council in DWD and requires the wage council, early in each regular session of the legislature, to convene for the purpose of studying the need for an increase in the living wage and making recommendations to DWD for any changes in the living wage that may be necessary to ensure that the

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wages paid to any employee are a living wage. The wage council, in conducting that study and making those recommendations, and DWD, in revising the living wage, must consider: 1) any changes in the consumer price index; 2) the effect of those changes on the real income of employees in this state; and 3) the effect that an increase in the living wage might have on the economy of the state, including the effect of a living wage increase on job creation, retention, and expansion; on the availability of entry-level jobs; and on regional economic conditions within the state. If DWD approves the findings and recommendations of the wage council, DWD may promulgate rules to revise the living wage.

Finally, under the bill, the biennial living wage revision procedure specified in the bill does not preclude DWD from convening the wage council at other times during the regular session of the legislature if, upon investigation, DWD finds that there is reasonable cause to believe that the wages paid to any employee are not a living wage. If DWD so convenes the wage council, the wage council so convened must study the need for an increase in the living wage and report its recommendations as provided in the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 15.227 (1) of the statutes is created to read:

2           15.227 (1) WAGE COUNCIL. There is created in the department of workforce  
3 development a wage council consisting of all of the following members:

4           (a) Five representatives of employers, including a representative of an  
5 association that is primarily composed of small businesses, appointed by the  
6 secretary of workforce development for 3-year terms.

7           (b) Five representatives of employees appointed by the secretary of workforce  
8 development for 3-year terms.

9           (c) The chairpersons and ranking minority party members of one senate  
10 standing committee and one assembly standing committee concerned with labor  
11 issues, appointed as are the members of standing committees in their respective  
12 houses.

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1 (d) Five representatives of the public interest who do not have the  
2 qualifications of the members described in pars. (a) to (c) appointed by the secretary  
3 of workforce development for 3-year terms.

4 **SECTION 2.** 19.85 (1) (ej) of the statutes is created to read:

5 19.85 (1) (ej) Deliberating by the wage council in a meeting at which all  
6 employer members of the council or all employee members of the council are  
7 excluded.

8 **SECTION 3.** 104.04 of the statutes is amended to read:

9 **104.04 Classifications; department's authority.** The department, with the  
10 assistance of the wage council as provided in s. 104.06, shall investigate, ascertain,  
11 determine, and fix such reasonable classifications, and shall impose general or  
12 special orders, determining the living wage, and shall carry out the purposes of this  
13 chapter. Such investigations, classifications, and orders shall be made as provided  
14 under s. 103.005, and the penalties specified in s. 103.005 (12) shall apply to and be  
15 imposed for any violation of this chapter. In determining the living wage, the  
16 department ~~may consider the effect that an increase in the living wage might have~~  
17 ~~on the economy of the state, including the effect of a living wage increase on job~~  
18 ~~creation, retention, and expansion, on the availability of entry-level jobs, and on~~  
19 ~~regional economic conditions within the state~~ and the wage council shall use the  
20 procedures specified in s. 104.06. A living wage determined under this section shall  
21 be the living wage for all employees within the same class as established by the  
22 classification of the department. The department may not establish a different  
23 minimum wage for men and women. Said orders shall be subject to review in the  
24 manner provided in ch. 227.

25 **SECTION 4.** 104.06 of the statutes is repealed and recreated to read:

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1           **104.06 Wage council; determination of living wage. (1) LIVING WAGE**  
2 STUDY AND RECOMMENDATIONS. (a) Early in each regular session of the legislature, the  
3 wage council shall convene for the purpose of studying the need for an increase in the  
4 living wage and making recommendations to the department for any changes in the  
5 living wage that may be necessary to ensure that the wages paid to any employee are  
6 a living wage.

7           (b) The wage council, in conducting the study and making the  
8 recommendations under par. (a), and the department, in revising the living wage  
9 under sub. (3), shall consider all of the following:

10           1. The percentage difference between the consumer price index, as defined in  
11 s. 49.455 (1) (b), for the 12-month period ending on December 31 of the preceding  
12 year and the consumer price index for the 12-month period ending on December 31  
13 of the most recent even-numbered year before the preceding year, except that the  
14 wage council may not consider that percentage difference if the consumer price index  
15 for the 12-month period ending on December 31 of the preceding year did not  
16 increase over the consumer price index for the 12-month period ending on December  
17 31 of the most recent even-numbered year before the preceding year.

18           2. The effect that any change in the consumer price index might have on the  
19 real incomes of employees in this state, unless the department is precluded from  
20 considering such a change under subd. 1.

21           3. The effect that an increase in the living wage might have on the economy of  
22 the state, including the effect of a living wage increase on job creation, retention, and  
23 expansion; on the availability of entry-level jobs; and on regional economic  
24 conditions within the state.

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1 (c) If the wage council recommends an increase in the living wage for a class  
2 of employees for whom the living wage is determined on an hourly basis, the wage  
3 council shall recommend the same increase for all classes of employees for whom the  
4 living wage is determined on an hourly basis.

5 (2) REPORT OF FINDINGS AND RECOMMENDATIONS. The wage council shall submit  
6 a report of its findings and recommendations, together with an explanation for those  
7 findings and recommendations, to the secretary, the governor, the speaker of the  
8 assembly, the senate majority leader, and the minority leaders of each house of the  
9 legislature and to the standing committee of each house of the legislature that is  
10 concerned with labor issues under s. 13.172 (3).

11 (3) RULES REVISING LIVING WAGE. The department shall consider the findings  
12 and recommendations of the wage council and, if the department approves those  
13 findings and recommendations, the department may promulgate rules to revise the  
14 living wage.

15 (4) OTHER LIVING WAGE INCREASES NOT PRECLUDED. The biennial living wage  
16 revision procedure specified in subs. (1) to (3) does not preclude the department from  
17 convening the wage council at other times during the regular session of the  
18 legislature if, upon investigation, the department finds that there is reasonable  
19 cause to believe that the wages paid to any employee are not a living wage. If the  
20 department so convenes the wage council, the wage council so convened shall study  
21 the need for an increase in the living wage as provided in sub. (1) and report its  
22 findings and recommendations as provided in sub. (2).

**SECTION 5. Nonstatutory provisions.**

23  
24 (1) WAGE COUNCIL; INITIAL TERMS. Notwithstanding the length of terms specified  
25 for the members of the wage council specified under section 15.227 (1) (a), (b), and

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1 (d) of the statutes, as created by this act, the initial members specified in those  
2 paragraphs shall be appointed for the following terms:

3 (a) One of the initial members specified under section 15.227 (1) (a) of the  
4 statutes, as created by this act, one of the initial members specified under section  
5 15.227 (1) (b) of the statutes, as created by this act, and one of the initial members  
6 specified under section 15.227 (1) (d) of the statutes, as created by this act, shall be  
7 appointed for a term that expires on June 1, 2015.

8 (b) Two of the initial members specified under section 15.227 (1) (a) of the  
9 statutes, as created by this act, 2 of the initial members specified under section  
10 15.227 (1) (b) of the statutes, as created by this act, and 2 of the initial members  
11 specified under section 15.227 (1) (d) of the statutes, as created by this act, shall be  
12 appointed for a term that expires on June 1, 2016.

13 (c) Two of the initial members specified under section 15.227 (1) (a) of the  
14 statutes, as created by this act, 2 of the initial members specified under section  
15 15.227 (1) (b) of the statutes, as created by this act, and 2 of the initial members  
16 specified under section 15.227 (1) (d) of the statutes, as created by this act, shall be  
17 appointed for a term that expires on June 1, 2017.

**SECTION 6. Effective date.**

18 (1) WAGE COUNCIL. This act takes effect on January 1, 2015.

19  
20 (END)