

FISCAL ESTIMATE FORM

2001 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # LRB-2210/1
INTRODUCTION # AB 66
 Admin. Rule #

Subject
 Establishing a Minimum Wage for Certain Employees

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

LRB 2210/1 (AB 66) would establish by statute the minimum wage for various types of employees. The minimum wage for most employees would be the state minimum wage of \$6.80 per hour (currently \$5.15 per hour). A lower minimum hourly wage would be established for employees who earn tips, for agricultural workers, and for employees under 20 years of age in their first 90 days of employment with particular employers and approval of the Department of Workforce Development.

LRB-2210/1 would primarily affect UW System jobs provided to students through student employment and work study financial aid programs. In addition, some limited-term employees would be affected. The hourly wage paid to students and limited term employees varies by institution and type of employment.

Approximately 13,100 jobs and 12,100 people at UW institutions would be affected by this bill.

It is probable that some institutions would reduce the number of jobs and/or the number of hours available to students if sufficient funds to pay the increased wages were not available. This is particularly true with appropriations (such as Federal Work Study funding) that would not automatically increase to pay the higher state hourly minimum wage.

This estimate makes the following assumptions:

1. UW institutions will offer the same number of jobs and hours of employment as they did during October 2000. (The October payroll is typical of the monthly payrolls throughout the year.)
2. Student employees would not have increased wages for reasons other than the minimum wage increase proposed in this bill. It is probable that some hourly wages would be increased regardless of this bill.
3. Some UW institutions currently have in place a progressive wage system. Those employees currently being paid more than the minimum in the progressive wage system would not receive wage increases to correct the inequity as a result of this compression. Maintaining a progressive wage system for these employees would increase the fiscal effect of this bill.
4. UW institutions would not require students to serve a training period.

Long-Range Fiscal Implications:

This bill requires that minimum wage be set by the federal poverty line for a family of three index. Using this index, with the minimum wage going from the current \$5.15 per hour to \$6.80 per hour, the initial cost to the UW System would be \$5,225,573.

LRB-2210/1 would cause an increase in the costs of auxiliary operations as those operations are staffed primarily with student employees. The increased cost to auxiliaries is 39.6% of the total increase. This could lead to increases in charges or fees supporting those operations.

The total student cost increase represents 5.5% of the total amount budgeted for student and limited term employee wages. The \$5,225,573 cost would result in approximately 768,500 fewer hours of employment in the UW System for students and limited-term employees. This is particularly true of the federal College Work Study program, which provides a sum certain appropriation that would not automatically increase to pay the higher state hourly wage. Maintaining the progressive wage system that is currently in effect at some UW institutions would increase the fiscal effects of this bill.

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FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

2001 Session

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Subject

Establishing a Minimum Wage for Certain Employees

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$ 5,225,573	\$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations - Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$ 5,225,573	\$ -
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ 1,117,581	\$ -
FED	1,928,138	-
PRO/PRS	2,179,238	-
SEG/SEG-S	616	-
State Revenues Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Rev.	Decreased Rev.
GPR Taxes	\$	\$ -
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 5,225,573	\$
NET CHANGE IN REVENUES	\$	\$

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