

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3457/1	Introduction Number AB-622
------------------------------------	--

Subject
 Minimum wage; tie to federal poverty line

Fiscal Effect

State:

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

Local:

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

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.435(2)(b), (2)(bm) and (2)(gk)	

Agency/Prepared By DHFS/ Donna Dunkel (608) 266-8156	Authorized Signature Freda Ellen Bove (608) 266-2907	Date 2/18/2004
--	--	--------------------------

Fiscal Estimate Narratives

DHFS 2/19/2004

LRB Number	03-3457/1	Introduction Number	AB-622	Estimate Type	Original
Subject					
Minimum wage; tie to federal poverty line					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the state minimum wage law requires that employers pay a living wage to their employees. Under the law, the Department of Workforce Development (DWD) has provided, by rule, minimum hourly wages for various classes of employment. Also under current law, DWD has provided, by rule, separate minimum wage rates for individuals who are unable to earn the standard minimum wage because of a disability. This bill would increase the hourly minimum wage from \$5.15 an hour to \$7.20 an hour.

The Department of Health and Family Services (DHFS) operates a prevocational/vocational training program for its patients at the mental health institutes and the DD centers. The programs are designed to provide patients with skills that can be used to help attain self-sufficiency when an individual leaves institutional care. Federal law requires DHFS to pay patients the minimum wage or a commensurate wage for any work they do that benefits the institutions/center. Work that patients do, such as woodworking, that qualifies as a craft activity can be reimbursed below minimum wage. Although patients generally work only a limited number of hours, participation in the program is restricted by the amount of funds available to pay patient wages.

The Sand Ridge Secure Treatment Center (SRSTC) and the Wisconsin Resource Center (WRC) allows patients, as part of their treatment program, to work at SRSTC or WRC based on their treatment level. As their treatment program evolves, patients are given an opportunity to progress to higher levels of responsibility. There has been a significant expansion in the types of work patients are performing, such as custodial services and food services related jobs. As required by federal law, these patients must receive minimum wage.

In FY03, DHFS had 564 patient workers participating in work-related activities and those patients worked approximately 89,100 hours. Of the 564 patient workers, 430 patient workers worked approximately 71,900 hours and received the minimum wage of \$5.15 an hour and 134 patient workers received less than the minimum wage based on DWD rules and worked approximately 17,200 hours. Of the 430 patient workers, 120 are patients at Mendota Mental Health Institute (MMHI), 22 are patients at Winnebago Mental Health Institute (WMHI), 49 are patients at Northern Wisconsin Center (NWC), 191 are patients at Sand Ridge Secure Treatment Center (SRSTC) and 48 are patients at the Wisconsin Resource Center (WRC).

If patient participation continues at the current level and the minimum wage rate is raised by \$2.05 an hour from \$5.15 to \$7.20, the Department would see an annual increase of \$147,500 AF (\$25,700 PR for MMHI, \$23,400 PR for WMHI, \$6,600 PR for NWC, \$84,400 GPR for SRSTC and \$7,400 GPR for WRC). If DWD raises the separate minimum wage rates for individuals who are unable to earn the standard minimum wage because of a disability, as provided by rule by DWD, DHFS could incur additional costs beyond the \$147,500.

The source of funds for MMHI and WMHI is program revenue (PR) based on daily rates charged to the counties. Therefore, the counties will bear the cost increase in the amount of \$49,100 through increased daily rates.

The source of funds for NWC is program revenue (PR) based on a 58%/41% GPR/FED Medical Assistance (MA) funding. It is expected that the program at NWC will decrease due to the significant downsizing of NWC, making the effect of the increased wage minimal at NWC.

The source of funds for SRSTC and WRC is general program revenue (GPR).

Long-Range Fiscal Implications

All costs would be on-going in nature.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3457/1		Introduction Number AB-622	
Subject			
Minimum wage; tie to federal poverty line			
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 funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs	147,500		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$147,500		\$
B. State Costs by Source of Funds			
GPR	91,800		
FED			
PRO/PRS (55,700)	55,700		
SEG/SEG-S			
III. 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	\$91,800		\$
GPR Earned			
FED			
PRO/PRS (55,700)	55,700		
SEG/SEG-S			
TOTAL State Revenues	\$147,500		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$147,500		\$55,700
NET CHANGE IN REVENUE	\$147,500		\$-55,700
Agency/Prepared By		Authorized Signature	
DHFS/ Donna Dunkel (608) 266-8156		Freda Ellen Bove (608) 266-2907	
		Date	
		2/18/2004	