



# State of Wisconsin

## LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200  
P. O. BOX 2037  
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561  
REFERENCE SECTION: (608) 266-0341  
FAX: (608) 264-6948

STEPHEN R. MILLER  
CHIEF

July 15, 2005

## MEMORANDUM

**To:** Representative Zepnick

**From:** Gordon M. Malaise, Sr. Legislative Attorney, (608) 266-9738

**Subject:** Technical Memorandum to **2005 AB-537** (LRB 05-3029/1)

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We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

# InterOffice Memo

Department of Workforce Development

Date: June 22, 2005

File Ref: technical memo for sb 245

To: Legislative Reference Bureau

From: Bob Anderson, DWD Equal Rights Division

Subject: **Technical Memo for SB 245/AB 537**

There are two areas of SB 245 or AB 537 as drafted that could create problems with its implementation:

1. The bill calls for annual adjustments to the state minimum wage on June 1<sup>st</sup>. A significant number of minimum wage employers are engaged in government, tourism and agricultural enterprises where the peak season for the employment is during the summer months. These employers for budget planning and service pricing purposes need to know what the new minimum wage rates will be well before June 1<sup>st</sup>. For example, bible camps frequently mail potential customers in March and April brochures with price lists to get families to sign up campers for the upcoming summer. The department recommends adjusting the rate setting timetable contained in the bill to make the new rates effective January 1<sup>st</sup> of each year based upon information in the twelve preceding months prior to October 1<sup>st</sup> of each year.
2. The definition of "Consumer Price Index" contained in §104.01(1g) is simply not accurate. The CPI is not an average over a period of time. The CPI is a composite of the cost of various items at a given point in time. There actually are two principal CPI's. There is the CPI-U and the CPI-W.

It would be more appropriate to define the term "Consumer Price Index" as used in this bill as "the Consumer Price Index for Urban Wage Earners and Clerical Workers [CPI-W] as maintained by the by the United States Department of Labor Bureau of Labor Statistics." This is the index used by the City of Madison in their current ordinance and by the state of Washington for determining their annual increases. The CPI-W applies to about 32% of the U.S. workforce but applies to hourly paid employees.

The other option would be to use the CPI for Urban Consumers [CPI-U] that applies to about 87% of the U. S. population. This index tracks living costs for both workers and non-working groups.