

### Fiscal Estimate - 2011 Session

Original     
  Updated     
  Corrected     
  Supplemental

|                                    |  |
|------------------------------------|--|
| <b>LRB Number</b> <b>11-2822/1</b> | <b>Introduction Number</b> <b>SB-187</b> |
|------------------------------------|--|

**Description**  
 A state minimum wage, permitting the enactment of local living wage ordinances, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority

**Fiscal Effect**

**State:**

|   |   |   |
|---|---|---|
| <input type="checkbox"/> No State Fiscal Effect           | <input type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget |
| <input type="checkbox"/> Indeterminate                    | <input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                   |
| <input 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                                | 3. <input type="checkbox"/> Increase Revenue                           | 5. Types of Local Government Units Affected  |
| <input type="checkbox"/> Indeterminate  | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities |
| 1. <input checked="" type="checkbox"/> Increase Costs                             | 4. <input type="checkbox"/> Decrease Revenue                           | <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others   |
| <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts                          |
| 2. <input type="checkbox"/> Decrease Costs  | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory |  |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory            |  |  |

|   |                                       |
|---|---------------------------------------|
| <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 type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS | 20.445(1)(a)                          |

|   |   |                          |
|---|---|--------------------------|
| <b>Agency/Prepared By</b><br>DWD/ Jim Chiolino (608) 266-3345 | <b>Authorized Signature</b><br>Georgia Maxwell (608) 266-2284 | <b>Date</b><br>9/26/2011 |
|---|---|--------------------------|

## Fiscal Estimate Narratives

DWD 9/26/2011

|  |           |                     |        |               |          |
|--|-----------|---------------------|--------|---------------|----------|
| LRB Number   | 11-2822/1 | Introduction Number | SB-187 | Estimate Type | Original |
| <b>Description</b><br>A state minimum wage, permitting the enactment of local living wage ordinances, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority |           |                     |        |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

SB 187, if enacted into law, would increase Wisconsin's minimum wage for adults to \$7.60 per hour on the first day of the first month after publication. The legislation also requires the department to annually adjust the minimum wage rate based upon the consumer price index. The legislation further permits local municipalities to establish minimum wage ordinances that set minimum wage rates higher than the state minimum wage rate.

1. Passage of this bill will result in fewer than 20 additional minimum wage complaints filed with the department each year. The department bases this assumption on its recent experiences with the 2005 and 2006 minimum wage increases where the department raised the state minimum wage above the federal rate. Those increases led to an additional 20 minimum wage complaints per year filed with the department. Since the department annually processes about 4,000 unpaid wage complaints per year the department believes it can absorb the additional workload.

2. The cost of updating the minimum wage rates in the administrative rule, reprinting the new rule and publicizing the new rule will be about \$2,000.

3. If local government units choose to employ workers at the minimum wage, the cost to employ those workers will increase from \$7.25 per hour [the new federal minimum wage as of July 24, 2009] to \$7.60 per hour for each adult so employed. For persons eligible for the opportunity rate (under 20 years of age in their first 90 days of employment), the \$6.90 per hour rate provided for in SB 187 will have a small impact on a discreet number of employees. The department does not have any accurate figures on how many adult minimum wage employees various governmental units employ.

### Long-Range Fiscal Implications

The annual cost of updating the minimum wage will continue to cost the department about \$2,000 per year to update the administrative rule, reprint the code and minimum wage wage brochures, and to publicize the new rates each year.

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

|  |  |               |
|--|--|---------------|
| <b>LRB Number</b> 11-2822/1  | <b>Introduction Number</b> SB-187              |               |
| <b>Description</b><br>A state minimum wage, permitting the enactment of local living wage ordinances, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority           |  |               |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b><br><br>\$2,000 will be needed annually to update Wisconsin's minimum wage regulations, reprint copies of the administrative code and minimum wage literature, and to publicize the new minimum wage rates. |  |               |
| <b>II. Annualized Costs:</b>   | <b>Annualized Fiscal Impact on funds from:</b> |               |
|  | Increased Costs      Decreased Costs           |               |
| <b>A. State Costs by Category</b>  |  |               |
| State Operations - Salaries and Fringes  | \$0  | \$0           |
| (FTE Position Changes)   | (0.0 FTE)                                      | (0.0 FTE)     |
| State Operations - Other Costs   | 2,000  | 0             |
| Local Assistance   | 0  | 0             |
| Aids to Individuals or Organizations   | 0  | 0             |
| <b>TOTAL State Costs by Category</b>   | <b>\$2,000</b>                                 | <b>\$0</b>    |
| <b>B. State Costs by Source of Funds</b>   |  |               |
| GPR  | 2,000  | 0             |
| FED  | 0  | 0             |
| PRO/PRS  | 0  | 0             |
| SEG/SEG-S  | 0  | 0             |
| <b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>   |  |               |
|  | Increased Rev                                  | Decreased Rev |
| GPR Taxes  | \$0  | \$0           |
| GPR Earned   | 0  | 0             |
| FED  | 0  | 0             |
| PRO/PRS  | 0  | 0             |
| SEG/SEG-S  | 0  | 0             |
| <b>TOTAL State Revenues</b>  | <b>\$0</b>                                     | <b>\$0</b>    |
| <b>NET ANNUALIZED FISCAL IMPACT</b>  |  |               |
|  | <u>State</u>                                   | <u>Local</u>  |
| NET CHANGE IN COSTS  | \$2,000  | \$            |
| NET CHANGE IN REVENUE  | \$0  | \$            |

**Agency/Prepared By**

DWD/ Jim Chiolino (608) 266-3345

**Authorized Signature**

Georgia Maxwell (608) 266-2284

**Date**

9/26/2011