

Fiscal Estimate Narratives

DWD 7/7/2015

LRB Number	15-2068/1	Introduction Number	AB-0264	Estimate Type	Original
Description 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

Current law requires employers pay their employees a living wage. The Department of Workforce Development provides, by rule, minimum wage rates for various employee types; certain exemptions from the minimum wage law; and allowances against the minimum wage.

AB 264 repeals all statutory references to, and provisions for, a living wage and replaces them with the requirement of a minimum wage. Under the bill, DWD continues providing existing exemptions to current law but would then also provide separate minimum wages for agricultural employees, golf caddies, opportunity employers, students employed by independent colleges or universities working less than 20 hours a week, student learners in a school training program, and individuals unable to earn the minimum wage due to disability. AB 264 then sets the minimum wage rates, including those for tipped employees, such that the minimum wage is increased from \$7.25 an hour to \$15 an hour through a series of annual adjustments. Six years after the effective date of the bill, AB 264 would require DWD to promulgate rules that revise the general minimum wage rate upward as the consumer price index increases (rounded to the nearest multiple of 5 cents). The bill does not require DWD to adjust rates if the consumer price index does not increase. Finally, this bill eliminates the current prohibition that a village, town, city, or county enact or administer an ordinance establishing a distinct living wage higher than the state wage.

Administratively, this legislation would result in an estimated 200 additional wage complaints annually that cannot be fielded, investigated, or resolved at current staffing levels. To meet this increased workload, ensure required administrative rules are promulgated, and review and adjust the minimum wage, one Equal Rights Officer would be needed to be hired at an annual cost of \$60,900.

Due to statutory language changes, \$5,000 is also needed annually to update publications and reprint materials that contain outdated rates and requirements. Neither expense is absorbable within the agency's current operating budget. The total estimated annual ongoing cost of this bill is \$65,900 GPR.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description 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		
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	\$60,900	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs	5,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$65,900	\$
B. State Costs by Source of Funds		
GPR	65,900	
FED		
PRO/PRS		
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	\$	\$
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	\$65,900	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
DWD/ Joe Dvorak (608) 267-6969		7/7/2015
David Anderson (608) 266-2284		