

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-3932/1	Introduction Number SB-452
------------------------------------	--

Description
 a state minimum wage, allowing the enactment of local minimum wage ordinances, and granting rule-making authority

Fiscal Effect

State:

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

Local:

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> No Local Government Costs | | |
| <input type="checkbox"/> Indeterminate | | |
| 1. <input 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 type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| <input type="checkbox"/> Permissive <input 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

GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Agency/Prepared By UWS/ Renee Stephenson (608) 263-4422	Authorized Signature Renee Stephenson (608) 263-4422	Date 7/21/2021
---	--	--------------------------

Fiscal Estimate Narratives

UWS 7/21/2021

LRB Number	21-3932/1	Introduction Number	SB-452	Estimate Type	Original
Description a state minimum wage, allowing the enactment of local minimum wage ordinances, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This bill raises the minimum wage for most employees to \$10.15 per hour on the effective date of the bill and to \$15 per hour one year after the effective date of the bill. The Department of Workforce Development would then annually revise the minimum wage as established under the bill utilizing the consumer price index.

The UW System's October 2020 payroll was used to identify staff that had an hourly rate of less than \$15/hour or \$31,200 (\$15*2080) and divided by the appointment percentage, by individual, to arrive at an annualized cost.

Variable fringe benefits were added at the current DOA approved rates for the 2021-23 biennium of 15.50% for permanent and limited term employees, .35% for graduate assistants and 1.79% for student help.

The increase for all funds to \$10.15/hour is estimated to be \$4.5 million and an additional \$40.0 million to provide a second increase to a \$15/hour minimum wage. \$33.6 million, or 75.5% of the total \$44.5 million estimate is related to student help.

The largest impact, \$20.6 million, would be in Program Revenue (PR) funds which includes auxiliary operations, self-supporting tuition, tuition differentials, gifts, and non-federal contracts.

Federal funding sources would be impacted by an estimated \$9.9 million. Due to the contractual nature of many federal funds, it may not be possible to simply increase budgets to accommodate salary increases and may result in an inability to complete all contracted work.

GPR/Tuition is estimated to need \$8.3 million to reach the \$15/hour. Utilizing the 70% GPR/30% tuition split, the GPR costs would be \$5.8 million and \$2.5 would need to be covered by tuition.

Increases of this magnitude will result in salary compression issues for staff currently above, but close to the \$15/hour rate which are not included in this estimate.

This estimate has not been adjusted to account for lower staffing levels due to COVID-19 nor does it account for potential FY21 salary increases campuses may be planning to attract campus employment.

The attached worksheet provides more details regarding this estimate.

Long-Range Fiscal Implications

University of Wisconsin System
Fiscal Estimate for SB 452 Relating to Increasing the Minimum Wage

Fund Source	Total to \$10.15	Permanent/LTE	Graduate Asst.	Student Help
GPR/Tuition	673,866	50,635	4,994	618,237
PR	2,668,763	44,446	4,156	2,620,161
PR-S	-	-	-	-
PR-F	1,161,803	1,709	-	1,160,094
SEG	2,513	2,480	-	33
Total	4,506,945	99,270	9,150	4,398,525

Fund Source	Total \$10.15 to \$15	Permanent/LTE	Graduate Asst.	Student Help
GPR/Tuition	7,634,406	2,278,033	760,758	4,595,615
PR	23,429,017	4,263,811	1,165,257	17,999,949
PR-S	1,357	-	-	1,357
PR-F	8,767,731	2,133,846	37,379	6,596,506
SEG	161,696	150,345	-	11,351
Total	39,994,207	8,826,035	1,963,394	29,204,778

Fund Source	Total to \$15	Permanent/LTE	Graduate Asst.	Student Help
GPR/Tuition	8,308,272	2,328,668	765,752	5,213,852
PR	26,097,780	4,308,257	1,169,413	20,620,110
PR-S	1,357	-	-	1,357
PR-F	9,929,534	2,135,555	37,379	7,756,600
SEG	164,209	152,825	-	11,384
Total	44,501,152	8,925,305	1,972,544	33,603,303