

Opposition to the Minimum Wage Increase

Figi's of Marshfield. Robert Alford, Vice-President of Human Resources, testified against the proposed increase. Figi's is a mail-order company that distributes various food gifts, keepsakes, and personalized items. They employ between 4,000 and 5,000 employees during the year, with the highest numbers in the Christmas season. Many of their employees are students or people who want second jobs for a short period of time. These jobs are not usually the employees' main income. New employees are paid minimum wage and experienced workers slightly above minimum.

Figi's will have to pass increased costs onto the consumer, and they compete with businesses throughout the entire country. Many of these other businesses only have to comply with the federal minimum wage.

The studies on the 1997 federal minimum wage increase are not applicable to these economic times.

Department response: Even if a worker's job at Figi's is supplemental to another income, it is likely to be an important piece of the family as a whole being able to meet their total expenses.

The price of the company products is not likely to increase in a significant manner when the volume of work done by a worker per hour is considered relative to the costs of the increased minimum wage.

There have been numerous studies showing no significant job loss when the minimum wage is increased. A comprehensive examination of minimum wage increases in all 50 states and the District of Columbia over a period of 19 years found no statistically significant relationship between the value of the minimum wage and employment growth in industries reliant on low wage workers.

Charles Sanford is a retired GM worker in Janesville who is against increasing the minimum wage because the minimum wage is for kids coming out of high school or people who are single. People need to earn raises by doing things like schooling. Price increases are out of control and labor costs are what drives them up. If we don't stop raising prices and wages, we will have another Great Depression.

Department response: A minimum wage increase is very significant for the worker receiving it, but is not very significant for the overall economy. DWD economists estimate the effect of the proposed increase to be a 0.1 percent increase in the gross state product.

The answer to limiting inflation is not refusing a raise to the lowest-paid workers among us, who have already not received a raise for 7 years. The recent dramatic rise in gas prices relative to the pay of gas station attendants is one example of significant inflation that has nothing to do with the pay of low-wage workers. This hearing summary is replete with statistics and personal stories of individuals who don't fit the stereotype of someone just out of high school who doesn't really need the money. Even if workers have just graduated from high school, there is not convincing evidence that they don't need a wage increase to help them meet their basic needs.

Beverly Van Deurzen of Green Bay registered to speak against the proposed rules but left before speaking.

Comments on Special Wage Rates

1. Minor rate

The proposed rule creates a minor rate of \$5.30/hour when the rule is effective and \$5.90/hour effective October 1, 2005.

Wisconsin Catholic Conference. John Huebscher, Executive Director, submitted a comment opposing the creation of a separate rate for minors, based on Catholic theory on just wage that asserts:

- Equal pay for equal work prevents discrimination against breadwinners.
- Minors have the same rights as other workers to a wage that values the work they do.
- Workers who are paid a family wage before they form families are able to set aside savings to provide for the needs of their future families.

We must also ask whether paying minors less while asking them to pay more for higher education meets a basic tenet of justice.

Department response: Minors are less versatile employees. They are subject to the mandatory school attendance requirement and restrictions under child labor law that limit the hours they can work and prohibit various types of work and use of machinery that are considered hazardous.

2. Agricultural rate

In accordance with the Advisory Council's recommendation, the proposed rule increases the agricultural minimum wage rate from \$4.05 to \$5.15 for workers age 18 and over and from \$3.70 to \$4.25 for workers 17 years of age and under. The following organizations submitted a letter in support of this recommendation to the Advisory Council:

- Wisconsin Farm Bureau Federation
- National Farmers Organization
- Dairy Business Association
- Wisconsin Soybean Association
- Wisconsin State Cranberry Growers Association
- Wisconsin Agri-Service Association
- Midwest Food Processors

Midwest Food Processors. John Exner, President and Legal Counsel, submitted a hearing comment affirming his organization's support for the agricultural rates in the proposed rule.

Legal Action of Wisconsin. Kevin Magee, Migrant Project Director, submitted a comment in opposition to the proposed agricultural rate. He would like to see the agricultural rate eliminated completely and have farmworkers paid at the same rate as other adult minimum wage workers. If that is not possible, he proposes that the agricultural rate should at least be the same as the minor and opportunity rate, with proposed increases to \$5.30/hour when the rule is effective and \$5.90/hour in October 2005.

Mr. Magee argues that nearly all farmworkers are covered by the federal minimum wage and are already receiving \$5.15/hour and hence receive no increase under this proposal. Farmworkers

are historically the poorest working people in the United States, working only seasonally for low wages. Many employers do not increase wages when workers return each year so the only pay increase farmworkers ever receive is when the minimum wage increases. Most farmworkers are migrant workers who have no political influence while farmers have considerable political influence. Despite this imbalance, the Advisory Council and Department were charged with establishing a living wage sufficient to meet a worker's basic needs. They should consider issues of basic fairness for all workers and employers and increase the agricultural rate in a meaningful way.

Department response: The Department notes that although some farmworkers now earn the federal minimum wage rate, the new proposal provides a 27% increase for workers age 18 and over and a 15% increase for workers age 17 and under for those not covered by the federal minimum wage. Workers not covered by the federal rate include workers on small dairy farms and independent crews of corn detasslers.

3. Camp counselor rate

The camp counselor rate is currently \$140/week for workers age 18 and over and \$123/week for workers under age 18. It was last updated in 1979, when the general minimum wage rate was increased to \$2.80/hour. The rule also allows a camp to take a 20% credit if housing is provided and a 30% credit if board is provided.

The Minimum Wage Advisory Council solicited the opinion of the Wisconsin Section of the American Camping Association for assistance in making its recommendation regarding a possible increase. This organization represents approximately 70 agency, religious, private, and nonprofit camps throughout the state. The association was able to poll 45 of its member camps, representing 2,000 seasonal employees, to assist in determining its recommendation.

The Wisconsin Section of the American Camping Association stated their support for raising the camp counselor rate to ensure that camps are able to attract and maintain a high quality staff at a high rate of retention and recommended the following rates:

	<u>Phase One</u>	<u>Phase Two</u>
For workers 18 and over	\$300/week	\$315/week
For workers 17 and under	\$260/week	\$275/week

The Advisory Council adjusted the amounts recommended by the Camping Association slightly to reflect the informal policy that the Department has applied in determining these rates in the past, under which the camp counselor salary rate is set at 50 hours at the applicable hourly minimum wage. The Advisory Council adopted the Camping Association's suggestions for phase two. The proposed rule as noticed for hearing incorporated the Advisory Council's recommendations as follows:

	<u>Phase One</u>	<u>Phase Two</u>
For workers 18 and over	\$285/week	\$315/week
For workers 17 and under	\$265/week	\$275/week

Wisconsin Jewish Conference. Michael Blumenfeld, Executive Director, requested that the Department create a special hourly rate that would apply only to camps and implement both this hourly rate and the new salary rates over 4 years rather than the 2 years proposed by the

Minimum Wage Advisory Council and the Department. After the four-year implementation period, the rates would be the same as those proposed by the Department. This request was supported by individual camps run by the **Harry & Rose Samson Family Jewish Community Center, Religious Zionists of Chicago, and Jewish Community Centers of Chicago.**

The commenters request that these rates be increased in 4 phases effective each October starting in October 2004 as follows:

	Current	Phase 1	Phase 2	Phase 3	Phase 4
Adult hourly	\$5.15	\$5.43	\$5.70	\$6.10	\$6.50
Minor hourly	\$5.15	\$5.22	\$5.30	\$5.60	\$5.90
Adult weekly salary	\$140	\$212.50	\$285	\$300	\$315
Minor weekly salary	\$123	\$194	\$265	\$270	\$275
Opportunity hourly rate	\$4.25	\$4.78	\$5.30	\$5.60	\$5.90

Department response: The Department does not agree that a separate hourly rate that applies only to camps is warranted but does agree to compromise on the implementation period of the increased salary rate by implementing the increase in three phases rather than two. The Department believes this longer phase-in time is justified because the camp counselor rate has not been increased since 1979 while the rates for other employers were adjusted 7 years ago. This will allow camps time for the budgetary planning and fundraising required to implement what will ultimately be over a 100% increase in the salary rate these organizations will be paying, which is a much higher increase than other employers are facing.

The adjusted proposed camp counselor rates are as follows:

	Current	Phase 1	Phase 2	Phase 3
Adult weekly salary	\$140	\$215	\$270	\$315
Minor weekly salary	\$123	\$175	\$225	\$275

Subminimum Wage Guidelines

The Department received 25 comments requesting that a task force be formed to consider possible changes to the subminimum wage guidelines. The Minimum Wage Advisory Council did not discuss the subminimum wage guidelines, and the issue is not addressed in the proposed rules.

Explanation of Subminimum Wage Guidelines by the Department of Workforce Development

A subminimum wage license allows an employer to provide job opportunities to individuals who would not have the opportunity to work if the employer had to pay the worker the full minimum wage. A subminimum wage license may be issued for individual workers with disabilities or for rehabilitation centers for workers with disabilities.

A disabled individual whose earning or productive capacity is impaired to the extent that the individual is unable to earn at least the applicable minimum wage may be paid a commensurate wage if a license is obtained from the Department. The Department considers the following criteria in determining whether to approve a subminimum wage license:

- The nature and extent of the disabilities of the employee as these disabilities relate to the employee's productivity.
- The prevailing wages of experienced employees not disabled for the job that are employed in the vicinity in industry engaged in work comparable to the work under consideration.
- The productivity of a worker with a disability compared to the norm established for nondisabled employees through the use of a verifiable work measurement method, or the productivity of experienced nondisabled employees employed in the vicinity on comparable work.
- The wage rates to be paid to a worker with a disability for work comparable to that performed by experienced nondisabled employees.

The subminimum wage license requires that a worker with disabilities be paid a wage that is justified based on that person's performance compared to the performance and prevailing wage rate for other workers who normally perform that type of work. Employers must regularly conduct time studies to measure the worker's job performance to ensure that the worker is being paid according to ability. If a worker's performance gradually improves, the employer must adjust the pay to reflect that change.

Employers must compensate employees for all hours worked. Compensable time includes both productive work time and time when no work is performed if the individual is required by the employer to remain available for the next assignment.

A subminimum wage license is also available for student learners. It requires that student learners be paid at least 75% of the applicable minimum wage. This license is rarely used.

Public Comments in Support of Creating a Task Force to Consider Modifying the Subminimum Guidelines

People First of Wisconsin and the Wisconsin Coalition for Advocacy organized a statewide effort to submit comments requesting the creation of a task force to review the subminimum wage guidelines. Their effort was supported by staff from Successful Work Options, Wisconsin Council on Developmental Disabilities, MARC-South Center, and REM Wisconsin.

The following issues were raised:

- There is no wage floor for people with disabilities. Some people are paid 10 cents per hour and in one case as little as 1/3 of a cent per hour.
- There is no time limit on how long people with disabilities can be paid the subminimum wage.
- There is no requirement that people be given a raise in order for the subminimum licenses to be renewed.
- Workers are not paid for down time in sheltered workshops.

Public Comments Expressing Concern with Modifications That Would Require a Higher Subminimum Wage

Staff members from Riverfront, Inc., a rehabilitation center with offices in several counties, and David Walker on behalf of himself, testified of possible counterproductive effects of changing the subminimum wage guidelines as proposed above.

- Creation of a wage floor regardless of productivity would mean fewer employment opportunities for people with more severe disabilities because work centers would be forced to cut back their workforce.
- Time limits do not recognize that people whose optimum performance level might never achieve the performance and pay level required following the time limit will be deprived of employment opportunities.
- Self-esteem, friendships, feeling integrated into the community, the opportunity to be contributing member of society and being part of a team are significant reasons why people work. Wage floors and time limits will deprive the more severely disabled of these benefits and increase isolation for them.
- Subminimum wage guidelines already require that workers have their productivity reviewed every 6 months or as performance dictates.
- If the examples of workers receiving pennies an hour in work centers are true, there may be underlying issues, such as proper assessment, time to gain skills, appropriate jobs, or assistive technology, that would help increase productivity.
- The general minimum wage increase will raise prevailing wage rates for various positions similar to those for which we employ people with disabilities, so the wages for people we employ will increase.

Department response: The Department agrees to appoint a task force to research and discuss issues related to the subminimum wage and to determine whether any rule changes are needed.

Proposed Rules Relating To Increasing Wisconsin's Minimum Wages

Chapter DWD 272/CR04-036

Final Regulatory Flexibility Analysis

Small business definition. Section 227.114, Stats., requires that the Department consider the effect of the rule on small business, which is defined as a business entity, including its affiliates, which is independently owned and operated and not dominant in its field, and which employs fewer than 25 employees or which has gross annual sales of less than \$2.5 million.

Methods for reducing impact on small businesses. When an agency proposed a rule that may have an effect on small businesses, the agency must consider various methods for reducing the impact of the rule on small businesses, such as less stringent deadlines for compliance or exemption of small businesses from the requirements of the rule. These methods for reducing impact to small businesses need not be adopted if doing so would be contrary to the statutory objectives that are the basis for the proposed rule.

Department response on possible exemption. Department economists estimate that a very high percentage of workers affected by the proposed minimum wage increase work for employers that meet the definition of small business in s. 227.114 (1), Stats. If the rule exempted these employers from minimum wage coverage, it would render the minimum wage nearly meaningless.

Department response on less stringent deadline for compliance. Section 227.22(2)(e), Stats., as created by 2003 Wisconsin Act 145, provides that if a rule has a significant economic impact on small businesses, as defined in s. 227.114 (1), Stats., the rule shall apply to small businesses on the first day of the 3rd month commencing after the date of publication of the rule. This provision applies to the proposed rule and adds an extra 2 months to the promulgation time frame. The Department will be implementing the rule at the same time for all businesses to avoid confusion.

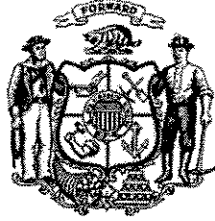
Summary of issues raised by small businesses during the hearings. All comments from small businesses were in support of the proposed rule. A list of small business leaders who endorsed the proposal as members of the Minimum Wage Advisory Council and a summary of comments from small businesses are on pages 12-13 of the hearing summary.

Nature and cost of measures required to comply with the rule. The effect of the wage increase on business will be \$175 million in increased payroll costs. Low-wage workers will circulate this money back into the economy immediately, representing a 0.1 percent increase in the gross state product. The increased spending by affected workers may be a revenue growth for some businesses. Higher wages also have a positive impact on both workers and their employers by reducing turnover, increasing work experience, and saving on training and recruitment costs for both workers and employers. Any increase in the cost of doing business will likely be passed on to consumers as part of the price of the product or service being purchased. A very high percentage of affected businesses meet the definition of small business in s. 227.114 (1), Stats.

457-4377
7544

STATE OF WISCONSIN

JIM DOYLE
GOVERNOR



Monday, March 1, 2004

Contacts: Rose Lynch, Department of Workforce Development, 608-266-6753
Jessica Erickson, Governor's Office, 608-261-2156

Governor Doyle Announces New Statewide Minimum Wage Increase Recommendations

Minimum Wage Advisory Council Agrees to Increase State Minimum Wage Rates to \$6.50 by 2005

Governor Jim Doyle announced today that the Minimum Wage Advisory Council has voted 16-2 to increase the state's minimum wage to \$5.70 per hour in 2004 and to \$6.50 per hour in 2005.

"I want to thank the council for recognizing the need to raise wages for Wisconsin's working families," Governor Doyle said. "These new wage rates will mean more money in the pockets of our lowest paid citizens, and will be a stimulus for our economy as these individuals have additional buying power to support themselves and their families."

The council – comprised of leaders from the business community, labor organizations, the University System and both houses of the Legislature – agreed today to several minimum wage categories and rates. The council re-introduced the use of a minimum wage rate for minors, under age 18, which increases the current minimum wage rate to \$5.30 per hour. The proposal also includes new minimum wage rates for golf caddies and camp counselors, and an opportunity rate for individuals in the first 90 days of employment that would raise to the general minimum wage rate after 90 days if the worker is an adult.

The council proposed a two-phase increase, with the first increase effective October 1, 2004, and the second on October 1, 2005 for the general, minor, and opportunity rates.

General minimum wage rate

Increases to \$5.70/hour effective 10/01/04 (currently \$5.15/hour)

Increases to \$6.50/hour effective 10/01/05

Minor minimum wage rate

Increases to \$5.30/hour effective 10/01/04 (currently same as adult rate \$5.15/hour)

Increases to \$5.90/hour effective 10/01/05

- MORE -

Monday, March 1, 2004

Opportunity minimum wage rate

Increases to \$5.30/hour effective 10/01/04 (currently \$4.25/hour)

Increases to \$5.90/hour effective 10/01/05

Golf caddy minimum wage rate

Increases to \$10.50 for 18-holes, and \$5.90 for 9-holes beginning 10/01/04 (currently \$5.95 for 18-holes, and \$3.35 for 9-holes)

Camp counselor minimum wage rate – for staff age 18 and over

Increases to \$285/week effective 10/01/04, and \$315/week effective 10/01/05, if no room and board provided (currently \$140/week)

Increases to \$217/week effective 10/01/04, and \$240/week, if board provided (currently \$110.00/week)

Increases to \$171/week effective 10/01/04, and \$189/week, if room and provided (currently \$91.00/week)

Camp counselor minimum wage rate – for staff under age 18

Increases to \$265/week effective 10/01/04, and \$275/week effective 10/01/05, if no room and board provided (currently \$123.00/week)

Increases to \$202/week effective 10/01/04, and \$209/week, if board provided (currently \$92.00/week)

Increases to \$159/week effective 10/01/04, and \$165/week, if room and provided (currently \$74.00/week)

The Department of Workforce Development estimates that 101,000 individuals will benefit in the first year by the increase and 150,000 in the second year by the increase in the minimum wage rates. Although many minimum wage workers in Wisconsin are young people, nearly half are over 25 years of age. Nearly two out of every three are women. More often than not, they are single parents, struggling to support themselves and their children. And, while many are part-time workers, almost one-third work full time at the minimum wage.

Department of Workforce Development Secretary Roberta Gassman, whose agency convened the wage council, thanked the council members for their work and indicated the council's recommendations will be advanced through the state's administrative rule process.

"The minimum wage rates agreed to today will help many families to make ends meet," Secretary Gassman said. "This will be a real stimulus for our local economies, as individuals statewide have more disposal income."

CONSTITUENT CONTACT FORM

Date: , 2004

Name:

Address:

Phone:

e-mail:

Summary of Concern: Minimum Wage

Action by Office:

Further action required by Office:



Jim Doyle
Governor

State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK ROAD • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5718 • <http://www.dor.state.wi.us>

Michael L. Morgan
Secretary of Revenue

June 11, 2004

Secretary Roberta Gassman
Wisconsin Department of Workforce Development
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946

RECEIVED

JUN 15 2004

SECRETARY'S OFFICE

Dear Secretary Gassman:

Thank you for your letter requesting that the Department of Revenue estimate the impact on individual income and corporate income and franchise tax revenues of the increase in the minimum wage proposed by your Department. Our estimates utilize your Department's estimate that wages would increase by \$175 million.

Since most persons benefiting from the minimum wage increase are likely to be low-income tax filers, we assume that the additional wages they received would be subject to the average effective marginal tax rate for filers with positive Wisconsin adjusted gross income not exceeding \$25,000. Using the 2001 Wisconsin individual income tax sample, adjusted to reflect 2003 tax law, we estimated this effective marginal rate to be 2.7%. (The effective marginal tax rate is lower than the lowest statutory marginal tax rate of 4.6% because many lower-income workers pay no tax, due to the standard deduction, personal exemptions and tax credits.) Thus, additional individual income tax revenues on the additional wages paid due to the minimum wage increase are estimated to be \$4.725 million (\$175 million X 2.7%).

The increase in wages will increase deductions claimed by businesses that employ persons receiving the minimum wage increase, and these higher deductions will reduce individual income and corporate income and franchise tax revenues. It is much more difficult to estimate marginal tax rates paid by businesses given a lack of data. Using data from corporate tax returns for the leisure and hospitality industry, where your Department expects much of the impact to occur, we estimate an average marginal tax rate of 2.65% for corporate employers of persons benefiting from the minimum wage increase. (This effective marginal rate is substantially lower than the statutory corporate tax rate of 7.9% because many corporations in the leisure and hospitality industry do not have positive income for tax purposes and thus pay no tax.) We further assume that noncorporate businesses have an average marginal tax rate that is generally the same for individual taxpayers, or 5.1%. Finally, based on data from the 1997 economic census conducted by the U.S. Bureau of the Census, we assume that corporations pay 80% and noncorporate businesses pay 20% of the minimum wage increase.

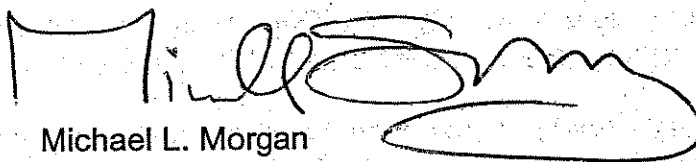
Secretary Roberta Gassman
June 11, 2004
Page Two

Based on these assumptions, we estimate that corporate income and franchise and individual income tax revenues would decline by \$5.495 million ($\$175 \text{ million} \times 80\% \times 2.65\% + \$175 \text{ million} \times 20\% \times 5.1\%$).

Your staff estimated additional sales tax collections from spending resulting from the minimum wage increase. Any such gain may be offset, at least in part, by reduced spending on taxable goods and services by businesses due to higher wage costs and reduced spending by owners of businesses whose profits may be reduced due to higher wage costs. However, data limitations prevent a reasonable estimate of this offsetting effect.

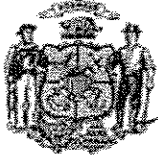
I hope you find this information helpful. Please contact me if you have further questions.

Sincerely,



Michael L. Morgan
Secretary of Revenue

MLM:DC:skr



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

2 of 2

July 16, 2004

TO: Senator Tom Reynolds
Room 306 South, State Capitol

FROM: Bob Lang, Director

SUBJECT: Proposed Rule Increasing the State Minimum Wage

On July 13, 2004, this office sent you a memorandum which included information about the impact of an increased minimum wage on payroll costs for the state and local governmental units. Included in the memo was a discussion of the affect the proposal would have on the UW System payroll, particularly with respect to student employees. Subsequent to the memo, our office received updated payroll information from the UW System prompting a revision of the original impact of the proposal on the UW System's payroll costs.

The original estimate was based on an analysis that showed approximately 1,300 jobs would be affected by the minimum wage provision starting in October, 2004, and 5,000 jobs starting in October, 2005. However, the UW System has revised the number of affected positions to 1,800 starting in October, 2004, and 7,300 starting in October, 2005.

As a result of the increased number of positions affected, our office has revised the fiscal affect on the UW System of the proposed minimum wage increase. In 2004-05, the total wage increase would be \$368,800, and in 2005-06 the total wage increase would be \$2,280,100. The prior estimate had forecast that the total wage increase would have been \$126,200 in 2004-05 and \$1,144,600 in 2005-06. The wage increase is based on the assumption that UW institutions will offer a similar number of positions and hours of employment as was offered in 2003-04.

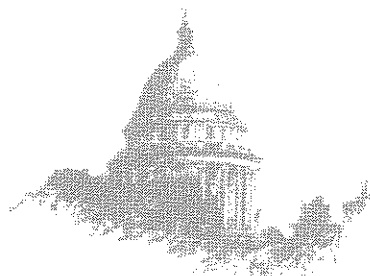
If you have any questions, please contact me.

BLJS/sas

* Bill - Call with any questions!
Joe

Possible response/rationale for suspension

Take this number and invest in worker training - devote existing funds - to truly assist the low-wage workers of WI.



STATE SENATOR
TOM REYNOLDS

5th Senate District

Room 306 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
(608) 266-2512

Labor Committee Defeats Ill-Timed Wage Rule

Reynolds: "We Blocked Attempt to Sabotage Economic Recovery"

For Immediate Release
July 26, 2004

Senator Tom Reynolds
608-266-2512

MILWAUKEE – State Senator Tom Reynolds (R-West Allis) announced this afternoon that the Senate Labor Committee, which he chairs, has voted to object to the Governor's proposal to increase the state minimum wage. Reynolds contends that the wage increase would have sabotaged the state's fledgling economic recovery.

"Unfortunately, this governor has been in government for so long that he has no sense at all of the huge challenges faced by businesses in this state." Reynolds continued, "I can't imagine a worse time for a business-damaging wage increase than when our state is finally coming out of the economic doldrums."

This spring, the Governor's Minimum Wage Advisory Council, of which Reynolds was a member, voted to recommend a package of increases in Wisconsin's minimum wage. Reynolds, who voted against that package, cited research that shows that minimum wage increases do not actually help low-wage workers who are supporting themselves.

"Research shows that, in Wisconsin, the average family income of folks who would have benefited from this increase is almost \$53,000," Reynolds commented. "Nationally, only *eight percent* of minimum wage workers are self-supporting single adults with children, and almost none of them is working full-time."

Reynolds also noted that the minimum wage rule, which was the subject of five statewide public hearings a few months ago, would drive up state payroll costs by several million dollars. "According to the nonpartisan Legislative Fiscal Bureau, the UW alone would suffer an increase of \$2.5 million in costs over the next two years alone," Reynolds asserted. "I don't know if there is ever a good time for a minimum wage increase, but this definitely is not the time."

The rule will now be reviewed by the Legislature's Administrative Rules Review committee, and cannot go into effect during that review period.

—END—

PCHHS

Portage County Health & Human Services

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RUTH GILFRY HUMAN RESOURCES CENTER
817 WHITING AVENUE
STEVENS POINT, WI 54481-5292

AUG 27 2004

MEMO

TO: ✓ Sen. Leibham, Co-Chair
Rep. Grothman, Co-Chair
Joint Committee for the Review of Administrative Rules (JCRAR)

FROM: William Zimdars, Chair, Health and Human Services Board
Judy Bablitch, Director

DATE: August 23, 2004

RE: Increases for Minimum Wage

On behalf of the Board and staff we would like to express our support for the proposed increases in Wisconsin's minimum wage. We support these increases on behalf of the citizens of Portage County as well as those individuals working and living in poverty. We urge you to facilitate this process.

In general, these increases will mean more money in the pockets of our lowest paid citizens; people that provide some of the most menial yet essential services we require. Increased pay will provide a stimulus for the economy through the additional buying power these individuals need to support themselves and their families.

It's estimated that over 100,000 individuals will benefit from this wage increase in the first year and half again as many in the second year.

Yet we believe it important to look beyond the general masses and put faces on these individuals. Nearly half of minimum wage workers are over the age of 25. Nearly two out of three are women, more often than not single parents supporting themselves and their children. Almost one-third work full time at the minimum wage. We can only guess how many of them work more than one part-time job to make ends meet as they struggle to support their families.

It can most likely be said that many of these individuals are employed as a result of participating in Wisconsin Works (W2). Shouldn't they have something better to look forward to than the poverty wages they currently earn?

We urge you to help those who work and live in poverty while trying their best to support a family and contribute to our society and economy.

cc: Legislators

MINWAGE.OCT

Scenario - Family of 3 - One parent, two children
 Presumes no other earned or unearned income; no shelter, utility, or other expenses;
 and no other health insurance

WAGES		GRADUATED MINIMUM WAGE			"LIVING WAGE"
		*All calculated at 40 hours per week			
Per Hour	\$0	\$5.15	\$5.70	\$6.50	\$8.80
Monthly Annual (2080 hours)	\$0	\$886 \$10,712	\$980 \$11,856	\$1,118 \$13,520	\$1,514 \$18,304
FOOD STAMPS					
Per Month	\$371	\$198	\$176	\$142	\$47
Annual	\$4,452	\$2,376	\$2,112	\$1,704	\$564
CHILD CARE CO-PAY					
Lic. Family Weekly	\$8	\$8	\$10	\$15	\$31
Annual	\$416	\$416	\$520	\$780	\$1,612
Certified Weekly	\$6	\$6	\$7	\$10	\$22
Annual	\$312	\$312	\$364	\$520	\$1,144
BC/MA/HS - BADGERCARE, MEDICAL ASSISTANCE, HEALTHY START					
Elig - Y/N?	Y	Y	Y	Y	Y
Co-Pay Amt? (Premium)	0	0	0	0	0
WIC BENEFITS					
Monthly Income Elig Rate		\$2,316			
Annual Income Elig Rate		\$27,787			
Family Profile WIC Elig *Woman ** Infant *** Child		\$45 food package approx value/mo \$120 approx value/mo \$35 approx value/mo			

JB/SCENARIO.OCT

Budgeting for Poverty

The federal government says a family of four making \$18,850 a year is living in poverty.

But how far does \$18,850 go in Portage County today?

How do you budget? What do you leave out?

You make the hard choices.

Rent

The median, fair-market annual rent for a two bedroom apartment in Portage County is \$5,868.

$$\begin{array}{r} \$18,850 \\ - \quad 5,868 \\ \hline \$12,982 \end{array}$$

Utilities

To keep a family of four warm and secure, the average expense for utilities and public services runs \$3,418 a year.

$$\begin{array}{r} \$12,982 \\ - \quad 3,418 \\ \hline \$9,564 \end{array}$$

Transportation

Just for two people to ride the bus daily to and from work in Stevens Point, the annual combined transportation cost would be \$912 for two unlimited monthly city bus passes. This doesn't even consider the cost of additional travel a personal vehicle would allow.

$$\begin{array}{r} \$9,564 \\ - \quad 912 \\ \hline \$8,652 \end{array}$$

Food

Families making less than \$19,000 on average spend \$3,821 on food. But even with public assistance, such as Food Stamps, a family at the poverty line will spend \$1,301 annually on additional food away from home.

$$\begin{array}{r} \$8,652 \\ - \quad 1,301 \\ \hline \$7,351 \end{array}$$

Health Care

The average annual cost for family health insurance coverage is \$4,000. Even if an employer contributes part of the costs, a family would still have to pay, on average, \$1,347 for coverage. The cost of not having health insurance, however, could be devastating.

\$ 7,351
- 1,347
\$ 6,004

Child Care

The average annual cost of child care in a Portage County child care center for two children under the age of five is \$19,240. Even with child care subsidies, working families making less than \$15,000 a year spend one-quarter of their income on child care. For a family of four below the poverty line, that's about \$3,750 a year.

\$ 6,004
- 3,750
\$ 2,254

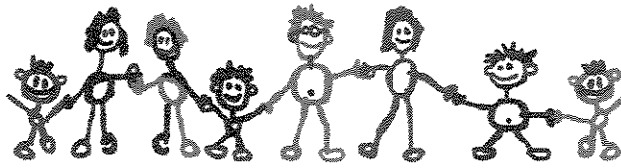
So after the basic needs and expenses, you have \$2,254 of disposable income remaining. This averages out to approximately \$188 a month. And you still don't have everything you need. Which of the following will you choose and which will you leave out? And how much would this be exacerbated if those public assistance programs weren't available, or their level of assistance were reduced?

Toiletries	School Supplies	Shoes
Clothes	Holiday Gifts	Education
Life Insurance	Furnishings	Recreation
Cleaning Supplies	Entertainment	Birthdays
Savings	Emergencies	Retirement

These are the decisions made every day in the state of poverty.

Source of Statistics:

U.S. Dept. of Health and Human Services
U.S. Dept. of Housing and Urban Development
Bureau of Labor Statistics, Consumer Expenditures Survey
Agency for Healthcare Research and Quality
Portage County Health and Human Services



T H E P A R E N T I N G N E T W O R K

**2004 BOARD
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EXECUTIVE DIRECTOR

Jan Buchler

September 7, 2004

Joe Liebham, Co-Chair
Room 409 South
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Dear Mr. Liebham,


I am writing to ask for your support for the administrative rule, Clearinghouse Rule 04-036, which will increase minimum wages. It is vitally important for the well-being of families that wage-earners can support themselves and their children.

The Parenting Network's mission is to strengthen parenting and prevent child abuse. We operate Milwaukee County's 24-hour Parent Helpline in addition to other programs and services. In recent years, we have witnessed first-hand that basic needs for shelter and food has greatly impacted the ability of families to take care of their children.

Even an increase to \$5.70/hr. is grossly inadequate. A one-parent full-time wage-earner would bring home approximately \$711/month. With food stamps and childcare subsidies, the most frugal individual could not provide a decent life for even a small family on this income. No wonder the number of families living in poverty has risen.

Please vote to support Clearinghouse Rule 04-036. It's the very least you can do.

Sincerely,


Jan Buchler
Executive Director

Strengthening Parenting for Healthier Families

7516 West Burleigh Street • Milwaukee, WI 53210-1030 • 414/671-5575 • FAX 414/671-1750 • www.theparentingnetwork.org

Parent Helpline 414/671-0566 • Parenting Education & Support • Supporting Today's Parents/Teen Parents • Community Education



United Way

MEL MORGENBESSER

Received 9/9/04

4110 CHIPPEWA DRIVE, MADISON, WI 53711
(608) 233-4260

September 8, 2004

Senator Joe Leibham
Room 409 South
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

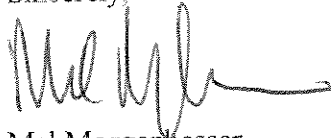
Dear Senator Leibham,

I am writing to ask your support for Clearinghouse Rule 04-036 which will increase Wisconsin's minimum wage. As you know, the Federal Government has not raised the minimum wage for a number of years, and the current \$5.15 per hour rate is not nearly sufficient for a working person to support a family.

I have recently retired and begun working as a volunteer at one of Madison's many food pantries. Located in a subsidized housing development, each week this small food pantry provides basic necessities to 25-30 families. Most are working families, some with two wage earners, who still must rely on the food pantry because their minimum wage jobs do not meet their rent, food, health insurance, and other basic obligations.

Clearinghouse Rule 04-036 begins to address the desperate needs of our minimum wage working class individuals and families. I urge your support.

Sincerely,



Mel Morgenbesser

Non-Constituent Org.

September 14, 2004

Joe Liebman
Room 409 South
State Capital
PO Box 7882
Madison, WI 53707-7882

Dear Mr. Liebman:

I am writing to show my support for Clearinghouse Rule 04-036 to increase the minimum wage.

Did you ever try to do a budget for a family of four? This family has two adults working at the current minimum wage. They also have two small children in daycare.

Monthly		Annually
2020	Income	24242
404	Income Taxes	4848
600	Rent	7200
165	Utilities	1980
112	Transportation ¹	1352
190	Food ²	2280
350	Child Care ³	4200
<u>112</u>	Health Care ⁴	<u>1347</u>
87	Remainder	1035

Great news! We have money left over! But, from our remaining \$87 we still need:

Household furnishings
Clothes
Toiletries
Cleaning supplies
Entertainment
Educational expenses
Gifts
Shoes
Life insurance
Retirement savings
Emergency savings
College savings

¹ Weekly bus passes for 2 adults: \$13.00 each on Milwaukee County Transit

² Not including approximately \$210 in monthly food stamp benefits calculated on www.Wisconsin.gov.

³ Department of Labor, Bureau of Labor Statistics

⁴ Source: Agency for Health Care Research

Now, what would you leave out?

Although the current minimum wage keeps this fictitious family out of poverty, it is extremely difficult for them to get ahead and improve their lives. Or the future for their kids. I imagine this family could spend several generations near poverty.

Please do not suspend this administrative rule. Help the citizens of Wisconsin find a way to improve their lives.

Sincerely,



Serena R. Olsen-Jadofsky

CONSTITUENT CONTACT FORM

Date:

Name:

Address:

Phone:

e-mail:

Summary of Concern:

Action by Office:

Further action required by Office:

9/20 -

Glenn suggest: Accept \$5.70 now
Put bill on Gov's desk - \$6.00/hr? or suspend 6.50
Suspend ~~all~~ all now
262-338-8061

* Can someone testify on our behalf -
TBA = Steve Soborick
Talk about other states

- Minimum Wage -

Exempt small business?

- \$2.5 million in gross annual sales or have fewer than 25 employees

- Regional Comparison of Minimum Wage Rates

- Fiscal Effect letter from Morgan

• 200,000 out 2.1 million

• Nass Release:
Re: prioritize educ job training

- Wage compressions: everyone gets bumped - those at \$9, 10, 11/hr will argue to go up to

• WW-System

Rob Marchant

Legislators under comp plan -

• Experts from Labor Chais

- Applies to state employees; voted on by legislators
- Agreement to unions; ER +
• Vote
• unrepresented employees
Constitutional officers

- NOT VOTED ON

• odd numbered summer
- ER comp plan: classified
- JOCC approves plan; into effect.

NATIONAL UNEMPLOYMENT:

5.4%

WI UNEMPLOYMENT:

4.8%

BUR. OF LABOR STATISTICS

AUG 2004

STATE

WAGE RATE

UNEMPLOYMENT

STATES w/ MIN. WAGE HIGHER THAN FEDERAL:

RATE

WASHINGTON

\$ 7.16

6.2%

OREGON

\$ 7.05

7.4%

CALIFORNIA

6.75 (8.50 in S.F.)

5.8%

ILLINOIS

\$5.50 (\$6.50 on 1/1/05)

6.1%

MAINE

\$6.25

4.5%

VERMONT

\$6.75 (\$7.00 on 1/1/05)

3.4%

MASSACHUSETTS

\$6.75

5.4%

RHODE ISLAND

\$6.75

5.5%

CONNECTICUT

\$7.10

4.6%

DELAWARE

\$6.15

3.6%

ALASKA

\$7.15

7.6%

HAWAII

\$6.25

2.9%

STATES WITH NO MINIMUM WAGE LAW:

ARIZONA

4.4%

LOUISIANA

5.0%

ALABAMA

6.0%

GEORGIA

4.2%

TENNESSEE

4.9%

S. CAROLINA

6.4%

FLORIDA

4.5%

STATES WITH MIN. WAGE LOWER THAN FED:

KANSAS

\$2.65

4.8%

OHIO

\$4.25 (\$3.35 + \$2.80 / small bus.)

6.3%



SEP 22 2004

September 21, 2004

Senator Joe Leibham, Co-Chair
Joint Committee for Review of Administrative Rules
Room 409 South
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Leibham:

The Wisconsin Community Action Program Association (WISCAP) respectfully requests your consideration and support of the proposed administrative Clearinghouse Rule 04-036 which provides for an increase in the minimum wage.

WISCAP is the state association of Wisconsin's 16 Community Action Agencies—local anti-poverty organizations that serve communities by addressing the causes of poverty and creating opportunities for poor people to be self-sufficient. Last year, more than 490,000 Wisconsin residents sought and received help from their local Community Action Agency.

WISCAP President Deborah Blanks, Executive Director of the Milwaukee Social Development Commission was privileged to serve as a member of the Governor's Minimum Wage Advisory Council. The Council made recommendations to the State's Department of Workforce Development which has advanced the proposed rule providing for an increase in the minimum wage.

WISCAP and all of our member agencies have witnessed the increases in poverty in our state in recent years. As you may know, the US Census Bureau now reports that nearly 600,000 Wisconsin residents live in poverty—nearly 10% of the total state population. This is a ten-year high!

In addition, recent reports have stated that wages have declined in our state during recent years, the median income has fallen or remained stagnant in Wisconsin communities, and the costs for basic necessities such as food, housing and fuel, prescriptions and medical care continue to increase.

This convergence of disturbing economic trends in Wisconsin and nationwide require bold action by our members of the State Legislature. Poverty is not caused only by the lack of jobs but also by inadequate wages. A majority of poor people are employed...but remain poor. The current minimum wage pays just over half of what is needed to move a family of four out of poverty. And a dollar over the poverty level is just mere subsistence.

The federal government updates the official poverty threshold on an annual basis and makes adjustments for family size. The current threshold for a family of four in 2004 is \$18,850.

It is a myth to think that the economy will lose jobs if the minimum wage is increased. The Minimum Wage Advisory Council studied reports from Wisconsin and Illinois which showed that minimum wage hike will improve the earnings of a significant share of low-income workers and households while imposing minimal costs to businesses and result in a negligible impact on overall employment.

We need to increase the minimum wage! And we need jobs that pay a living wage with benefits. We need the legislature to support this proposal.

Please call on me at anytime if you would like any additional information. Thank you for your consideration of our request!

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Schlimm".

Richard Schlimm
Executive Director



WISCONSIN

Memorandum

TO: Members of the Joint Committee for Review of Administrative Rules

FROM: Bill G. Smith, State Director

DATE: September 23, 2004

**RE: Wisconsin Minimum Wage
Chapter DWD 272/CR04-036**

The Wisconsin Chapter of the NFIB includes a membership of more than 12,000 small business firms located throughout Wisconsin. Many of these firms are experiencing strong growth while others struggle with the cost of health insurance, higher taxes, and burdensome workplace rules and regulations.

The proposal to increase the state's minimum wage rate will impact thousands of public and private sector employers and employees.

The University of Wisconsin, for example, estimates that over 10,000 jobs at U.W. institutions are affected by an increase in the minimum wage. And according to a U.W. fiscal analysis of minimum wage legislation introduced in the past: "It is probable that some institutions would reduce the number of jobs and/or hours available to students if sufficient funds to pay the increased wages were not available."

For the private sector, and especially small business employers, the impact of raising the minimum wage may also have a serious negative impact on the ability of these firms to produce the jobs necessary to sustain the growth of Wisconsin's economy.

According to economists at the Department of Workforce Development, "a very high percentage of affected businesses meet the definition of small business in *s.227.114(1), Stats.*" (Defined as firms with fewer than 25 full-time employees or less than 5 million in gross annual sales, according to 2003 Act 145.)

Because this proposal will impact small business and will increase costs for small firms, the department has prepared a regulatory flexibility analysis.

For example, the department says the rule will be implemented for all businesses at the same time. However, the statute does not appear to provide this discretion to agencies. According to 2003 Act 145, all rules that have a significant economic impact on small business shall apply 60 days following the date of publication.

Memorandum to JCRAR
September 23, 2004
Page Two

Allowing smaller firms a "60-day notice" of an increase in the minimum wage will allow them to prepare for the impact the higher wage may have on their business.

The department also states that since a high percentage of workers affected by the proposed minimum wage rule work for small business, an exemption from the rule for these employers would "render the minimum wage really meaningless."

In recognition of the possible negative economic impact of increasing the minimum wage, many states currently have minimum wage laws that include an exemption for small business, including the Midwestern states of Illinois, Ohio and Michigan. Wisconsin should provide a similar exemption for our small business employers.

While NFIB/Wisconsin voted with the majority of Task Force members to increase the minimum wage rate, we strongly believe minimum wage reforms are critical to reduce the possible negative impact on our state's economy. The process of implementing an increase in the minimum wage should also include meaningful reforms that will reduce any possible negative effects of a higher wage rate.

As a member of the Minimum Wage Advisory Council, I voted in support of the report and the recommendation to increase Wisconsin's minimum wage rate on a state-wide basis.

NFIB/Wisconsin also supports the reforms adopted by the Council, including a separate minimum wage rate for minors, and a future rate increase phased-in over a two-year period.

However, I am disappointed members of the Council rejected efforts to provide an exemption from the increase for small business employers. The fragile growth of our state's economy should not be placed at risk for political policies that have little or no basis in economic reality. As a member of the Council, I also felt strongly that an increase in the earned income tax credit was by far a more effective policy to assist lower income workers than a hike in the minimum wage.

While NFIB/Wisconsin voted in support of the compromise proposal that includes an increase in the state's minimum wage, and we will continue to support adoption of the proposed rule, we hope the legislative process and final adoption of this rule will include the reforms necessary to reduce the negative impact this rule may have on our state's small business employers.

Thank you for your consideration.

MR. & MRS. STEVEN M. GARDIPEE
670 KREUSER'S RIDGE
COLGATE, WI 53017

October 17th, 2004

Senator Judith Robson
Room 5 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Robeson,

I recently read the article in the *Milwaukee Journal Sentinel* (Friday, 09/24/2004) indicating that JCRAR blocked the recent initiative to raise the minimum wage from \$5.15 per hour to \$6.50 over the next year. I have been following the Governor's efforts and fully support the initiative to raise the minimum wage as soon as possible.

To choose not to raise the minimum wage at this time was an extremely unfortunate decision on the part of the Committee; because the decision has profound moral implications for all our residents, JCRAR needs to reconsider its decision.

(1) As an elected representative, and as a citizens, *we all have the right and the responsibility to ensure that the measure of human dignity afforded by just payment in the form of wages be ensured and protected - in this way the basics of human decency are met.* On any scale, \$5.15 an hour does not come close to meeting what is acceptable for human decency.

(2) No reasonable person could conclude that \$5.15 (or less) an hour, in this State, is fair or just. Such a low guarantee of an hourly wage rate is an assault on the dignity of work and the rights of workers in this State. *The economy must serve people, not the other way around.* We need to remind ourselves that *if the dignity of work is to be preserved, then workers have the right to decent and fair wages.*

(3) As representatives and fellow citizens, *we are our brothers' and sisters' keepers.* As fellow members of our local, State, National and global family, *we need to demonstrate our solidarity to those less fortunate by doing what is in our power to address the economic needs of the least fortunate.*

(4) *A basic moral test of how we are doing is to ask how our most vulnerable and needy members are doing.* We live in a State (and National society) where the gulf between the rich and the poor is widening by the day—because of policies (such as an inadequate "minimum wage base") that continue to discriminate against the poor.

If we do not advocate for and take the necessary steps to protect those most in need in our State and Nation, who will?

Here is my challenge to JCRAR as a fellow citizen:

(1) Reconsider the vote by opening the discussion to include the principles required for a fair and just decision.

(2) *In a show of solidarity to the constituency your vote most affects*, I ask that you roll back any salary increase and/or expense increases you have received within the last couple of years. A full time worker at \$5.15 an hour averages \$10,712.00 annually without overtime. What part of the 16% annual increase (\$6,500) Governor Doyle referred to would apply here?

In the light of the above discussion, why was the Committee, in the end, unwilling to hear the arguments and do the right thing?

As opposed to Sen. Lazich's opinion, preference should always be given to the worker's who are the basis for each business; a business is "nurtured" by properly, fairly recognizing and remunerating workers.

As opposed to Sen. Tom Reynolds opinion, 6,000 employees should have been polled, not business owners. Was it a coincidence that, in the same edition of the newspaper, there was a long article discussing Wisconsin's 20 wealthiest people? One of the reasons why wealth is concentrated into those hands is precisely because we allow for inequity in rates of pay.

In a challenge to Rep. Steve Nass – raise the minimum wage *and* provide the necessary job training and education programs to ensure that we have done everything we can for our workforce.

Please reopen the discussion, take the challenges offered, and do the right thing.

Sincerely,



Steven M. Gardipee

Cc: JCRAR Committee Members

MR. & MRS. STEVEN M. GARDIPEE
670 KREUSER'S RIDGE
COLGATE, WI 53017

October 17th, 2004

Senator Joseph Leibham
Room 409 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882

OCT 20 2004

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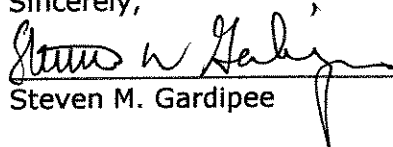
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In a challenge to Rep. Steve Nass – raise the minimum wage *and* provide the necessary job training and education programs to ensure that we have done everything we can for our workforce.

Please reopen the discussion, take the challenges offered, and do the right thing.

Sincerely,



Steven M. Gardipee

Cc: JCRAR Committee Members



OCT 22 2004

WISCONSIN LEGISLATIVE COUNCIL

*Terry C. Anderson, Director
Laura D. Rose, Deputy Director*

TO: SENATOR JOSEPH LEIBHAM
FROM: Ronald Sklansky, Senior Staff Attorney *RS*
RE: Clearinghouse Rule 04-036, Relating to Increasing Wisconsin's Minimum Wages
DATE: October 22, 2004

This memorandum, prepared at your request, discusses the recent actions taken by the Joint Committee for Review of Administrative Rules (JCRAR) with respect to Clearinghouse Rule 04-036, relating to increasing Wisconsin's minimum wages.

BACKGROUND

On April 15, 2004, the Department of Workforce Development (DWD) submitted to the Legislative Council Staff a proposed rule to increase Wisconsin's minimum wages. Following various procedural steps, the agency referred the rule to the Legislature for review on June 11, 2004. On July 26, 2004, the Senate Committee on Labor, Small Business Development, and Consumer Affairs objected to the rule and the rule ultimately was referred to JCRAR for review.

JCRAR held a public hearing and executive session regarding Clearinghouse Rule 04-036 on September 23, 2004. On the same date, the committee objected to the rule and its proposal to increase minimum wages in Wisconsin.

DISCUSSION

When JCRAR objects to the promulgation of a proposed rule, s. 227.19 (5) (e), Stats., provides that the committee must, within 30 days of the date of the objection, introduce in each house of the Legislature, for consideration at any regular session, a bill to support the objection. Such legislation typically takes the form of prohibiting the agency from taking the substantive action proposed in the new rule. The legislation does not target a particular clearinghouse rule because the agency would nominally retain the authority to promulgate a new proposed rule within the same subject matter area. Consequently, the legislation considered by JCRAR creates s. 104.04 (2) of the statutes to specifically prohibit DWD from increasing the minimum wage, or an allowance for board and lodging, above those amounts contained in the current rules of the agency. The proposed legislation expresses the intent of

the motion adopted by JCRAR when it objected to Clearinghouse Rule 04-036. JCRAR, on October 21, 2004, adopted a motion to introduce the proposed legislation.

However, it should be noted that once the bills are formally introduced, they will be treated as are any other bills before the Legislature. That is, they may be amended, prior to passage, to express an alternative legislative policy.

If I can be of any further assistance in this matter, please feel free to contact me.

RS:ksm



P.O. Box 7882
MADISON, WI 53707-7882
(608) 266-2056

P.O. Box 8952
MADISON, WI 53708-8952
(608) 264-8486

JOINT COMMITTEE FOR REVIEW OF ADMINISTRATIVE RULES

Motion Form

Moved by GROTHMAN, Seconded by REYNOLDS

THAT
stat. 227.19 objection of CR 04-036

COMMITTEE MEMBER	Aye	No	Absent
1. Senator LEIBHAM	✓		
2. Senator LAZICH	✓		
3. Senator REYNOLDS	✓		
4. Senator ROBSON	✓	✓	
5. Senator COGGS		✓	
6. Representative GROTHMAN	✓		
7. Representative NASS	✓		
8. Representative GUNDERSON	✓		
9. Representative BLACK		✓	
10. Representative HEBL		✓	
Totals			

Motion Carried

Motion Failed



P.O. Box 7882
MADISON, WI 53707-7882
(608) 266-2056

P.O. Box 8952
MADISON, WI 53708-8952
(608) 264-8486

**JOINT COMMITTEE FOR
REVIEW OF ADMINISTRATIVE RULES**

Sunset legislation on ~~is~~ Dec. 31, 2006

Motion Form

Amendment - ~~is~~ is

Hebl ~~Robson~~

Moved by Hebl, Seconded by ~~Robson~~ Grothman

THAT, MOTION WITHDRAWN - Hebl

Robson, 2nd Grothman

increase by 50¢/per hour

MOTION WITHDRAWN - Robson

COMMITTEE MEMBER	Aye	No	Absent
1. Senator LEIBHAM			
2. Senator WELCH			
3. Senator LAZICH			
4. Senator ROBSON			
5. Senator COGGS			
6. Representative GROTHMAN			
7. Representative SERATTI			
8. Representative GUNDERSON			
9. Representative BLACK			
10. Representative HEBL			
Totals			

Motion Carried

Motion Failed

WISCONSIN MINIMUM WAGE RATES

Effective October 1, 2005

GENERAL MINIMUM WAGE RATES

Non-Opportunity Employees:

Opportunity Employees:

Adults

\$6.50 Per Hour

\$5.90 Per Hour

Minors

\$5.90 Per Hour

None Available

MINIMUM WAGE RATES FOR TIPPED EMPLOYEES

\$2.33 Per Hour

\$2.13 Per Hour

Note: "Opportunity employee" means an employee who is not yet 20 years old and who has been in employment status with a particular employer for 90 or fewer consecutive calendar days from the date of initial employment.

MINIMUM WAGE RATES FOR ALL AGRICULTURAL EMPLOYEES

Adults

?

Minors

?

MINIMUM RATES FOR CADDIES

9 Holes \$5.90

18 Holes \$10.50

For more information contact:

State of Wisconsin
Department of Workforce Development
Equal Rights Division

201 E Washington Ave, Room A300
P.O. Box 8928
Madison, WI 53708
608/266-6860

819 N. 6th St
Room 255
Milwaukee, WI 53203
414/227-4384

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Effective October 1, 2005

NON-AGRICULTURAL EMPLOYMENT

	NON-OPPORTUNITY EMPLOYEES	Minor or OPPORTUNITY EMPLOYEES
Meals	\$78.00 Per Week \$3.70 Per Meal	\$70.80 Per Week \$3.35 Per Meal
Lodging	\$52.00 Per Week \$7.40 Per Day	\$47.20 Per Week \$6.75 Per Day

AGRICULTURAL EMPLOYMENT

All Employees

Meals (Adults)	\$? Per Week \$? Per Meal
Meals (Minors)	\$? Per Week \$? Per Meal
Lodging (Adults)	\$? Per Week \$? Per Day
Lodging (Minors)	\$? Per Week \$? Per Day

CAMP COUNSELOR EMPLOYMENT

Weekly Salary for All Employees

	Board & Lodging	Board Only	No Board or Lodging
Adults	\$158.00 185	\$252.00 237	\$315.00
Minors	\$138.00 137	\$220.00 204	\$275.00

When board or lodging provided by an employer is accepted and received by an employee, the employer is permitted to deduct up to the above amounts from the worker's paycheck. The amounts deducted are used to determine if the employee is receiving the required minimum wage rates.

WISCONSIN MAXIMUM ALLOWANCES FOR BOARD AND LODGING

Effective October 1, 2004

NON-AGRICULTURAL EMPLOYMENT

NON-OPPORTUNITY EMPLOYEES

Minor or OPPORTUNITY EMPLOYEES

Meals	\$68.40 Per Week \$3.25 Per Meal	\$63.6 Per Week \$3.00 Per Meal
Lodging	\$45.60 Per Week \$6.50 Per Day	\$42.40 Per Week \$6.05 Per Day

AGRICULTURAL EMPLOYMENT

All Employees

Meals (Adults)	\$? Per Week \$? Per Meal
Meals (Minors)	\$? Per Week \$? Per Meal
Lodging (Adults)	\$? Per Week \$? Per Day
Lodging (Minors)	\$? Per Week \$? Per Day

CAMP COUNSELOR EMPLOYMENT

Weekly Salary for All Employees

	Board & Lodging	Board Only	No Board or Lodging
Adults	\$171.00	\$217.00	\$285.00
Minors	\$159.00	\$202.00	\$265.00

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Effective September 1, 1997

GENERAL MINIMUM WAGE RATES

Non-Opportunity Employees:

\$5.15 Per Hour

Opportunity Employees:

\$4.25 Per Hour

MINIMUM WAGE RATES FOR TIPPED EMPLOYEES

\$2.33 Per Hour

\$2.13 Per Hour

Note: "Opportunity employe" means an employe who is not yet 20 years old and who has been in employment status with a particular employer for 90 or fewer consecutive calendar days from the date of initial employment.

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Minors **\$3.70 Per Hour**

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Milwaukee, WI 53203
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WISCONSIN MAXIMUM ALLOWANCES FOR BOARD AND LODGING

Effective September 1, 1997

NON-AGRICULTURAL EMPLOYMENT

	NON-OPPORTUNITY EMPLOYEES	OPPORTUNITY EMPLOYEES
Meals	\$61.80 Per Week \$2.95 Per Meal	\$51.00 Per Week \$2.45 Per Meal
Lodging	\$41.20 Per Week \$5.90 Per Day	\$34.00 Per Week \$4.85 Per Day

AGRICULTURAL EMPLOYMENT

All Employees

Meals (Adults)	\$ 48.60 Per Week \$2.30 Per Meal
Meals (Minors)	\$44.40 Per Week \$2.10 Per Meal
Lodging (Adults)	\$32.40 Per Week \$4.65 Per Day
Lodging (Minors)	\$29.60 Per Week \$4.25 Per Day

CAMP COUNSELOR EMPLOYMENT

Weekly Salary For All Employees

	Board & Lodging	Board Only	No Board or Lodging
Adults	\$91.00	\$110.00	\$140.00
Minors	\$74.00	\$92.00	\$123.00

When board or lodging provided by an employer is accepted and received by an employe, the employer is permitted to deduct up to the above amounts from the worker's paycheck. The amounts deducted are used to determine if the employe is receiving the required minimum wage rates.



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an, Times, serif" size="3">**Wage rules limit opportunity**

4:50 PM 1/17/04

The vast majority of states keep their minimum wages in line with federal law, and Wisconsin will gain nothing by hiking its wage higher. <

A new state council named by Gov. Jim Doyle has started meeting to review and recommend changes to the state's minimum wage, which currently matches the federal minimum of \$5.15 an hour. The 17 members are to propose an increase by spring. <

Labor groups claim a change is long overdue, noting that the wage hasn't been adjusted since September 1997. So what? Some states don't bother to set a state minimum at all, and their workers do not suffer for it. And those that set wages higher than the federal minimum do not see economic gains as a result. Despite forcing minimum wages above the federal standard, Illinois' income per person remains lower than in Minnesota, which matches the federal minimum of \$5.15. <

In fact, the experience of other states suggests that raising the minimum wage will make Wisconsin's job-creation problem more difficult. Three states with the highest minimum wages in the nation - Oregon, Washington and Alaska - also are among states with the highest unemployment rates. A higher minimum here only promises more problems in Wisconsin communities such as Racine, where the unemployment rate has hit 6.4 percent, Beloit at 5.3 percent, or Milwaukee, 5.2 percent. <

Currently, only about 130,000 of Wisconsin's 2.94 million workers still earn minimum wage. Because these workers' employers tend to be businesses that operate on low profit margins and high volume, such as grocery stores, they are particularly pressed by government-ordered wage hikes. Realistically, forcing wages up significantly is likely to jeopardize these jobs. <

Even if that fear is exaggerated, it's unlikely that a modest increase in the statewide minimum wage will do much to increase Wisconsin's wealth - and it definitely won't help economic development. <

That's because if employers don't cut jobs to help meet a mandated increase in payroll, they must raise prices to cover costs. That makes our employers less able to compete with employers whose states stick with federal standards. Then even more jobs are lost. <

Meeting a higher payroll also may reduce what an employer can pay to train a worker who wants to transcend low-wage work. A too-high wage also will discourage employers from participating in programs that try to move people off welfare and into entry-level jobs. <

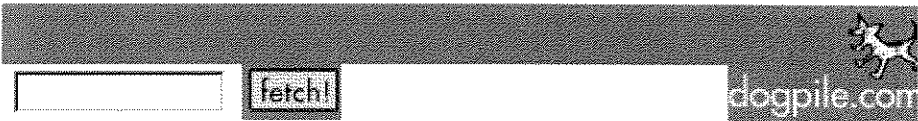
This isn't an argument in favor of rock-bottom wages: To the contrary, we favor raising overall family incomes by creating more higher-wage jobs in growing fields. Minnesota shows the benefits of a more visionary economic path. By raising educational attainment in its work force and pursuing high-tech, high-growth employment, just 2.3 percent of workers there are still laboring for minimum wage. <

Similarly, the growth of technology-based jobs in Madison and Dane County, for example, has raised the area's per capita income far above the statewide average, and that produces healthy ripples through the local economy. <

Wage-control advocates won't admit that workers lose when government tries to harness market forces to meet political objectives. Let's build the economy, not shackle the market.

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ENTERPRISE

From the October 1, 2004 print edition

Minimum-wage debate lives on

Increase in state's lowest pay just a matter of time
Phill Trewyn

Even though a legislative committee blocked Gov. Jim Doyle's effort to raise the state's minimum wage, proponents of an increase say they still expect a raise to occur.

Depending on who's talking, an increase could happen in 2005 or 2006.

State Rep. Glenn Grothman (R-West Bend) said it's possible the Legislature could prevent the increase from taking effect before 2006. However, it's also possible a lower wage increase could be negotiated with the governor's office before then, he said.

"I would hope that we would be able to reach some kind of compromise," he said.

The last time the state raised the minimum wage was in 1997.

Grothman co-chairs the Legislature's Joint Committee for Review of Administrative Rules that voted Sept. 22 against Doyle's plan, which called for the minimum wage to increase from \$5.15 to \$5.70 an hour by the end of 2004, then to \$6.50 by Oct. 1, 2005.

A council of business and labor groups recommended the proposal. Business leaders from the grocery, fast-food, small business and retail industries supported the wage increase.

More legislation likely



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The rules committee voted 6-3 to defeat Doyle's proposed increase. Committee members likely will introduce a bill suspending the increase permanently when the next legislative session begins in January.

But Doyle could veto any bill that would permanently suspend the increase, and it's unlikely the Legislature would have enough votes to override his veto. Still, that whole process could delay a wage increase until 2006, said Roberta Gassman, secretary of the Department of Workforce Development.

"Raising the minimum wage could help up to 200,000 of the state's low-wage workers," Gassman said.

Gassman called Doyle's proposal for a gradual increase "reasonable and in the best interest of workers and the economy."

Grothman said Doyle's proposal was voted down because a minimum wage of \$6.50 is so high it would hurt business development in Wisconsin. An increase to no more than \$6 per hour would be more acceptable, he said.

A higher Wisconsin minimum wage would put the state at a disadvantage with most of its neighbors when it comes to attracting new business, Grothman said, noting that the minimum wage in Iowa, Minnesota and Michigan is \$5.15 an hour. The minimum wage in Illinois will increase to \$6.50 on Jan. 1.

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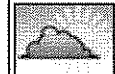
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Posted Mar. 05, 2004

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Editorial: Minimum-wage hike a sensible proposal

A broad-based task force of representatives from business, labor, education and the Legislature has come up with a common-sense plan to raise Wisconsin's minimum wage in two stages to \$6.50 by October 2005.

This increase is overdue because lower-income workers have been losing ground in their wages relative to the cost of living in recent years. The last hike in the state minimum wage was in 1997.

The task force's plan would raise the minimum wage from \$5.15 per hour to \$5.70 this October and boost the wage to \$6.50 in October 2005. It would also reinstate a lower minimum wage for teenagers — \$5.30 this October and \$5.90 in 2005.

The wage increase would help an estimated 130,000 workers in Wisconsin this year and 160,000 in 2005, according to Gov. Jim Doyle.

The proposed administrative change is subject to approval by the Legislature, and this is where problems could arise. State Rep. Glenn Grothman, R-West Bend, is co-chair of the Joint Committee on Administrative Rules, which will review the increase. Grothman, one of the most conservative members of the Legislature, is already trucking out some of the old arguments against minimum-wage increases that have been used in the past and been disproved through experience. He said the increases need close analysis.

Grothman was quoted by the Associated Press as saying, "increasing the minimum wage to \$6.50 an hour is going to result in layoffs of new workers and senior citizens and will be a hardship on the business community."

However, the task force reinstated the separate minimum wage for teens so that employers would continue to offer jobs to new workers without excessive increases in costs. At the same time, the many workers who depend on the minimum wage to help them support their families would be getting closer to a living wage. Most economists agree that a wage of more than \$8 per hour is needed to adequately support a family these

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And there's little or no evidence that increases in the minimum wage resulted in job losses or reduced the rate of new job creation in the past. In fact, an Economic Policy Institute study of the last national minimum-wage increase in 1996-97 found no evidence of declining job growth in two of the most wage-sensitive economic sectors, services and wholesale/retail trade.

Increasing the minimum wage doesn't just help the families directly affected. When lower-income households have more money, they spend it on the goods and services they need, and that boosts the overall economy. This is why increasing the minimum wage is part of Doyle's "Grow Wisconsin" economic stimulus strategy.

We're hoping the Legislature goes along with this balanced minimum-wage plan and that if it doesn't, the voters will remember in November's elections who scuttled it.

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Minimum wage rise could bring teen rate, but many will top it

By STACY FORSTER
sforster@journalsentinel.com

Posted: Feb. 23, 2004

Madison - As a task force moves toward recommending a boost in the state's minimum wage, one option receiving considerable support would allow employers to pay teen workers less than their adult counterparts.

But many teens say the demand for their labor is so high that they already are working for far beyond the current minimum wage and that they wouldn't be interested in jobs that provided lower pay.

"If they're going to have a minimum wage, they should have the same wage for everyone," said Joe Mentzer, a 17-year-old junior at Madison's La Follette High School.

His weekend job at Menards pays him more than \$9 an hour - nearly twice the minimum wage.

And while business groups argue that a so-called "teen wage" would make an overall minimum-wage increase easier to swallow, labor groups and teens such as Mentzer worry that a lower wage for those under 18 would bump adults out of jobs and be a slight to hardworking young people.

"If you have a situation where it costs less to hire someone less than

Careers



Photo/Mary Jo Walicki

Jennifer Ripp, 15, of Cross Plains fills out a job application Monday, hoping to get a dishwashing job at Shelton's Bar and Restaurant in Cross Plains. Co-owner Chuck Shelton, right, talks to patrons.

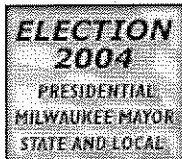
Quotable

“ I can make \$75 a night baby-sitting ”

- Darci Barman, 16

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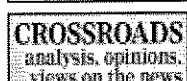
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18, it could put people over age 18 at a distinct disadvantage," said Phil Neuenfeldt, secretary-treasurer for the Wisconsin State AFL-CIO in Milwaukee.

The Minimum Wage Advisory Council last week tentatively agreed that the minimum wage should be raised from the current \$5.15 an hour. A group of task force members will meet this week to hammer out the amount of the increase and when it should take effect.

The increase would be the state's first since 1997, when it was increased from \$4.75. Any change would have to be approved by the Legislature and signed by Gov. Jim Doyle, who appointed the minimum wage group.

Impact debated

Employers like the idea of a tiered minimum wage system, under which pay for teens would remain at the current minimum wage or rise to a level lower than that set for adults. Such a system would allow employers to save money on salaries for those who might not be supporting a family and make it cheaper to take on new workers.

New teen workers are frequently transitory and don't have many skills, so it's risky and expensive for employers to hire them, said Ed Lump, president and chief executive officer of the Wisconsin Restaurant Association.

"There's no reason they should be paid at the beginning of the job the same wage as an adult," said Lump.

Teens are not thrilled at the prospect.

In many areas of the state, it remains a seller's market for young workers. While more than a quarter of all Wisconsin residents who make minimum wage are 16 to 18, the vast majority of young workers earn far more than that. Of the 146,000 teens who clock in at hourly jobs in Wisconsin, only 7.5% are paid at or below the minimum wage, according to the state Department of Workforce Development.

Darci Barman is the perfect example: The 16-year-old Middleton High School sophomore said if she were offered a minimum-wage job, she probably wouldn't take it.

"I can make \$75 a night baby-sitting," she said.

Barman recently applied for a job at the new Galyan's store in Middleton and is waiting to hear if she'll be hired. She expects that the hourly pay would be higher than the minimum wage.

Even business leaders acknowledge the reality of the marketplace for

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teen workers.

Craig Culver, co-founder of Culver's Restaurants and a member of the advisory council, backs the idea of a teen wage, even though it would have little effect on his business.

"It probably wouldn't impact us at all, because we pay much higher wages than that," Culver said.

Two-tiered system

The move to establish a teen wage would revive an old idea.

When the minimum wage was created in 1921, Wisconsin set a "probationary wage" for minors that for decades was kept at 30 cents below the lowest rate for adults, said Robert Anderson, director of the labor standards bureau at the Department of Workforce Development.

The probationary wage stayed until 1996, when it was replaced by an "opportunity wage," which allows employers to pay new workers \$4.25 an hour for their first 120 days on the job.

The primary reason for restoring the teen wage is that it might help make an overall minimum-wage increase more palatable to those who initially opposed it.

The business leaders on the advisory council have generally agreed to raise the minimum wage, and concessions such as a teen rate or raising the minimum wage over a two-year period might soften the impact of an increase.

"If we went with one minimum wage, it would be a hard sell," Culver said.

Business owners who employ youths say they would benefit from a teen wage, but note it would also give them reason to hire more young workers.

Bill Adamany's AGT Enterprises Inc. in Prairie du Chien operates eight movie theaters, where 70% of his 400 employees are under age 18. He said he often starts teens at or above minimum wage depending on the market, and offers frequent raises to good employees.

But Adamany said that a major increase in the minimum wage might force him to cut his payroll.

"What a substantial increase in the minimum wage does is makes it more difficult for us to keep the employees on that we would like to have," Adamany said.

Jennifer Ripp understands that logic. A 15-year-old Middleton High School freshman, Ripp is investigating a dish-washing job at Shelton's, a Cross Plains restaurant. She said she expects she'll earn minimum wage if she's hired and wouldn't feel slighted by making less than adults working by her side.

Ripp said she wants a part-time job to make "fun money," and realizes adults may have greater responsibilities that a paycheck must cover.

"It's better for people who are over 18 to have more minimum wage," Ripp said. "My mom and dad pay for most of my stuff. I'd understand it, but I wouldn't like it."

But not all teens have the advantage of that kind of parental support. Darci Barman said she knows fellow students who must work to pay for their school clothes and daily meals, cover car insurance or save for college.

"Even though they don't support a family, they have to pay for a lot of things that adults do," Barman said.

Deborah Blanks, chief executive director of the Social Development Commission of Milwaukee and a member of the governor's Minimum Wage Advisory Council, wouldn't rule out supporting a teen wage. But she said that she is concerned it might encourage employers to hire youths instead of adults.

"We have to look at raising the minimum wage and ask, 'Will it help more families be able to sustain themselves?' " Blanks said. "That is a little different perspective than wanting to give teenagers the opportunity to increase their wages."

From the Feb. 24, 2004 editions of the Milwaukee Journal Sentinel

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Matt Pommer: GOP likely to halt minimum wage hikes

By Matt Pommer
September 7, 2004

At a meeting less than six weeks before the general election, a Republican-controlled legislative committee is expected to suspend proposed increases in the state's minimum wage.

The Joint Committee for the Review of Administrative Rules has scheduled a meeting Sept. 24 to review a plan that would increase the state's minimum wage from \$5.15 an hour to \$5.70 in October and to \$6.50 in October 2005. The increases would affect an estimated 130,000 people.

Those increases had been recommended in March on a 16-2 vote of the Minimum Wage Advisory Council. At the time, Gov. Jim Doyle said he was relatively certain the Legislature would give its approval to the plan.

Doyle may have been engaged in wishful thinking. The Senate Labor Committee, on a party-line vote, objected to the increases, sending the issue to the joint committee for action. It has the power to suspend the rule changes.

Sen. Tom Reynolds, R-West Allis, chair of the Senate Labor Committee, said raising the minimum wage discourages the creation of new jobs. Raising the state's minimum wage at this time "is not good public policy," he said.

State law requires legislation to sustain the suspension, but that suspension stays in effect until the legislation is defeated, either by veto and the failure to override the veto, or by a negative vote on the bill in the Legislature. State law sets a timetable of requiring committee action on the bill 30 days after it is introduced and requiring that the bill be on the Legislature's calendar in 40 days.

But there is nothing requiring the Legislature to act. Having the bill on the calendar doesn't mean there will be a vote, noted Ron Sklansky, director of the Legislative Council Rules Clearinghouse. There is no law requiring the Legislature to vote. The Legislature, if it wanted to, could let the issue linger until March 2006 - which is expected to be the final floor period for the Legislature elected this November, he said.

The prospect of a delay until March 2006 hinges on Republicans controlling both houses of the Legislature again next year.

Digest

Panel to take up minimum wage rule

A Republican-controlled legislative committee is ready to take up a rule developed by Democratic Gov. Jim Doyle's administration to increase the state's minimum wage.

The plan before the Joint Committee for the Review of Administrative Rules, which is scheduled to meet Sept. 24, would raise Wisconsin's minimum wage in October from \$5.15 an hour to \$5.70.

The rule would raise the wage to \$6.50 in October 2005.

The state Department of Workforce Development developed the rule after an advisory council Doyle appointed voted 16-2 in March for the increase. The council included business, labor, education and legislative representatives.

Wisconsin's current minimum wage is also the federal minimum.

Doyle had said the proposed increases would help 130,000 workers in the first year. But Sen. Tom Reynolds, R-West Allis, chairman of the Senate Labor Committee, said raising the minimum wage discourages the creation of jobs.

Union contracts: There are 19 bargaining units representing state employees, and entering the Labor Day weekend only eight have new contracts for the 2003-2005 biennium.

Some might suggest the unions aren't eager to reach contract settlement, given the requirement for employee contributions for health insurance. The signed contracts call for employee contributions in calendar 2004 of \$18 per month for single employees and \$45 per month for family coverage. Those will increase to \$22 per month for singles and \$55 monthly for family coverage in calendar year 2005.

On a calendar year basis, it means single coverage will cost \$264 in 2005 and \$660 per year for family coverage.

On the wage side, the general pattern, outside the patient care bargaining unit, has been a wage freeze for 2003-2004 and a little over 1 percent for 2004-2005. There have been lump sum payments apparently aimed at helping phase in the health insurance changes.

Most state workers had paid little or nothing toward their health insurance coverage. But the 2003-2005 state budget moved to phase out that process.

Free health insurance is a better bargaining tool than wage increases for most unionized state workers. The wage increase is taxable, and nearly 30 percent of it will go back to the state and federal governments. Employer-paid health insurance premiums aren't taxable.


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GOP-controlled panel to take up minimum wage

The Associated Press

MADISON — A Republican-controlled legislative committee is ready to take up a rule developed by Democratic Gov. Jim Doyle's administration to increase the state's minimum wage.

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The rule would raise the wage to \$6.50 in October 2005.

The state Department of Workforce Development developed the rule after an advisory council Doyle appointed voted 16-2 in March for the increase. The council included representatives from business, labor, education and the Legislature.

Wisconsin's current minimum wage is also the federal minimum.

Doyle had said the proposed increases would help 130,000 workers in the first year and 160,000 in the second.

But Sen. Tom Reynolds, R-West Allis, chair of the Senate Labor Committee, said raising the minimum wage discourages the creation of new jobs.

If the rules committee votes to overturn the minimum wage increase, the Legislature must pass a bill to keep the rule suspended.

The rule increasing the minimum wage could not go into effect unless the Legislature rejects the bill, Doyle vetoes it or lawmakers fail to override his veto.

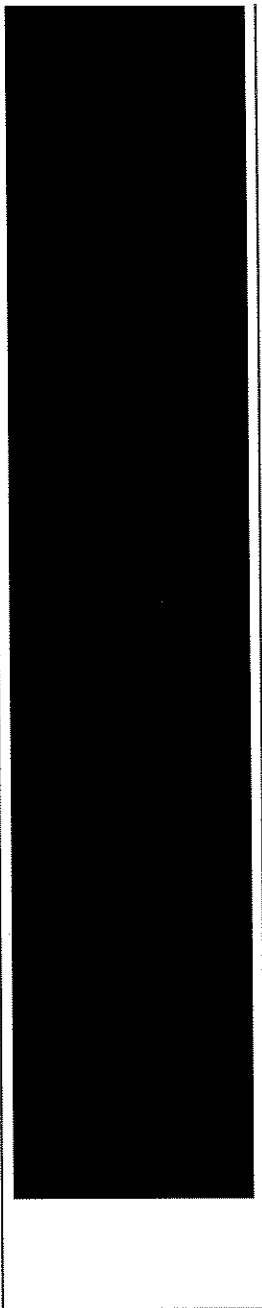
The rules committee is required by law to act on the bill 30 days after it is introduced and the bill is required to be on the Legislature's calendar in 40 days.

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But the law does not require a vote on the bill.

The Legislature could let the issue linger until March 2006 which is expected to be the final floor period for the Legislature elected this November, according to Ron Sklansky, director of the Legislative Council Rules Clearinghouse.



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