

Joint Committee for Review of Administrative Rules

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- **Clearinghouse Rule 04-036**

Report to the Legislature **Clearinghouse Rule 04-036**

The Joint Committee for Review of Administrative Rules

Produced pursuant to s. 227.26(2)(g), Stats.

Clearinghouse Rule 04-036(CR 04-036), promulgated by the Department of Workforce Development (DWD), raises minimum wage rates in the state of Wisconsin.

Description of the Problem

Governor Jim Doyle convened the Minimum Wage Advisory Council in the spring of 2004 with the charge to analyze and determine an appropriate minimum wage in Wisconsin. The minimum wage in the state of Wisconsin is currently \$5.15 per hour and has been in effect since September 1997. The Advisory Council voted on March 1, 2004 to increase minimum wage levels to \$5.70 per hour in 2004 and to \$6.50 per hour in 2005. CR 04-036 puts the Advisory Council's recommendation into rule.

Arguments in Favor of Objection

- *Because Clearinghouse Rule 04-036 raises Wisconsin's minimum wage to levels much higher than almost all states in the Midwest, the rule creates an environment detrimental to the business climate in Wisconsin.*
- *Raising the minimum wage could force businesses to eliminate employees due to the extra payroll costs resulting from the forced pay increase.*

- *Some employees may have to take a decrease in pay to compensate for the increase in the minimum wage.*
- *If the minimum wage is raised, Wisconsin would be higher than the current federal minimum wage, which is \$5.15 per hour.*
- *Studies show that raising the minimum wage will only minimally affect self-supporting adults with children, as a small percentage of these workers currently make minimum wage.*

Arguments Against Objection

- *It has been over seven years since the state of Wisconsin raised the minimum wage.*
- *The minimum wage increase will raise the salary of present minimum wage earners.*

Action by Joint Committee for Review of Administrative Rules

On July 26, 2004, the Senate Committee on Labor, Small Business Development and Consumer Affairs voted 3 to 2 to object to Clearinghouse Rule 04-036. The Joint Committee for Review of Administrative Rules held a public hearing and executive session on CR 04-036 on September 23, 2004. The committee passed a motion on a 6 to 4 vote, pursuant to s. 227.19 (4) (d) 6. and (5) (d), Stats., objecting to Clearinghouse Rule 04-036. This action prevents the DWD from promulgating the proposed rule and raising the state's minimum wage.

On October 21, 2004, JCRAR voted by a 6 to 4 margin, to introduce LRB 0290/1 and LRB 0291/1, which makes the effect of the suspension statutory.