

Fiscal Estimate Narratives

DWD 10/5/2011

LRB Number	11-2702/2	Introduction Number	AB-0281	Estimate Type	Original
Description Relating to: a state minimum wage, permitting the enactment of local living wage ordinances, extending the time limit for emergency rule procedures, providing an exemption from emergency rule procedures, providing an exemption from rule-making procedures, and requiring the exercise of rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

AB-281, if enacted into law, would increase Wisconsin's minimum wage for adults to \$7.60 per hour on the first day of the first month after publication. The legislation also requires the department to annually adjust the minimum wage rate based upon the consumer price index. The legislation further permits local municipalities to establish minimum wage ordinances that set minimum wage rates higher than the state minimum wage rate.

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

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

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

Long-Range Fiscal Implications

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

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$2,000 will be needed annually to update Wisconsin's minimum wage regulations, reprint copies of the administrative code and minimum wage literature, and to publicize the new minimum wage rates.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$0	\$0	
(FTE Position Changes)	(0.0 FTE)	(0.0 FTE)	
State Operations - Other Costs	2,000	0	
Local Assistance	0	0	
Aids to Individuals or Organizations	0	0	
TOTAL State Costs by Category	\$2,000	\$0	
B. State Costs by Source of Funds			
GPR	2,000	0	
FED	0	0	
PRO/PRS	0	0	
SEG/SEG-S	0	0	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$0	\$0	
GPR Earned	0	0	
FED	0	0	
PRO/PRS	0	0	
SEG/SEG-S	0	0	
TOTAL State Revenues	\$0	\$0	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$2,000	\$	
NET CHANGE IN REVENUE	\$0	\$	
Agency/Prepared By		Authorized Signature	Date
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