

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$40,004		\$89,015	
CASH FUNDS	\$2,156		\$30,484	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$42,160		\$119,499	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 943 amends Nebraska Revised Statutes Section 48-1203 to increase the Nebraska minimum wage level.

Under the provisions of the bill the minimum wage level would remain at \$7.25 per hour through 2014 and then would be set at the following levels:

- \$7.65 January 1, 2015 through December 31, 2015
- \$8.35 January 1, 2016 through December 31, 2016
- \$9.00 January 1, 2017 and thereafter

The current federal minimum wage is \$7.25 per hour.

The Department of Labor has indicated that while, technically, the Department does not have state law jurisdiction over most of the approximately 49,000 employers in Nebraska because they are subject to federal minimum wage requirements, if LB 943 is adopted the Department would then have responsibility for all of the employers now subject only to federal law because the Nebraska minimum wage would be the higher of the two. As such, the Department believes LB 943 would add to their workload and require an additional 1.0 FTE Labor Law Specialist to administer the law.

The Department estimates cost to implement LB 943 at \$78,249 for FY14-15 and \$76,564 for FY15-16. PSL would be \$37,655 for FY14-15 and \$38,502 for FY15-16.

In general we agree with the Department’s estimate of cost to implement LB 943, however, given that the state minimum wage would not exceed the federal minimum wage until halfway through the 14-15 fiscal year, the additional position would not be necessary until January 1, 2015. Therefore we have reduced the FY14-15 cost to \$39,124 with PSL of \$18,827.

The State of Nebraska does employ workers who receive minimum wage, however, we are unable at this time to determine the exact number of those employees enterprise-wide. We believe the majority of such employees are hired by the Game and Parks Commission and are temporary employees. The Commission has indicated that they employ 656 employees, all who are seasonal park workers, who would be affected by LB 703 as the bill becomes fully implemented and they estimate the following expenditures as a result of LB 943:

Fiscal Year:	Cash Fund:	General Fund:	Total:
FY2014-15:	\$ 2,156	\$ 880	\$ 3,036
FY2015-16:	\$ 30,484	\$ 12,451	\$ 42,935
FY2016-17:	\$ 121,805	\$ 49,752	\$ 171,557

There is no basis to disagree with the Game and Parks Commission estimate of expenditure.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 943	AM:	AGENCY/POLT. SUB: Nebraska Game and Parks Commission
REVIEWED BY: Gary Bush	DATE: January 30, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the Commission's estimate of impact. The estimate appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 943	AM:	AGENCY/POLT. SUB: Dept. of Labor
REVIEWED BY: Gary Bush	DATE: January 27, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the agency's estimate of impact.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 943	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Gary Bush	DATE: January 30, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the agency's estimate of impact.		

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2014

LB⁽¹⁾ 943

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole

Date Prepared: ⁽⁴⁾ 1/29/2014

Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	880		12,451	
CASH FUNDS	2,156		30,484	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	3,036		42,935	

Explanation of Estimate:

The proposed legislation would systematically increase the minimum wage from \$7.25 to \$9.00 an hour over a 3 year period. The current minimum wage of \$7.25/hour would remain in place through December 31, 2014. The wage would increase each year starting January 1 beginning in 2015 to \$7.65/hr, \$8.35/hr in 2016 and \$9.00/hr in 2017.

The Game and Parks Commission had 656 employees making less than \$9.00/hr in 2013. All of these employees were seasonal temporaries, 513 Park Worker I's, 142 Park Worker II's, and 1 Park Worker III, and their wage rates ranged from \$7.25/hr to \$8.972/hr. The effect of the proposed increases will be realized overtime and at various degrees dependent upon the individual positions current wage rate and due to the increases over time in the middle of a fiscal year. The largest impact will be realized in FY16-17 and beyond.

To determine an estimated impact of the proposed wage increase the hours recorded for each payrate during calendar year 2013, separated by 6/month FY components (i.e. Jan-June and July-Dec), including straight pay and 1.5x overtime rate, was determined. An increase to each existing rate of 2.5%, as approved by the Legislature to be effective July 1, 2014, was applied as a base of comparison. Using the same hours and the proposed new minimum wage rate, an estimate of each equivalent 6/month period was calculated to determine FY impact.

Continued.....

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
See narrative			2,820	39,884
Benefits.....			216	3,051
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			3,036	42,935

Based on the data available, it is estimated that FY14-15 expenditures for wages would be increased by \$2,820.18 plus an additional \$215.74 for OASDI. FY15-16 expenditures for wages are estimated to increase by \$39,884.26 plus an additional \$3,051.15 for OASDI. FY 16-17 expenditures for wages are estimated to increase by \$159,365.55 plus an additional \$12,191.47 for OASDI. It should be noted that the FY's 15-16 and 16-17 projections do not take into consideration any legislatively approved pay raises beyond this proposed bill.

As identified earlier the positions affected by this proposed legislation are all seasonal park workers. As such, the funding mix identified reflects that of the current funding for Parks Program 549 (approximately 29% General Fund and 71% Cash) as follows:

FY	14-15	15-16	16-17
PSL/wage	\$2,820	\$39,884	\$159,366
OASDI	\$ 216	\$ 3,051	\$ 12,191
TOTAL	\$3,036	\$42,935	\$171,557
General	\$ 880	\$12,451	\$ 49,752
Cash	\$2,156	\$30,484	\$121,805

It should be noted that these estimates do not take into consideration any indirect effects of compression that would be felt by individuals just outside the effective pay range (i.e. those current making \$9 or more).

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2014

LB⁽¹⁾ 943

**FISCAL
NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

Prepared by: ⁽³⁾ Debbie Kay Ward Date Prepared: ⁽⁴⁾ 01/23/2014 Phone: ⁽⁵⁾ 402-471-2492

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$78,249</u>	<u> </u>	<u>\$76,564</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>\$78,249</u>	<u> </u>	<u>\$76,564</u>	<u> </u>

Explanation of Estimate: LB 943 requires that all employers would be subject to the higher state minimum wage and NDOL would enforce the minimum wage for all employers. There are roughly 49,000 employers in Nebraska. Technically, NDOL does not have state law jurisdiction over most of them as they are subject to federal minimum wage requirements. With the passage of LB 947, NDOL would have the responsibility for all of the employers now subject only to federal law because the state minimum wage law would be the higher of the two. This will add to NDOL's workload and require the addition of one Labor Law Specialist.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Labor Law Specialist	<u>1.0</u>	<u>1.0</u>	<u>\$37,655</u>	<u>\$38,502</u>
Salaries.....			<u>37,655</u>	<u>38,502</u>
Benefits.....			<u>22,532</u>	<u>22,661</u>
Operating.....			<u>15,062</u>	<u>15,401</u>
Travel.....			<u> </u>	<u> </u>
Capital outlay.....			<u>3,000</u>	<u> </u>
Aid.....			<u> </u>	<u> </u>
Capital improvements.....			<u> </u>	<u> </u>
TOTAL.....			<u>\$78,249</u>	<u>\$76,564</u>

