

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS	See Below		See Below	
OTHER FUNDS	See Below		See Below	
TOTAL FUNDS	See Below		See Below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 31 provides for a phased in increase in the minimum wage. Currently, the minimum wage is set at \$5.15 per hour.

On October 1, 2007, the minimum wage would increase \$.37 to \$5.52 per hour.

On October 1, 2008, the minimum wage would increase \$.37 to \$5.89 per hour.

On October 1, 2009, the minimum wage would increase \$.37 to \$6.26 per hour.

On October 1, 2010 and forward, the minimum wage would be adjusted in accordance with changes in the Consumer Price Index.

LB 31 increases the training wage by \$.30 per hour on a phase in schedule similar to that of the minimum wage phase in.

According to the Nebraska Revised Statutes, Section 48-1202, employers and employees of the United States, the state, and any political subdivision thereof, are not subject to the provisions of the Wage and Hour Act. However, state agencies currently utilizing the minimum wage would most likely need to match the phased in increases in order to remain competitive. Responding agencies estimate the following increases:

<u>Agency</u>	<u>FY08</u>			<u>FY09</u>		
	<u>General</u>	<u>Federal</u>	<u>Other</u>	<u>General</u>	<u>Federal</u>	<u>Other</u>
Game and Parks Commission	73,758			111,436		
Department of Education	1,776	6,564		3,553	13,127	
University of Nebraska	111,000			138,000		
Nebraska State Colleges	44,554		23,243	43,815		22,857
Total Estimated Impact	231,088	6,564	23,243	296,804	13,127	22,857

The Department of Labor reports that the minimum wage changes in this bill would exceed the federal minimum wage rate, and would force the Department to address additional minimum wage issues that are currently handled at the federal level. Furthermore, the Department notes that LB 31 would require an increase in minimum wage investigations and inspections. The Department estimates the following General Fund expenditures associated with LB 31:

<u>Expense Item</u>	<u>FY08</u>	<u>FY09</u>
Labor Law Specialist (1.0 FTE)	29,378	29,378
Benefits	8,813	8,813
Operating	600	100
Capital Outlay	2,500	
Total Expenditures	41,291	38,291

IMPACT ON POLITICAL SUBDIVISIONS: The state minimum wage law exempts the state and political subdivisions from paying the state minimum wage. Therefore, this bill will not require political subdivisions to pay the new rate. However, some political subdivisions may feel that they must pay this new minimum wage in order to compete for employees, or they may have a policy to pay the state minimum wage.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE	1/31/07	PHONE	471-2526
COMMENTS					
<p>NEBRASKA DEPARTMENT OF EDUCATION: No basis to disagree with agency analysis.</p>					
<p>GAME AND PARKS COMMISSION: No basis to dispute agency analysis, however, since this is a fiscal note, not a budget request, I do not agree with assumptions made as to General Fund vs. cash impact.</p>					
<p>DEPARTMENT OF HEALTH AND HUMAN SERVICES: No basis to disagree with agency analysis for Agency 25.</p>					
<p>DEPARTMENT OF HEALTH AND HUMAN SERVICES FINANCE AND SUPPORT: No basis to disagree with agency analysis for Agency 26.</p>					
<p>DEPARTMENT OF HEALTH AND HUMAN SERVICES REGULATION AND LICENSURE: No basis to disagree with agency analysis for Agency 20.</p>					
<p>DEPARTMENT OF LABOR: Since the federal government is also looking at a minimum wage legislation (already passed the House), it is difficult to say the Nebraska legislation may or may not be higher than federal minimum wage, so may not result in increased volume of investigations. Agree with one-time costs of \$3,000 but not the other costs.</p>					
<p>DEPARTMENT OF REVENUE: No basis to dispute Department of Revenue analysis.</p>					
<p>DEPARTMENT OF ROADS: No basis to dispute agency analysis for Department of Roads.</p>					
<p>NEBRASKA STATE COLLEGE SYSTEM: No basis to dispute agency analysis.</p>					
<p>UNIVERSITY OF NEBRASKA: Do not disagree with agency analysis.</p>					