



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0187

Title: Increase the minimum wage

Primary Sponsor: Sweeney, Mark

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$71,396	\$86,100	\$132,718	\$136,972
State Special Revenue	\$3,030	\$9,720	\$26,649	\$40,726
Federal Special Revenue	\$1,782	\$5,712	\$15,661	\$23,934
Other	\$991	\$3,179	\$8,717	\$13,322
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$71,396)</u>	<u>(\$86,100)</u>	<u>(\$132,718)</u>	<u>(\$136,972)</u>

Description of fiscal impact: SB 187 increases the minimum wage to \$10.00 an hour in 2022, \$11.00 an hour in 2023, and again to \$12.00 in 2024. The increases would take effect on January 1st of each year.

FISCAL ANALYSIS

Assumptions:

1. Effective January 1, 2022, hourly wages that are less than \$10.00 an hour would increase to \$10.00 an hour.
2. Effective January 1, 2023, hourly wages that are less than \$11.00 an hour would increase to \$11.00 an hour.
3. Effective January 1, 2024, hourly wages that are less than \$12.00 an hour) would increase to \$12.00 an hour.
4. These calculations include an adjustment of 18% to account for employer-paid benefits and assumes all employees work 40 hours a week.
5. Section 1 (2)(a) requires a cost-of-living adjustment that ties to data published by the bureau of labor statistics of the United States department of labor. Therefore, inflation of 1.5% was applied to FY 2025.

Department of Administration (DOA)

6. These changes in minimum wages would increase costs in FY 2022, FY 2023, and FY 2024 by \$9,595, \$30,775, and \$84,378, respectively.
7. Adjusted wages do not include student interns, short term workers, or elected officials. Legislative services positions (legislative – seasonal, legislative – public members, and legislative pages) were excluded as well.
8. FY 2020 personal services actuals data was used, which was obtained from report from the State Accounting, Budgeting, and Human Resources System to allocate expenses to each fund type.

Commissioner of Higher Education (OCHE)

9. Only affects to the current unrestricted fund of the Montana University System are shown.
10. The state share of 44.8% was utilized for the general fund impact.
11. These changes in minimum wages would increase costs in FY 2022, FY 2023, and FY 2024 by \$67,604, \$73,936, and \$99,367 respectively.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Expenditures:</u>				
Personal Services	\$77,199	\$104,711	\$183,745	\$214,954
TOTAL Expenditures	<u>\$77,199</u>	<u>\$104,711</u>	<u>\$183,745</u>	<u>\$214,954</u>

<u>Funding of Expenditures:</u>				
General Fund (01)	\$71,396	\$86,100	\$132,718	\$136,972
State Special Revenue (02)	\$3,030	\$9,720	\$26,649	\$40,726
Federal Special Revenue (03)	\$1,782	\$5,712	\$15,661	\$23,934
Other	\$991	\$3,179	\$8,717	\$13,322
TOTAL Funding of Exp.	<u>\$77,199</u>	<u>\$104,711</u>	<u>\$183,745</u>	<u>\$214,954</u>

<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$71,396)	(\$86,100)	(\$132,718)	(\$136,972)
State Special Revenue (02)	(\$3,030)	(\$9,720)	(\$26,649)	(\$40,726)
Federal Special Revenue (03)	(\$1,782)	(\$5,712)	(\$15,661)	(\$23,934)
Other	(\$991)	(\$3,179)	(\$8,717)	(\$13,322)

NO SPONSOR SIGNATURE

Sponsor's Initials	Date	Budget Director's Initials	Date
2/12	2/11/21	KA	2/11/21