

## Department of Planning and Budget 2014 Fiscal Impact Statement

**1. Bill Number:** SB590E

**House of Origin**    ☐ Introduced    ☐ Substitute    ☒ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Marsden

**3. Committee:** Commerce and Labor

**4. Title:** Minimum wage.

**5. Summary:** Increases the minimum wage from its current federally mandated level of \$7.25 per hour to \$8.25 per hour effective July 1, 2014, and to \$9.25 per hour effective July 1, 2015, unless a higher minimum wage is required by the federal Fair Labor Standards Act. The bill will not become effective unless an appropriation for its implementation is included in the budget passed by the 2014 General Assembly.

**6. Budget Amendment Necessary:** Yes. Item 110 (HB30/SB30). See Item 8, below.

**7. Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014	0	0	general fund
2015	452,116	5	general fund
2016	452,116	5	general fund
2017	452,116	5	general fund
2018	452,116	5	general fund
2019	452,116	5	general fund
2020	452,116	5	general fund

**7b. Revenue Impact:** None.

**8. Fiscal Implications:** The federal Department of Labor's Wage and Hour Division enforces the federal minimum wage laws. If the minimum wage in Virginia is raised above the federal minimum wage, the Labor Law Division in the Department of Labor and Industry (DOLI) would have to begin enforcing the new minimum wage for Virginia employees beginning July 1, 2014, and would need four additional officer positions to conduct inspections and one assistant compliance officer to assist and support the inspection activities. Currently, the Labor Law Division conducts very few inspections into allegations of Virginia Minimum Wage law as the federal law covers almost all employees in the state.

Due to federal oversight of almost all employees in the state, the federal Department of Labor's Wage and Hour Division conducts inspections of alleged violations of the minimum wage laws and averages about 750 inspections per year. If this bill is approved and increases

the minimum wage above the federal mandate, then the Commonwealth will be responsible for minimum wage compliance. DOLI anticipates it will have to conduct the same number of inspections as the federal Department of Labor's Wage and Hour Division (750 inspections per year). In order to meet this workload, DOLI will need five (5) additional staff to enforce the increased minimum wage. The DOLI impact is for regulatory enforcement of the bill.

Based on data provided by the Department of Human Resource Management, the increase that would be effective on July 1, 2014, would affect approximately 192 salaried employees and have an expenditure impact of \$185,318. The increase that would be effective on July 1, 2015, would affect approximately 538 salaried employees and have an expenditure impact of \$885,504. These estimates are based on current salaries for current employees. Estimates are not available for any effect the bill would have on wage employees. These estimates are not included in the Expenditure Impact table, above.

The engrossed bill includes an enactment clause that the provisions of this act shall not become effective unless an appropriation effectuating the purposes of this act is included in a general appropriation act passed in 2014 by the General Assembly that becomes law.

**9. Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry; Department of Human Resource Management; all state agencies.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is a companion bill to HB536. Also, HB32 increases the minimum wage from its current federally mandated level of \$7.25 per hour to \$8.50 per hour effective July 1, 2014.