

## Department of Planning and Budget 2015 Fiscal Impact Statement

**1. Bill Number:** HB2198

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

**2. Patron:** Krupicka

**3. Committee:** Privileges and Elections

**4. Title:** Referendum; state minimum wage.

**5. Summary:** Provides for a statewide referendum at the November 2015 general election on the question of whether the state minimum wage should be increased incrementally over the next three years from the current \$7.25 per hour to \$7.50 per hour on January 1, 2016, \$8.00 per hour on January 1, 2017, and \$8.50 per hour on January 1, 2018.

**6. Budget Amendment Necessary:** Yes – Item 83 (Department of Elections) and Item 110 (Department of Labor and Industry).

**7. Fiscal Impact Estimates:** Preliminary – see Item 8.

**Expenditure Impact for the Department of Elections:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	\$0	0.00	-
2016	\$131,158	0.00	GF
2017	\$0	0.00	-
2018	\$0	0.00	-
2019	\$0	0.00	-
2020	\$0	0.00	-
2021	\$0	0.00	-

**Expenditure Impact for the Department of Labor and Industry:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2015	\$0	0.00	-
2016	\$468,568	5.00	GF
2017	\$468,568	5.00	GF
2018	\$468,568	5.00	GF
2019	\$468,568	5.00	GF
2020	\$468,568	5.00	GF
2021	\$468,568	5.00	GF

**8. Fiscal Implications:** Per § 30-19.10, Code of Virginia, the State Board of Elections is required to run advertisements in state newspapers and prepare posters and pamphlets providing public notice of state referendums. The estimated cost for providing public notice for a referendum with question will be approximately \$131,158. This estimate is equal to the

cost of providing public notice of a constitutional amendment on the ballot during the 2014 General Election, which included advertisements in 11 newspapers in addition to printing costs for pamphlets and posters.

According to the Department of Labor and Industry, the increase in the state minimum wage would result in an annual expenditure impact of \$468,568 each year beginning in fiscal year 2016 and would require five additional full-time positions for the agency.

It is anticipated that the proposed bill will have a fiscal impact to state agencies, as the proposed increase to the minimum wage would affect the current salaries of some state employees. The Department of Human Resource Management estimates the total fiscal impact (general fund and nongeneral fund) for increasing the minimum wage to \$8.00 per hour would be approximately \$69,727 and increasing the minimum wage to \$9.00 per hour would have a total fiscal impact (general fund and nongeneral fund) of approximately \$575,785. Increasing the minimum wage would impact state agencies that are supported with general and nongeneral funds; however, the general fund impact for increasing the minimum wage is not known at this time. If the minimum wage is increased, a budget amendment would be required to provide additional funding to state agencies to fund the wage increases for state employees.

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 would have to begin enforcing the new minimum wage for Virginia employees beginning July 1, 2015, 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. The Department of Labor and Industry 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, the Department of Labor and Industry will need five additional staff to enforce the increased minimum wage. The Department of Labor and Industry impact is for regulatory enforcement of the bill.

**9. Specific Agency or Political Subdivisions Affected:** All state agencies.

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

**11. Other Comments:** None.

c: Secretary of Administration  
Secretary of Commerce and Trade