



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** HB0284

**Title:** Provide living wage

**Primary Sponsor:** Dunwell, Mary Ann

**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</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>
<b>Expenditures:</b>				
General Fund	\$1,229,699	\$1,639,599	\$1,661,564	\$2,902,702
State Special Revenue	\$405,039	\$540,052	\$546,053	\$556,375
Federal Special Revenue	\$238,041	\$317,388	\$320,914	\$326,981
Other	\$1,015,906	\$1,354,540	\$1,374,171	\$1,395,482
<b>Revenue:</b>				
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
<b>Net Impact-General Fund Balance:</b>	<u><u>(\$1,229,699)</u></u>	<u><u>(\$1,639,599)</u></u>	<u><u>(\$1,661,564)</u></u>	<u><u>(\$2,902,702)</u></u>

**Description of fiscal impact:** HB 284 increases the minimum wage to \$15.00 an hour effective October 1, 2021. There are currently 600 state employees making less than \$15 an hour.

### FISCAL ANALYSIS

#### Assumptions:

##### State Government Agencies

- Effective October 1, 2021, hourly wages that are less than \$15.00 an hour would increase to \$15.00 an hour at an additional cost in fiscal year 2022 and fiscal year 2023 of \$1,282,478 and \$1,709,970, respectively.
- These calculations include an adjustment of 18% to account for employer-paid benefits and assumes all employees work 40 hours a week.

3. 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. An inflationary factor of 1.5% was applied to fiscal years 2024 and 2025, which resulted in a total fiscal impact of \$1,728,969 and \$1,761,654, respectively.
4. Adjusted wages do not include student interns, short-term workers, the Montana University System, or elected officials. Legislative services positions (legislative – seasonal, legislative – public members, and legislative pages) were excluded from these calculations.
5. For fiscal year 2020, personal services actuals data was used, which was obtained from a report from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) to allocate expenses to each fund type.

**Montana University System**

6. Effective October 1, 2021, hourly wages that are less than \$15.00 an hour would increase to \$15.00 an hour at an additional cost in fiscal year 2022 and fiscal year 2023 of \$1,606,207 and \$2,141,609, respectively.
7. 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. An inflationary factor of 1.5% was applied to fiscal years 2024 and 2025, which resulted in a total fiscal impact of \$2,173,733 and \$2,206,339 respectively.
8. Costs are shown only for those employees funded with Current Unrestricted Funds in the University System. Current Unrestricted funds are assumed to be paid 45% from the general fund and 55% from tuition.

**State Agencies**

	<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>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$1,282,478	\$1,709,970	\$1,728,969	\$1,761,654
<b>TOTAL Expenditures</b>	<u>\$1,282,478</u>	<u>\$1,709,970</u>	<u>\$1,728,969</u>	<u>\$1,761,654</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$506,906	\$675,875	\$683,384	\$696,303
State Special Revenue (02)	\$405,039	\$540,052	\$546,053	\$556,375
Federal Special Revenue (03)	\$238,041	\$317,388	\$320,914	\$326,981
Other	\$132,492	\$176,655	\$178,618	\$181,995
<b>TOTAL Funding of Exp.</b>	<u>\$1,282,478</u>	<u>\$1,709,970</u>	<u>\$1,728,969</u>	<u>\$1,761,654</u>
<b><u>Revenues:</u></b>				
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
<b>TOTAL Revenues</b>	<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)	(\$506,906)	(\$675,875)	(\$683,384)	(\$696,303)
State Special Revenue (02)	(\$405,039)	(\$540,052)	(\$546,053)	(\$556,375)
Federal Special Revenue (03)	(\$238,041)	(\$317,388)	(\$320,914)	(\$326,981)
Other	(\$132,492)	(\$176,655)	(\$178,618)	(\$181,995)

Montana University System

	<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>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$1,606,207	\$2,141,609	\$2,173,733	\$2,206,339
<b>TOTAL Expenditures</b>	<u>\$1,606,207</u>	<u>\$2,141,609</u>	<u>\$2,173,733</u>	<u>\$2,206,339</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$722,793	\$963,724	\$978,180	\$992,853
Other	\$883,414	\$1,177,885	\$1,195,553	\$1,213,487
<b>TOTAL Funding of Exp.</b>	<u>\$1,606,207</u>	<u>\$2,141,609</u>	<u>\$2,173,733</u>	<u>\$2,206,339</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$722,793)	(\$963,724)	(\$978,180)	(\$992,853)
Other	(\$883,414)	(\$1,177,885)	(\$1,195,553)	(\$1,213,487)

**AUTHORIZED BY SPONSOR**

\_\_\_\_\_ 2/9/21 \_\_\_\_\_ KA \_\_\_\_\_ 2/8/21  
 Sponsor's Initials Date Budget Director's Initials Date