

HB

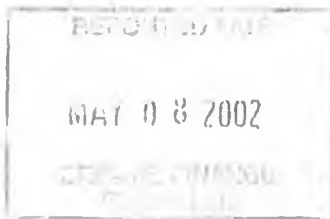
56

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/27/02



FURTHER:

DATE TURNED IN TO OFFICE: 05/08/02

Finance Committee considered

CS FOR HOUSE BILL NO. 56(FIN)

HB 56 MINIMUM WAGE

"An Act relating to minimum wages; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
HSS	HSS	✓		Forthcoming

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
J&C	2/15/02		✓	#1
EED	2/15/02		✓	#3

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>			✓	



FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: CSHB 56(L&C)
(H) Publish Date: 2/8/02

Revision Date/Time (Note if correction): ()
Title Increase Minimum Wage
Sponsor Representative Kott
Requester (H) Labor & Commerce
Dept. Affected: All
BRU All
Component All
Component No. 56

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

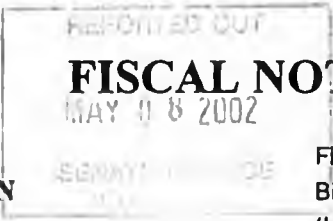
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The lowest paid state employees receive \$7.50 per hour; therefore, an increase in the minimum wage to \$7.15 will have no fiscal impact on state agencies.

Assuming a 2% CPIU-Anchorage annually, the increase in minimum wage would be 1% per year. The minimum wage remains below the \$7.50 state employee wage minimum until FY 2009 when the minimum wage become \$7.51.

Prepared by: David Stewart Phone 465-4431
 Division Division of Personnel Date/Time 2/5/02 3:02 PM
 Approved by: Jim Duncan, Commissioner Date 2/5/2002
 Agency Department of Administration



STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 56(FIN)
(H) Publish Date: 3/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: EED
Title: "An act relating to minimum wages" BRU: K-12 Support
Component: Pupil Transportation
Sponsor: Rep. Kott
Requester: House Finance Component No.: 144

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	*	*	*	*	*	*
Travel	*	*	*	*	*	*
Contractual	*	*	*	*	*	*
Supplies	*	*	*	*	*	*
Equipment	*	*	*	*	*	*
Land & Structures	*	*	*	*	*	*
Grants & Claims	*	*	*	*	*	*
Miscellaneous	*	*	*	*	*	*
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	*	*	*	*	*	*
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

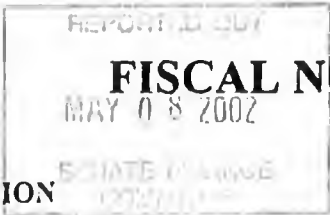
Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The majority of the districts already pay higher than the proposed minimum wages. Contractors are not required to adjust the minimum wage until a new contract is bid. The largest districts (Anchorage, Kenai, Fairbanks, Mat Su, Kodiak, Delta-Greely, Juneau and Alaska Gateway in Tok) will not bid new contracts until fall of 2006, for contracts beginning FY07. Ketchikan will not bid until fall of '05, for its contract beginning FY06.

Prepared by: Eddy Jeans, School Finance Manager
Division: Education Support Services
Approved by: Karen Rehfeld, Director of Education Support Services
Agency: Department of Education & Early Development

Phone 465-8679
Date/Time 2/15/02 2:47 PM
Date 2/15/02



FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 56 (FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Health & Social Services
 Title: RELATING TO THE MINIMUM WAGE BRU: Public Assistance
 Component: ATAP

Sponsor: KOTT
 Requestor: HOUSE (FIN) Component Number: 220

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(201.9)	(440.1)	(508.8)	(577.4)	(650.1)	(722.8)
Miscellaneous						
TOTAL OPERATING	(201.9)	(440.1)	(508.8)	(577.4)	(650.1)	(722.8)

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(201.9)	(440.1)	(508.8)	(577.4)	(650.1)	(722.8)
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--do not abbreviate)						
TOTAL	(201.9)	(440.1)	(508.8)	(577.4)	(650.1)	(722.8)

Estimate of any current year (FY2002) cost: _____

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Approximately 670 adults currently receiving Temporary Assistance have jobs paying between \$5.65/hr. and \$7.15/hr. An increase in the minimum wage will result in an increase in the households' countable earned income. The increase will result in a reduction in monthly Alaska Temporary Assistance Program (ATAP) benefits paid to the family and will generate savings in the benefit line of the ATAP component. A general fund savings would not be realized because federal law requires the State to contribute a fixed amount of state funds toward the program (maintenance of effort) or be subject to penalty resulting in loss of TANF funds. The Temporary Assistance program is currently budgeted at the minimum maintenance of effort. Any further reduction will subject the State to a block grant penalty. Federal savings would be realized as an increase in the available TANF block grant balance that can be reinvested into work services. Congress is due to reauthorize the program for FFY 2003. Availability

Prepared by: Jim Nordlund Phone: 465-5835
 Division: Public Assistance Date/Time: 02/28/2002
 Approved by: Elmer A. Lindstrom, Deputy Commissioner Date: 03/01/2002
 Agency: Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. CS HB 56 (FIN)

ANALYSIS CONTINUATION

of excess federal dollars for the future cannot be guaranteed.

Assumptions:

On average, ATAP recipients who earn between \$5.65/hr and \$7.15/hr work 120 hours per month.

Currently, the average wage for ATAP recipients who earn between \$5.65/hr and \$7.15/hr is \$6.43/hr. The average monthly ATAP grant for these recipients is \$561.

Effective January 1, 2003, 673 ATAP recipients will receive an earnings increase to \$7.15/hr. The monthly grant for these recipients is \$511, a \$50 decrease

Assume the new minimum wage will increase by 1.7 percent/year beginning January 1, 2004.

Effective January 1, 2004, 673 ATAP recipients will receive an earning increase from 7.15/hr. to \$7.27/hr. The monthly grant for these recipients is \$502, a \$59 decrease.

Effective January 1, 2005, 673 ATAP recipients will receive an earnings increase from \$7.27/hr. to \$7.39/hr. The monthly grant for these recipients is \$494, a \$67 decrease.

Effective January 1, 2006, 673 ATAP recipients will receive an earnings increase from \$7.39/hr. to \$7.52/hr. The monthly grant for these recipients is \$485, a \$76 decrease.

Effective January 1, 2007, 673 ATAP recipients will receive an earnings increase from \$7.52/hr. to \$7.64/hr. The monthly grant for these recipients is \$476, a \$85 decrease.

Effective January 1, 2008, 673 ATAP recipients will receive an earnings increase from \$7.64/hr. to \$7.77/hr. The monthly grant for these recipients is \$467, a \$94 decrease.

Calculations:

FY2003	\$50 x 6 months x 673 recipients = \$201,900
FY2004	\$50 x 6 months x 673 recipients = \$201,900 \$59 x 6 months x 673 recipients = \$238,242 Total = \$440,142
FY2005	\$59 x 6 months x 673 recipients = \$238,242 \$67 x 6 months x 673 recipients = \$270,546 Total = \$508,788
FY 2006	\$67 x 6 months x 673 recipients = \$270,546 \$76 x 6 months x 673 recipients = \$306,888 Total = \$577,434
FY 2007	\$76 x 6 months x 673 recipients = \$306,888 \$85 x 6 months x 673 recipients = \$343,230 Total = \$650,118
FY2008	\$85 x 6 months x 673 recipients = \$343,230 \$94 x 6 months x 673 recipients = \$379,572 Total = \$722,802

Alaska State Legislature

House of Representatives

RULES COMMITTEE, CHAIR
COMMITTEE ON COMMITTEES
LABOR & COMMERCE COMMITTEE
MILITARY & VETERANS AFFAIRS
LEGISLATIVE COUNCIL



INTERIM
10928 EAGLE RIVER RD., SUITE 141
EAGLE RIVER, AK 99577

SESSION:
ALASKA STATE CAPITOL
JUNEAU, AK 99801

Sponsor Statement CS for HB 56

Dating back to 1938 when the United States established the Fair Labor Standards Act, Americans have believed that it is entirely appropriate for the government to establish a minimum wage floor for workers. Immediately following statehood, Alaska statute echoed that conviction by declaring its own policy in the preamble of the Wage and Hour Act of 1959:

It is the public policy of the state to:

- (1) establish minimum wage and overtime compensation standards for workers at levels consistent with their health, efficiency, and general well-being, and
- (2) safeguard existing minimum wage and overtime compensation standards that are adequate to maintain the health, efficiency, and general well-being of workers against unfair competition of wage and hour standards that do not provide adequate standards of living.

Over the years, Alaska has lost sight of that commitment to its lowest paid workers and the time is now to correct this. HB 56 changes to Alaska's minimum wage statute so that it more adequately provides for a fair minimum wage to Alaska's lowest paid workers. Last year, thousands of Alaskans voiced their support for raising the floor as well as adding a cost of living adjustment.

The Alaska Legislature and the overwhelming majority of Alaskan residents are in agreement with the following findings:

- An increase in the minimum wage will help ensure a minimum standard of living for the health, safety, and well-being of every Alaskan.
- The Legislature notes that currently, Washington, Oregon and California have surpassed Alaska in providing for a minimum standard of living for its workers.
- Finally, the Legislature finds that for a minimum wage to be fair, it must be indexed to the cost of living to help low-income workers keep pace with inflation.

This bill amends section 2 (a) so that

- effective January 1, 2003, an employer shall pay each employee wages at a rate of not less than \$7.15 an hour, for hours worked in a pay period.
- As well, each year, not later than September 30, the Department shall adjust the minimum wage for inflation based upon the CPI of Anchorage, or \$1.00 more than the federal minimum wage, whichever is greater effective the following year.



Representative Pete Kott

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