

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

February 28, 2005

TO: Honorable Allan Ritter, Chair, House Committee on Economic Development

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB816 by Burnam (Relating to the minimum wage.), **As Introduced**

No significant fiscal implication to the State is anticipated.

Every state agency and institution has to pay a minimum wage under Chapter 62, Labor Code. Based on the analysis of the Texas Workforce Commission, Texas A&M University System Health Science Center, Texas Transportation Institute, and the University of Texas System, these agencies indicate the provisions of the bill would have no significant fiscal impact.

The bill takes effect September 1, 2005.

Local Government Impact

For local government entities, costs to implement the bill would depend on two factors: 1) the current minimum wage of the local government, and 2) the number of employees of the local government currently earning a wage below the minimum proposed in the bill.

Most local governmental employees that earn less than the minimum wage proposed in the bill are interns and part-time employees. Increasing the salaries of those who earn less than the minimum proposed in the bill would put some of those employees at the same salary as higher skilled and more senior employees. This is called compression, which is also part of the costs of implementing the proposed legislation.

Source Agencies: 320 Texas Workforce Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

LBB Staff: JOB, JRO, MW, KJG, DE