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Office of the Governor

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Memo # 22-004

MEMORANDUM

TO: The Agency Addressed

FROM: Brandi Gunder, Policy Coordinator *BG*
Office of Policy and Budget

SUBJECT: Minimum Wage Implementation for Fiscal Year 2021-22

DATE: July 12, 2021

Section 24, Article X, of the State Constitution, authorizes the annual incremental minimum wage increase until reaching \$15 per hour in September 2026. The 2021-22 General Appropriations Act (GAA) in section 8 provides funding for the distribution to state agencies to support the minimum wage increase to \$13 per hour, effective July 1, 2021, for eligible employees. This expedites the minimum wage increase to \$13 per hour beginning in Fiscal Year 2021-22 rather than by September 30, 2024.

Pursuant to the 2021-22 GAA, agencies will need to identify eligible filled and vacant Full-Time Equivalent (FTE) and Other Personal Services (OPS) positions to make salary adjustments for implementation of the minimum wage increase. The GAA in section 8 defines eligible FTE employees as positions in the following pay plans: 1) Career Service; 2) Select Exempt Service; 3) Senior Management Service; 4) Lottery; 5) Judicial Branch; 6) Legislative Branch; 7) Justice Administration Commission; 8) Florida National Guard; and 9) Florida School for the Deaf and Blind. Agencies will need to implement increases effective July 1, 2021, and may consult with Jennifer Boswell at (850) 488-2445 or Stephen Eaton at (850) 410-0330, at the Department of Management Services (DMS), for any personnel related questions.

The Office of Policy and Budget (OPB) will distribute appropriations to state agencies during the yearly budget start-up activities during the first quarter of Fiscal Year 2021-22 using June 30 PeopleFirst data. Agencies will be notified when the budget has been distributed in accordance with the Fiscal Year 2021-22 GAA. Agencies may be contacted by OPB staff to provide additional OPS information, including but not limited to the budget entity, fund, program component, class code, and number of OPS staff at current hourly wage.

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In addition, the 2021-22 GAA requires each state agency to develop and submit plans and reports for implementation of compression of pay plans as follows:

- 1) Plan to address compression of pay plans as a result of implementing the minimum wage increase to \$13 per hour by October 1, 2021, to the Governor, President of Senate and Speaker of the House of Representatives. Salary increases resulting from that analysis are to be paid by the agencies from existing agency resources and implemented no later than December 1, 2021. Agencies are required to submit budget amendments in compliance with Chapter 216, Florida Statutes.
- 2) Plan to address estimated costs to implement a \$14 and a \$15 minimum wage increase, including compression of pay plans and potential reduction of FTE and OPS positions, as a result of implementing each minimum wage increase threshold, by November 1, 2021, to the Governor, President of Senate and Speaker of the House of Representatives.
- 3) Identify and report on state contracts, including estimated annual cost increases, impacted by the implementation of the required minimum wage increases through calendar year 2026. Reports are to be submitted by December 1, 2021, to the Governor, President of the Senate and Speaker of the House of Representatives.

Further instructions outlining details for the above compression of pay and impacted state contracts reports requirements and implementation will be provided at a later date.

If you need additional information or have questions regarding this process, please call Keysha Thomas at 850-717-9516.

BG/kst

cc: Policy Coordinators
OPB Analysts
Jennifer Boswell
Stephen Eaton