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DESCRIPTION

2/22

2007 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2122

# 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2122**

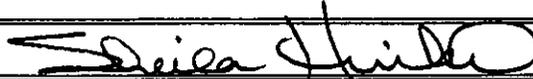
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 5, 2007**

Recorder Job Number: **2766**

Committee Clerk Signature



*Bill would raise the minimum wage over 3 year period:*

**Tim Mathern – Senate District 11 - In Favor**

## **TESTIMONY # 1**

In favor of passage of bill as it increase the minimum wage over time. Orderly process that accommodates the needs of small business in ND. Bill would increase the minimum wage 70 cents per year over the next 3 years with a wage of \$7.25 for June 1, 2009. The last increase was in 1997. MN & MT minimum wage is \$6.15. [read testimony]

**S Potter** We will hear 2370 following this bill, same fiscal note, what is the difference?

2 differences: one is an emergency bill, one allows the Labor commissioner to adopt rules establishing a state minimum wage different from the law we're about to pass.

**S Klein:** We can cover that in the next bill.

**S Mathern:** I think we have a bill that takes leadership, it didn't wait around until the congress and President create some sort of noise that they might be interested. If there are ways to make the bill better, we encourage you to amend this bill. My goal is getting money to families if there are ways to get the money to family faster, please do it.

**S Hacker:** On your graph on the last page, is this online where I can find more information about family poverty?

**S Mathern:** This is on line available, what I noted, the sources are on the bottom of the chart.

**S Hacker:** There is no website shown at the bottom, I can look around.

**S Heitkamp:** There are people who will come after you who will say this isn't needed, the businesses are taking care of that; you can't find a minimum wage job at Burger King or McDonalds for example. What do you say to that?

**S Mathern:** Then those people better get up here and support this bill. This does have a positive impact. We are sending a negative message across the country. [10:54m examples] We are paying to have training for jobs in ND and on the other hand we are not paying them, we are the lowest minimum wage state, we aren't going to get people to come here. I has value in just public relations perspective. Have a chart of wages around the country, all the states are moving beyond \$5.15. If we have a headline that says we're the lowest, we're not going to get those jobs. The message to the single mother is they aren't making that low of wage, they want the cash to prove it.

**S Heitkamp:** There are others that say, in the hotel industry, gas pump industry, that's what they pay, that's what the market draws, it's a competitive industry.

**S Mathern:** Look at the salaries of the people who own those industries. Ask them, "Have you kept your salary exactly the same since 1997?" I'm asking for them to share a little bit of the increase in the economy with those who are on the bottom end.

**Representative Jasper Schneider – Central Fargo – In Favor**

In favor of raising the \$5.15 to \$7.25 over the next few years. If you work full time at \$5.15 hour, you're making \$10,700 year. There are 4000 are currently making minimum wage in ND. When talking about raising minimum wage, you have to look at who will benefit with \$5.50, \$5.75, \$6.50 an hour. That number jumps up to 21,000 people it would benefit. There are 4 different minimum wage bills, one is going to pass. The differences of 2122 and 2370 is the

contingency clause and only passes if it passes federally. Don't make it contingent to what the Federal does.

**John Risch – United Transport – In Favor**

**TESTIMONY #2**

Served on minimum wage conferences. In 1990 the minimum wage was passed by democratic congress and signed by George Bush, Sr. 1996 was passed by republican congress and signed by President Clinton. And now a democratic congress has passed a minimum wage bill in both houses and President Bush has agreed to sign this on his desk.

[covers testimony] The minimum has loss in purchasing power, there are 4 bills, any of the proposals should have an automatic adjuster for inflation. This doesn't improve things for workers, it keeps them from falling further behind. I feel it should be raised to \$8 an hour immediately. Feel it's a right thing to do; it rewards workers for their work, not open to loafers.

**S Klein:** In your comment to help the poor, that is not open to loafers, doesn't the economy regulate that? That loafers are the ones getting minimum? We are way above helping loafers.

**J Risch:** The amount of pay you receive doesn't seem coordinate all the time with the amount of work that you do. There are those who are underpaid. School teachers, child care workers and things of that nature that should be given much higher pay. Example: Real Estate agent who sells the house and makes more money than the carpenter that built it.

Floor that you can't drop below. Some employers will only raise the rate only if required by law.

**S Klein:** Do your friends, neighbors, is anyone at that level?

**J Risch:** Tipped employees are \$3.45 hour would see an increase. 2/3 of the minimum wage.

**S Klein:** So you're suggesting that we eliminate the tips, they would go to the owner and that they should be paid like all the other employees?

**J Risch:** Suggest to eliminate the tip credit all together, the tip credit allows the employer to pay less than the minimum wage. 2/3 of the minimum wage.

**S Hacker:** Does United Transportation have minimum wage for their people?

**J Risch:** Absolutely not. We have a collective wage agreement.

**S Hacker:** Does your union represent any employees that have any wage based on a minimum wage multiplier?

**J Risch:** Over the years, there may be in a labor agreement. I've never seen a labor agreement anywhere in the U.S. and I've called around and find one.

**S Heitkamp:** "Market-driven" jobs and what jobs pay for that. Is there a belief for you who have dealt with labor issues, worker's rights issues in the state, is there a belief that certain jobs end up, people feel that "that's what that jobs worth." EX: School teachers might meet the criteria of what this bill is. We have devalued our school teachers and they don't need to get "X" amount of money 'cuz they get summers off; society-wise, does it become the norm that "just be glad you got a job because you're cleaning out a hotel room." Do we as a society need to make sure to react to that to make sure that they're not living 1/3 below poverty level on their salary?

**J Risch:** It's the role of government to place a floor on the wages, and there is some of that mentality.

**S Wanzek:** I employ 8 people, even at \$8 it doesn't affect us, but need to contact my uncle as his comment one time, it's not the ones on the low end that he minds paying more, but he has contracts tied to the minimum wage will result in a dramatic cost in upper end that it will put a strain on the jobs available.

**J Risch:** I've never seen a labor agreement tied to a minimum wage, when it increases, they would ask their employer for a wage increase as well. Does he have labor agreements?

**S Wanzek:** Maybe it's the pressure, does that help the minimum wage bill? If you raise the bar, inflation and raise the cost of things.

**J Risch:** There is no evidence that raising the minimum wage has any impact on inflation. We hope it raises people in the minimum wage as well. Anything close to minimum, those need to be raised.

**S Potter:** When I started my employment years ago at 90 cents an hour, minimum was 40 cents, I wasn't getting tips; not every employee is covered by a federal minimum wage increase, the Labor Commissioner takes action to bring all workers to ND up to that?

**J Risch:** One of my attachments in testimony is the minimum poster put out by the Dept of Labor. There are exemptions in ND. Historically what's happened, the ND Labor commission will hold a wage conference of people and issues to see if there should be exemptions of the minimum wage brought up and the Labor commissioner has the final authority in order to allow exceptions. Examples: babysitters, handicap, work at church camps, Those are all dealt with.

**Dave Kemnitz – ND AFLCIO – In Favor**

**TESTIMONY # 3 [31:02m]**

[Discussed charts and state trending. Referred to Table 3A.]

If you work, you shouldn't be poor. [Showed colored brochure.]

With wages and tips, the pay taxes declared in tax report as accommodations and food services. [35:10m story of daughter] Daughter couldn't get 10 hours a week, would receive just over minimum wages. Have people who need several jobs to pay for housing, food, medical. \$21,000+, as parents, subsidizing kids in life. The struggle is desperate, need to address their struggle to earn their independence.

**S Klein:** In reference to youth, is it the first opportunity with a new job, or just be out of the house? She's learning to earn a salary, and learning something.

**D Kemnitz:** We started our kids as 14, 15, 16 years old with an allowance, they had to earn them. They started the skill base to know it wasn't a hand house, and had to work for it. One is doing ok, one is trying.

**S Klein:** The Job Service list, yearly or monthly reported to Job Service, many workers are not 40 hours a week, is this based on 40 hours a week I think this is quarterly. Hotel employees are not 40 hours a week.

**S Pottter:** A total of 48,000 people will be affected directly and indirectly. If someone makes \$7.50, doesn't that rate go up too?

**D Kemnitz:** It is the people affected by the minimum wage increase at \$7.25 an hour, 21,000, that many would be affected positively.

**S Potter:** You say directly and indirectly, the other 27,000 are those just over minimum wage today?

**D Kemnitz:** Can't answer that.

**Connie Hildebrand – Lobbyist**

[Introduced two speakers.]

**Mary Splichal – Member of Bis-Man Branch of AAUW - In Favor**

**TESTIMONY # 4**

Covers testimony. It will benefit the working woman, does not have negative impact on jobs, her example shows women hold down 4 jobs to pay for the home and food.

**Nancy Sand – NDEA - In Favor**

This bill would affect a number of our employees in the state. They do salary and benefits survey. Don't know statewide how many individuals would be affected by this by this bill, but know that we have reports, of those at \$6 an hour, we would like it done earlier.

**S Heitkamp:** Where do the ND Teachers rank in the relation across the nation in pay?

**N Sand:** Towards the bottom.

**S Heitkamp:** "Rising tide rises all ships" – you don't just affect those that make \$5.15 an hour, you may affect some other people in a positive way.

**N Sand:** I would assume that perhaps if the minimum wage was raised that that would also raise the other staff members as well. That's the way it generally works.

**Cheryl Bergian – ND HRC – In Favor**

**TESTIMONY # 5** [Goes over testimony 45:34m]

[presented websites for internet locations.

**Sandy Updahl – Resident of ND – In Favor**

Would be nice to see ND take lead for citizens of ND. Going from \$5.85 to \$7.25 in 2.5 years is a long time. Rising \$1.40 in an 8 hours shift would be \$11.20 a day. 21,000-48,000 individuals will be affected and they will stay in ND, put the money back in ND.

**Don Morrison – ND People, Org. – In Favor**

**TESTIMONY # 6**

What kind of nation do you want, not because lack of money, it is the responsibility to those people who work. Why is there resistance to honor work or increase the minimum wage.

\$10,700 is the minimum wage, wages should keep you out of poverty, not put you into it.

Example: Mom working could not attend school functions as she needed to work several jobs.

Good when wages go up, can then pay rent, food, and go to doctor.

**OPPOSED**

**Nicki Weisemiller [?], ND Hospitality Association**

Have an issue with the bill and opposes. Not that we don't want people to gain, but you have to have "X" amount of dollars. Supplies go up, I agree there is a problem for workers, but what

does the worker do when my checkbook says "no money." How many people testifying are business owners? When I write a check it has to have money to support it.

Does the business go down, do I lay off employees, some companies are hardly making it now. What about some business who need to sustain employees.

**S Hacker:** When you polled businesses, how many employees across the state make minimum wage and make tips?

**N Weismiller:** Don't have a number. In the rural areas there are quite a few, in the urban bigger cities, very, very few. The fact is in Fargo, GF, Minot, they can't do a minimum with tips.

**S Hacker:** The restaurant staff and bartenders are making more than minimum wage?

**N Weismiller:** By the time you consider tip wage and what they get for tips.

**S Hacker:** Not including tips. We got the number of 21,000 ND at minimum wage, I'm curious to know, of that 21,000, who's getting tips?

**N Wisemiller:** I'll try to give you an answer.

**S Behm:** In restaurant or hotel, you can raise the price you charge. The average noon meal is \$7-\$8 now. Years ago it was \$4.

**N Wisemiller:** Costs going up for electricity, food, liquor, freight. The costs are going to go up again if the minimum wage goes up.

**S Behm:** The minimum at \$5.15, have no recourse, they can ask for more, they can't get it.

**N Wisemiller:** I don't know, I know from the employer side, what are we going to do?

**S Klein:** Example is a \$7.25 buffet. People stop coming in because you raised it from \$7 - \$7.25. People will spend \$8 on a buffet in a large city, but in small cities they won't. There is a struggle, but try to maintain a low price to keep the folks coming in. Different mindset.

**S Heitkamp:** Did NDHA last legislative session support to get more money per diem?

**N Wisemiller:** Yes

**S Heitkamp:** Did that pass? Are you asking again?

**N Wisemiller:** Yes

**S Heitkamp:** Why is it ok for you to make more, and not your workers?

**N Wisemiller:** I don't believe that is the problem.

**S Heitkamp:** Where did the money go, Nicki?

**N Wisemiller:** Expenses

**S Wanzek:** I don't think there is anybody here that would disagree that minimum wage is not a wage that can afford a standard of living, where they can take care of their family. I but the market, in my workforce there is not one making less than \$10 an hour, plus incentive-type bonuses where they can make as much as \$5 more an hour if the business makes money. I started 2 different businesses and haven't taken one dollar out the first three years, to make sure that business survives and now that it's surviving and starting to turn around and prosper, how far do we go before we kill off incentives to invest because it's too costly?

Daycare example, if you raise the rate in the daycare, the daycare costs go up. Where is the balance? Small business are not wealthy where they're willing to share.

**N Wisemiller:** No. If I'd get a raise, that would be great, I have to make my own raise. For the employees, where are we going to get the money?

**Bill Boetcher – Independent Business - In Favor**

3000 members, small business owners. There is a disparity between rural and urban businesses. Our members have been polled for the raise in minimum wage and 76-83% oppose it. We feel the wage should be market-driven as opposed to government driven.

**S Heitkamp:** Does the National Federation of Independent Business believe there even should be a minimum wage?

**B Boetcher:** That question hasn't been asked. We think it should be market-driven.

**S Heitkamp:** Then if it is market-driven, that you don't believe there should be a minimum wage, that the market would then drive that whatever that salary would be. So, personally, do you believe there should be a minimum wage?

**B Boetcher:** Yes I do, but not imposed by the government.

**S Heitkamp:** Then there would be no minimum wage, right?

**B Boetcher:** Yes, but driven by the market.

**S Heitkamp:** If the market derived a minimum wage, it would be \$5.15 or higher than \$5.15 if we never had the federal government interact. Would you want that higher or lower than \$5.15?

**B Boetcher:** Can't speak concerning that issue.

#### **OPPOSITION? NEUTRAL?**

**Ken Purdy – ND HRHS – *Prepared the fiscal note***

We queried the payroll and number of employees below the projected minimum wage and projected it forward at the increased minimums. It affected very few normal, temporary employees, none of the career-type classified service employees. Less than 20 "normal temps" there was more impact in the patient workers at the state hospital & developmental center where there are some exceptions to minimum wage. Temporary exemptions that are allowed for a period of time. Had a bigger impact on work study students.

**S Potter:** Fiscal note, was as that before or after the \$75 min raise for every state employee that we passed in the Senate.

**K Purdy:** Disregarding that.

**S Potter:** Assuming that every state worker gets a raise of \$75 per month with the fiscal note on this would come down?

**K Purdy:** The language in that bill, I believe refers to the regular permanent employees.

**S Klein:** Work study and part-time temporary employees make the difference.

**K Purdy:** Yes.

**S Wanzek:** You said it didn't affect any career-type positions?

**K Purdy:** None of our classified career service regular employees.

**S Wanzek:** Then apparently the market has set limits, currently.

**K Purdy:** I wouldn't argue that point.

**S Heitkamp:** Question, does the legislature dictate? This legislative session the governor's proposal has a floor and last legislative session we had an increase, it wasn't market-driven, it was legislative driven.

**K Purdy:** Yes, and I hope it was legislative driven in response in our analysis of the market, too.

**Q?**

**CLOSE**

# 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2122 B**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **February 12, 2007**

Recorder Job Number: **3401 6:58m**

Committee Clerk Signature



*Minimum Wage:*

**Motion for DO NOT PASS – S Wanzek**

**2<sup>ND</sup> – S Hacker**

**Roll for DO NOT PASS ON SB 2122 – 4-2-1 Passed (nays Heitkamp & Potter)**

**Carrier – S Hacker**

# FISCAL NOTE

Requested by Legislative Council

01/08/2007

**REVISION**

Bill/Resolution No.: SB 2122

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$89,464	\$426,181	\$194,296	\$1,576,818
<b>Appropriations</b>	\$0	\$0	\$89,464	\$15,128	\$194,296	\$61,581

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Statewide change, including Higher Education.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Statewide change.

<b>Name:</b>	Jill Schafer	<b>Agency:</b>	OMB
<b>Phone Number:</b>	328-1530	<b>Date Prepared:</b>	01/05/2007

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/02/2007

Bill/Resolution No.: SB 2122

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
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1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

N/A

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Statewide change, including Higher Education.

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Statewide change.

<b>Name:</b>	Jill Schafer	<b>Agency:</b>	OMB
<b>Phone Number:</b>	328-1530	<b>Date Prepared:</b>	01/05/2007



**REPORT OF STANDING COMMITTEE (410)**  
February 12, 2007 4:05 p.m.

**Module No: SR-29-2950**  
**Carrier: Hacker**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2122: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO NOT PASS (4 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). SB 2122 was placed on the Eleventh order on the calendar.**

2007 TESTIMONY

SB 2122

Testimony for SB 2122, Minimum Wage  
IBL Committee  
February 5, 2007

Chairman Klein and members of the Industry Business and Labor Committee, I am Tim Mathern, Senator from District 11 in Fargo.

SB 2122 is a straight forward bill which I prefiled in December. Passage of the bill would increase the minimum wage in North Dakota in an orderly process that would accommodate the needs of small business in North Dakota. The bill would increase the minimum wage 70 cents per year over the next three years with a wage of \$7.25 being in place on June 1, 2009. Congress and the President have not been able to get consensus on an increase of the minimum wage since the last increase in 1997. Our State can take a leadership role in getting this done, we do not need to be followers in such an important public policy. Minnesota and Montana already have a minimum wage of \$6.15 in place. We are telling our young people that they can get a dollar more an hour just by moving across the state line, this is not a positive message to send when we need all the population and workers we can get for an expanding North Dakota economy.

The bill changes no powers of the Labor Commissioner and permits the Commissioner to make decisions about differing wage categories of smaller sectors.

Mr. Chairman and members of the Committee, an overwhelming majority of Americans support an increase in the minimum wage;

- A January 2006 poll from the Pew Research Center found that 81 percent of respondents thought that increasing the minimum wage was an important priority.
- A November 2005 Gallup Poll found that 83 percent of respondents supported legislation to increase the federal minimum wage.
- A January 2002 poll by Lake Snell Perry & Associates for the Ms. Foundation found that 77 percent of likely voters surveyed support raising the minimum wage from \$5.15 to \$8 per hour. Some 79 percent of likely voters supported regular increases in the minimum wage to address the effect of inflation on the real value of the minimum wage.

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▪ Already back in 2001 a survey conducted by National Public Radio, the Kaiser Family Foundation and Harvard University's Kennedy School of Government found that 85 percent of Americans support raising the minimum wage.

▪ I refer you to the attached color folder page three, 62% of North Dakotans say that when they cast their vote they think about how well a candidate would help those struggling to make ends meet.

The North Dakota minimum wage of \$5.15 is at its lowest level in inflation adjusted terms since 1955. If today's minimum wage had the same value as in 1968 when I graduated from high school it would be \$7.74, almost \$3 dollars more than today's level.

A full-time worker making the minimum wage makes \$10,700 a year - \$5,000 below the poverty line for a family of three. Note the attached chart marked "A". See the wide gap between the minimum wage and the poverty level especially since 1997, this gets right down to children eating less or charity programs taking over. When this happens we are just shifting costs to government and/or destroying self esteem.

Increasing the minimum wage is the least we can do to share the positive economic climate we have experienced in North Dakota with our lowest paid workers. The best social program for a family is a job that puts food on the table and pays the rent.

According to the nonpartisan Economic Policy Institute, raising the minimum wage in North Dakota to \$7.25 would benefit over 21,000 employees in our state. And despite common misperceptions, this proposal would help many more people than just teenagers who work part time jobs. Even data from the conservative Heritage Foundation shows that over 37 percent of minimum wage earners are heads of their households and another 17 percent are single, adult workers.

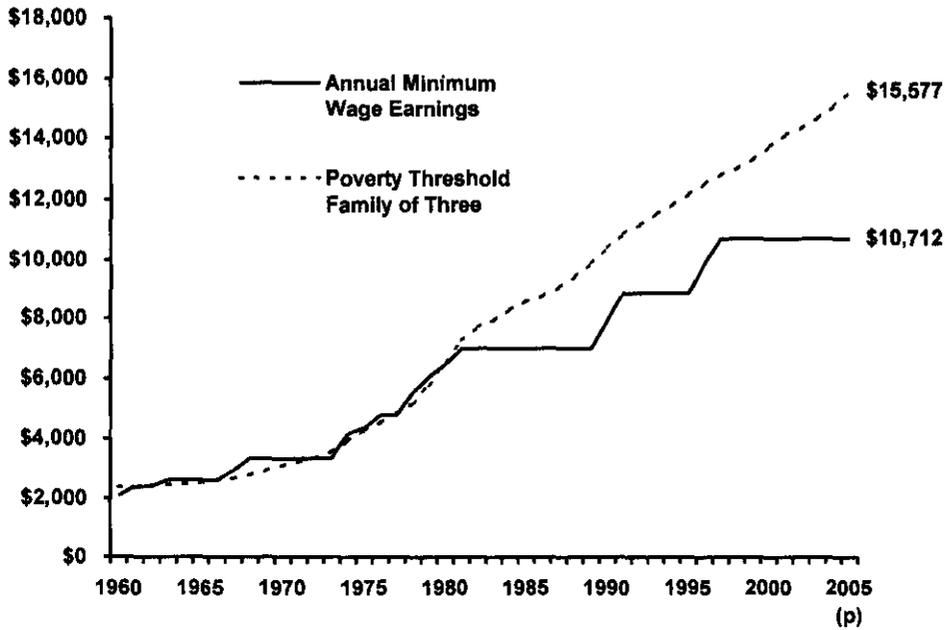
I believe all people have worth and we express this belief by all having food, shelter, health care, education and a decent paying job to make this possible. Chairman Klein, and fellow Senators I ask for a do pass on SB 2122. There are others here to testify but I would be willing to answer your questions

Thank you.

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Current Dollars

### Poverty and the Minimum Wage, 1960-2005



A full-time, year-round minimum wage worker in 2005 earned only \$10,712, \$4,865 less than the \$15,577 needed to lift a family of three out of poverty.

Note: Annual Minimum Wage Earnings is calculated by assuming a person worked 40 hours a week for 52 weeks.

(p) Preliminary. The poverty threshold for 2005 is a preliminary estimate from the U.S. Census Bureau. The final 2005 poverty threshold estimate will be available from the Census Bureau later this year.

Sources: U.S. Census Bureau, *Preliminary Estimate of Weighted Average Poverty Thresholds for 2005*, January 19, 2006; U.S. Census Bureau, *Table I. Weighted Average Poverty Thresholds for Families of Specified Size: 1959-2004*; U.S. Department of Labor, *History of Federal Minimum Wage Rates Under the Fair Labor Standards Act, 1938-1996*.

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**JOHN RISCH**  
North Dakota Legislative Director

**united  
transportation  
union**

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**Testimony of John Risch  
Before the Senate Industry, Business & Labor Committee  
In Support of SB 2122  
February 5, 2007**

Mr. Chairman and members of the committee, my name is John Risch. I am the elected North Dakota legislative director of the United Transportation Union. The UTU is the largest rail labor union in North America. Our membership includes conductors, engineers, switchmen, trainmen, and yardmasters.

We support this bill because a job should help you out of poverty, not keep you in it, and this bill is a step in the right direction.

I have served as Wage Conference Chairman under both a Republican and a Democratic labor commissioner. The minimum wage has a history of bipartisan support.

In 1990 an increase was passed by a Democratic Congress and signed by President Bush, Sr. In 1996 an increase was passed by a Republican Congress and signed by President Clinton. President Bush has now committed to sign the bill passed by a Democratic Congress.

This being said, we need to take action here in North Dakota in a bipartisan manner because our wage provisions have broader coverage. The federal minimum wage covers only businesses with less than \$500,000 in revenues and does not cover farm workers, amusement park employees, automobile and implement clerks, taxi drivers, or theater workers.

The federal minimum wage, first enacted in 1938, was meant to put a firm floor under workers and their families, strengthen the depressed economy by increasing consumer purchasing power, create new jobs to meet rising demand and stop a "race to the bottom" of employers in regards to wages.

Those original goals were great, but inflation is constantly eroding the real value of the minimum wage. The minimum wage has not been increased in ten years, losing 17 percent of its purchasing power since 1997, and is at its lowest rate in real (inflation-adjusted) dollars since 1955, which is why any of the proposals before this legislature need to automatically adjust for inflation.

This automatic adjustment doesn't improve things for workers; what it does is keep them from falling further behind. It also allows for a gradual increase in the wage rate that employers can count on, preventing the need for large increases every decade. (See attached copy of HB 1337, containing the proper language to do so.)

The minimum wage can and should be increased to \$8 per hour and indexed to inflation. That's what's needed for a single full-time worker to meet basic needs such as food, housing, utilities and health care. It is also close to the 1968 minimum wage peak, adjusting for inflation.

Certainly, employers can pay a minimum wage equivalent to what their counterparts paid almost 40 years ago. After the last minimum wage increase in 1997, the economy boomed with extraordinarily high growth, low inflation, low unemployment and declining poverty rates.

Successful businesses--large and small--have shown that good wages are good business. Higher wages reduce turnover, improve productivity, and increase purchasing power.

In closing, North Dakota needs to raise the minimum wage because it is the right thing to do. It's the right thing because it rewards work, and it is one action of government that helps the poor that is not open to loafers. It also helps employers who pay fair wages and are forced to compete against low-wage operators.

Introduced by

Representatives Zaiser, Amerman, S. Kelsh, Kretschmar, Vig

Senator Potter

1 A BILL for an Act to create and enact a new section to chapter 34-06 of the North Dakota  
2 Century Code, relating to the state minimum wage.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1.** A new section to chapter 34-06 of the North Dakota Century Code is  
5 created and enacted as follows:

6 **State minimum wage rate - Adjustments.**

- 7 1. Except as otherwise provided under this chapter and rules adopted by the  
8 commissioner, every employer shall pay to each of the employer's employees a  
9 minimum wage in the amount specified under this section.
- 10 2. Effective August 1, 2007, the minimum wage rate is seven dollars and twenty-five  
11 cents per hour. Beginning with calendar year 2009, the North Dakota minimum  
12 wage must be adjusted annually for inflation, as provided under this section.
- 13 3. No later than September thirtieth of each year, beginning in calendar year 2008,  
14 the commissioner shall calculate an adjustment of the minimum wage rate amount  
15 based upon the increase, if any, from August of the preceding year to August of the  
16 year in which the calculation is made in the United States city average consumer  
17 price index for all urban consumers for all items as prepared by the bureau of labor  
18 statistics of the United States department of labor. The commissioner shall round  
19 the adjusted minimum wage rate to the nearest five cents. The adjusted minimum  
20 wage rate becomes effective January first immediately following the calculation.

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# ND MINIMUM WAGE & WORK CONDITIONS SUMMARY

Effective Date:  
August 1, 2001

State Capitol - 13th Floor 600 East Boulevard Avenue Bismarck, ND 58505-0340  
Hours: M-F - 8:00a.m. - 5:00p.m.  
(701)328-2660 1-800-582-8032 Fax - (701)328-2031 TTY - 1-800-368-6888  
e-mail - labor@state.nd.us web site - discovernd.com/labor

## MINIMUM WAGE RATE: \$5.15 PER HOUR

*Must be paid to all employees in every occupation in the state.*

North Dakota does not have a Training Wage. 5.

### TIP CREDIT

- Employers may utilize a tip credit of 33% of the minimum wage for tipped employees. With the tip credit applied, the minimum cash wage payable to a tipped employee is \$1.45 per hour. The employer must maintain written records verifying that tipped employees receive at least the full minimum wage for all hours worked each work week when the cash wage and tips are combined.
- A tipped employee is any service employee in an occupation in which he or she receives more than thirty dollars per month in tips.

*Additional information on tips can be found on the reverse side of this poster.*

### OVERTIME

- Overtime pay must be paid at one and one-half times the employee's regular rate of pay for hours worked over forty in any work week.
- A work week is a seven consecutive-day period defined by the employer.
- Overtime is computed on a weekly basis, regardless of the length of the pay period.
- Overtime is based only on hours worked. Paid holidays, paid time off, or sick leave need not be counted in computing overtime hours.
- Compensatory time is not legal in private employment for non-exempt employees — overtime hours may not be "banked" and used for time off in another work week.
- Employees working more than one job under the control of the same employer must have all hours worked counted toward overtime.

*Exemptions from overtime are listed on the reverse side of this poster. Formulas for calculating overtime are available in N.D. Admin. Code Section 48-03-01.*

### MEAL PERIODS

- A minimum 30-minute meal period must be provided in shifts exceeding five hours when there are two or more employees on duty.
- Employees may waive their right to a meal period upon agreement with the employer.
- Employees do not have to be paid for meal periods if they are completely relieved of their duties and the meal period is at least thirty minutes in length. Employees are not completely relieved if they are required to perform any duties during the meal period.
- Other breaks (such as 15 minute "coffee" breaks) are not required by law, but must be paid breaks if they are offered by the employer.

### PAID TIME OFF

- Paid time off includes annual leave, earned time, personal days, or other provisions providing compensation for vacation. If sick leave is combined with such time into one balance, all of the hours are defined as paid time off. Sick leave is not defined as paid time off if it is kept in a separate balance.
- Once paid time off is made available for an employee's use, any unused portion of such time is considered wages upon separation from employment and must be paid at the regular rate of pay earned by the employee prior to separation.
- No employment contract or policy may provide for forfeiture of earned paid time off upon separation.
- An employment contract or policy may require an employee to take vacation by a certain date or lose the vacation ("use it or lose it"), provided that the employee is given a reasonable opportunity to take the vacation. The employer must demonstrate that the employee had notice of such contract or policy provision.

### PAYDAYS & RECORD KEEPING

- Employees must be paid at least once each calendar month on the regular payday(s) designated in advance by the employer.
- Every employer must furnish to an employee each pay period a check stub or vouchers indicating hours worked, rate of pay, required state and federal deductions, and any authorized deductions.
- When an employee is terminated from employment, separates from employment voluntarily, or is suspended from work as the result of an industrial dispute, unpaid wages or compensation becomes due and payable at the regular payday(s) established in advance by the employer for the period(s) worked by the employee.
- When an employer terminates an employee, the employer shall pay those wages to the employee by certified mail at an address designated by the employee or as otherwise agreed upon by both parties.

### DEDUCTIONS FROM PAY

Legal deductions include:

- Required state and federal withholdings
- Documented payroll advances
- Court ordered deductions

All other deductions from pay must be specifically authorized in writing by the employee.

### RIGHT TO WORK

An individual's right to work may not be denied or abridged due to membership or nonmembership in any labor union or labor organization.

### EMPLOYMENT AT WILL

Employment relationships without a specific term exist at the will of both parties and can be terminated by either party upon notice to the other. No minimum length of notice (for example, a two-week notice) is required. Contracts specifying a term of employment can pre-empt the at-will provision.

### EMPLOYMENT DISCRIMINATION

Employers may not discriminate against employees or applicants on the basis of: race, color, religion, sex, national origin, age, mental or physical disability, status with respect to marriage or public assistance, participation in lawful activity off the employer's premises during non-working hours which is not in direct conflict with the essential business-related functions of the employer, or opposition to such discrimination in the work place.

### EMPLOYMENT RETALIATION

An employer may not discharge, discipline, threaten, discriminate, or penalize an employee regarding the employee's compensation, conditions, location, or privileges of employment because:

- The employee, or person acting on behalf of an employee, in good faith, reports a violation of federal, state, or local law, ordinance, regulation, or rule to an employer, a governmental body, or law enforcement official.
- The employee is requested by a public body or official to participate in an investigation, a hearing, or an inquiry.
- The employee refuses an employer's order to perform an action that the employee believes violates local, state, or federal law, ordinance, rule, or regulation. The employee must have an objective basis in fact for that belief and shall inform the employer that the order is being refused for that reason.

### POSTING REQUIRED

Must be posted in a conspicuous place in a commonly frequented area in which employees work.

See REVERSE SIDE of this Poster for Additional Information.

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## EXEMPTIONS FROM OVERTIME

- An employee employed in a bona fide executive, administrative, or professional capacity.
  - Executive** - an employee whose primary duties consists of:
    - a. The management of the enterprise or recognized department or subdivision thereof;
    - b. Directing the work of two or more other employees therein; and
    - c. The authority to hire or fire other employees or whose suggestions will be given particular weight.
  - Administrative** - an employee whose primary duties consists of:
    - a. Office or non-manual work directly related to management policies or general business operations; and
    - b. Who customarily and regularly exercises discretion and independent judgment.
  - Professional** - an employee whose primary duties consists of:
    - a. Work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction and study as distinguished from a general academic education and from an apprenticeship, and from training in the performance of routine mental, manual, or physical processes;
    - b. Work requiring the consistent exercise of discretion and judgment in its performance; and
    - c. Work that is predominately intellectual and varied in character as opposed to routine mental, manual, mechanical, or physical work.
- An employee engaged in an agricultural occupation - growing, raising, preparing, or delivering agricultural commodities for market.
- An employee spending at least 51% of the employee's work-time providing direct care to clients of a shelter, foster care, or other such related establishment.
- An employee employed in domestic service who resides in the household in which employed.
- An employee providing companionship services (fellowship, care, or protection) to aged or disabled individuals. No more than 20% of the hours worked in the week may

- be household work (cleaning, laundry, or meal preparation).
- A mechanic paid on a commission basis off a flat rate schedule.
- A straight commission salesperson in retail automobile, trailer, boat, aircraft, truck, or farm implement dealerships unless that salesperson is required to be on the premises for more than forty hours per week.
- A computer professional exercising discretion and independent judgment when designing, developing, creating, analyzing, testing, or modifying computer programs or who is paid hourly at a rate of at least \$27.63.
- An employee who is customarily and regularly engaged away from the employer's premises for the purpose of making sales or taking orders. Work unrelated to outside sales may not exceed 20% of the hours worked in the week.
- An employee of a retail establishment if the employee's regular rate of pay exceeds 1.5 times the minimum hourly rate applicable if more than half of the employee's compensation for a period of not less than one month is derived from commission on goods or services sold.
- An employee employed as an announcer, news editor, or chief engineer by a radio or television station.
- An employee in an artistic profession that is original and creative in nature or where the work is dependent upon the invention, imagination, or talent of the employee.
- Motor carrier as applied to covered employees of motor common, contract, and private carriers specified by the Motor Carriers Act [49 U.S.C. 31502].
- A teacher, instructor, tutor, or lecturer engaged in teaching in a school or educational system.

## TAXI DRIVER AND HEALTHCARE OVERTIME PROVISIONS

- Taxicab drivers must be paid overtime for all hours worked in excess of fifty hours in any work week.
- Hospitals and residential care establishments may adopt, by agreement with their employees, a fourteen-day overtime period, if the employees are paid at least time and one-half their regular rate for hours worked over eight in a day or eighty in a fourteen-day work period.

## TIPS

- Gratuities offered to an employee by a customer belong to the employee and may not be retained by the employer.
- An employer who elects to use the tip credit must inform the employee in advance.
- Tip pooling is allowed only among the tipped employees. A vote of tipped employees to allow tip pooling must be taken, and fifty percent plus one of all tipped employees must approve it. The employer must maintain a written record of each vote on tip pooling, including names of employees voting and the vote totals. A vote on whether to pool tips is required if requested by fifty-one percent or more of the tipped employees. The tipped employees shall provide documentation verifying the request. Time spent in meetings called by the employees exclusively for tip issues is not work time. Gaming sites, which regularly have four or fewer tipped employees on duty, can require tip pooling among all tipped employees at the site. Managers or supervisors at gaming sites are not tipped employees and cannot be part of the tip pool when performing functions of those positions other than dealing blackjack (twenty-or

## MEETINGS AND TRAINING TIME

Attendance at lectures, meetings, training programs and similar activities need not be counted as working time if all the following criteria are met:

- a. Attendance is outside of the employee's regular working hours.
- b. Attendance is in fact voluntary.
- c. The course, lecture, or meeting is not directly related to the employee's job.
- d. The employee does not perform any productive work during such attendance.

Training or education mandated by the state, federal government, or any political subdivision for a specific occupation need not be counted as work-time.

## TRAVEL TIME

- The following types of travel time are not considered work time for which an employee must be compensated: 1) Ordinary travel from home to work, 2) Time spent as a passenger on an airplane, train, bus, or automobile outside of regular working hours, 3) Activities that are merely incidental use of an employer-provided vehicle for commuting home to work.
- The following types of travel time are considered work time for which an employee must be compensated: 1) Travel during regular work hours, 2) Travel on non-work days during regular work hours (regular work hours are those typically worked by an employee on work days), 3) Travel time from job site to job site or from office to job site, 4) The driver of a vehicle is working at anytime when required to travel by the employer, 5) One-day assignments performed at the employer's request (regardless of driver or passenger status).

## ON-CALL

- When employees are required to remain on-call on the employer's premises or so close thereto that they cannot use the time effectively for their own purposes, they are considered to be working and must be compensated.
- When employees are on-call and are not required to remain on the employer's premises but are required to respond to a beeper or leave word at home or the employer's business where they may be reached, they are not considered to be working and need not be compensated.

## BONUSES AND COMMISSIONS

- An earned bonus is an amount paid in addition to a salary, wage, or commission. An earned bonus is compensable when an employee performs the requirements set forth in a contract or an agreement between the parties.
- A commission is a fee or percentage given for compensation to an individual for completion of a sale, service, or transaction. Upon separation from employment, the past practices, policies, and entire employment relationship will be used to determine if the commission is earned and compensable.

## ROOM AND BOARD

The reasonable value, not exceeding the employer's actual cost, of board, lodging, and other facilities customarily furnished by the employer for the employee's benefit may be treated as part of the wages, up to a maximum of eighteen dollars per day, if agreed to in writing and if the employee's acceptance of facilities is in fact voluntary.

## UNIFORMS

An employer may require an employee to purchase uniforms if the cost of such uniforms does not bring that employee's wage below the hourly minimum wage for all hours worked during any pay period.

This poster summarizes provisions contained in the *ND Minimum Wage & Work Conditions Order* Admin. Code Chapter 46-02-07), as well as selected provisions of N.D.C.C. Title 34 and N.D.C.C. Chapter 14-02.4.

# Federal Minimum Wage Rates, 1955-2006

Year	Value of the minimum wage	
	Current dollars	Constant (1996) dollars <sup>1</sup>
1955	\$0.75	\$4.39
1956	1.00	5.77
1957	1.00	5.58
1958	1.00	5.43
1959	1.00	5.39
1960	1.00	5.30
1961	1.15	6.03
1962	1.15	5.97
1963	1.25	6.41
1964	1.25	6.33
1965	1.25	6.23
1966	1.25	6.05
1967	1.40	6.58
1968	\$1.60	\$7.21
1969	1.60	6.84
1970	1.60	6.47
1971	1.60	6.20
1972	1.60	6.01
1973	1.60	5.65
1974	2.00	6.37
1975	2.10	6.12
1976	2.30	6.34
1977	2.30	5.95
1978	2.65	6.38
1979	2.90	6.27

1980	3.10	5.90
1981	\$3.35	\$5.78
1982	3.35	5.45
1983	3.35	5.28
1984	3.35	5.06
1985	3.35	4.88
1986	3.35	4.80
1987	3.35	4.63
1988	3.35	4.44
1989	3.35	4.24
1990	3.80	4.56
1991	4.25	4.90
1992	4.25	4.75
1993	4.25	4.61
1994	\$4.25	\$4.50
1995	4.25	4.38
1996	4.75	4.75
1997	5.15	5.03
1998	5.15	4.96
1999	5.15	4.85
2000	5.15	4.69
2001	5.15	4.56
2002	5.15	4.49
2003	5.15	4.39
2004	5.15	4.28
2005	5.15	4.14
2006	5.15	4.04

NOTES: On January 10, 2007, the House of Representatives voted, 315-116, to raise the minimum wage. If the Senate approves the bill, the minimum wage will increase to \$5.85 an hour 60 days after passage, then to \$6.55 an hour one year later, and finally to \$7.25 an hour a year after that.

<sup>1</sup> Adjusted for inflation using the CPI-U (Consumer Price Index for All Urban Consumers).

Source: U.S. Department of Labor. Web: <http://www.dol.gov/esa/whd/flsa/>.

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# State Minimum Wage Rates

As of January 1, 2007

State	Minimum wage
<b>Federal minimum wage</b>	<b>\$5.15</b>
Alabama	None
Alaska	7.15
Arizona	None
Arkansas	6.25
California	6.75
Colorado	5.15
Connecticut	7.65
Delaware	6.15
District of Columbia	7.00
Florida	6.40 <sup>1</sup>
Georgia	5.15
Hawaii	7.25
Idaho	5.15
Illinois	6.50
Indiana	5.15
Iowa	5.15
Kansas	\$2.65
Kentucky	5.15
Louisiana	None
Maine	6.75 <sup>2</sup>
Maryland	6.15
Massachusetts	7.50 <sup>3</sup>
Michigan	6.95 <sup>4</sup>

Minnesota	6.15
Mississippi	None
Missouri	5.15
Montana	5.15
Nebraska	5.15
Nevada	5.15
New Hampshire	5.15
New Jersey	7.15
New Mexico	5.15
New York	7.15
North Carolina	5.15
North Dakota	\$5.15
Ohio	4.25
Oklahoma	5.15
Oregon	7.50 <sup>1</sup>
Pennsylvania	5.15
Rhode Island	7.40
South Carolina	None
South Dakota	5.15
Tennessee	None
Texas	5.15
Utah	5.15
Vermont	7.25 <sup>5</sup>
Virginia	5.15
Washington	7.63 <sup>1</sup>
West Virginia	5.85 <sup>6</sup>
Wisconsin	5.70
Wyoming	5.15

NOTE: A state cannot reduce the requirements of the Fair Labor Standards Act (FLSA). Most states have adopted minimums, although many simply track the FLSA. Others are broader, for example, covering workers not covered under the FLSA or setting higher minimums than the federal rate. Some states set a state minimum lower than the federal rate. In that case, all workers in the state who are covered by the FLSA must receive the federal minimum. When state laws require a higher wage, employers must pay at least that higher rate to all workers covered by the state law, whether or not they also are covered by the federal law. Some minimum wage rates in this table apply only to large companies or employers with a certain dollar amount of receipts. Smaller companies may either have to pay a different minimum wage (which is not listed here) or there may be no minimum wage requirement at all.

1. Rate is indexed to inflation—adjusted every Jan. 1.
2. Will rise to \$7.00 on 10/1/07.
3. Will rise to \$8.00 on 1/1/08.
4. Will rise to \$7.15 on 7/1/07; will rise to \$7.40 on 7/1/08.
5. Beginning 1/1/07, wage rate will rise every Jan. 1.
6. Will rise to \$6.55 on 7/1/07; will rise to \$7.25 on 7/1/08. Wage increase generally will not apply to FLSA-covered workers.

Source: AFL-CIO.

# Economic Policy Institute

## Economic Snapshots

A weekly presentation of downloadable charts and short analyses designed to graphically illustrate important economic issues. Updated every Wednesday. [See [Snapshots Archive](#).]

*Snapshot* for March 22, 2006.

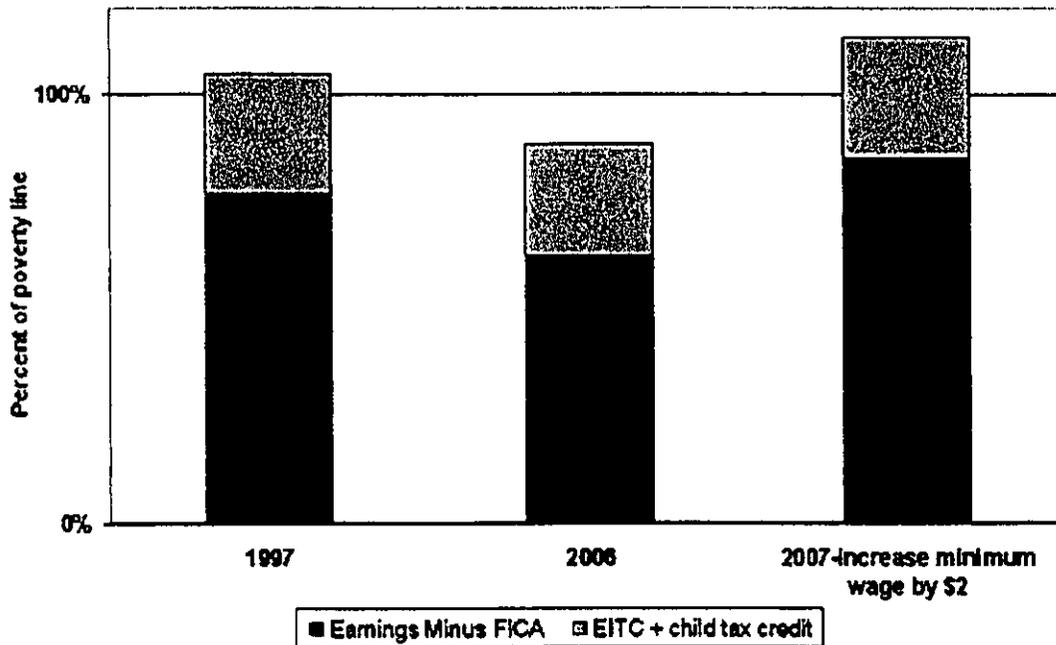
### If you work, then you shouldn't be poor

Guided by the sentiment that if you work you shouldn't be poor, lawmakers in the 1990s made improvements in two policies that, taken together, ensured that full-time, year-round work would provide an income at or above the poverty line. Raising the minimum wage from \$4.25 to \$5.15 in 1996-97 directly improved the wages of 9% of the workforce—almost 10 million workers—and indirectly raised the wages of millions more low-wage workers. Improvements in the Earned Income Tax Credit (EITC) and a new refundable Child Tax Credit also rewarded work and supplemented wages. After the minimum wage increase, the combination of full-time, year-round work and the above-mentioned federal tax credits resulted in a net income for a parent with two children equal to 105% of the poverty line in 1997.

Although there is broad agreement that, for a family to pay for the basic essentials, it actually requires an income level of around twice the poverty line (higher in some areas), improving the minimum wage and EITC still meant important progress for a substantial number of struggling families.

Nine years later, however, the system has broken down. The minimum wage has not kept pace with inflation and thus has lost 20% of its previous purchasing power. To exacerbate the problem, the EITC levels are linked to inflation, so for the last two years a person can work full-time, year-round at the minimum wage but still not be eligible for the maximum EITC. The combination of an out-of-date minimum wage and the existing federal tax credits mean that this same parent of two now only earns 89% of the poverty line.

### Minimum wage workers and the poverty threshold



Source: Author's analysis

A minimum wage increase from \$5.15 to \$7.25 would return the value of full-time work to just above its 1997 level and renew the nation's commitment to working families.

This week's *Snapshot* was written by EPI economist [Jeff Chapman](#).

Check out the [archive](#) for past *Economic Snapshots*.

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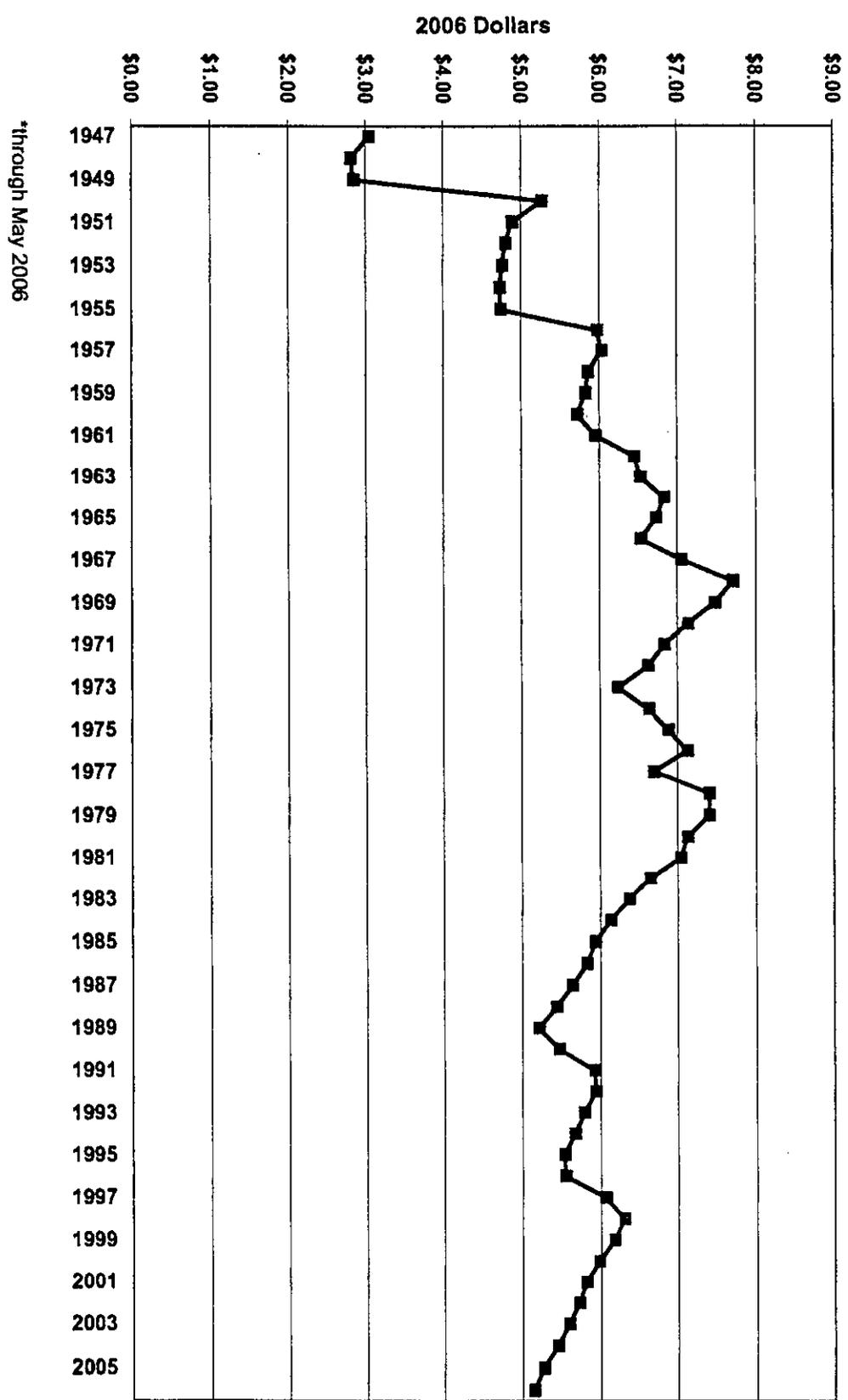


Figure 1: Real value of the minimum wage, 1950-2006\*

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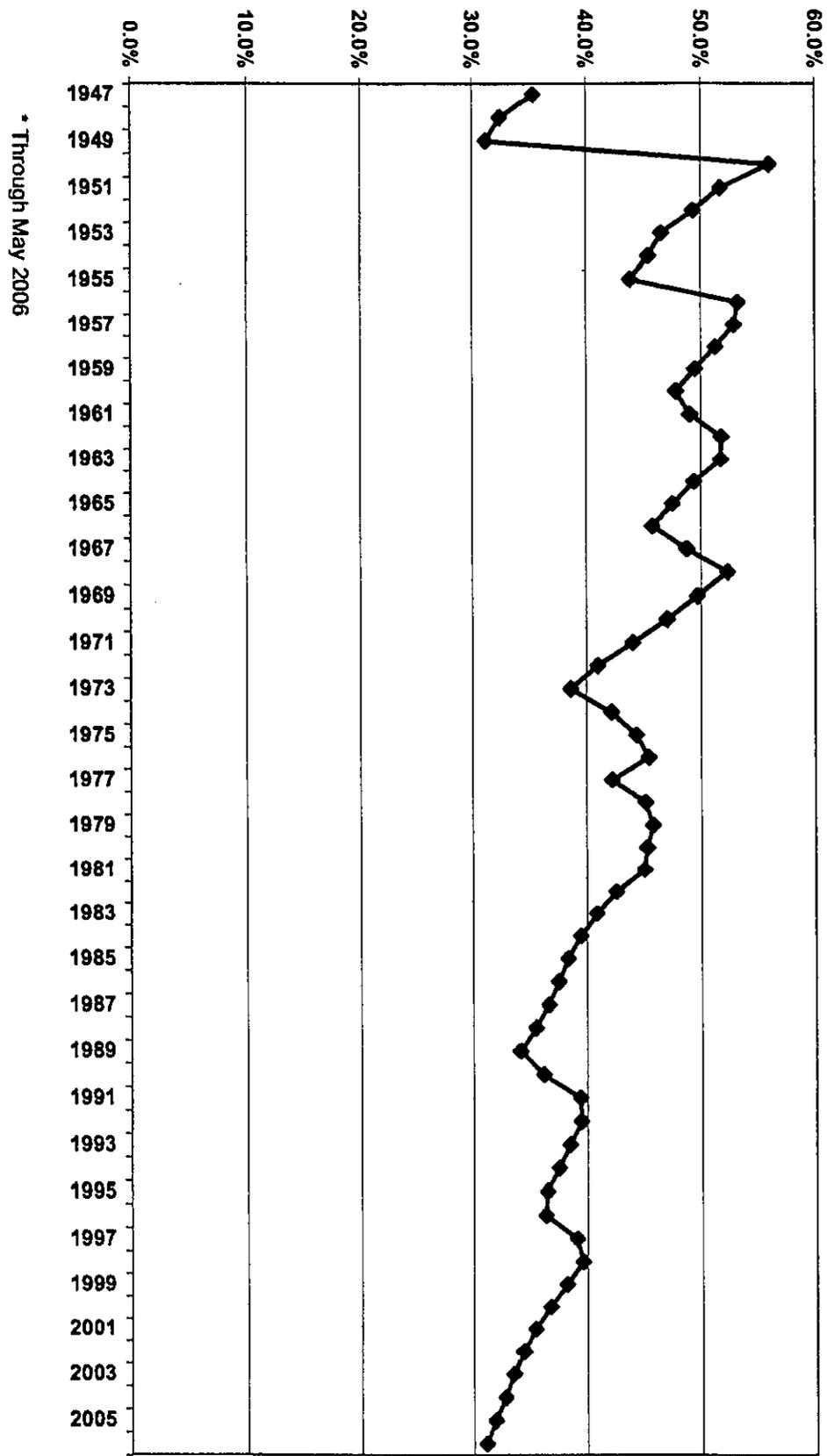
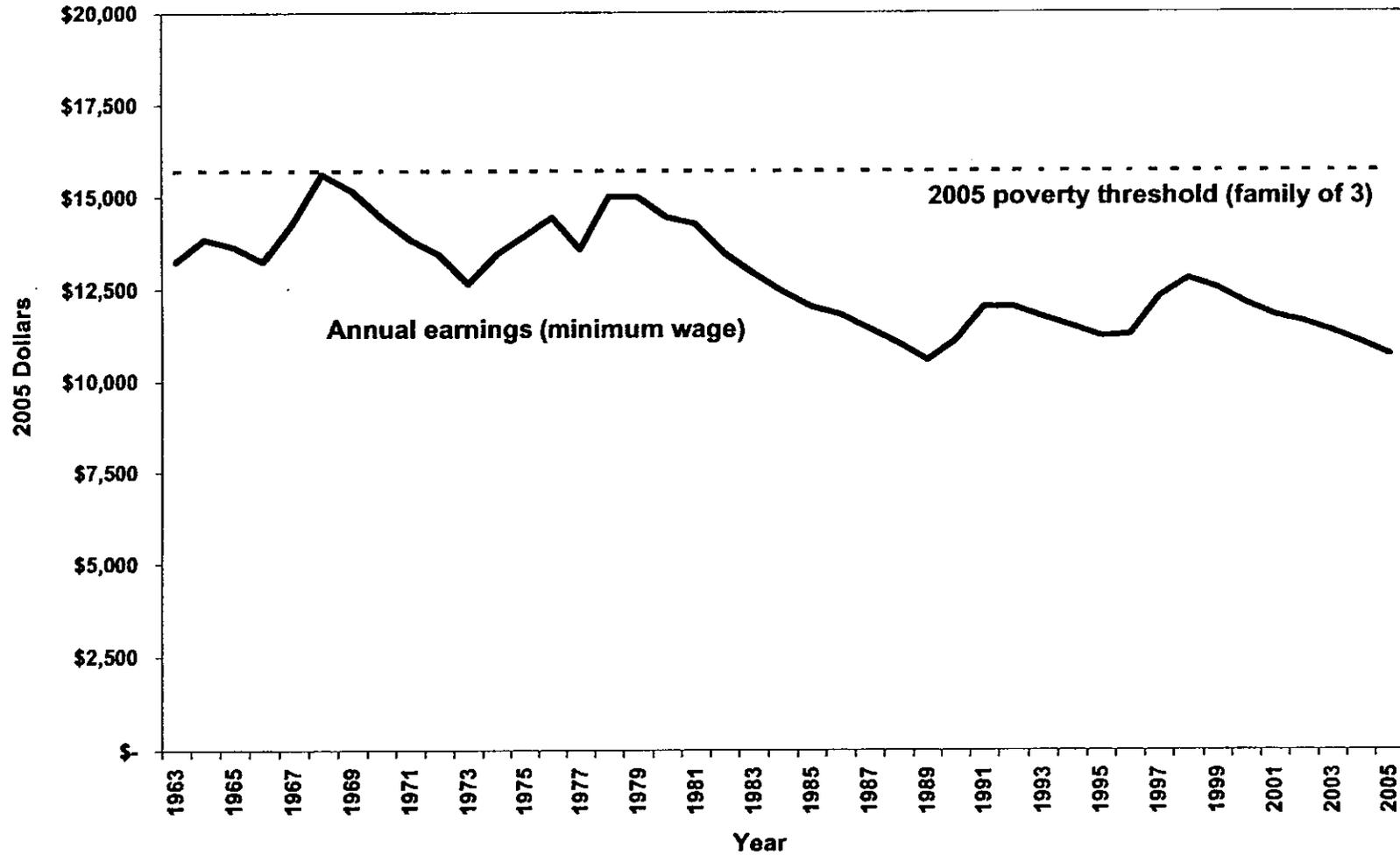


Figure 2: The minimum wage relative to the average wage, 1950-2006\*

**Figure 4: Annual minimum wage earnings in 2005 dollars and the poverty level for family of three**



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#3

Table 3

Total workers affected by a federal minimum wage increase to \$7.25 by state\*\*

<b>UNITED STATES</b>	9.8%	12,972,000		
<b>NORTHEAST</b>			<b>SOUTH</b>	
<i>New England</i>			<i>South Atlantic</i>	
Maine	*	*	Delaware	* *
New Hampshire	2.9%	19,000	Maryland	4.4% 117,000
Vermont	*	*	District of Columbia	* *
Massachusetts	*	*	Virginia	12.6% 449,000
Rhode Island	*	*	West Virginia	18.8% 133,000
Connecticut	*	*	North Carolina	16.1% 611,000
			South Carolina	18.3% 325,000
<i>Middle Atlantic</i>			Georgia	13.2% 526,000
New York	8.1%	661,000	Florida	6.6% 540,000
New Jersey	6.2%	252,000		
Pennsylvania	14.5%	808,000	<i>East South Central</i>	
<b>MIDWEST</b>			Kentucky	16.5% 295,000
<i>East North Central</i>			Tennessee	14.4% 350,000
Ohio	15.5%	793,000	Alabama	17.5% 350,000
Indiana	12.3%	354,000	Mississippi	18.5% 202,000
Illinois	1.9%	108,000		
Michigan	12.7%	540,000	<i>West South Central</i>	
Wisconsin	11.2%	295,000	Arkansas	18.3% 221,000
			Louisiana	19.0% 366,000
<i>West North Central</i>			Oklahoma	16.6% 245,000
Minnesota	5.3%	135,000	Texas	17.5% 1,771,000
Iowa	18.4%	264,000	<b>WEST</b>	
Missouri	15.5%	405,000	<i>Mountain</i>	
North Dakota	16.4%	48,000	Montana	16.7% 68,000
South Dakota	18.1%	65,000	Idaho	16.7% 106,000
Nebraska	16.0%	136,000	Wyoming	15.9% 39,000
Kansas	19.1%	240,000	Colorado	9.6% 211,000
			New Mexico	17.6% 146,000
			Arizona	14.9% 385,000
			Utah	16.4% 178,000
			Nevada	12.6% 146,000
			<i>Pacific</i>	
			Washington	* *
			Oregon	* *
			California	* *
			Alaska	* *
			Hawaii	* *

\* Insufficient sample size to estimate. In these cases, higher state minimum wages lessen the impact of a federal increase.

\*\* Includes both directly and indirectly affected workers.

Source: EPI analysis of 2005 Current Population Survey data

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Table 3A

Workers directly affected by a federal minimum wage increase to \$7.25 by state

<b>UNITED STATES</b>	4.3%	5,607,000		
<b>NORTHEAST</b>			<b>SOUTH</b>	
<i>New England</i>			<i>South Atlantic</i>	
Maine	*	*	Delaware	*
New Hampshire	2.5%	16,000	Maryland	2.4%
Vermont	*	*	District of Columbia	*
Massachusetts	*	*	Virginia	4.8%
Rhode Island	*	*	West Virginia	8.4%
Connecticut	*	*	North Carolina	5.6%
			South Carolina	10.0%
<i>Middle Atlantic</i>			Georgia	5.2%
New York	3.9%	314,000	Florida	2.5%
New Jersey	3.2%	129,000		
Pennsylvania	5.5%	308,000	<i>East South Central</i>	
<b>MIDWEST</b>			Kentucky	7.5%
<i>East North Central</i>			Tennessee	6.2%
Ohio	6.6%	337,000	Alabama	6.3%
Indiana	5.0%	143,000	Mississippi	12.8%
Illinois	1.8%	103,000		
Michigan	*	*	<i>West South Central</i>	
Wisconsin	4.7%	124,000	Arkansas	9.4%
			Louisiana	14.2%
<i>West North Central</i>			Oklahoma	7.6%
Minnesota	3.2%	81,000	Texas	8.5%
Iowa	7.5%	107,000		
Missouri	6.8%	178,000	<b>WEST</b>	
North Dakota	7.2%	21,000	<i>Mountain</i>	
South Dakota	8.2%	29,000	Montana	8.2%
Nebraska	6.2%	53,000	Idaho	6.2%
Kansas	8.3%	105,000	Wyoming	7.1%
			Colorado	3.9%
			New Mexico	8.2%
			Arizona	5.7%
			Utah	7.5%
			Nevada	4.7%
			<i>Pacific</i>	
			Washington	*
			Oregon	*
			California	*
			Alaska	*
			Hawaii	*

\* Insufficient sample size to estimate. In these cases, higher state minimum wages lessen the impact of a federal increase.

Source: EPI analysis of 2005 Current Population Survey data

#3  
2/22

**Table 1**

**Characteristics of workers affected by minimum wage increase to \$7.25\***

	Total Affected	Directly Affected**	Indirectly Affected***	Total workforce****
Number of workers (in millions)	13.0	5.6	7.4	130.3
Percent of workforce	10%	4%	6%	100%
<i>Gender</i>				
Male	41%	39%	42%	52%
Female	59%	61%	58%	48%
<i>Race / ethnicity</i>				
White	61%	61%	61%	69%
Black	16%	17%	16%	11%
Hispanic	18%	18%	18%	14%
Asian	2%	2%	2%	4%
<i>Family Status</i>				
Parent	26%	25%	28%	36%
Married Parent	17%	15%	18%	29%
Single Parent	10%	9%	10%	7%
<i>Age</i>				
16-19	21%	30%	15%	5%
20 and older	79%	71%	85%	95%
<i>Work hours</i>				
1-19 hours	17%	22%	13%	5%
20-34 hours	31%	36%	27%	13%
Full time (35 + hrs)	53%	43%	60%	82%
<i>Industry</i>				
Retail trade	23%	24%	23%	12%
Leisure and hospitality	23%	29%	18%	9%
Other	54%	47%	59%	79%
<i>Occupation</i>				
Sales	19%	21%	18%	11%
Service	37%	41%	33%	17%
Other	44%	38%	49%	72%

\* Assuming a phase-in with the final step in 2009

\*\* These are the workers earning between the state minimum wage and \$7.25

\*\*\* These are workers currently earning above \$7.25, likely to be affected by "spillover effects"

\*\*\*\* Includes workers not covered by minimum wage

Source: EPI analysis of 2005 Current Population Survey data

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 CW#



AMERICAN  
ASSOCIATION OF  
UNIVERSITY  
WOMEN

## **SB 2122- State Minimum Wage Bill—Increase to \$7.25 an hour**

Senator Klein and members of the Senate I, B & L Committee, my name is Mary Splichal. I am the membership chair of the Bismarck-Mandan Branch of the American Association of University Women (AAUW). I rise to speak on behalf of over 300 AAUW members in North Dakota and 100,000 national members.

**AAUW is in favor of Senate Bill 2122.** We believe the minimum wage is a working woman's issue. Of the 11.8 million workers who would receive a pay increase as a result of a Federal minimum wage increase, 58 percent are women. In fact, 1.4 million working mothers, including 623,000 single moms, would benefit from the increase.

History clearly shows that raising the minimum wage has not had any negative impact on jobs, employment or inflation. In the four years immediately after the last federal minimum wage increase passed in 1996, the economy experienced its strongest growth in over three decades, adding more than 11 million new jobs.

Many people think only teenagers, starting out with their first job, will benefit from this proposed increase. Some say, no one still pays that, so what's the big deal. I found a woman who cooked for a daycare business and later was a caregiver for the babies in that same Bismarck business. She told me she earned \$5.15 an hour for over 4 years with one company and now earns \$6.25 an hour with another company. This woman is not a teenager. Between her and her husband, they hold down 4 jobs in order to pay their mortgage payments on a modest home and put food on the table. They can't imagine what they would do if they had children to feed.

Please pass SB 2122. AAUW believes raising the minimum wage is an important step toward increasing the economic security of working women and their families.

#4  
2122

# North Dakota Human Rights Coalition

P.O. Box 1961, Fargo, ND 58107-1961 (701) 239-9323 Fax (701) 478-4452 www.ndhrc.org



Testimony  
Senate Bill 2122  
Senate Industry, Business & Labor Committee  
February 5, 2007

Chairman Klein and members of the Committee, thank you for the opportunity to present testimony in favor of Senate Bill 2122. I am Cheryl Bergian, Executive Director of the North Dakota Human Rights Coalition. The Coalition includes a broad-based, statewide membership of individuals and organizations interested in the furtherance of human rights in North Dakota; the Coalition's mission is to effect change so that all people in North Dakota enjoy full human rights.

We support the proposal to increase the minimum wage in North Dakota. Universal Declaration of Human Rights Article 23 states that everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

North Dakota's current minimum wage is \$5.15 per hour. There has not been an increase since 1997. According to the Center on Budget and Policy Priorities, 21,000 workers in North Dakota would be affected by a minimum wage increase to \$7.25 per hour in 2009.

We've done some research on the effects on businesses of an increase in minimum wage. Many small businesses are mom and pop shops that don't pay wages. Compensation is in the form of business profits.

Small businesses are competing against larger businesses for available employees, no matter what geographic location they're in. A business paying above minimum wage isn't likely to raise their wages along with a minimum wage increase, unless the minimum forces such action. They have a reason to be paying their wage rate before the minimum wage change, and that reason continues after. Narrowing the gap between minimum wage and wages otherwise paid in an area actually helps a business by making it more competitive in attracting and retaining employees.

Raising minimum wage increases the amount of purchasing power in local economies, and therefore the revenue potential of businesses in those economies. Additional income means more income available for non-necessities in personal budgets, and the additional spending will generate top-line benefits of additional revenues to counter the effect of increased expenses.

A business that pays higher wages tells its employees that they are respected and valuable. Businesses that pay wages above that required to maintain a bare essence of living standards generate good will from employees, which shows in loyalty, lower absenteeism, and lower turnover as well as better hiring prospects.

#5  
2122

Below are some internet articles, all basically business owners and consultants that lobbied Congress for a minimum wage increase:

<http://www.ncccusa.org/news/061031higherminimum.html>

<http://www.letjusticeroll.org/pressroom/pressroom-1-19-07.html>

<http://www.inclusionist.org/?q=node/510>

[http://www.policymattersohio.org/pdf/good\\_for\\_business\\_2006\\_factfile.pdf](http://www.policymattersohio.org/pdf/good_for_business_2006_factfile.pdf)

We ask for a do pass recommendation on Senate Bill 2122. I appreciate this opportunity to testify on behalf of the North Dakota Human Rights Coalition.

SB 2122  
Senate Industry Business and Labor Committee  
Don Morrison, NDPeople.Org  
February 5, 2007

Mr Chairman and members of the Senate Industry Business and Labor Committee, my name is Don Morrison and I am executive director of NDPeople.Org, a statewide advocacy group.

It has been 10 years since the minimum wage has increased in our state and in our nation. That is the longest time period wage workers have had to wait

Here is the issue: ~~In the United States of America~~, which North Dakota is a part, people who work should be able to live a decent life. In a nation that has as much incredible wealth as ours, to refuse for so long to raise the minimum wage, has come not because of a lack of money, but because we have ignored our responsibility to make sure that people who work and will rise above poverty. It is not a matter of money, it is a matter of do we want to be responsibility.

*what kind of state do we want?*

~~To those who have fought against raising the minimum wage, I have to ask: Why do you insist that our nation cannot figure out a way to honor work with a decent life? Why should North Dakotans, who our leaders tout correctly as wonderfully hard working, be thought of as beggars when it comes to jobs. We have heard on occasion that beggars can't be choosers.~~

*is there*

A job should keep you out of poverty, not keep you in it.

*ND 54*

*be themselves or do work so little*

~~Without a minimum wage that increases in stable, sure ways, we will not be acting responsibly.~~

*Friend - worked 2 jobs*

It is also a matter of economics.

*see blue*

*Good*

Raising the minimum wage is good public policy from both the responsibility and the economics perspectives.

*There are 4 bills - what this bill looks is a cost of living adjustments  
Rep Larson's bill does that*

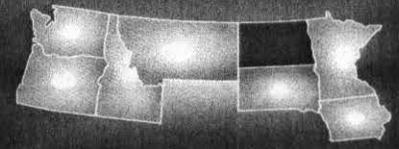
*ND 54 - Larson's bill*

*I would ask you to amend -  
+ DO PASS*

*#6  
2122*

# STRUGGLING TO MAKE ENDS MEET:

WHAT CAN BE DONE AND WHO SHOULD DO IT?



## NORTH DAKOTA

March 2006

Findings from a state and national survey commissioned by Northwest Area Foundation

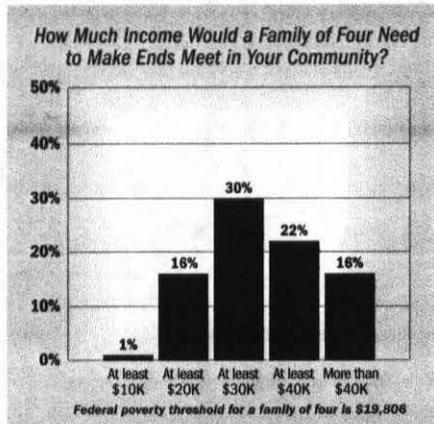
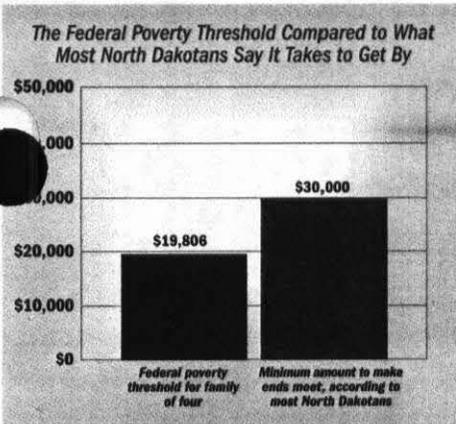
### WHAT'S IT TAKE TO GET BY?

There's a wide gap between what the federal government says it costs to get by, and what people say it costs to live in their communities. For a family of four, the federal poverty threshold is \$19,806.\* That means a family with income lower than that is "in poverty."

But people say it costs far more than that to live. Thirty-eight percent of North Dakotans say a family of four needs at least \$40,000 per year for a basic standard of living in their community. Only 17 percent say that the federal poverty threshold is enough to make ends meet.

People who earn more money also are more likely to say that \$20,000 per year is not enough. But even among people earning less than \$35,000 per year, only 23 percent say that \$20,000 is sufficient.

\*U.S. Census Bureau, 2005



### A BRIEFING PAPER FOR LOCAL NORTH DAKOTA POLICY MAKERS

The Northwest Area Foundation survey reveals a North Dakota acutely aware of people's financial struggles, yet optimistic that the number of people struggling can be reduced.

North Dakotans see a lot of people struggling to make ends meet in their communities. Their real-world sense of the income needed to get by is greater than what the federal government thinks it takes to survive. Even though people acknowledge tough times around them, they have optimism that their communities can pull together and reduce the number of people struggling to get by. They believe that this is an important issue for their local elected officials to be working on, and they express a willingness to take action to help their communities make progress.

This briefing paper gives some further insights into the data.

### PRIORITIES FOR ACTION

When it comes to helping people who are struggling, North Dakotans are clear about priorities for their local elected officials: Nearly eight out of 10 North Dakotans say keeping and attracting businesses with good-paying jobs, and improving access and reducing costs related to health care, are the most important issues.

A vast majority – nine in 10 North Dakotans – say it's important for local elected officials to help people who struggle to make ends meet. More than 70 percent would be willing to pay more in taxes if they knew the funds would help these people.

PERCENTAGE OF NORTH DAKOTANS WHO SAY THIS ISSUE SHOULD BE A "TOP" OR "HIGH" PRIORITY FOR LOCAL ELECTED OFFICIALS:

Keeping and attracting businesses that have good-paying jobs	84%
Improving access to health care and dealing with health care costs	77%
Providing more affordable housing	47%
Improving public transportation	21%

#### Pages 2-3

- A Lot of People Are Struggling
- Who Is Struggling to Make Ends Meet?
- State Snapshot
- Something Can Be Done to Reduce Poverty
- Especially for Elected Officials

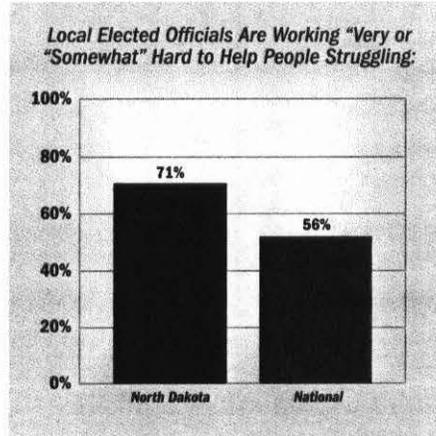
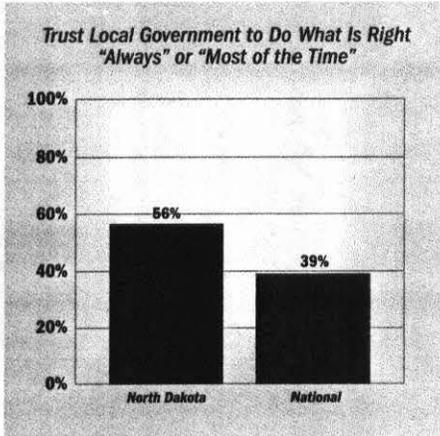
#### Page 4

- Who Should Work on Reducing Poverty?
- Asked of North Dakotans: Whose Role Is It?

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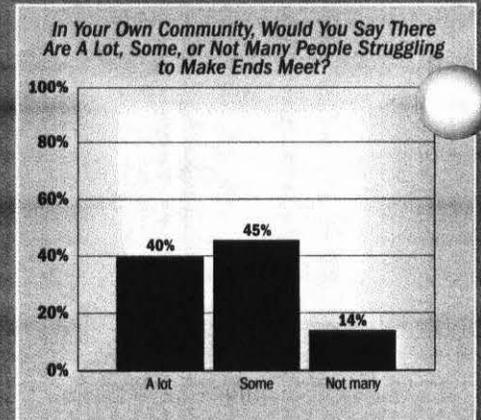
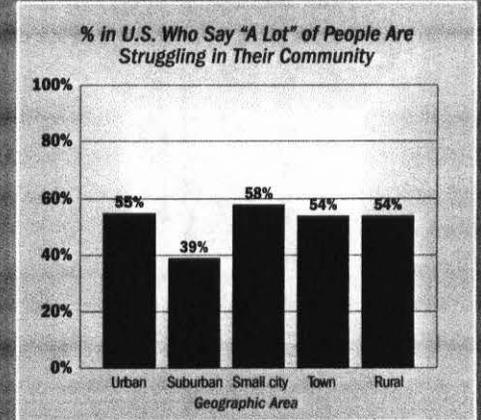
## STATE SNAPSHOT – NORTH DAKOTANS TRUST LOCAL GOVERNMENT, SAY LOCAL OFFICIALS ARE WORKING HARD

North Dakota may have a reputation among some as a state where an independent streak extends to skepticism towards government. But more North Dakotans say they trust local government than do Americans as a whole, and they are more likely to believe that their local elected officials are working hard to help people who are struggling.



## A LOT OF PEOPLE ARE STRUGGLING

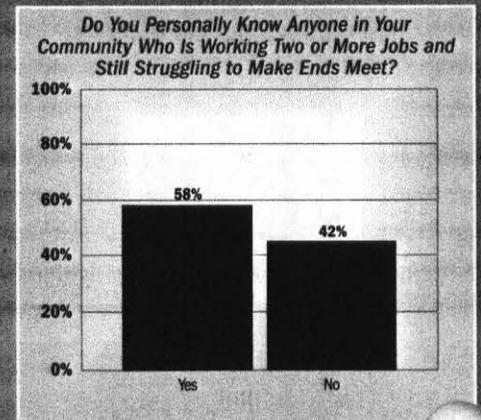
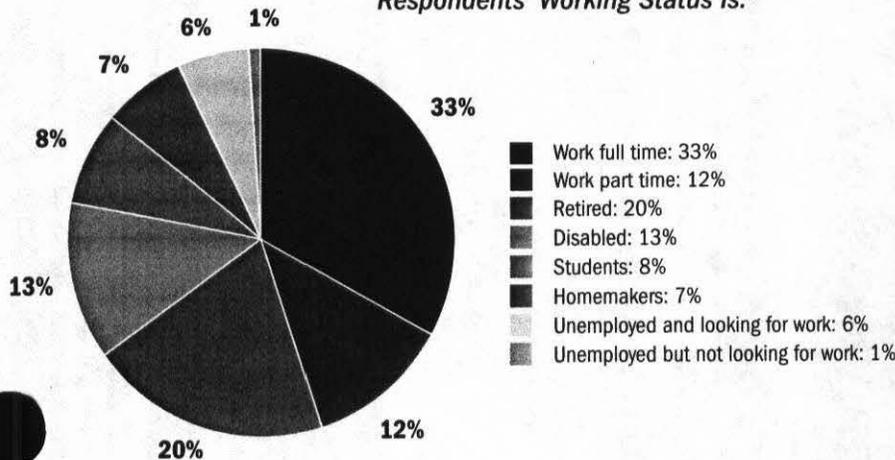
North Dakotans say "a lot" of people are working but still struggling to make ends meet in their communities. More than half of the people surveyed say they know someone who is working two or more jobs, yet still has trouble getting by.



## WHO IS STRUGGLING TO MAKE ENDS MEET IN AMERICA?

Low incomes are not the result of idleness. Almost half of Americans whose family incomes are less than \$25,000 per year are working full or part time. Seven percent are homemakers and 13 percent are disabled. Seven percent say they are unemployed, and the vast majority of these people are looking for work.

**Of Families With Annual Income Less Than \$25,000, Respondents' Working Status Is:**

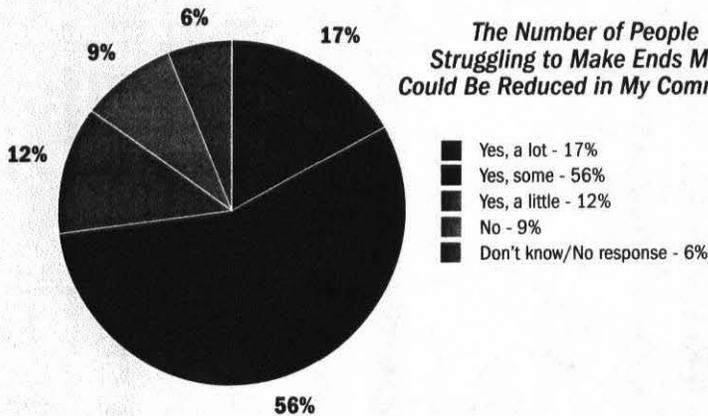


# PEOPLE SAY SOMETHING CAN BE DONE TO REDUCE POVERTY

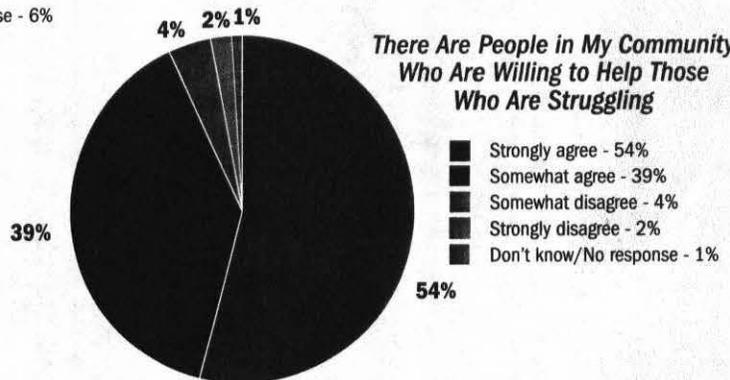
Far from throwing up their hands in defeat, people say things can be done in their communities to reduce the number of people who are struggling. They say there are many skilled and capable people in their communities, and many people who are willing to help their neighbors.

North Dakotans also say they have confidence in the abilities of people in their communities to work together to solve problems, and many respondents say they would be willing to pitch in, too.

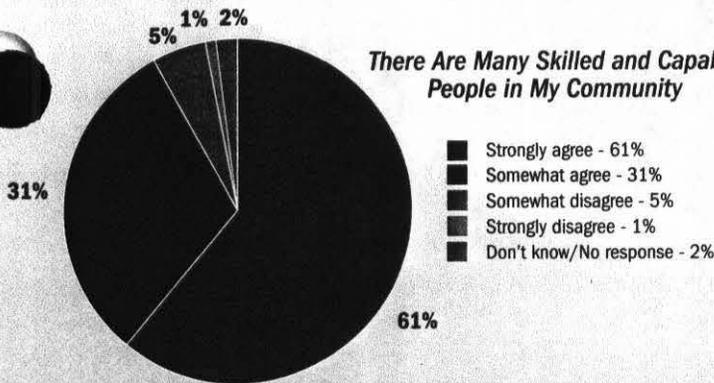
*The Number of People Struggling to Make Ends Meet Could Be Reduced in My Community*



*There Are People in My Community Who Are Willing to Help Those Who Are Struggling*



*There Are Many Skilled and Capable People in My Community*



## ESPECIALLY FOR ELECTED OFFICIALS

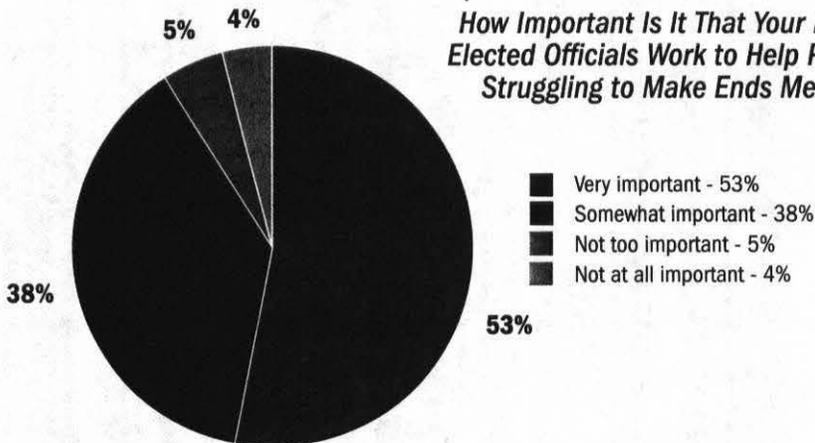
For elected officials who worry that North Dakotans aren't willing to make the trade-offs necessary to address poverty in the community, or who worry that people won't give them the room to try something new, these numbers are for you:

- 40 percent say helping people in their communities who are struggling is a "top" concern
- 62 percent say that, when they cast their votes, they think about how well a candidate would help those struggling to make ends meet

72 percent say they would pay \$50 more per year in taxes for programs in their communities to help people struggling to make ends meet

## WHO SHOULD WORK ON REDUCING POVERTY?

Most North Dakotans say they are personally willing to pitch in and do more to help people in their own communities. They say that their local elected officials are knowledgeable about what it's like for people struggling to make ends meet, and that local elected officials have a clear role to play in reducing poverty in their community. Seven in 10 say that local elected officials are working hard on the issue.



Data reflected in this publication are from a survey commissioned by Northwest Area Foundation and conducted by Lake Research Partners on Dec. 14-22, 2005. The national survey has a margin of error of +/- 3.5 percentage points and was weighted for gender, age, race and region. The margin of error for comparisons between U.S. and an individual state is +/- 10 percentage points.

For more information, copies of the final survey report and downloadable graphics, go to Northwest Area Foundation at [www.nwaf.org](http://www.nwaf.org).

## ASKED OF NORTH DAKOTANS: WHOSE ROLE IS IT?

**Are local elected officials knowledgeable about people's struggles to make ends meet?**

**74%** "very" or "somewhat" knowledgeable

**Are local elected officials working hard to help people struggling in your community?**

**71%** "very" or "somewhat" hard

**Is it a good idea for people in the community to get together to discuss ways to help those who are struggling?**

**95%** "very" or "somewhat" good idea

**Would you attend this type of community discussion?**

**73%** "very" or "somewhat" likely to attend



**Northwest Area  
Foundation**

651-224-9635

[www.nwaf.org](http://www.nwaf.org)

The Northwest Area Foundation, headquartered in Saint Paul, Minn., helps communities reduce poverty in its eight-state region: Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Washington and Oregon. The Foundation brings technical assistance and financial resources that help identify, share and advocate community-focused strategies for long-term poverty reduction. The Foundation does not accept unsolicited grants.

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