

2015 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 3027

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HCR 3027

2/9/2015

23457

Subcommittee

Conference Committee

Donna Whetnam

Explanation or reason for introduction of bill/resolution:

Urging Congress to increase the federal minimum wage to \$10.10 per hour by 2018.

Minutes:

Attachment #1-2.

Chairman Keiser: open hearing on HCR 3027.

Representative Gugissburg: (Attachment #1). Introduces the bill. Explained fact sheet. Called on Congress to act on minimum wage. (2:45-4:00).

Representative Ruby: Why would we encourage congress to do something we don't think is a good at the state level.

Representative Gugissburg: By calling on congress to do it, it would keep all the states the same.

Representative Ruby: If \$10 is good, why not \$20.

Representative Gugissburg: Minimum wage does affect employment and increase unemployment. If you do it over time the effects are negligible.

Representative Beadle: A lot of the data is federal. Will you talk about North Dakota specifics? The data comes from US workforce democrats so this is clearly a partisan leaning. Do you have any independently verified data?

Representative Gugissburg: I do not have state specific data. The people who are pushing this bill forward are democrats and I am not going to hide that. I will be happy to get you some other data.

Representative Laning: Do we have any data that would show an impact on employment of minors. Is there any impact on the numbers of employment?

Representative Gugissburg : We thought by raising the minimum wage it would affect younger workers but we found it doesn't affect them nearly as much as we thought it would.

Tom Ricker~North Dakota AFL-CIO: Representing workers in North Dakota. In support of HCR 3027. You know now the current minimum wage is \$7.25 and that is \$290 a week gross and by the year it would be \$15,080 per year. That is gross wages. A legislator in North Dakota would make \$ 13,200 in 80 days if that was full time year round it would be \$42,000 per year plus per diem or mileage. Minimum wage earners do not get mileage or per diem. I am not saying legislators are over compensated. I am just using this as a comparison that you will understand. Explained the problem of being a minimum wage earner.

Representative Laning: You indicated that the average minimum wage age is 22 years old. What age did they start to get the average?

Tom Ricker: I would have to do more research on that.

Representative Ruby: With the tipped employees it was brought out that it was 46% in the hospitality area were teenagers. You mentioned about the total income they would make on minimum wage. Do you have any numbers of people that are solely relying on minimum to support themselves?

Ricker: I heard that North Dakota is number one for the amount of people who held more than one job to make a living.

Representative Kasper: The average income for the average person is \$46,000 and climbing. Where are you getting your data?

Ricker: The AFL-CIO which came from the census bureau.

Representative Kasper: I would like to see your data report.

Ricker: I can get that to the committee.

Representative Beadle: The Bureau of Labor statistics information shows in 2014 youth unemployment for men is 15.1% and women 13.4% , I wondering if you have looked at how increase in minimum wage might affect youth unemployment rates?

Ricker: Not that I know of.

Chairman Keiser: Is there any data from economic studies of what the implications are of raising the minimum wage? What happens to the other wages in the state?

Ricker: I would suspect the wages would increase. It would possibly bring up other wages.

Chairman Keiser: Does that lead to inflation?

Ricker: It also leads to consumers having more money in their pocket.

Chairman Keiser: Do we have any studies that show that doesn't happen?

Ricker: I will pull some data and get that to you.

Caitlin McDonald~North Dakota Women's Network and represent the North Dakota Economic Security And Prosperity Alliance (See Attachment #2 page 2): in support of HCR 3027 and urge a do pass. (See Attachment # 2).

Representative Kasper: How many members in you organization and are you located all over North Dakota?

McDonald: On the 2nd page is a partner list and I am not sure where they are all located. We meet in Bismarck. We have about 300 members but we are more of an individual base.

Representative Kasper: You are an advocacy group that gets your funding from the list here or are you driven by membership dues? In your network?

McDonald: I believe it's more of a coalition that we are part of.

Representative Kasper: How many employees do you have?

McDonald: We have two.

Representative Ruby: In you testimony it says the phase in period of the increase the Gross Domestic Product would grow by twenty-two billion resulting in the creation of roughly 85,000 net new jobs over that period. It is the first time I have ever heard the GDP being increased by increasing the minimum wage. Could you expand on that.

McDonald: I am not able to expand on that but I would be happy to get more information on that and the source data.

Representative Ruby: The source is Economic Policy it says. Have you researched some of the data you presented?

McDonald: As far as the GDP increase I would have to do more research to answer that.

Representative Becker: The Economic Policy Institute is frequently cited for minimum wage arguments for the proponents. They are a biased organization with the sole purpose of trying to increase minimum wage. I do believe and it would raise GDP, but that is really a limited number because if you increase government spending you increase GDP. The Economic Policy Institute recognizes that increasing the minimum wage does cause unemployment. In order to try to minimize the amount of unemployment that it would cause which is borne disproportionately by the poor, minorities and the young, they recommend channels. Channels for mitigating unemployment. I would like to ask you about these channels. One is to offset the increased cost by demanding increased productivity is one of their channels. You demand more of the workers. They can keep their jobs but they are going to have to accomplish more in the 8 hour work day. In your opinion is that helpful or not helpful to the worker?

McDonald: I would have to think about that. I would like to look at what you are referencing.

Representative Becker: Another channel is to increase price to offset cost of unemployment. Do you think that is helpful?

McDonald: The increase prices is a tricky subject. When we look at the increase in tip wages the raising of prices was minimal. I'm not an economist.

Representative Becker: Another channel EPI recommends is decrease benefits, is that helpful or harmful to the workers?

McDonald: Decreasing benefits is a very general statement. It depends on what is defined as a benefit. Philosophically decreasing benefits not a lot of us are behind but it's all about balance.

Representative Becker: Another channel is called wage compression, once they have a job you are making the minimum wage, to help offset the cost of payroll they don't get raises until later on or if you normally would have received a raise at one year of employment you would not get a raise until two or three years of employment. So the ability to climb the ladder is no longer there or compromised. Do you think that is helpful to the low end worker?

McDonald: It's hard to say when we look at all the different factors.

Representative Becker: The last channel is decreasing the profits. I imagine you are ok with that if profits are decreased in order to increase the payroll for the low wage worker?

McDonald: I'm personally not a business owner. I do think increasing wages is an important piece of business. I am not a business person.

Representative Becker: My concern with the decreasing of profits the majority of minimum wage earners are employed by small business. These businesses frequently runs on a razor thin profit margin. So you really can't decrease profits they will go out of business and that will also increase unemployment. For the larger companies if you decrease profit you decrease the earning for people who rely on their 401K, because the stock prices go down and their ability to retire comfortably goes down as well. That hurts the consumers as well. I just wanted to get your take on the channels that the EPI recommends all of which are harmful to the employees.

Chairman Keiser: Anyone else here to testify in support of HCR 3027? None. Any one in opposition to HCR 3027?

Mike Rud~North Dakota Petroleum Council: in opposition to HCR 3027. We are a body of 700 members that comprise thousands of workers across the state. This issue is taking care of itself. Most all the roads signs if you can find a worker for \$10/hr. you are doing pretty good. We would just rise in opposition to this and let the free market take care of this. Let's not impact businesses in a negative way. I have had some small businesses

call me and they have seen an increase of 25% increase in their wages in the last year. That is a big impact on small business with only 20 or 30 people. If you raise the minimum wage you better be prepared to take your folks that have experience up the ladder as well because you have to keep your employees happy because at this time they are priceless to you. (26:53-28:44).

Representative Ruby: If most people are paying over the minimum wage and over the \$10.10 so it really wouldn't affect the employer as much either?

Rud: At the minimum wage level it doesn't affect the employer. But what about the people that have been around a while and how would you satisfy them when you start handing out a \$1/hr wage increase for the next three years. You will have to compensate those veteran workers as well. That is where the impact would be.

Chairman Keiser: Any on else in opposition to HCR 3027? Anyone in the neutral position of HCR 3027? Seeing none. Closes the hearing HCR 3027.

Representative Ruby: Moved Do Not Pass on HCR 3027.

Representative Becker: Seconded.

Representative Ruby: It seems like we get these bills so often and we hear data but the testifiers don't have the answers to our questions to support their testimony. Again I ask why would we ask congress to do something we didn't think was a good idea to do at a state level?

Representative Kasper: I don't see in the constitution where it gives the federal government the authority to set wages in the various states. I think that is an issue the state should have the authority on. This resolution urges congress to have a one size fits all. We have too many one size fits all situations that come out of congress and it doesn't work. Let North Dakota people decide where minimum wage will be not the federal government.

Representative Louser: The average hourly wage has risen 12 cents in January to \$24.75 across the country. Over the past 12 months the hourly wage has risen 2.2% which is ahead of inflation which rose .7% in 2014. I don't think the minimum wage has much impact in North Dakota. The effects of the minimum wage are not on the minimum wage worker but rather on the other employees that are not making the minimum wage. I don't see a need for this bill and if we are talking about adjusting for inflation to \$10.10/hr. we will see this thing every two years.

Representative Beadle: Georgia Tech University Tech did a study on the 2013 Fair Minimum Wage Act that congress is debating. Explained the model. (33:25 -34:11) It is clear that minimum wage does increase unemployment but it shows that we should be pushing toward education that would give people higher wages and a better chance for success.

Chairman Keiser: Any further discussion? Seeing none we will ask the clerk to take the roll on a do not pass on HCR 3027.

A Roll Call Vote was taken. Yes: 10 No: 4 Absent: 1. Motion carried.

Representative Laning: will carry the bill.

Date: Feb 9, 2015

Roll Call Vote: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3027

House Industry, Business & Labor Committee

- Subcommittee Conference Committee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations

Other Actions: Reconsider _____

Motion Made By Rep. Ruby Seconded By Rep. Becker

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Representative Lefor	X	
Vice Chairman Sukut	X		Representative Louser	X	
Representative Beadle	X		Representative Ruby	X	
Representative Becker	X		Representative Amerman		X
Representative Devlin	X		Representative Boschee		X
Representative Frantsvog	Ab		Representative Hanson		X
Representative Kasper	X		Representative M Nelson		X
Representative Laning	X				

Total (Yes) 10 No 4

Absent 1

Floor Assignment Rep. Laning

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3027: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING).
HCR 3027 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

HB 3027



FAIR MINIMUM WAGE ACT

FACT SHEET

1
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Minimum wage workers are long overdue for a pay raise. A Democratic-led Congress last increased the national minimum wage in 2007 to \$7.25. This boosted earnings for as many as 13 million workers who had been stuck pulling in a meager \$5.15 per hour for a decade. Since then, the minimum wage has not kept pace with inflation. The real value of the minimum wage today is more than 30 percent less than it was in 1968. In addition, workers who rely on tips haven't seen an increase in their wages in 21 years; the required pay for tipped workers, excluding tips, has been stuck at a paltry \$2.13 per hour since 1991.

It's time to raise the minimum wage. It's time to pass the *Fair Minimum Wage Act of 2013 (H.R. 1010)*.

Q: What does the *Fair Minimum Wage Act of 2013 (H.R. 1010)* do?

A: Gives hard-working Americans a long-overdue pay raise by:

- Increasing the national minimum wage over three years from \$7.25 to \$10.10 per hour.
- Indexing future annual increases to inflation.
- Raising the tipped minimum wage gradually from the current \$2.13 to 70 percent of the minimum wage.

Q: Who earns the minimum wage?

A: Hard-working adults with full-time jobs, many of whom are women.

- Workers who will benefit from raising the minimum wage work full time (54 percent) and are adults who are at least 20 years old (88 percent). They bring home 50 percent of their family's total income on average.
- Nearly two-thirds of minimum wage workers are women.

Q: Who would benefit from an increase in the minimum wage?

A: Everyone.

- A \$10.10 minimum wage would raise the pay of at least 25 million workers nationwide, generating \$35 billion in increased pay and compensation for working American families.
- Raising the minimum wage injects money into the economy. An increase to \$10.10 would generate some \$22 billion in increased economic activity and create 85,000 additional jobs.
- A \$10.10 minimum wage would lift 5 to 6 million Americans out of poverty.
- The additional household income would help food, clothe, and shelter some 14 million children.
- The 13 states that boosted their minimum wage at the beginning of 2014 are seeing better job growth than the ones that did not.

Q: How does an increase in the minimum wage help taxpayers and reduce government spending?

A: By reducing the need for taxpayers to subsidize profitable corporations that pay poverty wages.

- Because of its low wages, the fast food industry costs taxpayers \$7 billion a year in public assistance.
- A \$10.10 minimum wage would decrease the need for Supplemental Nutrition Assistance Program (SNAP) benefits by almost \$4.6 billion annually.
- The underpaid employees at a single big-box retail store in Wisconsin cost taxpayers around \$1 million a year for just ONE public assistance program (Medicaid).

Q: Who supports an increase in the minimum wage?

A: The majority of Americans—including Republicans and Democrats from all parts of the country.

- A recent national poll found that by a ratio of four to one, Americans support raising the minimum wage to \$10.10 per hour. This support cuts across all political affiliations and regions of the country.
- Momentum is building across the country. Connecticut, New Jersey, New York, and Rhode Island all voted to increase their minimum wage in 2014. Today 23 states and the District of Columbia have a minimum wage higher than the federal level.
- More than two-thirds of small business owners support increasing the national minimum wage to \$10.10. [[American Sustainable Business Council and Business for a Fair Minimum Wage](#)]

EFFECT ON WOMEN AND MINORITIES

Increasing the national minimum wage would disproportionately benefit women and minorities. Women make up a higher percentage of low-wage workers than men and often struggle to support their families on a minimum wage. Minorities also disproportionately work at low-wage jobs and would see their pay rise with an increase in the national minimum wage.

Women across the country would benefit from an increase in the national minimum wage.

- Women account for more than 70 percent of the workforce in low-wage sectors such as personal care and health care support.
- More than 15 million women would get a raise under H.R. 1010, including more than 1 in 5 working mothers.
- More than 3 out of 4 women earning the minimum wage are age 20 or older, and most do not have a spouse's income to rely on.
- Estimates from the President's Council of Economic Advisers suggest that increasing the minimum wage to \$10.10 an hour and indexing it to inflation could close about 5 percent of the current gender wage gap.

Minorities would also benefit significantly from increasing the minimum wage to \$10.10 per hour.

- By 2016, almost 15 percent of workers affected by a \$10.10 minimum wage would be African American, even though African Americans will only comprise 11 percent of the workforce.
- Similarly, 25 percent of those affected by 2016 would be Latino, even though Latinos will only comprise 15 percent of the workforce.

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Testimony on Behalf of
The North Dakota Economic Security & Prosperity Alliance (NDESPA)
House Concurrent Resolution 3027 – House Industry, Business and Labor Committee
February 9, 2015

Chairman Keiser and members of the House IB&L Committee, my name is Caitlin McDonald, from the North Dakota Women's Network. I am representing the North Dakota Economic Security & Prosperity Alliance. NDESPA is a coalition of citizens and organizations working to build assets for North Dakotans of low and moderate income through public policy change. I am here in support of HCR 3027 that would urge Congress to increase the federal minimum wage to \$10.10 per hour by 2018.

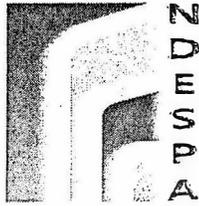
Even in these times of prosperity, people of low and moderate-income – 1 out of every 9 North Dakotans – struggle to make ends meet. More than 75 percent of these households have earned income – they are working people and families. There are more than 75,000 people living with low or moderate-income in North Dakota, nearly 25,000 of who are children. Raising the minimum wage would have a positive impact on these working people and families. The sponsors of HCR 3027 have done a sound job of dispelling many of the myths associated with increasing the minimum wage. NDESPA offers the following additional information:

According to the Economic Policy Institute, raising the federal minimum wage to \$10.10 (by 2016) would return the federal minimum wage to roughly the same inflation-adjusted value it had in the late 1960s.

- An increase to \$10.10 would either directly or indirectly raise the wages of 27.8 million workers, who would receive about \$35 billion in additional wages over the phase-in period.
- Across the phase-in period of the increase, the Gross Domestic Product (GDP) would grow by about \$22 billion, resulting in the creation of roughly 85,000 net new jobs over that period.

- The workers who would receive a raise do not fit the stereotypes of low-wage workers:
 - Among affected workers, the average age is 35 years old, nearly 88 percent are at least 20 years old, and more than a third (34.5 percent) are at least 40 years old.
 - Of affected workers, about 54 percent work full time, about 69 percent come from families with family incomes less than \$60,000, and more than a quarter have children.
 - The average affected worker earns half of his or her family's total income.

The North Dakota Economic Security & Prosperity Alliance urges the committee to pass HCR 3027 to send a strong message to Congress and as an investment in North Dakotans with low and moderate-income. Attached to this testimony is a list of NDESPA partners who stand in support of this legislation. I would be happy to take questions from the Committee.



North Dakota
Economic Security
and Prosperity
Alliance

North Dakota Economic Security & Prosperity Alliance
(NDESPA)
2015

AARP-ND

North Dakota Women's Network

CAWS North Dakota

North Dakota Disabilities Advocacy Consortium

North Dakota Community Action Partnership

North Dakota Head Start Association

North Dakota Human Rights Coalition

North Dakota United

Charles Hall Youth Services

Family Voices of North Dakota

American Association of University Women in North Dakota

Charles Hall Youth Services

North Dakota Chapter of the National Association of Social Workers

Childcare AWARE

Mental Health America of North Dakota

Prevent Child Abuse of North Dakota

North Dakota County Social Service Directors Association

NDESPA works to build and sustain a system of economic security for all North Dakotans through poverty awareness and education, grassroots and community capacity building, research and data development, and promotion of policies and practices to eliminate disparities and obstacles for achieving economic security.