

Senate Commerce Committee

Angela Leach 271-3077

SB 83-FN-LOCAL, relative to the state minimum wage.

Hearing Date: February 14, 2017

Members of the Committee Present: Senators Innis, French, Sanborn, Soucy and Lasky

Members of the Committee Absent : None

Bill Analysis: This bill establishes a state minimum wage.

Sponsors:

Sen. Soucy	Sen. Woodburn	Sen. D'Allesandro
Sen. Fuller Clark	Sen. Lasky	Sen. Watters
Sen. Hennessey	Sen. Kahn	Sen. Feltes

Who supports the bill: Sponsors, See sign up sheet

Who opposes the bill: See sign up sheet

Summary of testimony presented:

Senator Sanborn stated he had a conflict with this legislation but will be participating.

Senator Soucy PRIME- This is an important piece of economic development legislation. This bill seeks to reestablish NH's minimum wage. NH was one of the first states to establish a minimum wage. In 2011, HB 133 repealed the minimum wage making NH one of 6 states that doesn't have its own minimum wage. The other states are Alabama, Louisiana, Mississippi, South Carolina, and Tennessee. 19 states began the New Year with higher minimum wages, 7 states automatically increased their rates based on a cost of living and 5 states increased rates through ballot initiatives previously approved by voters. 7 states which include Massachusetts and Vermont did so because of prior legislation. 3 are scheduled to raise their minimum wage in July 2017. Around the country other states are recognizing the federal minimum wage is not a living or sustainable wage. There is a moral imperative, pay fair wages for work that is done and those wages will allow someone the dignity of supporting their families. A report done by students at the Nelson Rockefeller Center at Dartmouth College about what happens when you raise the minimum wage. They found there was a modest economic stimulus increase because low wage workers are the most likely income bracket to immediately spend additional earnings on basic needs and services. It would help cover the cost of finding and keeping a job, the cost of transportation and childcare, uniforms and other expenditures that reintroduce additional income into the economy. From an article from the NH Business Review submitted by the Economic Policy Institute about who is impacted by the minimum wage stated more than 140,000 granite staters are minimum wage earners, of that 72% are 20 years or older, 36% are 30 years or older, 59 % are woman, 14% have children and 22 % work full time Our largest employers recognize paying a low wage in the long run is problematic, costly and difficult to retain workers. In NH, Walmart pays its full time employees \$14.29 per hour and part time employees \$10.95 per hour because they recognize the investment they make in their employees and constant turnover by paying less isn't a good business decision. Some of my constituents work two jobs and are trying to support a family, and don't want to

ask for help but find that they qualify for public assistance despite the fact they are working as many hours as they can for such a low wage

Senator French- what was your number of those in NH making minimum wage.

Senator Soucy- 140,000.

Senator French- I had a much different number.

Senator Soucy That's not the number of people making minimum wage that is the number of people that would be impacted by the increase. People making \$7.25 up to \$12.00 per hour.

Senator Innis- We start housekeepers at \$10.50 an hour and then \$13 per hour after 6 months, in the summer they can make \$20 per hour with the tips added in. Is it truly necessary or is the market taking care of it on its own in some ways. \$7.25 wouldn't get us employees that would stay, so we went higher, does the market work in this case or why might it not.

Senator Soucy- That is sound business judgment given the area where your facility was and the types of employees you were looking for but not the case for every business. I have constituents in inner city Manchester who work for minimum wage. They work for a large national food service, they are working hard and they can't do it on their own. Good businesses recognize that they need to invest and compete for employees.

Senator Innis- I am concerned that opportunities for students in high school and college will diminish, what happens when wages go up too quickly and technology replaces humans. We will be ordering on an iPad or kiosk. Taking a job away from someone. We've seen it at the airports. Everything else is automated.

Senator Soucy- For students and younger people looking to work part time I think those opportunities will still exist. There are a lot of students who are insulted by working for \$7.25 per hour. With regards to automation, not sure how we stop that but people want to talk to a human being. Can't completely go automation in some jobs but I think good service goes a long way and we will continue to use those that use that kind of service.

Senator Sanborn- The last time I pulled wages from the state, 76,000 people made minimum wage of which 71,000 were tipped employees. The average wage of a server today is between \$17 to \$35 per hour, which leaves about 5,000 people at minimum wage. And there is no record of any of those 5,000 being a primary wage earner for their household. Most of them are younger, in college, or transitional or part time. Can I have the source of your data so that I can cross reference it.

Senator Soucy- the source is from a NH Business review article of October 28th- November 10th issue. And it was information provided by the Policy Institute of NH. Looking at those that would be impacted by the minimum wage, 140,000 number is based upon people earning minimum up to \$12 per hour. If you earning 8.25 per hour now you wouldn't see an increase in the first phase of the bill. If you are earning \$10 per hour, you would see an increase in the last phase of the bill. The bill phases in an increase of a minimum wage and I would be happy to discuss dates and amounts if there is an appetite. I think we have as a state an obligation to look at our own circumstances and cost of living in this state to determine what is a realistic minimum. I think it is different climate than Alabama and Mississippi, looking at our housing costs, our childcare costs, 7.25 per hour is unrealistic. There are people earning the minimum wage and they qualify for some sort of assistance.

Senator Sanborn- We own companies, we see what the market is, we know what it takes to get employees. When I look at wages, NH is ranked the 5th highest in America. Average wage is just under \$35,000 per year and average household wage just under \$57,000 per year, clearly something is working if we are one of the top 5 states in America for pay on average. How is it not working and every economical indicator puts us at the top of everything. Lowest unemployment, best education, best place to live, seems like we are doing a pretty good job.

Senator Soucy- Yes, by a lot of bench marks we are doing better but not everyone falls into that bracket. For a lot of businesses, it is a sound business judgment to recruit and retain employees by paying them more. But there are some businesses that don't. There are people that live in inner city Manchester doing everything they possibly can, reporting to work on time, working the hours, doing the things they are being told and doing it for \$7.25 per hour. That is not a fair and just wage.

Anna Brown- Citizens Count NH-(Neutral) Nonpartisan/nonprofit organization dedicated to making it easier for citizens to engage with elected officials. We don't take any positions as an organization but we inform citizens about upcoming bills and invite them to share their opinion on Facebook and webpage. Asked community on Facebook about raising the minimum wage and out of 359 NH participates, 3/5^{ths} were against raising the minimum wage. This was asked prior to the House bill

which is different than this bill, and this was a generic question in regards to what amount.

Senator Soucy- There were 359 participants which are people that participate in your community, not sent out to broader audience.

Anna Brown- No it isn't a poll, a form of citizen online testimony. The people who choose to comment were interested in one reason or another.

Senator Innis- Are these people that are part of the live, free or die alliance.

Anna Brown- It can be anyone that sees our posts on Facebook. 150,000 people that have liked our page which includes people inside and outside of NH which is why we isolate the analysis to just NH.

Senator Sanborn- Live, free to die alliance has been changed to citizens count NH.

Anna Brown- Yes, we are in the middle of a name change. Nonpartisan/nonprofit and it is our mission to make it easier for citizens to connect with elected officials and share their opinions.

Senator Lasky- I'm inclined to read and go on Facebook pages that are like minded. I don't know if I would be taking your survey. How valid is this if in fact, people you are attracting are going to think the way that you do.

Anna Brown – We are always striving to get a broad base of people to participate. People voluntarily participate and we can't control that. If someone comments and then their friends see the comment, they are more likely to see the post and more likely to share that view. Try to overcome that by having such a broad base of people like the Facebook page. Do go in and look at the statistics, and are they getting everyone in the state more or less. Keep an eye on the results they get, don't clearly line up one party or another. Testified at the committee on right to work and it was a slight majority against right to work.

Senator Innis- The survey results are interesting but can't be considered scientific.

Shelley Kesselman- Granite State Organization Project- Rally around issues rather than party on candidates. Believe in a society predicated on justice, compassion, equality and a moral economy. A moral economy is that the basic needs for all should have precedent over luxuries for a few. And protects the most vulnerable members of our society, and assures that no one who works full time has to live in poverty. There are a lot of myths about what the minimum wage is and does. They are not just kids just picking up pocket money or saving for college. According to the US Census Bureau, nationwide 89% of minimum wage workers are adults over age 20, people are attempting to support themselves on \$15,080 per year. An MIT study shows it take more than \$21 per hour to support a household of one adult and two children in the state of NH. The majority of low wage workers are employed by large corporations. Small businesses do not stand to be hurt by raising the minimum wage because they are already paying more than that. Harvard Business Review indicates that there are savings to be realized because of lower employee turnover and higher productivity. Raising the minimum wage promotes economic growth. A study by the Economic Policy Institute shows that raising the minimum wage to \$10.10 per hour will generate more than \$30 billion in new economic activity nationwide. This study showed among small businesses there concerns were not that their employees earned too much but that their customers earned too little. More people on public assistance because their wages won't go far enough does not help our economy. GSOP did a poll and 90% support raising the minimum wage. Many people have to work 2 or 3 full time jobs.

Arnie Albert –Co Director of the American Friends Service Committee Scientific studies of public opinion have shown strong majority nonpartisan support of raising the minimum wage. Would be glad to track down that data. According to the NH Housing Finance Authority the statewide median rent of a two bedroom apartment is \$1206 which means it takes an income of more than \$48,000 a year to afford a typical apartment. In order to make that much you would have to make \$23 per hour, that is more than 3 times what a worker makes at the current minimum wage. Many do not work 40 hours a week or 52 weeks per year because their employers do not provide them with steady work or in other cases they have to take care of sick family members. The National Housing Coalition found that the wage needed to afford a 2 bedroom apartment was \$21.09 per hour in NH. Based on their analysis a minimum wage worker would have to work 91 hours per week or two minimum wage workers working 45 hours per week to sustain that. The NH Fiscal Policy uses another methodology to determine need. In NH the true cost of living is considerably higher than the poverty threshold. A basic family budget for a two adult, two child family in Manchester was \$ 71,939 in 2015, based on a calculation of the income necessary for families to achieve an adequate but modest cost of the most basic living needs such as housing, food, transportation, childcare, clothing this does not include vacations, retirement savings etc. The unemployment rate is low enough that they may be very few workers in NH that are

actually getting minimum wage. If the case, there is little merit to the argument that it is a problem to raise the state's minimum wage. No one that works full time should live in poverty. Raise it to \$8.50 and then raise it to \$10 per hour by March 1, 2018 and then \$12 by September 1, 2018. Then consider raising it to \$15 January 1, 2020 then index the minimum wage according the consumer price index.

Bruce Berke- NFIB, Ski NH, NH Chapter for New England Convenience Stores Association (Opposed)- Job growth is the number one economic priority, NH has a higher than average amount of small businesses than most states nationwide. This bill would jeopardize many key economic components in our state. A greater than 50 % increase in the minimum wage not only effect costs but also payroll taxes and insurance, it will reduce hours and employment opportunities. Published research finds that 80% of the studies conclude that minimum wage increases lead to higher unemployment. In 2015, the nonpartisan congressional budget office predicted that the proposed federal minimum wage increase to \$10.10 would lose half a million jobs. A \$12 minimum wage would lose 770,000 jobs in this country and 4000 of those would be here in NH. People currently earning the minimum wage were not the primary household earner. The minimum wage was never intended to support a family's ability to get by. The higher costs to businesses are not considered, the negative impact, the wage compression, the payroll that businesses have would be significantly impacted. 170,000 would be effected by these increases and a much larger impact on the small business community. People earning more than \$7.25 today, would expect an increase as well, even if they are above the \$12 rate. According to economist at the Federal Reserve board, a higher minimum wage reduces employment opportunities for the least skilled workers, the costs become greater for the business owner who don't have to give them as much training and oversight. Free market is working in NH, small businesses pay way above the minimum wage. Ski Areas starting at \$10 per hour.

Senator Soucy- are the NFIB paying more as well. You're saying \$7.25 is the right place to be or nothing at all.

Bruce Berke- We are suggesting the minimum wage doesn't increase. If you have an increase then that will have significant wage compression upwards.

Carol Backus- President of the Board of Granite State Organizing Project 30 church organizations are part of CSOP. We should have a \$15 hour minimum wage. We have high average income, we rank as high as third, the problem is that not everyone is participating in that. You have highs and lows. The people on the lower end are really struggling. We hear stories of real struggle, impact on families, human life in the state, supporting a higher wage would be wonderful.

Reverend John Gregory-Davis- Co Pastor Meridan Church of Christ- Passed a resolution supporting an increase in minimum wage. There is bipartisan support across the nation for raising the minimum wage. The working poor should be an oxymoron, it is nonsense that someone that works as hard as they can, can't support their family. There is often a divide whether we raise taxes or not, this is a tax free option. When employers can't pay people what they should be paid, those employers encourage their employees to go get public service benefits which is taxpayer money. Those taxpayers subsidize employers who refuse to pay their employees not because they can't but because they refuse to. The minimum wage was put into place to ensure that the working person would be able to support themselves, that isn't true now because we have failed to adjust according to the cost of inflation. Would like the minimum wage to be \$15 per hour. If there is only 1 person that makes a minimum wage and can't support themselves, we have failed.

