

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON LABOR AND EMPLOYMENT RELATIONS

Call to Order: By Chairman Russell, on January 17, 1989, at 3:00 P.M.

ROLL CALL

Members Present: All present.

Members Excused: None.

Members Absent: None.

Staff Present: Eddy McClure, Staff Attorney.

Announcements/Discussion: We will start first with proponents and give you one hour, so if some of you can gather together and perhaps have one spokesperson, if that seems better, especially as we get toward the end of the hour, that might be fine. We will also give one hour to opponents.

HEARING ON HB 28 and 49

Presentation and Opening Statement by Sponsor:

REP. HARRINGTON: Sponsor of HB 28. The bill is in three basic parts -- raise the minimum wage two different times -- on June 30, 1989 minimum wage would go up 90 cents and then again on November 30, 1989 it would go up again another 90 cents. It all hooks into the federal index, which means the cost of living.

One way or another, this legislature must increase the minimum wage in the state of Montana. The federal minimum wage has not been raised since 1981, however Montana raised its minimum wage in 1986. Many minimum wage earners do not work 40 hours per week. Many people are hired for minimum wage or slightly above minimum wage, but these people have no other benefits given to them by their employers. When a minimum wage earner becomes ill, whether he is single or has a family, or a member of his family becomes ill, the state has to provide the medical care for that individual because it is not being taken care of. Many of these people who are going to talk in opposition of this bill today are going to state that they cannot afford this kind of situation. Many of these businesses who pay minimum or close to minimum wage could well afford to pay much more. (Here he gives an example that McDonald's made a report not too long ago where it was stated that McDonald's could pay each worker \$15.85

an hour and still make a very comfortable profit, as far as fast foods are concerned.)

I understand that there are businesses out there who have problems and this bill would cause some problems. One of the problems I have with putting any changes in this bill which dictate that certain people are for subminimum wage for youth, is a fact that you pit youth against the working force when you do that. I feel that the minimum wage should be the minimum wage.

Here he refers to fiscal note he handed out to committee members (attached hereto as Exhibit #1).

We have to vote for an increase in minimum wage, whether it be this bill or Rep. Cohen's bill.

REP. COHEN: Sponsor of HB 49. Passed out sponsor's fiscal note to committee members (Exhibit #2 attached hereto) and reviewed same.

The purpose of a minimum wage is to assure that working men and women will be able to meet their basic needs for shelter, nourishment and clothing. For the past eight years the federal minimum wage has been frozen at its present level. In the same period we have experienced nearly 30% inflation over 1981, that means that the \$3.35 today is only worth \$2.60 in 1988 dollars. That is not fair. A society that condemns a working person to an annual salary of \$6,700 is not a fair society. In Montana 14% of all working people receive minimum wage and the greater percentage of those people are women. (Here he goes through his fiscal note).

Long range effects: the number of Montana citizens living at or below the poverty line will be reduced; the number of children at risk of neglect or abuse will be reduced; there will be a reduced need for social services; the state's economy will experience a surge as \$36,000,000 is pumped back into the economy.

Testifying Proponents and Who They Represent:

JOHN ORTWEIN, Director of the Montana Catholic Conference.

BRENDA NORDLUND, Montana Women's Lobbyist Fund.

ELMER FAUTH, self, Great Falls.

ED SHEEHY, State president of the National Association of Retired Federal Employees.

JOE MOORE, Montana Rainbow Coalition.

TERRI DOLAN, self, Missoula.

BILLIE WARNER, self, Missoula.

JIM CORTEZ, self, Butte.

LISA ZIER, self, Missoula.

VIRGINIA JELLISON, Montana Low Income Coalition.

MIKE CRAIG, Associated Students of the University of Montana.

LINDA MILLER, self, Missoula.

DON JUDGE, Montana State AFL-CIO.

PHIL CAMPBELL, Montana Education Association.

SANDRA RUCKLES, self, Basin.

JIM SMITH, Human Resource Development Council.

LEE BEASLEY, self.

Proponent Testimony:

JOHN ORTWEIN. Proponent. Spoke from written text, attached hereto as Exhibit #3, and made a part hereof.

BRENDA NORDLUND. Proponent. Spoke from written text, attached hereto as Exhibit #4, and made a part hereof.

ELMER FAUTH. Proponent. I am in favor of HB 49 to a certain extent. I feel that an increase to \$4.35 is a good step in the right direction, but I oppose the exclusion of high school students. They also have to make a living wage.

Supports HB 28 wholeheartedly. It gives us an incentive to move on step by step and for any country to progress, we need steps to go by. When we were little kids we needed steps to climb on, etc. It all ties in, and for that reason I definitely support HB 28. As far as the \$3.35 goes, the lady preceding me says it is an unlivable wage. I think it is a livable wage if you didn't have to eat or sleep or take some time out for some of the natural human functions, but when you have to do that it is very definitely way below poverty.

ED SHEEHY. Proponent. We support both HB 28 and 49. We more strongly support Rep. Harrington's bill (HB 28) simply because of the generational factor that is involved there. WE find that many of our people, sadly, must supplement their income (retirement income) by working. Simple justice calls for an increase in the minimum wage.

JOE MOORE. Proponent. Supports the concept of raising the

minimum wage. Spoke from written text attached hereto as Exhibit #5.

TERRI DOLAN Proponent. I am a waitress and I can tell you what it is like to work and live on minimum wage. Your pay checks don't go until the end of the month, you can't get shoes for your kids and you can't buy groceries. When I was working full time and making minimum wage I still qualified for Social Services, food stamps and Human Resources helped me pay my power bill. We went to the County Health Department for our well children checkups. I was a single mother supporting children. I am no longer a single mother but this was in 1985. I couldn't live on it then and I know I couldn't live on it now. I support HB 28.

BILLIE WARNER. Proponent. I am hereto support HB 28. I cannot get a high paying job so I have to work for minimum wage. I am working as a waitress part time. They do not give you full time hours, and they don't give you insurance coverage. You have nothing. Then you supplement your income with whatever is seasonal -- selling flowers on the street corner -- just whatever is available. I would just like to see a decent livable wage even for a single person, to be able to go out there and work 40 hours a week. I have no insurance coverage so what have I got to look forward to. It makes it a little tough when you are older. I have taken heavy equipment training but I have not been able to get a job in that field. Hopefully I will be able to because it will be more money but until then I have to work for lower wages.

JIM CORTEZ. Proponent. I support HB 28 because if people can get higher minimum wage they will be able to get off the welfare system and we would be able to afford insurance and other needs. I support HB 28 over HB 49 because 28 indexes minimum wage and does not discriminate against students and teenagers.

LISA ZIER. Proponent. I am a single mother with two children. When I was working for minimum wage I could not make my paycheck go. I have a son who has been really sick and the bills pile up. You cannot make it working for \$3.35 and getting no other support. (Written testimony also submitted and attached hereto as Exhibit #6.

VIRGINIA JELLISON Proponent. Our organization is made up of about 6,000 members in Montana and we represent the people who are employed, unemployed, on AFDC, on general assistance, elderly low income and children in poverty. Our organization represents the people we are talking about today. We support both HB 28 and 49 (49 with the exception of the exclusion of high school students deleted from that bill). We support the increased minimum wage because we are concerned about not only the dignity of people being able to be paid for the work that they do, and a livable wage. Not just a wage, but a wage that will help them to get out of

poverty. We are going to be seeing a lot of welfare reform legislation this session. Some of it very restrictive, but some of it has promise, and hope that people will be able to break the cycle of poverty. We feel very strongly that an increase in the minimum wage is extremely important if people are going to get off welfare or be able to reduce their dependency. Even at \$4.25 an hour, or \$4.35 an hour some assistance will be needed at least for awhile until they build up their earning power a little. We need to have minimum as a continuum in this attempt to try to deal with some of our economic problems in Montana with the low income people. That is one of the reasons we support the indexing so that as the national minimum wage increases, or the hourly rate increases, that Montana's minimum wage would increase also. We think that is a wise solution and I know that there are many people who will oppose this, but for us the most compelling reason to support an increase in minimum wage is that we want some realistic solution to helping people to get out of poverty and be less dependent upon the state. If you pass this bill, HB 28 and HB 49, with the exclusion of the high school students, and include the indexing, we are going to see a tremendous difference and it is going to make an impact on Montana in the future. We know that those people will not only require less public assistance or maybe none at all, but they will also be paying taxes. They will be supporting the state and doesn't that make sense. We ask that you support HB 28 and HB 49 with the exception to exclude high school students.

MIKE CRAIG. Proponent. Associated Students of the University of Montana supports both house bills because many college students work for at or near minimum wage. There are approximately 3,000 students employed in work study and non-work study jobs in, on or near the UM campus. About 56% of those positions would be favorably affected from both of these proposals. It is estimated that the total cost to the university system could range from 6% to 10% in increases in student wages. We believe it is safe to say that the number of students working in the growing service sector is substantial and most of them are working for wages at or near the present minimum wage. University students are continuously informed through the media that tuition is going to increase in order to help the state pay for the increases in university funding. ASUM therefore supports these bills so that working students can help partially defray the inevitable increases in tuition they are told to expect in the near future.

LINDA MILLER. Proponent. As a young person moving out of my parents' home and out on my own I carried three minimum wage jobs. I worked six days a week and I couldn't cut it. I remember having to make the decision to feed myself or to feed my cat -- my cat got fed, I did not. I did seek public assistance to pay half my rent and I did go to the Missoula food bank more than once to get food for myself. I have

many friends who are single parents and looking for help and I want to urge your support of HB 28.

DON JUDGE. Proponent. Read from written text attached hereto as Exhibit #7 and made a part hereof.

JIM SMITH. Proponent. We support HB 49. I have never advised a young man or a young woman that he or she is better off staying on welfare than taking a job and I have never come before a committee of the legislature and said that a person is better off staying on welfare than they are going to work, because I am one of those people who believes that any job is better than no job and that any job is better than the public assistance system that we have built piece by piece over the last fifty years, but when I listen to somebody like Miss Miller who said she works three minimum wage jobs now and still finds herself at the Missoula food bank, I am totally at a loss for words. The logic and rationale of everything that I thought I believed is bedeviled by the situation in which many, many people in Montana find themselves. When we have a situation like this I guess I have to agree with the bill sponsor that simple justice demands that we do something about it as a society.

I ask that you support HB 49.

PHIL CAMPBELL. Proponent. We want to be on record as supporting both HB 28 and 49. We represent in addition to the teachers in our public schools, a lot of the non-teaching workers at schools, many of whom work for minimum wage and as you heard earlier, many of them work part time so they don't have the benefits that other workers at the schools have also.

I can't add anything more than what has already been said for all the reasons -- simple justice is called for in supporting this legislation for increasing minimum wage.

SANDRA ROCHLIS. Proponent. I am speaking in favor of both bills 28 and 49 with the exception of paying high school people under minimum wage and I want to emphasize the importance of indexing minimum wage to the national average. The arguments I have in favor of these bills have already been very well expressed by other people. I just want to add one thing. I would like to ask each member of this committee to think about what it would be like if you would have to live on minimum wage. Please think about that and think about how are your needs so different from the people who do have to live on minimum wage.

LEE BEASLEY. Proponent. Supports HB 28. Repeated what has already been said.

Testifying Opponents and Who They Represent:

CHARLES BROOKS, Montana Retail Association.

LAURIE SHADOAN, Bozeman Chamber of Commerce.

PAUL ODEGAARD, Butlers Kitchen, Billings.

QUENTIN RHODES, self, Bozeman.

JAMES TUTWILER, Montana Chamber of Commerce.

LEON STALCUP, Montana Restaurant Association.

LARRY McRAE, Montana Innkeepers Association.

DR. JOHN DOUBEK, JR., self, Helena.

MARY DOUBEK, self, Helena.

RILEY JOHNSON, National Federation of Independent Businesses.

LORRAINE GILLIS, Montana Farm Bureau.

KATHLEEN KIRSCH, self, Boulder.

KIM ENKERUD, Montana Grazing Districts, Montana Stockmen and
Montana Cattlemen.

DAVE SIMKINS, self, Helena.

Opponent Testimony:

JAMES TUTWILER. Opponent. Read from written text which is
attached hereto as Exhibit #8.

RILEY JOHNSON. Opponent. Briefly I refer back to the proponents
in this argument. There is a great deal of empathy among
all Montanans and certainly among the legislators for these
people who are unable to meet their bills on the minimum
wage salary; however, I think we have to look at the reality
of these two bills and I refer to both of them because I am
speaking in opposition to both. I think we have to look at
those bills for any raising of minimum wage as the
opportunity to try and do something about a situation that
is much larger than merely a dollar an hour solution.

First off, anyone here who is working for minimum wage
understands that they would like to have more money to buy
the food and housing. What has not been mentioned in the
proponents arguments is, who pays this? It's Montana's
economy and particularly the small business that pays the
salaries, that creates the jobs, that takes the risks. Very
frankly, the economy in Montana in the small business
community is such that it cannot survive trying to answer
the welfare problems, the AFDC problems and other social
problems in the state of Montana by taping their wallets one
more time for another dollar an hour, and particularly by

escalating it to an untold amount in the next two, three, four and five years. First off, we can't budget that far ahead. A small business person budgets and looks ahead at what they can afford and if they can project ahead for a 5 or 10% increase next year they project ahead their work force. They can't do this when they are tied to some unknown figure, which I am glad to hear the October 1988 figure because I went to the library and I couldn't even find the national average. We have to consider who pays this and we have to look at the economy. We have to look at three things in these two bills -- first off, what I call the three escalating factors -- (1) there is an escalating factor by tying it to the national wage. This is what they tried to do with the federal program. (2) The second escalator is what Jim Tutwiler referred to as the "push" or the "ripple effect"; that is, if you have a \$5.00 an hour employee and you raise your minimum wage up to \$4.50, or whatever it may be, you obviously are going to have to ripple effect that into the higher wage for your other employees and consequently you are raising your costs straight across the board. There is a third escalating factor that I would like to bring out because no one has mentioned it so far. (3) The federal minimum wage escalator. We all know that in 1988 the federal government tried to pass a minimum wage law -- it did not get through. As one of the sponsors of the bill justly pointed out that probably by March or June we are going to have a federal minimum wage bill. There are probably six states that I am aware of at this point that are having either minimum wage bills passed or in the sessions right now. There are a number of states who have already passed minimum wage bills. What is going to happen is the federal people are going to escalate that again to over \$5 per hour because there is no sense in setting a minimum wage on the federal level that is lower than the state level. Not only are we looking at an escalator in June of 1988 and October or November of 1988 as Rep. Harrington said, I think we are looking at even a greater raise by the federal standard come 1989. So we're really not looking at \$4.65 an hour, but \$5.00 to \$5.10 or \$5.15 an hour.

Again, I go back, who pays this? It is the small businesses primarily in Montana. We cannot afford this because not only are we going to get hit with this minimum wage possibly -- a federal minimum wage -- but, as you well know, mandatory health is just around the corner. Now if we have mandatory health as Senator Kennedy's bill proposed in the federal program just on the present minimum wage would increase another 30% on top of the minimum wages in the state of Montana today. I'm sorry, we cannot afford to do this. We cannot afford to put the small businesses out of business that are creating the jobs that are trying their best. Our answer is that we let the economy set the wages. I feel that the \$3.35 an hour as a base is good, it is adequate to meet the economic reality that we have in

Montana today. What I am asking for is that we let the economy set the standard. I have members of mine that would never pay the minimum wage -- do not, will not and cannot, in all honesty. The reason is they know the value of a good employee and they pay for that and they are paying \$5, \$6 and \$7 and \$10 an hour, and those are facts because the employee, the economics and the work ethic is worth that to keep it and not have a turnover. That is letting the economy set the wage structure for Montana. NFIB asks that you consider the economy and not just the dollar increase.

LORRAINE GILLIS. Opponent. I represent 3,600 Montana Farm Bureau members and today I also am speaking on behalf of the Women Involved in Farm Economics, Montana Stockgrowers, Montana Cattlewomen and the Association of Grazing Districts.

We go on record in opposition to both HB 28 and 49, but we applaud Rep. Cohen's effort to exclude the under 18 year olds living at home with their parents. This is a serious threat to the agricultural community. We endorse fair and adequate wages and most of our producers pay in excess of the proposed minimum wage in order to assure themselves of competent and trustworthy employees. Agriculture has a great deal at stake in their production to be locked into a minimum wage situation when we often deal with the young and the untrained will not only affect our businesses but will also handicap those individuals who seek part time and seasonal employment. The nature of our industry allows us to employ the untrained in certain areas which benefits both employee and employer. If our industry is subjected to minimum wage it will literally preclude the employment of those seasonal workers. Agriculture income is subject to radical fluctuation, as you all know, and a measure that would tie us into a consumer price index would severely harm our industry.

LARRY McRAE. Opponent. Read from prepared text which is attached hereto as Exhibit #9 and made a part hereof.

CHARLES BROOKS. Opponent. Read from prepared text which is attached hereto as Exhibit #10 and made a part hereof.

LAURIE SHADOAN. Opponent. I am representing the Bozeman Chamber of Commerce as well as an owner-operator of two restaurants and a lounge. I am here today in opposition of HB 28 and 49, both addressing minimum wage issues. The federal government recently the minimum wage issue only to come to a stalemate. The chief reason for the stalemate was due to the economies varying drastically in all fifty states. The same can be said about the economy within Montana.

(Ms. Shadoan then read statistics from a prepared text which is attached hereto as Exhibit #11.

Due to federal regulation wait people are now taxed on a percentage of their tips. In my two restaurants the tipped employees claim for tax purposes \$3.25 and \$4.75 per hour as tip allocation alone. With the tip allocation and their total wage it brings it to \$6.60 and \$8.00 per hour. In times of a recovering economic state Montana does not need to regress any further. In comparisons of hourly cash wages for tipped employees Montana is already fourth from the highest out of all fifty states. This minimum wage issue means jobs. Montana needs to continue in a state of recovery. For these reasons the Bozeman Chamber of Commerce opposes the minimum wage increases.

PAUL ODEGAARD. Opponent. Submitted written testimony, attached hereto as Exhibit #11 (a).

DAVE SIMPKINS. Opponent. I own several small businesses in the State. From the small business perspective when we started our business the bank gave us several areas where we should maintain certain percentages, payroll was one of those. Every year we push to the upper level and over that percentage of payroll and in order to maintain a profitable business we have to maintain some sort of balance, payroll versus sales. As sales go up we do increase the wages of our people. There are a lot of them that do start at minimum wage and as they learn and grow and help the business produce their wages are increased. Raising everybody to \$4.65 or higher would force us to pay those who are at those wages substantially higher and what that would end up doing in our situation is we would have to have fewer people doing more things and maintain the same basic payroll numbers to maintain a profitable business. We always want to have the best people and pay them as fairly as we possibly can, but competition is another think you have to consider and in the Hallmark business, which we are in, everything is already priced when it gets there and we can't raise prices in order to help offset any increase in payroll.

I urge that you not pass these bills.

JOHN DOUBEK. Opponent. I own and operate a 400 acre ranch in the north Helena valley. I hope I am speaking for most of the ranchers and I think I am, at least in my community, and if not in the whole state and the whole country. I'm opposed to both bills, especially to HB 28. What is that going to do to ranching? How is that going to influence me? It is going to influence me by cutting down on the number of young men I hire on the ranch. I'll probably have to work them harder to get the same job done and/or cut some of the fringe benefits they are getting right now. You know, some of the fringe benefits are quite likeable by a lot of ranch hands. They like to have a bunkhouse where they can bed down and some of them get their meals and some of them

get a car to drive around and many other fringe benefits. I'm sure a lot of those things would be cut out, because they'd have to. We are in an economic field I believe where we take the hard knocks along with the weather and whatever else comes in ranching. This year has been pretty darned good as far as ranching is concerned. The last two years has been a disaster. To add to that, increased taxes, both personal property, real estate, then to heap on that increased minimum wages. Electricity we hear is going up again this year. Everything you hear just about scares you out of ranching every day and Lord only knows why I haven't quit yet but I've been in it 25 years and I hope I can continue.

I just liken the whole agricultural economic setup today as a worn out pasture. We're just not going to get any more grazing out of it. We've grazed down to rock bottom and that's about it. Where are we going to get the money to pay for all these extra things? I think we have been resourceful enough to dig it up in some way in some places. Many of us, including myself, have two jobs. We just have to to meet the bills we have coming in. So that is why I am opposed to both bills, especially HB 28. I am submitting my testimony in outline form, attached hereto as Exhibit #12.

MARY DOUBEK: Spoke from written text, copy attached hereto as Exhibit #13 and made a part hereof.

KATHY KIRSCH: Small business owner from Boulder. Testimony opposing HB 28 and 49.

QUENTIN RHOADES: I address you as a citizen concerned with and alarmed by the economic condition of the poor. Minimum wage legislation does not effectively address these concerns because so few of those stricken by poverty on a national level are effected by minimum wage legislation. My figures will be on a national level but I think that they are analogous to Montana. Only 18% of the minimum wage earners are members of the poor, the other 82% are members of families above the poverty line. Only 600,000 of the almost five million women working minimum wage jobs are heads of households. The majority of the female heads who are not helped by minimum wage laws is because they are now jobless. Further, of the two million plus men who work minimum wage, the majority are students who are members of middle class families; that leaves a small percentage of people -- 600,000 women and less than one million men -- who are living in property who are helped by this legislation. My question is, why squander the political capitol generated by good will which we all have toward helping the poor on faulty legislation that effects only ten percent of the poor.

LEON STALCUP, opponent. Read from written testimony, attached hereto as Exhibit #14.

Questions From Committee Members:

SIMPKINS: Question of Rep. Harrington. I need to ask Rep. Harrington on his income tax, in fact either one of you can answer this because the way I anticipate the income tax is what you are showing here and depicting here is that because the minimum wage would go up \$1 an hour we would have an increased income tax collected by the state of Montana. Now I assume that the business person hiring these people pay possibly a larger percentage on the income they earn than the minimum wage person does. Would that be reasonable to assume?

HARRINGTON: Would you rephrase your question. If he is making more money, yes, he will pay more income tax.

SIMPKINS: Well, the business you could expect them to pay a little higher percentage usually on their income than the low income workers.

The other thing, too, wouldn't they also have let's say for that \$1 an hour increase we are going to have additional workers' comp, social security.

What I am getting at is that he is going to increase it \$1 an hour, he is going to increase his contribution to workers' comp and he is also going to increase the social security. These are all business expenses which will come off, assuming no growth in business, his overall gross intake, therefore he will have a less income in order to pay taxes on and this whole figure is offset because the business itself will not be paying this tax.

HARRINGTON: I guess either the worker is going to be paying it because he is going to be making more money or the business is going to pay it because he is not paying the worker. The difference as far as taxes are concerned is not going to be that great.

SIMPKINS: I am just simply stating to show us as a committee that we are going to gain what you have done here, a positive gain, because we are going to pick up more money in the state because we are going to raise the minimum wage by \$1 per hour is a misnomer. I am saying that the best we could do is have a zero impact on the state resources.

HARRINGTON: I disagree with you there. I would say to begin with, once if you could raise the minimum wage you would have more people taking part in the minimum wage and when most people earn that money they are going to spend that money and that is going to put more money into circulation. That is what our whole society is based on -- we can talk about the free enterprise system but the free enterprise is the fact that the person goes in and buys a product, he pays

for it. If the person doesn't make enough money to pay for that product, then the business man doesn't sell. What is happening in this country is something that echoes back to about 1928, when the fact is if you keep driving the wages down on some of these people, slowly but surely these people aren't going to have the money to purchase the item. I do feel basically that once the individual does receive more money that there are more taxes paid and it puts more money into circulation which does help the economy.

RICE: Question for Rep. Cohen. In your testimony I believe you stated some information with regard to the eleven other states who had raised their minimum wage above the federal level. In testimony this afternoon, I believe it was Ms. Shadoan who indicated that only two states, California and Connecticut had minimum wages above \$4 and that was \$4.25 an hour. From your research, do you know if that is correct?

COHEN: As you were told, there are two states now that have minimum wage above \$4 per hour. As to whether or not there is any state today that has a minimum wage of \$4.35 an hour I cannot address that question. As I told you earlier, the reason I chose \$4.35 is because that just barely brings us back even in buying power to where we were in 1981 when the federal minimum wage was locked in and the purpose of my bill is not to be higher or lower than some other state, but to return the buying power to low income people who are receiving minimum wage. Does that clarify why my amounts were \$4.35, not comparing us to other states. Justice is what I am after.

RICE: You are not aware of where we stand though as far as other states right now?

I would go ahead and ask Ms. Shadoan then if she knows the answer to that question.

SHADOAN: My statistics vary just slightly from the eleven. There are actually twelve and that difference is that Pennsylvania's minimum wage actually goes up February 1. The two, Connecticut and California, are at \$4.25 and I have the statistics here from the Department of Labor and it was just updated -- I just talked to them this morning, so there are some recent updates. Rhode Island is at \$4.00; Alaska, Hawaii, Minnesota and Washington are at \$3.85; Massachusetts and Maine are at \$3.75; Pennsylvania is at \$3.70; New Hampshire and Vermont are at \$3.65.

RICE: Could you present that information to the committee, please.

SHADOAN: Yes, I will. (This information is attached hereto as Exhibit #11, previously referred to).

RICE: Question of Mr. Brooks. I believe you stated in your

testimony that 70% of minimum wage earners come from families with wages that are currently 200% of the poverty level, is that correct?

BROOKS: That is correct.

RICE: Would the exclusions in Rep. Cohen's bill apply to a lot of those people who are in that 70% category?

BROOKS: In the retail field we do employ youngsters below the 18 year old, but a lot of the students are 18 years and above. I cannot give you the exact percentages, but I would be happy to make available to you if you so desire the Dahkelburg study.

THOMAS: Question of the department (Mike Stump, bureau chief, will answer). How does the state and the federal minimum wage work together. Which prevails over the other, is my main question.

STUMP: My name is Mike Stump, with the employment relations division. At the present time there are a number of tests that are used to determine whether the federal or the state law covers a business or an employer. Some business are automatically covered by the federal law. These are those that are engaged in interstate commerce, private hospitals, schools, state and public subdivisions of government are included under the federal minimum wage law at the present time. Section 218 of the Fair Labor Standard Act, which is the federal minimum wage law, has a clause in it that states that if a municipal or state law has a higher standard that would prevail. This means that if a minimum wage were higher under state law that would prevail in businesses under the coverage of the federal law.

THOMAS: What about other businesses other than those that you mentioned?

STUMP: Primarily you are talking of retail businesses up and down main street, businesses that do over \$362,500 in gross annual sales are under the coverage of the federal law; if they do less than that they are under the coverage of the Montana law. If an employer has several outlets, then those outlets if they are in a similar type business such as several drive-in restaurants, those are combined together to determine coverage under the law to meet that test.

With reference to farming or ranching, it sounds like a complicated formula that the U.S. Department of Labor uses but, briefly, what it is if a farmer has 500 man days of labor in any one quarter then in the ensuing year he is under the coverage of the federal law. A man day of labor can be one hour by one employee or 16 hours. What they use as a rough translation is that if that farm has more than

six employees it falls under federal coverage, less than that under coverage of the Montana law.

THOMAS: So if we raise this like in HB 49 to \$4.35, essentially all minimum wage would go up in Montana.

STUMP: As long as the federal minimum wage does not change. At the present time if the Montana law had a higher figure then that would be the prevailing law.

KILPATRICK: Question for Rep. Cohen. You may have mentioned this, but would you tell me the rationale behind your excluding the 18 year olds from the minimum wage.

COHEN: When I put that in it was put into the draft, I was considering a young person living at home with one or two wage earners where that child was not really responsible for making any provision for his family's well being but was just working at a job saving for a car or a college education, something of that sort. As you know if you have tracked this, this bill was a pre-introduced bill, there are some real problems with that exclusion. There are problems in our constitution with discriminating by age; and I have since learned that there are a significant number of high school age kids who are working who are in fact are the only gainfully employed members of their family and I don't think that in that case that person should be paid a subminimum wage. I think that perhaps rather than the way it is worded in my bill we should be looking instead at the kinds of deductions people declare on their federal taxes. You know in the past a student working could declare one deduction and his parents could also him as a deduction but that is no longer the case. If the parents are declaring this deduction the student can't declare himself. So maybe we should be looking at the deduction and not just the age, which might violate our state constitution.

THOMAS: Question for Stump. With this provision in HB 49 that allows for a teenager, just say that, to be exempt by the state minimum wage, would they then be subject to the federal minimum wage or how does that work?

STUMP: Only if the federal law covered that particular employment or that particular business. Some businesses even go further on the individual coverage, maybe employees covered under the federal law, some covered under the state law, but if the federal law covers that employee in that particular business, again the retail business that does over \$362,500, whatever you might pass in the Montana law would not affect that employee.

THOMAS: So the main group of people that could be affected by this teenage exemption would be retail business as a general classification with sales under \$362,500.

STUMP: It would be any business that would be under the coverage of the Montana law, probably if it was a major one it would be in that area.

O'KEEFE: First an observation -- I heard from the sponsor that in the eleven or twelve states that have raised minimum wages, there have been no loss of jobs. We hear from the Chamber that the loss of jobs at the federal level, with the federal minimum wage increase, would result in the loss of .2% to .4% of total employment.

Question for the department. What is total employment in Montana and what would that .2 to .4% mean in loss of jobs?

BOB RAFFERTY: Chief in the research analysis bureau, Montana Department of Labor and Industry. The last official count for total employment in the state of Montana was 374,300.

(several people talked here and Rep. Thomas was figuring this out on the computer)

O'KEEFE: So 749 jobs, if we use a .2%, my question then may be to the chamber is, Jim if you could, how long are those jobs lost for in these states or at the national level? Do they come back and how quickly would the increased spending that you would expect from the low income people who receive that wage? If you don't have an answer for that maybe you could tell me how to find that out?

JIM TUTWILER: The figures I presented in testimony before the committee were derived from a congressional budget office workup that was done in consideration of the proposed federal increase in minimum wage. (Attached is a copy of the information from the congressional budget office as Exhibit #8). I'm not privy to what sources they use or what rationale and the question you ask I would suspect would take some research, I didn't anticipate that question and I do not have the information available, nor do I know where to find it. I would suspect we would have to look at the University Business and Education Research Foundation in order to find that kind of information.

SIMPKINS: Question for Brenda Nordland. I think you testified on welfare and the work force. When the minimum wage was increased to \$3.35 in Montana last time did we see any depreciable decrease in the amount of money that is paid out in welfare benefits in this state?

NORDLAND: I'm sorry, I do not have that information and I cannot answer your question.

SIMPKINS: Question for one of the sponsors. Didn't you claim that if we raise the minimum wage the AFDC, Medicaid, and all this sort of stuff is going to go down? When we raised the minimum wage to \$3.35 do we have anything to show that

we had an appreciable decrease in any of our welfare programs in the state, or family assistance or any of the assistance programs.

COHEN: I can't answer that question as such. The problem there is that when we raised our state minimum wage up to the level of the federal minimum wage, we already had a tremendous number of people earning federal minimum wage because of the federal standard, as Mr. Stump from the department explained. So there was not the same number of people whose wages were being increased, just those who were coming under the state regulation. Our federal minimum wage reached \$3.35 in 1981 and our state in 1985.

Closing by Sponsor:

COHEN: As I predicted, you heard the fearmongers from the Chamber, predicting loss of jobs, something that hasn't happened in any of the other states. Not only that, if you listen carefully, I heard a real interesting thing -- I heard that people who are on minimum wage are people who have lost out in the genetic lottery (from testimony of Jim Tutwiler from the Chamber of Commerce), do you know who he is talking about? He is talking about women and he is talking about minorities.

The 1981 legislature made tremendous tax cuts for business, we were going to go on the whole federal bandwagon of supplyside economics. We were going to benefit from trickle down economics in this state, the same as the nation was going to benefit. The nation never benefited from trickle down economics. The so-called economic recovery has been military cainzianism, it has been deficit spending to boost the economy of the nation and that's all that has happened. If you take a look at where you can spend money in an economy and where it will have the greatest multiplier of fact, where it is going to do turnover most frequently in the community and have the greatest impact on the community, you discover when you put money in the hands of low income people it gets spent in the community. When you put money in the hands of high income people it gets spent out of the community, or reinvested, not necessarily in the community.

We have been told that high income people are going to make less money and so there is going to be a net balance in taxes -- that's not true. Those high income people are going to make more money because when that money turns over two, three and four times in their community, they are going to get the benefit of it over and over again as people continue to come into their stores and shops and purchase from them. We also hear talk about fair free market, how we have to go back to free market and the state and government shouldn't be involved in setting wages at all, well that Fair Labor Standards Act first passed back in 1938 that

wasn't just minimum wage, it was more than minimum wage, but we seem to have such short memories we forget about child labor, we forget about sweat shops, we forget about piece work, we forget about the mines. It was only two generations ago that the mine tunnels were so small that they used children in the mines because they were small -- they could pay them less and they didn't have to make the shafts as high, they could get them through the tunnels easier. That's less than a hundred years ago that that was going on in this country and in Europe. Is that what we are going to have to get back to before we remember that this country is supposed to be based upon justice and some compassion for people who perhaps are not as well off as us and think of those children raised in poverty. Think of the kinds of lack of nutrition, lack of education, lack of proper care that we already know tend to reinforce and create a cycle of poverty, one that is harder and harder to break out. We know, because we have done it in the past in this country, when we give people a decent wage, enough money to live at a decent human standard, that people can better themselves. Let's help everyone in this state to better themselves and stop blaming Montana and talking about the bad business climate and start moving ahead doing something for the working people who are the backbone of this state.

HARRINGTON: In 1971 the state of Montana passed its first minimum wage and it was \$1.20 and I bet the same groups were in here in 1971 telling us the same thing they were saying here, that it was going to devastate the economy out there. Of course we all know that didn't happen. What it basically shows is that we have come up \$2.25 in a matter of 17 years. We have also heard "let the market set the standard." Well, let's look at what the market would have done. Would the market set an 8-hour work day? Probably not. We had to pass that by law. The 40-hour work week. Minimum wages? Can you imagine what the minimum wage would be if we let the market set the standard for this? We had a statement that was made that this bill would devastate the farmers and ranchers. It's not going to devastate them. Eighty percent of the amount of money that comes from minimum wage goes for room and board and that's what they charge out of this and that's what the law reads.

The Chamber of Commerce opposed both these bills today. The Chamber of Commerce also supported I 18 and in a few weeks you are going to see the trickle down from I 18 coming across that floor over there. We are going to look at general assistance, aid to dependent children, and other programs being cut by I 18. Sometime they are going to be a little progressive. Yes, we are going to pass a federal minimum wage and it will be passed in the future and certain people will benefit by it. I want you to look at these bills. I feel we have to get some type of a minimum wage out of this legislature this time. People cannot live on

\$3.35 per hour. Mr. Tutwiler also said that raising the minimum wage would be artificially inflating the economy -- bringing people up to a livable wage is artificially inflating?? I have real problems with that. You are not artificially inflating, you are giving them a living wage. People out there could live on it and there are a lot of people out there who are not getting a livable wage.

I have to congratulate the last legislature for taking off the tip credit. As long as I was here it took until last session to get that tip credit out of there for these people. They're being taxed on these tips, but to get that tip credit out was a benefit to the waitresses who work in these places, to help them get to a living wage and that's all we're talking about here.

We have to come out with a higher minimum wage. What affect is it going to have on the welfare system? I think it will be measurable. A lot of people have to go on welfare because they cannot live on this because there is no medical care and they have nothing else. They go to welfare because they have to protect their families.

RUSSELL: That concludes the hearing on HB 28 and 49.

ADJOURNMENT

Adjournment At: 5:00 P.M.



REP. ANGELA RUSSELL, Chairman

AR/mo

1409.MIN

DAILY ROLL CALL

LABOR AND EMPLOYMENT RELATIONS COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 1-17-89

NAME	PRESENT	ABSENT	EXCUSED
Rep. Angela Russell, Chairman			
Rep. Lloyd "Mac" McCormick, VC	✓		
Rep. Vicki Cocchiarella	✓		
Rep. Duane Compton	✓		
Rep. Jerry Driscoll	✓		
Rep. Bob Pavlovich	✓		
Rep. Bill Glaser	✓		
Rep. Tom Kilpatrick	✓		
Rep. Thomas Lee	✓		
Rep. Mark O'Keefe	✓		
Rep. Jim Rice	✓		
Rep. Richard Simpkins	✓		
Rep. Clyde Smith	✓		
Rep. Carolyn Squires	✓		
Rep. Fred Thomas	✓		
Rep. Timothy Whalen	✓		

SPONSOR'S FISCAL NOTE

Form BD-15S

There is hereby submitted a Sponsor's Fiscal Note for: _____, Version: _____

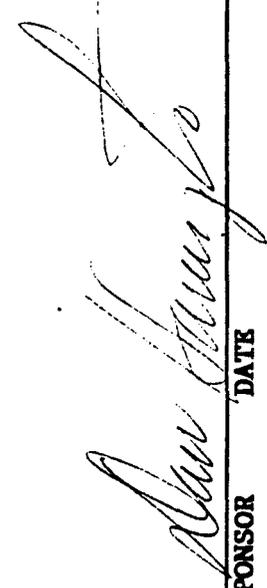
Assumptions:

1. Tax revenues will increase due to more people in higher tax bracket.
2. Cost to state to administer DOLT programs will not increase any more than ordinarily.
3. Top revenues effected by possible federal tax credit law will not reduce net tax gain by any substantial amount.

Fiscal Impact:

	<u>Min. Wage</u>	<u>Annual Gross Income</u>	<u>Standard Exemptions</u>	<u>Adj. Gross Income</u>	<u># Tax Returns</u>	<u>Tax Collected</u>	<u>Net Gain from \$3.35/Hr.</u>
FY'86-'88	\$3.35/hr	6,968	1040	5928	19,334	1,270,003	
FY'89	\$4.25/hr	8,840	1190	7650	16,886	1,902,564	632,561
	\$4.35/hr	9,044	1190	7854	16,886	1,902,564	
	\$4.65/hr.	9,672	1190	8482	15,899	2,234,967	964,964

EXHIBIT 1
 DATE 1-17-89
 HB 28



PRIMARY SPONSOR _____ DATE _____
Fiscal Note for: _____ Version: _____

There is hereby submitted a Sponsor's Fiscal Note for: HB 49, Version: 1

DESCRIPTION OF PROPOSED LEGISLATION:

An act to increase the hourly minimum wage to \$4.35; and to establish an exclusion from the minimum wage for employees who are high school pupils under 18 years of age and reside with a parent or guardian.

ASSUMPTIONS: An increase in the statutory minimum wage can effect individuals, businesses, the economy, and government revenues in several, often complimentary ways. No state (11) with a statutory minimum wage above the Federal minimum wage experienced loss of employment.

Increased revenue from personal income tax was calculated using 36,000 workers at 20 hours/week for 50 weeks and all of the additional income in the lowest brackets (3%). This figure will be higher if any of the wage increment goes to families with a combined income in a higher bracket. There are presently 10,000 women with children receiving AFDC benefits which the Legislative Fiscal Analyst has estimated to be costing the state an average of \$1,000 per month per case. If 50 of these cases were to leave the roll then the combined cost of AFDC/Medicaid to the state would be reduced by \$600,000.

FISCAL IMPACT:

<u>Expenditures:</u>	<u>Budget</u>	<u>Proposed</u>	<u>Difference</u>
1 FTE c and e	-	\$26,688	\$26,688
AFDC/Medicaid State Share	\$72,018,763	\$71,418,763	(\$600,000)
<u>Revenues:</u>			
Income Tax	\$389,448,000	\$390,528,000	\$1,080,000
Minimum Net Impact		positive	\$1,653,312

EXHIBIT 2
 DATE 1-17-89
 HB 49

pg 1 of 2
Walt...

SPONSOR'S FISCAL NOTE

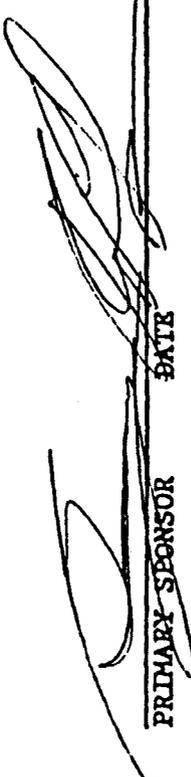
Form 155-155

There is hereby submitted a Sponsor's Fiscal Note for: _____, Version: _____

Long-Range Effects of the Proposed Legislation

The number of Montana citizens living at or below the poverty line will be reduced. The number of children at risk of neglect or abuse will be reduced. There will be a reduced need for social services. The state's economy will experience a surge as \$36,000,000 is pumped back into the economy at a level where it will have the greatest multiplier effect as it percolates through our communities.

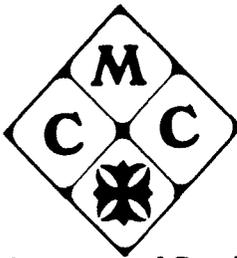
EXHIBIT 2
DATE 1-17-89
HB 49



PRIMARY SPONSOR DATE 1/17/89

Fiscal Note for: HB 49 Version: 1

2052



Montana Catholic Conference

EXHIBIT 3
DATE 1-17-89
28

January 17, 1989

**CHAIRPERSON RUSSELL AND MEMBERS OF THE HOUSE LABOR AND EMPLOYMENT
RELATIONS COMMITTEE**

I am John Ortwein, Director of the Montana Catholic Conference. The Catholic Conference serves as the liaison between the two Roman Catholic Bishops of the State in matters of public policy.

The Montana Catholic Conference supports the efforts to raise the minimum wage. Specifically we urge your support for HB 28.

Since the minimum wage was established by the Fair Labor Standards Act of 1938, it has reflected a general social and moral conviction that there should be a floor beneath which wages should not be able to fall. The original idea was to set a minimum somewhat resembling a living wage. It was thought that such a wage was slightly more than half the average wage in the private sector. As the average wage level rose, it was expected that the minimum would go up accordingly.

Such is not the case now. The present minimum wage standard of \$3.35 per hour has not changed since 1981. In that time its purchasing power has been reduced by more than 25% as a result of inflation. Currently the minimum wage is at its lowest point in history. Until 1980, the minimum wage earnings of full-time workers hovered around the poverty line for a family of three. Presently if a person works 40 hours a week at the minimum wage, he or she would earn less than \$7000, which is 79.8% of the poverty level for a family of three and 62.2% of the poverty level for a family of four.

We urge you to pass HB 28. Restore dignity to the low wage earner. Raise the minimum wage.



MONTANA WOMEN'S LOBBYIST

FUND

P.O. Box 1099

Helena, MT 59624

406/449-7991

EXHIBIT 4

DATE 1-17-89

HB 28

1 of 3

Testimony in Support of HB 28.

Brenda Nordlund, Lobbyist, Montana Women's Lobby.

The most compelling reason for raising the minimum wage is poverty.

FEMINIZATION AND JUVENILIZATION OF POVERTY

Poverty is closely related to sex and family structure.

In the 1970s the number of families headed by women doubled and the number of never-married mothers tripled.

Some 40% of the nation's under-eighteen population will spend at least part of their growing up in single parent families.

Because poverty is closely related to family structure, more than half of those families will be poor.

Women and children are disproportionately represented among the poor.

* 34% of female headed households have income below the poverty line, compared to 11.45% of male-headed households. A ratio of 3 to 1.

* In 1986 female headed families accounted for more than one-half of all impoverished families.

* Nationwide, at least seven million children of single parents live below the poverty line.

* In 1986, 20.5% of all children lived below the poverty line. 22.1% of all children under the age of six were poor.

MINIMUM WAGE AND POVERTY

Nationally, 6.7 million workers are paid the minimum wage of \$3.35 per hour or less, yet their annual incomes no longer keep their families above the official poverty threshold.

An additional 11.5 million workers who earn between \$3.35-\$4.50 per hour hover near poverty.

WOMEN WORK AT MINIMUM WAGE

Nationally, sixty-three percent of all minimum wage workers are women. (Thirty-one percent are teenagers.) Six hundred thousand women work at minimum wage and are heads of families.

In Montana, sixty percent of all women work at minimum wage.

MONTANA WOMEN'S LOBBYIST

FUND

EXHIBIT 4

DATE 1-17-89

P.O. Box 1090

Helena, MT 59601

406/449-7911

RB 28

2 of 3

The largest growth sectors in our state's economy are retail and service industries, which is where most of the minimum wage jobs are and where most women toil.

The figures for the 1987 federal poverty index are:

Household Size	Annual Income
1	\$5,770
2	\$7,730
3	\$9,690
4	\$11,650

Translated into the number of hours a person must work to achieve poverty level, at the current minimum wage of \$3.35, that means that a single person must work approximately 1,722 hours per year and heads of households supporting one to three children, would have to work 2,307, 2893 and 3,478 hours per year, respectively, to reach poverty level. And that assumes that a person can work fifty-two weeks per year.

Considering recent employment statistics in Montana, that is an improbable, if not impossible, assignment.

Sixteen percent of Montana workers, or sixty thousand people, work at or near the minimum wage of \$3.35 per hour. The current average workweek for service and retail sectors, where most minimum wage jobs are found, is 29 hours, that translates into an annual income of \$5,051. For single heads of households, the unavoidable result is poverty.

For a married couple, supporting a family via retail or service sector minimum wage jobs, they still don't earn enough to reach poverty level for a family of four. And that is using 1987 poverty index figures. Estimates of the rate of inflation in 1988 are near 4 percent, so you can calculate for yourselves what effect that has on the purchasing power of minimum wage earners.

Based on the projected 1988 poverty index, the current estimate of the hourly wage equivalent necessary to sustain a family of four is \$5.80.

We are arguing in support of liveable wages--\$3.35 per hour is not a liveable wage. When the Montana Women's Lobbyist Fund formed in 1982, increasing the minimum wage was a top priority. We spearheaded efforts in 1983 and 1985 to increase the minimum wage to \$3.35/hour. The latter effort was successful.

We again seek success in our endeavors before your committee.

"Welfare-to-work", which looks to be one of the dominant themes of this legislative session, would be enhanced by an increase in the minimum wage.

MONTANA WOMEN'S LOBBYIST

FUND

EXHIBIT

4

DATE

1-17-89

P.O. Box 1009

Helena, MT 59601

406/449-7917

HB

28

3 of 3

Montana Women's Lobby supports a comprehensive agenda in this legislature to to improve the living standard of women and children in this state. Raising the minimum wage is a necessary component. The combination of an increased minimum wage, transitional childcare and medicaid assistance programs for women leaving ADFC and strengthening of child support laws and their enforcement all go hand-in hand.

To the extent that the current minimum wage is not a liveable wage, taxpayers are subsizing business in Montana, because the State picks up the difference in assistance programs.

We urge your support of HB28.

EXHIBIT 5
DATE 1-17-89
HB 28

Please Print

WITNESS STATEMENT

NAME Joseph Moore BILL NO. HB 028

ADDRESS 58 S. Rodney Helena Mt.

WHOM DO YOU REPRESENT? Montana Rainbow Coalition

SUPPORT X OPPOSE _____ AMEND _____

COMMENTS: ~~we support~~

We support the effort to raise the minimum wage. We believe it will benefit all Montanans; employees and employers alike. We believe that indexing the minimum wage, as H.B. 28 does is very fair and will go along way towards raising the standard of living for us all.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Please Print

NAME Lisa Zier BILL NO. 28

ADDRESS 2419 Beltview DR # 606

WHOM DO YOU REPRESENT? Self

SUPPORT _____ OPPOSE _____ AMEND _____

COMMENTS: I support a ^{Increased..} ~~New~~ minimum wage Bill. Being a single parent of two children under the age of six, It is hard to support three people on the current minimum wage. When I was working there were days when we went without things we really needed to have. So I had to quit my job & went on AFDC.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EXHIBIT 7
DATE 1-17-89
HB 28 + 49



JAMES W. MURRY
EXECUTIVE SECRETARY

110 WEST 13TH STREET
P.O. BOX 1176
HELENA, MONTANA 59624

(406) 442-1708

TESTIMONY OF DON JUDGE BEFORE THE HOUSE LABOR AND EMPLOYMENT RELATIONS
COMMITTEE ON HOUSE BILLS 28 AND 49, JANUARY 17, 1989

Madame Chairperson, for the record, my name is Don Judge and I represent the Montana State AFL-CIO. I'm here today to testify in support of raising Montana's minimum wage as called for in HB 28 and HB 49.

Often, the only hope for economic advancement for minimum-wage workers is through statutory raising of the state and federal minimum wage rates. People working at the minimum wage generally receive no benefits such as health care, sick leave or vacation leave. And workers employed at minimum wage can generally expect to remain at that wage for some time, with little opportunity for raises or promotions.

As a result, these workers lose ground to inflation, however low it is. Since the state minimum wage was last raised in 1986, inflation has totaled almost 10 percent, while the minimum wage has remained constant. That means the average worker has seen a net loss of 10 percent of his or her income when you calculate these effects of inflation.

A minimum wage worker who works 40 hours per week every week earns \$6,968 per year. That's \$2,500 below the 1987 federal poverty guideline for a family of three and \$4,500 below it for a family of four. When the 1988 poverty figures are released later this month, it stands to reason that inflation will have widened the gap between minimum-wage income and above-poverty income.

That low income, in turn, often makes such workers eligible to receive government welfare and general assistance benefits, and therein lies one of the biggest shifting of burdens that happens in our economy today. By shirking their social responsibility to pay decent wages, some employers push their obligations onto the rest of society through increased need for public assistance. We may find these same employers complaining about the number of people on the welfare rolls and the strain it puts on taxpayers.

If minimum wages do not rise over time, the size of the government's indirect subsidy to business multiplies daily. If minimum wages are raised, people move higher up the income ladder, off the welfare rolls and onto the tax rolls. And when low-income people receive new income, they go straight to main street and pay bills, buy goods and create direct economic activity.



Our concern about minimum wage is magnified by the increasing percentage of workers in the low-paying service and retail sectors of our job market, the sectors with the lowest wages. In 1975, workers in the service and retail sectors made up 51 percent of Montana's private sector workforce. Today, they make up almost 60 percent. Projections for future job creation show continued emphasis on those low-paying sectors.

In this light, we were encouraged to see the Helena Chamber of Commerce and Helena city officials promoting a pay raise for state employees based on economic justice for public servants and economic development for local businesses. The same should be said about minimum wage: raising it will be fair to private sectors workers and will boost economic activity on main street.

The Chamber of Commerce notes there are economic advantages in the Helena area to raising the pay of state workers, who make up about 7 percent of the state's workforce. There would be even greater economic advantages to raising the wages of the approximately 16 percent of Montana workers who earn at, or near, the minimum wage. With studies showing Montanans to be among the most productive workers in America, they clearly deserve that raise.

Although organized labor supports both bills' efforts to raise the state minimum wage, we want to express our opposition to any provisions that would provide for a sub-minimum wage. While the motives of advocates of these lower-level wages for young people may be good, the negative effects are unacceptable.

Sub-minimum wages are based on the mistaken notion that good, honest hard work by people with no experience is worth less and that living in a parent's home justifies a reduction in wages. That leaves open the question of setting sub-minimum wages for all workers with little or no job experience, regardless of age or living arrangements. Further, this particular sub-minimum wage is bottomless, leaving open the possibility of extremely low wages.

Raising the state minimum wage will help low-income workers recover what they've lost to inflation, stimulate main street business activity through increased consumer spending, add wage-earners to the tax rolls, and reduce the demand on public assistance. An increased minimum wage represents not only economic justice for workers at the very bottom of the pay scales, but also provides a broad range of benefits to government and society. We ask you to support increasing our state's minimum wage. Thank you.

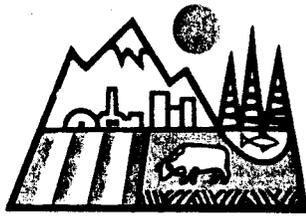


EXHIBIT 8
DATE 1-17-89
HB 28 & 49

1 of 19

MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

• HELENA, MONTANA 59624

• PHONE 442-2405

January 16, 1989

TESTIMONY BEFORE THE HOUSE LABOR COMMITTEE ON HOUSE BILLS 28 AND 49

BY THE
MONTANA CHAMBER OF COMMERCE

Madame Chairman, and members of the Committee, I am James Tutwiler of the Montana Chamber of Commerce. On behalf of the membership, businesses all across the state, the Chamber appreciates the opportunity to appear before this committee and to present testimony on proposed increases to Montana's minimum wage.

Both of the bills before you would raise Montana's minimum wage substantially above the federal minimum wage level. HB 28 with its indexing provision could raise our minimum wage to the range of \$4.72 per hour - a marked increase of 41% (calculation based on latest monthly national hourly average wage of \$9.45 as published by Bureau of Statistics, U.S. Department of Labor). HB 49 would mean about a 30% increase. Given the state of Montana's current economy, any increase in the minimum wage, we believe, raises serious concerns.

RIPPLE EFFECT. If you raise the minimum wage, you will surely raise those wages existing above the minimum wage level. This increase, or rippling effect, occurs because historically employers are compelled to adjust up-ward the entire hourly wage

20819

EXHIBIT 8
DATE 1-17-89
HB 2849

employers. This rippling effect has been well documented. As noted in a recent July 1988 University of Chicago study, a copy of which is included in the handout, raising the minimum wage to \$4.65 per hour will increase a wage of \$4.00 per hour to \$5.15 per hour. A wage of \$6.00 would increase to \$6.73. Since neither the increased minimum wage nor the accompanying "ripple" increase in other wages is the result of increased productivity, the question arises as to how will Montana's employers make up the difference in their payrolls.

LOSS OF JOBS One of the means employers are forced to use in coping with increases in the minimum wage is to reduce the work force. Invariably such job reductions apply to the minimum wage earners, the majority who are younger (under 25 years), less skilled, work part time and do not maintain a family.

We don't know what the exact job loss will be in Montana if either of the bills under consideration are enacted. We do know the history of HB 1824, a bill defeated recently by the Congress, which would have raised the federal minimum wage to \$4.65 and ultimately to \$5.05 per hour. In addressing this bill, the Congressional Budget office, copy of report included in the handout, estimated the loss of jobs at approximately 250,000 to 500,000 or 0.2 to 0.4 percent of total employment. The report further concluded the "negative impact on employment would be larger in the sectors of the economy and the groups in the labor force with low wage rates". This analysis of the federal minimum wage clearly sends a warning. If we arbitrarily raise the state's minimum wage, we are going to reduce jobs - particularly

EXHIBIT 8

DATE 1-17-89

HB 28 + 49

30819

for young people just entering the job market.

ECONOMIC GAP Montana's economy currently lags behind the nation's. As of October 89, our average hourly wage was \$8.76. The national average was \$9.45 (Bureau of Statistics, U.S. Department of Labor). Our per capita income for 1987 totaled \$12,347 vs. a national per capita income of \$15,481 for the same period (U.S. Department of Commerce). Legislating our minimum wage upward and indexing it at a level equal to or in excess of the federal minimum wage will not strengthen our economy. It will, however, unduly burden those small businesses whose annual income is less than \$362,500. These very businesses we are trying to build in Montana will pay artificially inflated labor costs. Moreover, such businesses will experience further increases in workers compensation payroll taxes.

In view of the foregoing we urge the Committee to vote no on both HB 28 and 49 as did the United States Congress reject a similiar bill some few months ago.

Thank you.

Interim

EXHIBIT 8

DATE 1-17-89

HB 28249

4 of 19

THE RIPPLE EFFECT OF THE PROPOSED MINIMUM WAGE INCREASE

by

Ronald Krumm
and
Li-Wei Chao*

July 1988

**The authors are Assistant Professor of Political Economy and Doctoral Student, respectively, in the Committee on Public Policy Studies at the University of Chicago. This study is funded by the Minimum Wage Coalition to Save Jobs.*

EXHIBIT 8
DATE 1-17-89
HB. 28+49

50819

The Ripple Effect of Proposed Minimum Wage Increase

EXECUTIVE SUMMARY

This study was conducted to determine the impact of an increase in the minimum wage on individuals earning more than the minimum, on the companies that employ them, and on the American economy as a whole. This study builds upon previous analysis conducted for the Minimum Wage Study Commission appointed by former President Carter.

The study confirms that any enumeration of the costs of a minimum wage increase must include far more than a simple summation of the increased wage bill for minimum wage earners and the concomitant loss of jobs for those workers. Indeed, the adverse impact of a minimum wage increase is felt by workers earning in excess of the new minimum. Known as the *ripple effect*, this cost increase occurs when workers senior to and more experienced than minimum wage workers command higher wages to maintain the prior wage differentials intended to recognize their greater value to the employer. These ripple-induced wage increases are by no means benign. Quite the contrary, since they are unaccompanied by any offsetting increase in productivity that creates the profits necessary to pay the higher wages, they can only result in employment losses in job classifications traditionally compensated at rates higher than the minimum.

The more the minimum wage increases, the greater the number of individuals whose compensation must be adjusted to maintain these wage differentials. The ripple effect, however, has the greatest impact on employees who are closest to the new wage rate. To maintain a wage differential in the face of a minimum wage increase to \$4.65 in 1991 would require that an employer increase the pay of an employee who would otherwise earn \$6.00 an hour to \$6.73. An employee who would earn \$8.00 an hour would receive \$8.35 under

this same scenario. While both of these employees would face a reduced demand for their labor services because of the *ripple*, both the percentage and dollar increases are greater for the less highly paid employee. Accordingly, it is this type of employee who will face the most difficult market for his existing job skills and abilities. At every point in time the production process involves choices between competing technologies -- man vs. machine, as well as advantages between competing locations -- domestically produced for the home and foreign market vs. foreign production for the world market. Ripple-induced increases skew these choices away from domestic employment.

Ripple effect increases occur without any corresponding increase in productivity. Nationally, the ripple effect of raising the minimum wage from \$3.35 to \$4.65 an hour would result in a cumulative rise in U.S. labor costs of 2.11 percent. Based on total wages and salaries of \$2.2933 trillion (seasonally adjusted rate, January 1988), this translates into a more than \$48 billion annual addition to the wage bill of American business. This \$48 billion dollar cost increase with no offsetting productivity increase must manifest itself in higher prices, a worsened international competitiveness, and negative impacts on labor demand and employment. Analysis of the impact of the ripple effect resulting from the 1975-1979 minimum wage increase confirms the ripple effect of minimum wage increases: a 2.3 percent ripple-generated increase in economy-wide labor costs has been documented.

Industries which employ the greatest number of young people (those under 25 years of age) would be most affected by the ripple effect of the proposed minimum wage increase to \$4.65 by 1991 -- their wage bill would increase by more than eight percent.

The results of this study are similar to those reported to the Carter Minimum Wage Study Commission in 1980-1981.

###

INTRODUCTION

An Amendment to the Fair Labor Standards Act of 1938 currently under consideration by the 100th Congress (H.R. 1834 in the House of Representatives and S.837 in the Senate) would increase the federal minimum wage from the current rate of \$3.35 per hour. Commencing January 1, 1989 the rate would be \$3.85 per hour, moving to \$4.25 per hour on January 1, 1990 and \$4.65 per hour on January 1, 1991.

Previous studies have overwhelmingly indicated that the proposed minimum wage legislation will result in a decrease in employment particularly for individuals with lower skill levels. Implicit in these research findings is that some of the individuals whom minimum wage legislation is intended to benefit, in terms of a higher hourly wage, are actually harmed by it because employers are not willing to pay the higher cost of their services, thereby rendering them unemployed.

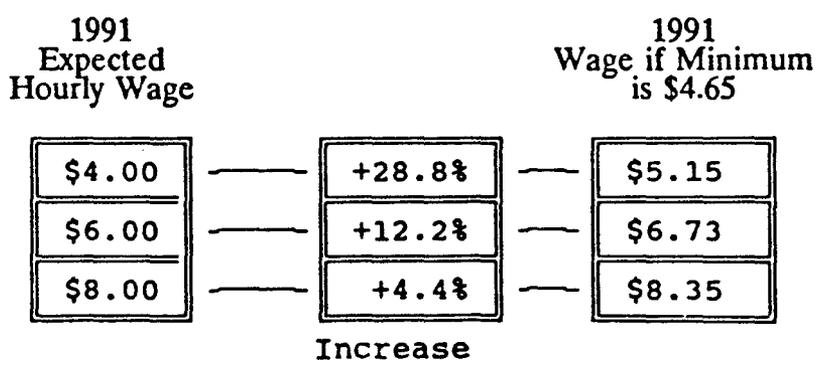
An issue that has received less attention is the impact of increases in the minimum wage on the total costs of production. The purpose of this study is to estimate the extent to which increases in the minimum wage affect individuals earning in excess of the minimum, on the companies that employ them, and on American business and the economy as a whole.

CONCLUSION AND FINDINGS:

Raising the minimum wage will impact the economy's entire wage structure. Even employers who presently pay more than twice the minimum wage will be affected by the proposed increase due to the *ripple effect*. The ripple effect is driven by the need to reward employees for their level of skill, training, responsibility, and seniority by maintaining pay differentials. *Ripple* increases are larger, both in absolute and percentage terms, for wage

earners closer to the minimum wage. To maintain a wage differential in the face of a minimum wage increase to \$4.65 in 1991 would require that an employer increase the pay of an employee who would otherwise earn \$6.00 an hour to \$6.73. An employee who would earn \$8.00 an hour would receive \$8.35 under this same scenario (see Table 1). While both of these employees would face a reduced demand for their labor services because of the *ripple*, both the percentage and dollar increases are greater for the less highly paid employee (see Table 2). Accordingly, it is this type of employee who will face the most difficult market for his existing job skills and abilities. At every point in time the production process involves choices between competing technologies -- man vs. machine, as well as advantages between competing locations -- domestically produced for the home and foreign market vs. foreign production for the world market. Ripple-induced increases skew these choices away from domestic employment.

As the diagram below reflects, individuals who expected to earn \$8.00 would receive \$8.35 with the proposed minimum, a 4.4 percent increase in the cost of their labor. An individual who would be earning \$4.00 in 1991 with a static minimum wage would require a 28.8 percent increase (to \$5.15) to maintain wage differentials. For the worker otherwise earning \$6.00 an hour this would be a ripple induced increase to \$6.73. Data from the University of Michigan Panel Study on Income Dynamics validates the ripple phenomenon.



Nationally, the ripple effect of raising the minimum wage would result in a cumulative rise in U.S. labor costs of 2.11 percent (see Table 3). This translates annually into an additional \$48 billion cost for American business. This \$48 billion will result in aggressive efforts to reduce costs on the part of American industry. The effect will be to reduce employment opportunities not only for minimum wage earners but for workers earning in excess of the minimum: it represents a cost before any accounting of lost wages due to disemployment resulting from the increase.

Historical analysis indicates ripple effects resulting from the 1975-1979 minimum wage increases were 2.3 percent nationally but significantly higher for industries employing large numbers of workers 16-19 years of age (see Table 4). These industries faced escalating labor costs of more than 18 percent.

Our findings are consistent with an earlier report in 1981 to the Minimum Wage Study Commission appointed by former President Carter. A report to that Commission^[1] determined that a ten percent increase in the minimum wage at that time would have resulted in a .76 percent increase in the wage bill for the Nation. Based on those results, an increase in the minimum wage from the present rate of \$3.35 to \$4.65 per year would result in a 2.96% total increase in labor costs for the Nation. According to that study, the \$4.65 an hour minimum would produce rippling effects that would add \$68 billion to the national wage bill.

[1]Sellekaerts, Brigitte. "Impact of Minimum Wage Legislation on Wage and Price Inflation." In *Report of the Minimum Wage Study Commission*, Volume VI. Washington, D.C.: U.S. Government Printing Office, 1981, pp. 1-17.

10 04 19

TABLE 1

**Effects of the Proposed Increases
 in the Minimum Wage On Wages**

Wage In Absence of Minimum Wage Increase	Minimum Wage of \$3.85 in 1989	Minimum Wage of \$4.25 in 1990	Minimum Wage of \$4.65 in 1991
\$ 4.00	\$ 4.41	\$ 4.76	\$ 5.15
\$ 5.00	\$ 5.37	\$ 5.68	\$ 6.00
\$ 6.00	\$ 6.24	\$ 6.48	\$ 6.73
\$ 7.00	\$ 7.18	\$ 7.34	\$ 7.51
\$ 8.00	\$ 8.11	\$ 8.22	\$ 8.35
\$ 9.00	\$ 9.04	\$ 9.08	\$ 9.16
\$10.00	\$10.00	\$10.03	\$10.09
\$11.00	\$11.00	\$11.00	\$11.03

- Employers who presently pay more than twice the minimum wage will be affected by the proposed increases due to the "ripple effect".
- The largest absolute and percentage increases in the wage rate due to the "ripple effect" are for those workers receiving wages closest to the minimum. For example, the wage of an individual equal to \$4.00 in the absence of an increase in the minimum wage would equal \$5.15 with a minimum wage of \$4.65, which represents a 28.8% increase in the cost of their labor. The wage of an individual equal to \$8.00 in the absence of an increase in the minimum wage, on the other hand, would equal \$8.35 with a minimum wage of \$4.65, which represents a 4.4% increase in the cost of their labor.

EXHIBIT 8
 DATE 1-17-89
 HB 28+49
 11 08 19

TABLE 2
HISTORICAL EVIDENCE OF A RIPPLE EFFECT

Estimated Effects of the Increase in the Minimum Wage
from \$2.10 in 1975 to \$2.90 in 1979
on Wages in 1979

If Actual Wage in 1975 Had Been	Predicted Wage in 1979 WITH Minimum Wage Increase	Predicted Wage in 1979 WITHOUT Minimum Wage Increase	Difference	% Increase
\$3.00	\$4.50	\$3.82	\$0.68	17.8
\$4.00	\$5.73	\$5.19	\$0.54	10.4
\$5.00	\$6.89	\$6.57	\$0.32	4.9
\$6.00	\$8.14	\$8.00	\$0.14	1.7
\$7.00	\$9.38	\$9.38	\$0.00	0.0

An increase in the minimum wage will not affect all individuals by the same amount. The extent to which the wage of such individuals is affected by changes in the minimum wage depends on: (1) the similarity of tasks workers do as compared to minimum wage workers and (2) substitution effect between given workers and worker earning the minimum wage.

EXHIBIT 8
 DATE 1-17-89
 HB 28449
 12 08 19

TABLE 3
Effects of Proposed Minimum Wage
On
Total Labor Costs

	YEAR		
	1989	1990	1991
Percent Incremental Increase in Total Labor Costs ^[*]	0.90	0.63	0.57
Cumulative Increase in Total Labor Costs ^[*]	0.90	1.54	2.11
Percent Incremental Increase in Labor Costs for Industries with 80% of Employees Less than 25 Years of Age ^[**]	3.59	2.51	2.27
Percent Cumulative Increase in Labor Costs for Industries with 80% of Employees Less than 25 Years of Age ^[**]	3.59	6.19	8.60

- Raising the minimum wage from \$3.35 per hour to \$4.65 per hour would result in a cumulative rise in U.S. labor costs of 2.11 percent. The dollar cost of this increase based upon wages and salaries of \$22933 trillion (seasonally adjusted annual rate) in January 1988 would add over \$48 billion annually to the wage bill of American business before taking into account lost wages due to disemployment.
- The cumulative rise will be greater for industries employing individuals less than 25 years of age with labor cost increases exceeding more than eight percent.

*Assumes a projected age distribution of employment whereby only approximately 21 percent of the workers are less than 25 years of age.

**Assumes 80 percent of workers are less than 25 years of age whose age distribution is in conformance to that reported by the Bureau of Labor Statistics for the workforce as a whole.

130519

TABLE 4
Effects of the Increases in the Minimum Wage
From \$2.10 in 1975 to \$2.90 in 1979
On Total Labor Costs

Age Category	Number of Individuals in 1979 ^[\#]	Hourly Wage Expenditures in 1979 WITH the Minimum Wage Increase ^[*]	Hourly Wage Expenditures in 1979 WITHOUT Minimum Wage Increase ^[\#\#]	Proposed Increase in Wage Expenditures Due to the Increase in the Minimum Wage
16-17	1,760	8,627	7,226	19.4
18-19	2,475	13,385	11,361	17.8
20-24	7,533	46,751	43,248	8.1
25-34	15,134	121,785	119,397	2.0
35-44	11,013	112,428	111,209	1.1
45-54	9,776	107,794	107,794	0.0
55-64	6,946	68,123	68,123	0.0
65+	1,862	14,997	14,324	4.7

- Some salaried workers with hourly wage equivalents to those considered in Table, "Estimated Effects of the Increase in the Minimum Wage from \$2.10 in 1975 to \$2.90 in 1979 on Wages in 1979", might also be subject to the ripple effect. If the latter are included as candidates for a ripple effect and if the magnitude of the ripple effect is assumed to equal that for hourly wage workers, the percentage increase in labor costs in 1979 associated with the increase in the minimum wage from \$2.10 to \$2.90 would increase to 2.7 percent.

#In thousands

*In thousands of dollars

##In thousands of dollars

METHODOLOGY

MINIMUM WAGE INCREASES:

This report is based upon wage increases of \$.50; \$.90 and \$1.30 over the existing \$3.35 minimum for hourly rates of \$3.85 in 1989; \$4.25 in 1990 and \$4.65 in 1991.

PROPOSED MINIMUM WAGE INCREASES

	Proposed Minimum Wage (A)	Proposed % of Non-Agri. Wage (B)	Existing % of Non-Agri. Wage (C)	Percentage point Difference (D)	\$ Difference proposed and \$3.35 existing (E)
1989	\$3.85	35.7%	31.0%	4.7%	\$.50
1990	\$4.25	37.1%	29.3%	7.8%	\$.90
1991	\$4.65	38.3%	27.6%	10.7%	\$1.30

- (A) Minimum wage levels for years 1989 through 1992 are as stated in H.R. 1834.
- (B) Proposed minimum wage divided by the average private, non-supervisory, non-agriculture hourly wage in the same year multiplied by 100. Calculated in Testa-Ortiz (1987).
- (C) Minimum wage value of \$3.35 divided by the average non-supervisory, non-agricultural wage in the same year, multiplied by 100.
- (D) Difference of (B) and (C).
- (E) (A) minus the present minimum wage value of \$3.35.

The existing percent of the non-agricultural wage (C) declines over time as inflation or worker productivity increases. Although inflation and worker productivity growth over time may help to reduce the impact of the increased minimum wage, the escalating price of labor will reduce the demand, particularly for the least skilled and least educated individuals who are most in need of employment.

EXHIBIT 8
DATE 1-17-89
HB 28-49

150319

HISTORICAL EVIDENCE OF A RIPPLE EFFECT/TECHNIQUES:

The University of Michigan *Panel Survey on Income Dynamics* (MPSID) was utilized in the historical analysis. A sample of males who received hourly wage compensation and who were employed continuously from 1975 through 1979 was surveyed. The wages of these individuals in 1975 were related to a number of characteristics such as age, race, education and experience through regression analysis. The analysis limited the ripple effect of minimum wage increases to individuals with an hourly wage rate less than or equal to three times the level of the minimum wage. To the extent that the ripple effect goes beyond this level of wages, the current analysis would yield underestimates of the ripple effect.

The next step in the analysis repeats the regression analysis for the 1979 wages of all individuals in the sample and allows the wage growth between 1975 and 1979 to depend on the level of the wage in 1975 relative to the minimum wage in both 1975 and 1979.

HISTORICAL EVIDENCE OF A RIPPLE EFFECT:

Over the 1975-1979 period, both inflation and worker productivity gains led to increases in the wages received by all individuals in the sample. However, the results of the regression analysis indicate that the 1979 wages of employees with relatively lower wages in 1975 increased more substantially than employees with relatively higher wages. This indicates the presence of a ripple effect.

THE SUBSTITUTION FACTOR:

The measurement of any ripple effect is lessened by the substitution factor. Higher wages stimulate employers to seek non-labor inputs that provide the same services. Similarly, individuals formerly out of the workforce are encouraged to enter the market by the presence of higher wages and serve to depress the wages that would otherwise have

EXHIBIT 8
DATE 1-17-89
HB 28 + 49

160819

been offered while displacing individuals already in the labor force. As the substitution possibilities become apparent to employers the lowest skilled workers will be disemployed and replaced, either by higher skilled workers not previously in the labor market or by non-labor inputs, diminishing the measured ripple effect.

HISTORICAL IMPLICATION FOR INCREASES IN TOTAL COSTS:

The total impact of wage increases can be inferred from the results only if the number of various wage categories are known. The approach taken is to project individual wages by age and to relate these results with aggregate calculations of the age distribution of employment in 1979 supplied by the U.S. Bureau of Labor Statistics (*Employment and Earnings*; Washington, D.C., U.S. Department of Labor, Bureau of Labor Statistics.)

CARTER COMMISSION MINIMUM WAGE STUDY

A study to the Minimum Wage Study Commission^[2] reported that an increase of 10 percent in the minimum wage had a direct impact on wages of .26%, a "ripple" effect of .39% and other effects of .11%, for a total increase of .76%. Based upon those findings, raising the current minimum wage to \$4.65 would increase the national wage bill by 2.96 percent, adding over \$68 billion to the cost of American business.

[2]Sellekaerts, *op cit.*

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

EXHIBIT 8
DATE 1-17-89
HB 2849
17 of 19

March 25, 1988

1. BILL NUMBER: H.R. 1834

2. BILL TITLE:

Fair Labor Standards Amendments of 1988.

3. BILL STATUS:

As ordered reported by the House Committee on Education and Labor on March 16, 1988.

4. BILL PURPOSE:

To amend the Fair Labor Standards Act of 1938 to restore the minimum wage to a fair and equitable rate and for other purposes.

5. ESTIMATED COST TO THE FEDERAL GOVERNMENT:

(By fiscal years, in millions of dollars)

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Estimated Authorization Level	0	3	13	25	35	30
Estimated Outlays	0	3	13	25	35	30

Basis of Estimate

H.R. 1834 would increase the federal minimum wage in four steps between now and January 1, 1992. The new levels would be \$3.85 per hour for the year beginning January 1, 1989; \$4.25 per hour for the year beginning January 1, 1990; \$4.65 per hour for the year beginning January 1, 1991; and not less than \$5.05 per hour after December 31, 1991.

The Office of Personnel Management estimates that the wage bill for certain support personnel on U.S. military bases would increase by the amounts shown in the table above. Currently these workers are paid at hourly rates between the \$3.35 per hour minimum wage and the minimum wage rates proposed in H.R. 1834.

Increasing the minimum wage could also increase administrative and enforcement caseloads within the Wage and Hours Division of the Employment Standards Administration at the Department of Labor (DOL). While this could result in higher costs to the federal government, H.R. 1834 provides no additional appropriations for this purpose.

18 05 19

Additional Provisions. Several other amendments to the Fair Labor Standards Act are included in H.R. 1834. The small business exemption would increase from the current level of \$362,500 in annual gross sales to \$500,000. The current tip credit is 40 percent of the applicable minimum wage, or \$1.34 out of \$3.35 per hour in 1988. This tip credit is the maximum amount of tips an employer can use to reduce employee wages, and still be in compliance with minimum wage laws. H.R. 1834 would increase this rate to 45 percent during the year beginning January 1, 1989 and to 50 percent after December 31, 1989. In addition, legislative branch employees (except for Members' personal staffs) would now be covered by the Fair Labor Standards Act. These amendments are estimated to have no cost effect on the unified federal budget.

Effects on the Economy.

Passage of H.R. 1834 may result in changes in macroeconomic variables, particularly in employment levels and the inflation rate. However, because of uncertainty surrounding the overall macroeconomic impact of minimum wage legislation, and uncertainty over future federal monetary policy, this estimate does not take into account federal revenue and outlay effects of these changes.

The Congressional Budget Office (CBO) estimates that the increases in the minimum wage contained in H.R. 1834 could cause the loss of approximately 250,000 to 500,000 jobs, or about 0.2 to 0.4 percent of total employment. In general, the negative impact on employment would be larger in the sectors of the economy and the groups in the labor force with low wage rates. The loss of jobs probably would be minimal in durable goods manufacturing and in metropolitan areas where labor markets are tight and jobs readily available. Among demographic groups, the loss of jobs most likely would be concentrated among youth, and especially among teenagers.

Increases in the minimum wage also could have three principal impacts on inflation. First, a "direct" effect as the average hourly earnings of workers earning less than the new minimum wage were increased to the new wage floor. Second, a broader or "ripple" effect as other wages were adjusted at least partially to retain relative wage differences. Third, a "wage-price-wage" effect, as these wage increases caused employers to raise prices, which was reflected in turn in higher wages. Thus, CBO estimates that H.R. 1834 could add about 0.2 to 0.3 percentage points to the annual inflation rate during the projection period.

These estimates are based primarily on a review of available economic studies of the impact of minimum wages. Because of estimating difficulties, the estimates should be interpreted as no more than rough orders of magnitude. These estimates do not include a consideration of the small business exemption provision in H.R. 1834.

Currently, the federal minimum wage rate is exceeded in 10 jurisdictions (Alaska, Connecticut, District of Columbia, Hawaii, Maine, Massachusetts, Minnesota, New Hampshire, Rhode Island, and Vermont). Also, California is scheduled to raise its rate from the current federal minimum to \$4.25 per

hour in July 1988, and Connecticut's rate will rise from \$3.75 an hour to \$4.25 an hour in October 1988. Therefore, H.R. 1834 could have less of a macroeconomic impact than if all states were at the current federal minimum wage rate.

6. ESTIMATED COST TO STATE AND LOCAL GOVERNMENT:

To the extent that state and local governments have workers who are paid at the current minimum wage or between the current minimum wage and the higher rates prescribed in H.R. 1834, state and local government wage costs could increase with passage of H.R. 1834. There is no data available that allows CBO to estimate the magnitude of these costs. However, there are 10 states which have set minimum wage levels above the federally mandated \$3.35 per hour. In these states, the new federal minimum wage rates could have less of an effect than in states in which the minimum wage is at the current federal level.

7. ESTIMATE COMPARISON: None.

8. PREVIOUS CBO ESTIMATE: None.

9. ESTIMATE PREPARED BY: Michael Pogue (226-2820)
George Iden (226-2759)

EXHIBIT 8
DATE 1-17-89
HB 28149
19 of 19

10. ESTIMATE APPROVED BY:



James L. Blum
Assistant Director
for Budget Analysis

pg 1 of 3

EXHIBIT 9
DATE 1-17-89
HB 28+49

Please Print

WITNESS STATEMENT

NAME LARRY MCRAE BILL NO. 49+28

ADDRESS 1701 HWY. 93 SOUTH, KALISPELL

WHOM DO YOU REPRESENT? MONTANA INNKEEPERS ASSN.

SUPPORT _____ OPPOSE _____ AMEND _____

COMMENTS: SEE ATTACHED

Multiple horizontal lines for additional text or comments.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

EXHIBIT 9

DATE 1-17-89

HB 28 & 49

2 of 3

BY THE VERY ACT OF TESTIFYING AGAINST HOUSE BILLS 49 AND 28 MANY PEOPLE WILL PERCEIVE US AS THE GUYS IN THE BLACK HATS ! I ASSURE YOU, WE IN THE INNKEEPING INDUSTRY DO WANT OUR EMPLOYEES TO EARN A DECENT LIVING, AND ARE ELEVATING WAGE SCALES AS QUICKLY AS THE ECONOMICS OF OUR BUSINESSES ALLOW. THE FACTS ARE HOWEVER THAT FOR THE PAST FIVE YEARS MOST OF US IN THE HOTEL/MOTEL BUSINESS HAVE HAD VERY DIFFICULT FINANCIAL PROBLEMS, AND SEVERAL HOTELS AND MOTELS HAVE IN FACT CLOSED. F S L I C HAS INHERITED THE PROBLEMS OF TWO MAJOR PROPERTIES IN RECENT MONTHS AND JUST A FEW WEEKS AGO ANOTHER MAJOR PROPERTY WAS TAKEN OVER BY AN INSURANCE COMPANY LENDOR. YOU SHOULD BE AWARE THAT THERE IS PROBABLY NOT A SINGLE "LEVERAGED" HOTEL/MOTEL/CONVENTION PROPERTY IN MONTANA THAT HAS NOT BEEN THE SUBJECT OF SOME SORT OF FINANCIAL RESTRUCTURING OR WORKOUT IN THE PAST FOUR YEARS !

1988 WAS A BETTER YEAR THAN MOST OF US IN TRAVEL INDUSTRY HAD DARED HOPE FOR, AND AT LAST WE ARE ABLE TO SEE SOME LIGHT AT THE END OF THE TUNNEL. IF BUSINESS CONTINUES TO IMPROVE LOSSES MAY BECOME THE EXCEPTION AND WE MAY ONCE AGAIN BECOME PROFITABLE ! IMPROVEMENT OF BUSINESS WILL ALLOW US TO MAKE FURTHER WAGE INCREASES TO OUR STAFFS AND HIRE MORE PEOPLE BUT WE DO NEED TIME TO RECOVER FROM THE PAST SEVERAL "BUST" YEARS.

OUR INDUSTRY IS OFTEN CRITICIZED AS ONE THAT PROVIDES ONLY LOW PAYING JOBS AND PERHAPS AT ONE TIME THAT CRITICISM WAS JUSTIFIED. TODAY HOWEVER IT IS FOR THE MOST PART SIMPLY NOT TRUE. THE AVERAGE HOURLY WAGE IN MY PROPERTY, EXCLUDING MANAGEMENT IS \$5.57 PER HOUR, EXCLUDING PAYROLL TAXES, INSURANCE AND MEALS, WHICH ACCOUNT FOR AN ADDITIONAL FIFTEEN PER CENT!

OTHER EXAMPLES ARE A 60 ROOM ECONOMY PROPERTY WITH NO FOOD AND BEVERAGE AND AN HOURLY AVERAGE OF \$4.19, A 116 ROOM ECONOMY PROPERTY WITH AN HOURLY AVERAGE OF \$4.70. A WELL KNOWN RESORT WITH A POOR HISTORY OF OPERATING SUCCESS HAS AN AVERAGE HOURLY RATE OF \$5.10, A SMALLER PROPERTY LOCATED IN LIVINGSTON WHICH HAS HAD A TROUBLED ECONOMY IN RECENT YEARS AVERAGES OVER \$4.00, A 126 ROOM HOTEL WITH FOOD AND BEVERAGE LOCATED IN A COMMUNITY WITH AN AGRICULTURAL BASE PAYS AN AVERAGE OF \$4.25, AND A WELL KNOWN ECONOMY CHAIN AVERAGES \$4.65 IN SEVERAL CITIES. WE CANNOT DENY THAT THERE ARE PEOPLE MAKING \$3.35 AN HOUR BUT YOU MUST REMEMBER THAT MANY OF THESE PEOPLE ARE ALSO RECEIVING TIPS. OTHERS ARE UNSKILLED, BUT BY WORKING IN OUR INDUSTRY THEY ARE PROVIDED AN OPPORTUNITY TO LEARN A SKILL AND ARE ABLE TO BE PROMOTED TO HIGHER PAYING POSITIONS.

WHY WITH ALL OF THESE GLOWING REPORTS ARE WE CONCERNED WITH A MINIMUM WAGE INCREASE? FIRST OF ALL, WITH MONTANA'S TROUBLED ECONOMY AND THE DIFFICULTIES WE

EXHIBIT 9
DATE 1-17-89
HB 28+49
3 of 3

ARE EXPERIENCING IN ATTRACTING NEW BUSINESSES WE BELIEVE THAT THIS WILL BE ANOTHER OBSTACLE TO SOMEONE WHO WOULD CONSIDER MONTANA AS A PROSPECTIVE LOCATION . WITH THE NUMBER OF BUSINESS FAILURES ACROSS OUR STATE IN THE PAST FEW YEARS CAN WE AFFORD TO BECOME A LEADER IN THE NATION WITH A MINIMUM WAGE WHICH WOULD EXCEED THE FEDERAL LAW BY 30 PER CENT OR MORE? SECONDLY, IF THE MINIMUM WAGE IS INCREASED BY 30 PER CENT, IT WILL AFFECT PAY SCALES FOR BOTH HOURLY AND SOME SALARIED PERSONNEL AS EVERYONE WILL EXPECT THAT THE FORMER SPREAD BETWEEN THEIR PAY AND \$3.35 BE CONTINUED AT THE SAME VARIANCE . THERE IS JUST NO WAY THAT ANY BUSINESS CAN ABSORB INCREASES OF THESE MAGNITUDES WITHOUT RAISING THEIR PRICES AT LEAST AS MUCH (AND BECAUSE OF PASS ON BY THEIR SUPPLIERS), VERY LIKELY MORE THAN THE ACTUAL PERCENTAGE OF MINIMUM WAGE INCREASE. THIS COULD WELL MEAN INFLATION IN OUR INDUSTRY OF FIFTEEN TO TWENTY PERCENT !

IT IS ALMOST A CERTAINTY THAT A NEW FEDERAL MINIMUM WAGE BILL WILL BE PASSED BY CONGRESS THIS YEAR, AND THE MONTANA INNKEEPERS WILL NOT OPPOSE THAT LEGISLATION . WE DO ASK THAT HOUSE BILLS 49 AND 28 NOT BE PASSED . WE NEED TO ALLOW MONTANA EMPLOYERS TO OPERATE UNDER THE SAME RULES AS THE REST OF THE NATION , AT THE SAME TIME , AND UNDER THE SAME CIRCUMSTANCES !



EXHIBIT 10
DATE 1-17-89
HB 28

M 1 of 3

Executive Office
318 N. Last Chance Gulch
P.O. Box 440
Helena, MT 59624
Phone (406) 442-3388

TESTIMONY

January 17, 1989

HB 28

Madam Chairperson and Members of the Committee,

For the record, I am Charles Brooks, representing the Montana Retail Association. I am here today in strong OPPOSITION to HB 28.

The Montana Retail Association represents approximately 1,000 retail stores throughout the state of Montana.

The proposed increase in the state minimum wage will adversely affect employment in our state, by raising the absolute and relative cost of hiring and retaining low-wage workers.

The portion of the Bill dealing with the index of 50% of the national average non-supervisory wage rate (which according to the American Retail Federation of Washington, D.C.) was \$9.45 in the last quarter of 1988. This would mean in the first quarter of 1990 the minimum wage in Montana would rise to \$4.75 (50% x \$9.45). Should HB 28 pass the options our retailers face are these:

Reduction in services

Layoffs

Reduction in the number of full time employees

Underemployment - reduced hours worked per employee

Reduction in voluntary fringe benefits

Consumer price increases - given the competitive factors in this field - price increases cannot off-set this large rise in total labor cost. Labor cost is the largest line

Page Two
Testimony, HB 28
Charles Brooks, MRA

EXHIBIT 10
DATE 1-17-89
HB 28
P9 2 of 3

item of expense in a retailers operating statement.

The "Ripple Effect" of a minimum wage increase will impact all levels of wages. It has been my experience as a long time former retailer in this state, that an increase in minimum wage that all other levels will expect a comparative rise in their wages.

In the retail industry we are a major employer of lower-wage workers. Nationally 70% of the recipients of minimum wages come from families with income more than 200% above the poverty level. This information comes from a study completed by William C. Dunkelberg, Economist of Temple University. It appears that this type of legislation will adversely effect those with few skills, poor education, unlucky in genetic lottery and our young people who are earning income to assist in their education.

I strongly urge you to kill this bill.

Sunday, July 10, 1988

Great Falls Tribune 3G

Will minimum wage help the worker?

By JOHN CUNNIFF
NEW YORK (AP) — Almost any day of the week you may find instances of where politics and economics clash, but none with more noise than when minimum-wage legislation is the subject.

So high are the political decibels that some economists claim judgment is skewed. According to some politicians, so cold is the economic logic that it is bereft of human dimensions.

But whether the perspective is mainly political or economic might be far less important than another aspect of minimum-wage proposals — that they might not help those they are intended to help.

That is the contention of economist William Dunkelberg, who has studied, consulted and lectured intensively on the subject. "The minimum wage is earned primarily by secondary earners from above-median income families," he states. Low-income workers, says Dun-

kelberg, account for only a bit more than 10 percent of all workers earning the minimum wage. And in retailing, a major employer of lower-wage workers, 70 percent of recipients are from families with incomes more than 200 percent above the threshold poverty level.

Citing statistics such as these, Dunkelberg states unequivocally that minimum-wage legislation "cannot effectively redistribute income to 'the poor.'" Most beneficiaries, he says, are people we aren't trying to help.

"Trying to help the less-advantaged is an admirable goal and one that we all probably support," says the professor, formerly of Stanford and Purdue universities and now dean of the graduate business school at Temple University.

He continues: "Let's do it efficiently, not with the shotgun approach of a minimum wage that is destined to miss its target nine out of 10 times while imposing sub-

stantial economic costs on us all." In fact, he continues, a system already exists that could do even better for the poor. He explains:

"States alone devote an amount to public welfare programs that, if distributed directly to the poorest 10 percent of all families in the United States, would yield more than \$12,000 per family a year."

Dunkelberg points out that benefits of that level would be much higher than congressional proposals to raise the minimum wage from \$3.35 an hour in three annual steps to between \$4.25 and \$4.55 in 1991.

Already many workers employed in what used to be minimum-wage jobs earn far more than that in areas of New England and California, a consequence of thriving economies marked by unusually low unemployment.

Dunkelberg opposes minimum-wage legislation for other reasons too, among them:

- Most workers earn the mini-

mum wage for only short periods of their lives, advancing to higher paying jobs as their skills improve.

- What he perceives to be a threat to the hiring capabilities of very small businesses, where many unskilled workers obtain their first job experience.

- His belief that raising the minimum wage would add to inflation, albeit by only a fractional amount.

- His contention that the increases proposed would add to unemployment — again, however, by only a tiny amount.

But, he concludes, those tiny percentages are meaningful. They add up.

"The adverse employment effects don't bother most of us — just those with few skills, poor educations, unlucky draws in the genetic lottery and young people."

He asks: Aren't these the people we hope to help?

States with minimum wage laws higher than the current
Federal Fair Labor Standards Act

Connecticut	\$4.25
California	\$4.25
Rhode Island	\$4.00
Alaska	\$3.85
Hawaii	\$3.85
Minnesota	\$3.85
Washington	\$3.85
Massachusetts	\$3.75
Maine	\$3.75
Pennsylvania	\$3.70 *
New Hampshire	\$3.65
Vermont	\$3.65

States in order of highest minimum wage laws for
restaurant tipped employees. These states currently allow
no or very little tip credit.

1st	California	\$4.25 **
2nd	Alaska	\$3.85
	Minnesota	\$3.85
3rd	Hawaii	\$3.65
4th	Montana	\$3.35
	Oregon	\$3.35
	Nevada	\$3.35

* Pennsylvania minimum wage is due to go up to \$3.70 on
February 1, 1989, they also increased the tip credit from
40% to 45%.

** California had a tip credit that was ruled unconstitutional
on a technicality.



EXHIBIT 11(A)
 DATE 1-17-89
 HB 28

1006 Grand Ave. - Billings, MT 59102 - (406) 252-4664

January 17, 1989

Angela Russell, Chairperson
 Labor & Employment Committee
 Montana House of Representatives
 Capitol Station
 Helena, MT 59620

Dear Representative Russell:

I am writing to you with regard to your hearings on Wednesday for the minimum wage increase Bills to be heard in your committee on Wednesday. Please convey my message to all of the members of your committee.

My wife and I have Butlers Kitchen here in Billings where we specialize in family dining with no beverage license. We find it more difficult each year to make ends meet with all of the new taxes and regulations that are imposed on us. One of those taxes is with regard to the tipped employees. We have raised our prices again to meet the new higher level of taxes that we have had to pay. Also food costs have increased dramatically over the past year.

We want to keep the prices reasonable for our customers and yet an increase in the amount of minimum wage would be detrimental to our business. Every two weeks we pay out approximately 1700 hours of payroll. The majority of these are paid less than \$4.25 per hour. If we were to increase the minimum wage to \$4.35 or \$4.65 + col then I would need to give all of my employees a similar wage increase because of their experience and longevity. I would say that I would have to give an average of 80 cents per hour increase. That times the 1700 hours equates to \$1,360.00 every two weeks. At a minimum that would equal \$35,360 in increase in a years time.

There is one thing that is obvious - either I would have to increase my prices of dinners considerably or cut my labor force. Either would be harmful for all Montanans.

Businessmen and Legislators are crying for a pro business attitude in this state. This is not the way to ask businesses to set up shop here in the state. If the US Congress passes a minimum wage increase then all states would be on a par. Why shoot ourselves in the foot when we are trying to get out of a hole.

Please listen to a grassroots Montanan who has resisted once to leave the State.

Yours truly,


 Paul N Odgaard

p9 1055

EXHIBIT 12

DATE 1-17-89

HB 28

WITNESS STATEMENT

Please Print

NAME JOHN DOUBER JR BILL NO. HB 28

ADDRESS 7645 No. Montana Helena

WHOM DO YOU REPRESENT? myself

SUPPORT _____ OPPOSE X AMEND _____

COMMENTS: prepared paper to be submitted.

unaffordable in most cases
(depends on employee).

Against free-enterprise.

Farm/Ranch economy poor enough
without further raise.

J. Doubler

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Chairman & members of this Committee:

EXHIBIT 12
DATE 1-17-89
HB 28

I am opposed to H.B. 28 because:

2 of 5

1. It is contrary to free enterprise.

- Generally inexperienced help is not equal to the proposed salary and is a liability.

- Less jobs for the younger persons.

- The employer only knows what an employee is worth.

All ranch/farm income is not constant - some can afford to pay better and their employees deserve more. Many of us are forced to have second incomes.

2. Will lessen fringe benefits

Many ranch/farm employees prefer such benefits to cash allowances.

3. Ranch/Farm economy in contrast with fixed minimum wage. Can't pass increases to consumers.

Fluctuations in agric income will cause more layoffs in bad years, and not necessarily raises for employees in good years since our margin of profit is even lower than usual (like an "overgrazed pasture"). Some years we do not ourselves make a minimum wage.

4. State ultimately will suffer:

Your assumption of increased revenue is grossly overstated - I personally will have to live within my labor budget.

More will seek unemployment benefits.

With other costs rising (Workman's Comp., liability insurance, etc), labor expenditures will also be cut.

More kids without something to do leads to trouble. We can teach them a lot on the Farm and ranch.

Residence 458-9525

Respectfully,

John E. Drenth Jr.
7645 No. Montana

1 HOUSE BILL NO. 28
 2 INTRODUCED BY HARRINGTON
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE MINIMUM
 5 HOURLY WAGE IN STAGES UNTIL IT EQUALS 50 PERCENT OF THE
 6 NATIONAL HOURLY AVERAGE WAGE AFTER MARCH 31, 1990;
 7 INCREASING THE MINIMUM MONTHLY WAGE FOR FARM WORKERS AND
 8 PROVIDING AN INCREASE IN THAT MINIMUM BASED ON INCREASES IN
 9 THE CONSUMER PRICE INDEX; AND AMENDING SECTION 39-3-404,
 10 MCA."
 11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 13 Section 1. Section 39-3-404, MCA, is amended to read:
 14 "39-3-404. Minimum wage. (1) Except as otherwise
 15 provided in this part and except for farm workers as
 16 provided in subsection (2), every employer shall pay to each
 17 of his employees:
 18 (a) at least \$3.85 an hour after September 30, 1985
 19 and before October 1, 1986;
 20 (b) at least \$3.35 an hour on October 1, 1986, and
 21 thereafter at least \$4.25 an hour after June 30, 1989;
 22 (b) at least \$4.65 an hour after November 30, 1989,
 23 and
 24 (c) at least 50% of the national hourly average wage
 25 calculated for calendar year 1989 after March 31, 1990, and

1 at least 50% of the national hourly average wage of the
 2 preceding calendar year after March 31 for each subsequent
 3 calendar year. For the purposes of this subsection (c), the
 4 term "national hourly average wage" means the average hourly
 5 earnings, in current dollars, for production workers and
 6 related workers in mining, manufacturing, and construction
 7 and for nonsupervisory employees in other industries, as
 8 determined by the U.S. bureau of labor statistics, or a
 9 similar average approved by the commissioner of labor.
 10 National hourly average wage does not include earnings of
 11 agriculture workers.
 12 (2) In the case of a farm worker employed for a part
 13 of a calendar year which includes periods requiring working
 14 hours in excess of 8 hours per day and other seasonal
 15 periods requiring working hours substantially less than 8
 16 hours per day, the employer may pay the worker at a fixed
 17 rate of compensation during the term of employment. The
 18 employer may elect to:
 19 (a) keep a record of the total number of hours worked
 20 by the worker during the part of the year during which the
 21 worker was employed by him (the total wages paid by such
 22 employer to such employee for that part of the year during
 23 which said employee was employed by him shall not be less
 24 than the applicable minimum wage rate multiplied by the
 25 total number of hours so worked); or



24.65 -2- INTRODUCED BILL
 H8 29

(b) in lieu of the minimum wage set forth herein, pay the farm worker a wage as herein defined on a monthly basis. This monthly compensation shall constitute a minimum wage and shall not be less than the following rates:

(1) \$575 \$849.63 a month for the first year from July 1, 1988 after December 30, 1989; and

(2) \$635 a month for the second year from July 1, 1991 and thereafter beginning January 1, 1991, and on each succeeding January 1, an amount calculated by adding to the amount of the previous year's minimum monthly compensation (which includes all previous cost-of-living changes) an amount determined by multiplying such compensation by the previous year's consumer price index for all urban consumers, U.S. department of labor, bureau of labor statistics, or a recognized successor to that index."

Section 2. Extension of authority. Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

-End-

Monthly wages reduced by many employers - the far worst, deathful, negligent & responsibilities. Family wage lost - and according to ability. Paid for time worked!

How many hrs/mo? Monthly wages? a yr for us? = \$5.30/hr.

~~As follows~~

Farm income does not + will not tolerate a wage schedule as proposed. We cannot set our income and have to fix our labor costs to fit our income. We are forced to hire employees who are generally poor performers; poverty motivated people. We should love to pay more to get reliable help.

= only the employer really

not income	
\$4	+ \$586
\$5	+ 489
\$6	(- 259)
\$7	(- 14415)
one	(- 9597)

Remove the worth of the employee - a minimum wage is regressive. We will be forced to hire less workers and for them hrs - in all it would retrograde any change of increasing state revenue via taxes.

Many workers are given fringe benefits which would be stopped.

Best way to increase state revenue would be to work to increase agricultural revenue and stop letting us to pay more.

Madam Chairman and members of the Committee.

I testified at your hearing today on HB 28 which I opposed for the reasons stated on my written testimony I handed in. Being unaccustomed to speaking and having only prepared an hour or two prior to the hearing, I now have thought and studied the issue at some length and applied them to my situation. I feel I represent a great number of farmer/ranchers with a medium sized operation (400 Ac. of irrigated ground - in hay, cattle + grain business).

I have prepared the enclosed sheet. The results were surprising to me and seem opposed to the assumption that an increased minimum wage will give the State added revenue.

I am opposed to any minimum wage scale as only the worth of an employee will determine this wage. If we want good help on our ranch we must and do pay good wages and provide a safe, rewarding + learning experience to many young men for the past 25 years. All of them go on to obtain higher paying jobs and with them goes the vast experiences they obtain on a ranch as well as knowing they earned it.

We have a great deal of concern and compassion for our employees, contrary to what some of the proponents stated. In the past two years we have ended up the year with a minus net income. Thank God for this past year.

I appreciate your time and am available to any time or inquiry you may request. Thank you.

Respectfully,

John Doubek Jr.

1 NET effect of passage of HB 25 as related to my Farm/Ranch operation - using tax return figures for 1987.

	Total wages at 3.75/HR	Total wages at \$4.25/HR	Difference \$
2 Taxable wages pd - 2347 hrs of labor	\$ 8990	10189	1197
3 Sec. Sec. Tax paid (.1502)	1356	1530	180
4 Workman's Comp (.1072)	964	1092	128
5 <u>Total Diff. related to tax reporting</u>			<u>\$ 1505</u>

Montana Tax - Employee

6	\$ 8990 wages paid.		
7	(8600 to 11400)	$\$ 8990 \times 6\% = 539 - 186 =$	$\$ 353$
8	(8600) to 11400	$\$ 10189 \times 6\% = 611 - 186 =$	$\$ 425$
9	<u>Tax gain to state</u>		<u>\$ 72</u> Gain to State

* note - that the above \$8990 gross wages did not include deductions, etc. as each employee's situation is different. So tax collected will be < \$172.00

Montana Tax - Employer

10	'87 tax return	\$ 716.	
11	'87 tax return using the above added expense related to min wages of 4.25/HR	\$ 632	
12		<u>\$ 84</u>	<u>Loss to State</u>

13	\$ 84 - (see line 12)	
14	72 (see line 9)	
15	<u>\$ 12 - loss on revenue to state.</u>	

I certify the figures used are accurate - taken from tax returns.

J. D. Doulak

EXHIBIT 13
DATE 1-17-89
HB 28 + 49, HB 28 and HB 49

Please Print

WITNESS STATEMENT

NAME Mrs Mary K Douber BILL NO. HB 49

ADDRESS 7645 N. Montana

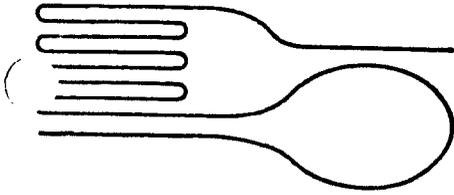
WHOM DO YOU REPRESENT? myself

SUPPORT _____ OPPOSE AMEND _____

COMMENTS:

I testify as a consumer, if the minimum wage is raised & should businesses be able to pay such a wage & survive. I'm sure the cost will be passed on to the consumer. I feel prices are high enough already. I'm for free enterprise. Let the employer & the employee agree on the wage. Let govt keep out --- please. There are ^{HB 28} already enough regulations. Please do not pass ^{HB 49}.
Thank you

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.



Montana Restaurant Association

Legislative Committee
P.O. Box 7369
Missoula, Montana 59807

CHAIRPERSON RUSSELL AND MEMBERS OF HOUSE LABOR COMMITTEE

AT THE JAN 17 TH HEARING ON HB 28 AND HB 49 A WITNESS
ALLUDED TO MINIMUM WAGE RECIPIENTS AS LOSERS IN THE LOTTERY
OF LIFE. THE MONTANA RESTAURANT ASSOCIATION DISAVOWES
THOSE KINDS OF STATEMENTS HOWEVER INTENDED.
WE FEEL ALL PEOPLE DESERVE RESPECT AND FULL CONSIDERATION
WITHOUT REGARD TO INCOME OR EDUCATION LEVELS.

LEON STALCUP

MONTANA RESTAURANT ASSOCIATION

VISITORS' REGISTER

House Labor + Employment Relations COMMITTEE

BILL NO. HB 28

DATE 0/17/88

SPONSOR Harrington

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Brenda Nordlund	Montana Women's Lobby ^{Helena}	X	
Riley Johnson	NFIB		X
Jayson Murphy	NFIB		X
Kay Norenberg	Wife		X
Phil Campbell	MEA	X	
John Ostrem	mt Catholic Cong	X	
Virginia Jessison	MLIC	X	
Kathleen Akiusch	Boulder.		X
Shelly Laine	City of Helena	^{generally} X	
Ann PRUNISKE	MAPP	X	
Kim Enkerud	mt State Grazing Districts MT Stockgrowers, MT Cattlemen		X
Gain Carter	Butte, mt	X	
TERI Nolan	Missoula, MT	X	
Linda Miller	Missoula, Montana	X	
Dilee Banner	Missoula, mt.	X	
Lorraine Billis	MT Farm Bureau		X
Lee Geasley	Butte mt	✓	
E. By one	MISSOULA	✓	
Paul Odgaard	Billings		✓

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM. 12 7

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

House Labor + Employment Relations COMMITTEE

BILL NO. HB 28

DATE 01/17/89

SPONSOR Harrington

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Mrs Mary F. Douberk	7645 N. Montana		✓
John Douberk	7645 N. Montana		✓
Quemba Rhoades	Bogeman		X
Leon Stalcup	1635 W Kant MStk		X
Joseph Moore	58 S. Rodney	X	
Jim Tutwiler	MT CHAMBER COMMITTEE		X
HARRY McRAE	525 WHITE EIRCH WY KALISPELL 59901		X
Ed Sheehy	1731 5th HARRISBURG	X	
DAVE Simkins	1616 Kelly Rd		✓
Elmer Fauth	St Falls	✓	
Maribelle Fuchs	C " "	✓	
LISA Zier	2419 Beltview	✓	
Charles R. Brooks	443.5 Park APTS		✓
Marvin Barber	A.P.A.		✓
Paula Charles	Box 64, Basin	✓	X
James Kelle	513 HILSDALE	✓	
Don Judge	MT, STATE AFL-CIO	✓	
Laurie Shadon	Bogeman Chamber		✓
N. Jensen	A F S M E	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

129
112

VISITORS' REGISTER

House Labor and Employment Relations COMMITTEE

BILL NO. HB 49

DATE 01/17/89

SPONSOR Cohen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Mrs Mary E. Douber	7645 N. Montana		X
John Douber	7645 N. Montana		X
Queen Rhoades			X
Leon Stakup	1635 Walnut Meadows		X
Joseph Mook	58 S. Rodney Hill	✓	
Jim Twiwer	MT CHAMBERG COM		X
LARRY McRAE	525 WHITE BIRCH LN KAUSPELL 59901		X
Elmer Fauth	Lt Falls		X
DAVE SINKINS	1616 Kelly Rd		X
Maribelle Kuba	Lt Falls		X
LISA ZIER	2419 Beltview		X
CHARLES R. BROOKS	443 S. Park Helena		X
Marvin Barber	17 P. A.		X
Jim Smith	HRDC	✓	
Don Judge	MT STATE AFL-CIO	✓ Amend	
Laurie Shadoan	Bozeman Chamber		X
V. Jensen	AFSCME	✓ Amend	
Riley Johnson	NFIB		X
Joel M. Murphy	NFIB		X

4 15

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

House Labor + Employment Relations COMMITTEE

BILL NO. HB 49

DATE 1-17-89

SPONSOR Cohen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>written + oral</i> Brenda Nordlund	Ut G's Lobby Helena	X <i>amend</i>	X
<i>oral</i> - Kay Menden	Wife		X
<i>oral</i> Virginia Jellison	M.I.C.	<i>amend</i>	
<i>oral</i> William O. Smith	Buried		X
<i>oral</i> James Porter	Butte		✓
<i>oral</i> John Asay - Mt. Littlefield	Billings	<i>amend</i>	✓
<i>oral</i> William Gillies	MT Farm Bureau		X
John Asay			
<i>oral</i> JOHN JOSEPH FLYNN	C.C.C., GREAT FALLS, MONT.	X	
<i>oral</i> Mike Craig	Missoula	✓	
<i>oral</i> Cynthia Hoades	MSO		X
<i>oral</i> Cathy Johnson	WE TA - Helena	<i>amend</i>	<i>amend</i>
<i>oral</i> KELLY BRUNEAU	CHOTEAU MT	"	"
<i>oral</i> Phil Connell	Mont. E.L. Assoc	X	
<i>written</i> Ed Byrne	MISSOULA	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

House Labor and Employment Relations COMMITTEE

BILL NO. HB 49

DATE 01/17/89

SPONSOR Cohen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Mrs Mary E. Douber	7645 N. Montana		X
John Douber	7645 N. Montana		X
Owen Rhoades			X
Leon Stalcup	1635 Walnut Hill		X
Joseph Moore	58 S. Rodney Hill		
Jim Twinner	MT CHAMBERS COM		X
LARRY McRAE	525 WHITE BIRCH LN KALISPELL 59901		X
Emm Fauth	St Falls		X
Dave Simkins	1616 Kelly Rd		X
Maribelle Kuba	St Falls		X
JSA Zier	2419 Beltview		X
Charles R Bracks	403 S. Park Hill		X
Martin Barber	17 P A.		X
Jim Smith	HRRC		
Don Judge	MT STATE AFL-CIO	✓ Amend	
Laurie Shanon	Bozeman Chamber		X
W. Jensen	AFCME	✓ Amend	
Rey Johnson	NFIB		X
Jackie Murphy	NFIB		X

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

House Labor + Employment Relations COMMITTEE

BILL NO. HB 49

DATE 1-17-89

SPONSOR Cohen

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
<i>written + oral</i> Brenda Nordlund	MT G's Lobby Helena	<i>amend</i>	<i>amend</i>
<i>oral</i> Kay Mrenken	Wife		X
<i>oral</i> Virginia Jellison	MUIC	<i>amend</i>	
<i>oral</i> Kathleen Adlisch	Boulder		X
<i>oral</i> James Portez	Butte		✓
<i>oral</i> John Asay - MT Littlefield	Billings	AMEND	✓
<i>oral</i> Lorraine Billies	MT Farm Bureau		X
John Joseph Flynn			
<i>oral</i> JOHN JOSEPH FLYNN	C.C.C., GREAT FALLS, MONT.	X	
<i>oral</i> Mike Craig	Missoula	X	
<i>oral</i> Quentin Hoades	MSU		X
<i>oral</i> John Salmon	WETA - Helena	<i>amend</i>	<i>amend</i>
<i>oral</i> KELLY BRUNEAU	CHOTEAU, MT	"	"
<i>oral</i> Phil Campbell	Mont. Ed. Assoc	X	
<i>written</i> Ed Byrne	MISSOULA	X	
<i>written</i> Paul Oatgaard	Billings		✓
		8	0

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.