

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON LABOR & EMPLOYMENT RELATIONS

Call to Order: By CHAIR CAROLYN SQUIRES, on January 17, 1991, at 3:00 p.m.

ROLL CALL

Members Present:

Carolyn Squires, Chair (D)
Tom Kilpatrick, Vice-Chair (D)
Gary Beck (D)
Steve Benedict (R)
Vicki Cocchiarella (D)
Ed Dolezal (D)
Jerry Driscoll (D)
Russell Fagg (R)
H.S. "Sonny" Hanson (R)
David Hoffman (R)
Mark O'Keefe (D)
Bob Pavlovich (D)
Jim Southworth (D)
Fred Thomas (R)
Dave Wanzenried (D)
Tim Whalen (D)

Members Absent:

Royal Johnson (R)
Thomas Lee (R)

Staff Present: Eddye McClure, Legislative Council
Jennifer Thompson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: Chair Squires combined the hearing on HB 21 and HB 152 since they both pertain to minimum wage. Both representatives sponsoring the bills will give opening and closing statements, and questions can be directed to either representative.

HEARING ON HB 21 and HB 152

Presentation and Opening Statement by Sponsor:

REP. FRED THOMAS, House District 62, Stevensville, proposed HB 21. This bill removes the \$4.00 cap in the State Minimum Wage Law and raises it to \$4.25 effective April 1, 1991. This bill

changes the only wage rate of the total minimum wage law. With any raise in the minimum wage there is a threatened loss of jobs. In this case it is best to conform to the federal law as much as possible. Last session the correct compromise was reached in the bill that was passed. There was a phase-in for younger individuals entering the job market at \$4.00; this bill continues the compromise reached last session and completes the work. There will be an amendment drafted to set a lower drop threshold for the State Minimum Wage to \$250,000 of the business' receipts and sales, and there would be a \$4.00 rate on that level and under.

Presentation and Opening Statement by Sponsor:

REP. DAN HARRINGTON, House District 68, Butte, proposed HB 152 which differs from HB 21. HB 152 affects employees who work for businesses grossing under \$500,000. Otherwise, employees would be locked in at \$4.00. The increase in the minimum wage that occurred last April was the first increase in over 10 years. The cost of living is very high. When minimum wage is discussed, it's not just students but bread winners and families. This bill does one other thing; it has amended doing away with the repeal in 39-3-410 MCA. He quoted, "in lieu of minimum wage provided 39-3-404(1), the employer may pay the employee a wage of \$3.35/hour if employee has been previously employed by the employer. (2) An employer may pay an employee the minimum wage authorized in the subsection (1) for a period not to exceed 120 calendar days beginning from the date the employee is hired." That has been struck. A training wage is not necessary under the minimum wage laws in Montana. The result of this bill last session was all employees in Montana went to Federal Minimum Wage, except these people under \$500,000. This bill will take care of these people who are having problems. If a training period is needed, the employee should receive more than minimum wage for the type of job. This bill brings the minimum wage to the federal level of \$4.25, and it also strikes the number of days as far as a training period is concerned.

Proponents' Testimony:

James Tutwiler, Montana Chamber of Commerce, stated support for HB 21. EXHIBIT 1 & 2. In addition, the exact number of small businesses with gross sales of \$250,000 or less in the state is not known. Research by Paul Polson, University of Montana, Bureau of Economic Research and Development, states about 6,000 to 8,000 businesses are in that category, based on the fact there are about 30,000 businesses in Montana. About 15,000 businesses employ one to four employees, and half of that would be in this category. Minnesota, Ohio, and Oklahoma employ a two-step tier in their minimum wage.

Laurie Shadoan, Bozeman Chamber of Commerce and owner of two restaurants and a bar, proposed two amendments: 1. Adopt the entire Federal Labor Standards Act, so there would be no

discrepancy between the state and the federal. That act would include the tip credit. She recommended a level of \$3.80 per hour so the wage could not be dropped below that for tipped employees. The tipped employees of her two restaurants receive an average hourly of \$7.92 including wages and tips. Those are tips reported to the federal government. The average kitchen wage is \$5.76 per hour. The inequity between the kitchen and the floor staff causes major problems in hiring and retaining kitchen employees. Since 1987 tipped employees have received a 90 percent wage increase because of the repeal of the tip credit. The proposed wage increase would add another 12 percent increase to this. The difference between federal government mandates that 8 percent of the employers gross business is taxable to the floor personnel. That figure is being increased in the Federal Government up to 10 percent. 2. Adoption of the previous amendment in HB 21 on the \$250,000 cap.

Leon Stalkup, Montana Restaurant Association, stated his support for HB 21 and HB 152. He said many small and usually rural businesses in Montana would have a much better chance of surviving if there were a two-tier system. He recommends the minimum wage be \$4.25, with the exception of businesses grossing under \$250,000 annually be \$4.00 per hour. The federal increase takes place on April 1st, and this bill has its increase at a different date. They should have the same effective dates. The effective minimum wage of tipped employees in 1987 increased by 40 percent; in 1990 they increased 13.5 percent and 1991 will increase 11.8 percent. Over that total period of time, it has been a substantial increase for tipped employees. He proposed that the entire Fair Labor Standards Act 29 USC 206 be included in the state statute. The training wage has been used very infrequently in the restaurant business, and there is no opposition to it being eliminated.

Stuart Doggett, representing Montana Innkeepers Association, stated his support for both bills per the amendment that Rep. Thomas discussed for the \$250,000 limit.

Nancy O'Neil, Bozeman restaurant owner, stated her support for HB 21 as long as it also adopted the federal statute eliminating the tipped employees. She said that the floor people who work in her restaurant told her that they won't work unless they earn \$10.00 per hour. They are not affected by not being included in the minimum wage.

Mike Micone, Commissioner, Department of Labor and Industry, stated his support for the removal of the cap on the minimum wage that is proposed in HB 21 and HB 152. There are four minimum wages that are being enforced. If the amendment is accepted on HB 21, there will be five rates to monitor. Whichever bill is passed, the effective date should be April 15th to conform with the change with the federal minimum wage.

Don Judge, Executive Secretary, AFL-CIO, stated his support for

HB 21 and HB 152. **EXHIBIT 3.** In addition, he said his preference was HB 152. He urged committee members to ignore pleas to reinstate the tip credit.

Eddy McClure, Legislative Staff, stated that the effective date was her error. She has already drafted an amendment to make the passage and approval so that the commissioner can adopt the rules whenever this is signed by the Governor.

Bob Heiser, United Foods and Commercial Workers, stated his support for HB 21 and HB 152. He prefers HB 152, but if he can't have that one, he will take HB 21.

Phil Campbell, representing Montana Education Association, stated that he also represents non-teaching personnel in the school districts. Many of those jobs are minimum wage jobs which are held mostly by women. Therefore, either of the bills should be adopted; both bills are supported.

Opponents' Testimony:

Riley Johnson, National Federation of Independent Business, urged do not pass for both bills. **EXHIBIT 4**

Dave Simkins, owner Leslie's Hallmark, stated his opposition to HB 152. The training wage should be an option to bring young people, high-school age students, into business to find out whether they can be productive and then give them a raise after the 120 days. Many people don't have the experience in the business area to start them at minimum wage.

Charles Brooks, Montana Retail Association, opposes HB 152 by written testimony presented by Dave Simkins. **EXHIBIT 5**

Kathy Kirsch, owner Boulder Dairy Queen, stated her opposition to both bills. She has eight employees that all work part time. One or two are paid over minimum wage. None of them are living on what she pays them; they are all supplementing their income. The high school kids are being trained and won't be working at a Dairy Queen for the rest of their lives. If the minimum wage is raised to \$4.25 per hour she won't go out of business, but the price of hamburgers will go up. The number of people she employs will go down. When the minimum wage was raised before, two people were laid off. If it is raised again, two more will be laid off. This will do nothing for employment in the town of Boulder.

Bill Stevens, Montana Food Distributors Association, stated that for the most part his membership goes by the federal guidelines, but he is opposing the bill because of the amendment that has been proposed at \$250,000. A small grosser, would have to get at least double that and still have only four employees because most businesses are very high gross, low margin businesses.

Informational Testimony:

Leon Stalkup, Missoula, stated that he would like to testify again, but not as a proponent or opponent. He is the Chairman of the Human Resource Council in Missoula, which is one of ten community action agencies in Montana. The contract with the Federal and State Government to run programs for people below or at the poverty line. One of the programs is Two Way Summer Youth. It is a program that is targeted for children who are identified by the schools as being in trouble and whose families are below the poverty line. We've never had enough money to achieve the target population. The federal increase in the minimum wage will decrease the number of children that we can help with education, money, and counseling. He proposed that the committee introduce a bill where the state would pick up the additional money, so all community action agencies in Montana won't have to turn more kids away.

Questions From Committee Members:

REP. PAVLOVICH questioned both REP. THOMAS and REP. HARRINGTON what they thought about the amendment. REP. HARRINGTON said he had real serious problems with it. His feeling is that \$4.25 should be the minimum wage. He understood the problem of the cap of \$250,000 and didn't know how many businesses this would cover, but he would still have some very serious reservations. It's not only young people in minimum wage jobs. That's what you are doing is finding some way to limit the amount of money they can make.

REP. PAVLOVICH directed the same question to REP. THOMAS. REP. THOMAS said there were some good points about the amendment offered. The lady from Boulder made a good point. Possibly something in the middle could be set up, such as an area minimum wage pertaining to population in that area to take care of places like Boulder. Cities are different than smaller towns.

Closing by Sponsors:

REP. HARRINGTON stated that if HB 152 is not adopted the State of Montana will continue the training wage so long, there will be a \$3.35 wage, \$4.00 wage, \$3.62 wage, and a \$4.25 wage. If the other amendment is adopted there will be a fifth one. These people deserve to have a liveable wage. Many young people live by themselves and take care of themselves. Many of these people are from broken homes and single-parent families. He understands the problem of the lady in Boulder, but when you buy a hamburger that's paying for everything on down the line. People in those jobs don't get tips. There are a lot of fast-food places that don't just employ just high school kids.

REP. THOMAS suggested that the subcommittee do as much as possible so the state and federal levels are as synonymous as possible. On HB 152, sponsored by Rep. Harrington, the

elimination of the Wage Training Act will still leave a federal training act in effect, which is 90 days. Maybe the middle ground is to go to the federal level.

HEARING ON HB 60

Presentation and Opening Statement by Sponsor:

REP. DAN HARRINGTON, District 68, stated that HB 60 came about because of complaints from the Department of Labor. One way to get around the minimum wage is by charging a meal. There is approximately \$.12 to \$.25 per hour deduction. Many people have said they wanted this meal and if that could be worked out he doesn't have a problem with it, if the waitresses themselves decide that's what they want. One of the ways minimum wage earners are getting their wages cut is by the fact that they are not getting their full wage. Wages are deducted from the waitress, the waitress should be able to have something to say about it.

Proponents' Testimony:

Secky Fascione, Hotel and Restaurant Union, said that the meal credit came about through an inadvertent loophole in the legislature two years ago. Research determined that employers had quickly found a loophole and were taking advantage of that. There are two problems with the meal credit plan: 1. It defeats the purpose of the minimum wage. 2. It is a dignity and respect issue. Let's pay people the minimum wage we set by law for the work we hire them to do. Let them determine how to spend that money. Many people have said that if this bill should pass, it would run the risk of seeing the elimination of a free meal as a benefit for restaurant workers.

Don Judge, Executive Secretary, AFL-CIO, stated his support of HB 60. EXHIBIT 6

Opponents' Testimony:

Leon Stalkup, Montana Restaurant Association, stated the bill was not created by a loophole in the minimum wage bill two years ago. It has been in the fair labor practice act many years and has been included in Montana for many years. After doing a survey at the beginning of 1990, only three states don't allow meal credit. Montana says a "reasonable amount"; the Federal says the same thing. Many states have stated in the law what that amount can be. Some of the restaurants that use the meal credit pro-rate it on an hourly basis. Many states say that employees would have to sign an acknowledgement that they wish to participate. That would be the kind of bill we would support. The title of the bill says "An act to exclude a meal allowance from the minimum wage" but in the body of the bill it doesn't say that, it says from whatever wage. Even if an employee was paid \$8.00 or \$9.00 per hour you would not be able to deduct any meal credit. The

body of the bill should reflect the title or vice versa. The bill would also catch farmers and ranchers. It doesn't do anything about the 40 percent exclusion for room, but now the compensation is based on the federal statute for compensation on board and room for monthly paid employees. In the future there will be an effort to reduce that 40 percent for farmers and ranchers.

Questions From Committee Members:

REP. THOMAS said the word "board" was taken out and that is where we get the "meal." If we could have that looked into pertaining to farm and ranch. What we are saying now is that we could not include any board as in compensation. We're not taking out just a meal; we're taking out all board. REP. THOMAS addressed this to Eddy McClure. Ms. McClure said when she had the bill drafted that the term lodging was in there. The word board refers to room and board. Board used to mean meal provided separate from lodging. She asked REP. THOMAS if his question was pertaining to a farm laborer who lives on the ranch. REP. THOMAS said yes. By what the amendment looks like, it says wage would no longer include any board. It seems that it may be going further than just exempting a meal that someone might take after working a shift at a restaurant. REP. HARRINGTON is trying to take the meal question out from somebody working at a restaurant; he has no problem with that. His question is whether this bill would go too far because of farm labor, etc. Ms. McClure said that she would have to talk with Rep. Harrington. It was her understanding that when he wanted the bill it was all meals anywhere you worked.

REP. DRISCOLL stated that the minimum wage for farm workers is only \$635 per month and an employer can take a reasonable deduction for furnishing them a room from that. He supposed reasonable would be \$200 per month. \$435 per month is all that employee is going to get paid. That isn't minimum wage; that's pretty close to slave labor.

REP. DOLEZAL asked if anyone could provide statistics on how many primary wage earners are paid minimum wage. That seems to be the big argument is that the minimum wage is only paid to those people that really don't use it as a sole source of support. Mr. Tutwiler said there are statistics in terms of regional and national, but there are none in Montana's statistics. There isn't a demographic profile of minimum wage earners single, double, age groups, etc. REP. DOLEZAL asked Mr. Tutwiler if he went through the Montana Department of Labor and they were not able to provide those statistics. Mr. Tutwiler said that was correct.

Closing by Sponsor:

REP. HARRINGTON stated that he felt the meal credit is wrong and is just another way to keep the minimum wage down.

Announcements/Discussion:

CHAIR SQUIRES deferred executive action on HB 21 and HB 152 and appointed a subcommittee. Rep. Mark O'Keefe was appointed Chairman, along with Rep. Ed Dolezal and Rep. Thomas Lee as subcommittee members. She also announced that if anyone has amendments to get them cleared with Eddy McClure because we are getting behind.

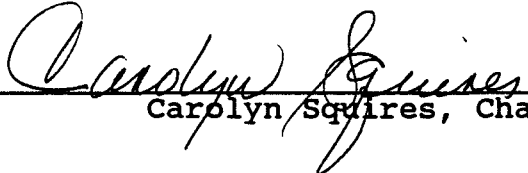
REP. O'KEEFE announced that the Subcommittee On Minimum Wage will meet at noon on Monday, January 21, 1991, in room 437.

CHAIR SQUIRES delayed executive action on HB 60 until the minimum wage issue was resolved.

REP. PAVLOVICH stated to the subcommittee that he wanted them to find out how many people are paid union wage and not only minimum wage in the restaurants in the State of Montana.

ADJOURNMENT

Adjournment: 4:20 p.m.



Carolyn Squires, Chair



Jennifer Thompson, Secretary

CS/jt

HOUSE OF REPRESENTATIVES

LABOR AND EMPLOYMENT RELATIONS COMMITTEE

ROLL CALL

DATE

1/17/91

NAME	PRESENT	ABSENT	EXCUSED
REP. JERRY DRISCOLL	✓		
REP. MARK O'KEEFE	✓		
REP. GARY BECK	✓		
REP. STEVE BENEDICT	✓		
REP. VICKI COCCHIARELLA	✓		
REP. ED DOLEZAL	✓		
REP. RUSSELL FAGG	✓		
REP. H.S. "SONNY" HANSON	✓		
REP. DAVID HOFFMAN	✓		
REP. ROYAL JOHNSON		✓	
REP. THOMAS LEE		✓	
REP. BOB PAVLOVICH	✓		
REP. JIM SOUTHWORTH	✓		
REP. FRED THOMAS	✓		
REP. DAVE WANZENRIED	✓		
REP. TIM WHALEN	✓		
REP. TOM KILPATRICK, V.-CHAIR	✓		
REP. CAROLYN SQUIRES, CHAIR	✓		

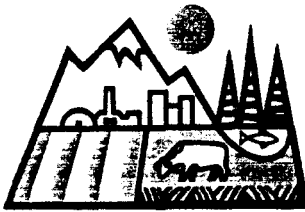


EXHIBIT 1
DATE 1/17/91
HB 21

MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

• HELENA, MONTANA 59624

• PHONE 442-2405

TESTIMONY
of the
Montana Chamber of Commerce
by
James Tutwiler, Public Affairs Manager

HB 21
Helena, Montana
January 17, 1991

Madam Chairman, members of the Committee. I am James Tutwiler representing the Montana Chamber of Commerce. We appreciate this opportunity to appear before this Committee and to offer support for House Bill 21.

The bill in question would, of course, raise Montana's minimum wage to the level of the federal minimum wage, or \$4.25 per hour effective April 1st of this year. Some of our members, particularly those with a relative high volume of sales, are already committed to wages at the federal level. There are probably other businesses who are not required but, nevertheless, are voluntarily paying the federal rate. Passage of this bill will place Montana among the majority of states whose state minimum wage matches the federal rate.

While the bill before you is a good bill, and we support its adoption, we believe HB 21 can and should be strengthened and improved by an amendment which would permit Montana's smaller

Ex. 1
1/17/91
HB 21

businesses, those with annual gross sales of \$250,000 and under, to continue to pay a minimum wage and increases up to \$4.00 per hour.

Our advocacy of such an amendment stems from our concern over the inability of small, predominantly rural Montana community businesses to operate and to provide needed jobs if forced to pay 12% higher wages. Certainly small business sales and income is not expected to increase to this magnitude in light of a declining rural population, a shrinking timber industry, a unstable agriculture market and a pronounced national recession that is surely creeping into Montana.

The amendment as recommended is a prudent and a fair way to proceed. We note, too, that other states such as Minnesota, Ohio and Oklahoma have adopted a similar minimum wage provision as is being recommended here to preserve fairness and sustain the growth of small businesses in Montana.

We urge the Committee's due pass of HB 21 with amendment.

EXHIBIT 2
DATE 1/17/91
HB 21

Amendments to House Bill No. 21
First Reading Copy

Requested by Representative Thomas
For the Committee on House Labor and Employee Relations

Prepared by Eddye McClure
January 15, 1991

1. Title, line 6.

Following: "LAW;"

Insert: "TO PROVIDE AN EXCEPTION FOR CERTAIN BUSINESSES;"

2. Page 1, line 11.

Following: "rates"

Insert: "-- exception"

Following: "."

Insert: "(1)"

3. Page 1, line 13.

Following: "that" on line 13

Insert: ", except as provided in subsection (2),"

4. Page 1, line 15.

Following: line 15

Insert: "(2) The minimum wage rate for a business whose annual gross sales are \$250,000 or less is \$4 an hour."



EXHIBIT 3
DATE 1/17/91
HB 21 & 152

DONALD R. JUDGE
EXECUTIVE SECRETARY

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

(406) 442-1708

Testimony of Don Judge on HB 21 and HB 152, House Labor and Employment Relations Committee, Thursday, January 17, 3 p.m., Rm. 312-1

Madam Chair and members of the committee, I'm Don Judge, representing the Montana State AFL-CIO, and I'm here to support raising the state minimum wage to match the federal minimum wage.

We testified in support of a higher minimum wage in the 1989 legislative session, and we continue to support increasing the state's minimum wage.

With inflation heating up and the economy cooling off, it's getting harder and harder for people to make ends meet. In fact, at its current level, even the federal minimum wage isn't enough to lift a family out of poverty.

When the federal minimum wage raises to \$4.25 per hour this summer, a full-time minimum wage job will bring in only \$8,840 a year -- and that's before taxes and Social Security and so forth. The poverty level for a family of four in 1989 was \$12,675, and it likely will pass \$13,000 when the 1990 guidelines are issued.

Clearly, \$4.25 an hour is not a living wage. It's a poverty wage. But, it's a start, and we urge you to raise the state minimum wage when the federal minimum goes up this summer.

We also urge you to repeal the so-called training wage, which Rep. Harrington's bill would do. The minimum wage is already a low wage that supposedly takes into account someone's lack of training or experience, or the lower skill level of the job. We don't need to punish workers by paying them even less simply because it's their first job.

The argument is often made that raising the minimum wage might cause someone to lose an employment opportunity somehow. That's just not borne out by the statistics.

From 1988, the last year before the minimum wage went up, to 1990, employment in the lowest-paid sectors of the Montana labor market went up sharply. In fact, those low-paying jobs are one of the biggest sources of new employment in the state's economy. That's a pretty sad commentary on the kinds of jobs being created.

Employment in the retail trade sector went up by about 4,400 people from 1988 through 1990, and over half of that was in the restaurants and bars -- one of the state's single largest employment sectors, and one of the lowest paying.

Clearly, minimum wage jobs are on the rise. There's no loss of employment due to an increasing minimum wage. However, there is a loss of economic vitality for many workers. The minimum wage is simply too low to support a family. We urge you to take a small step to improve things by approving HB 152.

Thank you.

NFIB Montana

National Federation of
Independent Business

SUBMITTED STATEMENT OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)

Before: Labor Committee, Montana House of Representatives
Rep. Carolyn Squires, Chairman

Subject: HB-21 and HB-152, Minimum Wage Revisions of 1991

Date: January 17, 1991

Mr. Chairman and members of the committee, on behalf of the more than 6,000 members of the National Federation of Independent Business (NFIB) in Montana, I submit this testimony which outlines the views of our state's small employers regarding the proposed changes in the minimum wage.

State Office
491 S. Park Ave.
Helena, MT 59601
(406) 443-3797

A brief profile of the small business people who make up NFIB should help the committee understand our interest in the minimum wage issue. NFIB members in Montana employ over 48,000 Montanans in firms ranging from manufacturing to wholesale and



NFIB Montana

National Federation of
Independent Business

SUBMITTED STATEMENT OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)

Before: Labor Committee, Montana House of Representatives
Rep. Carolyn Squires, Chairman

Subject: HB-21 and HB-152, Minimum Wage Revisions of 1991

Date: January 17, 1991

Mr. Chairman and members of the committee, on behalf of the more than 6,000 members of the National Federation of Independent Business (NFIB) in Montana, I submit this testimony which outlines the views of our state's small employers regarding the proposed changes in the minimum wage.

A brief profile of the small business people who make up NFIB should help the committee understand our interest in the minimum wage issue. NFIB members in Montana employ over 48,000 Montanans in firms ranging from manufacturing to wholesale and

Office
9 S. Park Ave.
Helena, MT 59601
(406) 443-3797



Guardian of
Small Business

retail to professional industries and the service sector of our economy. The average NFIB member in Montana hires 3 to 5 people and does less than \$350,000 in gross sales per year, thus qualifying for the state established minimum wage. Indeed, NFIB represents the small business people of our state...the main street businesses...the Mom and Pop shops, if you will.

NFIB is a very democratic organization. Just as your constituents cast ballots to elect you to public office, our members cast ballots to establish our policy positions. I am bound by these mandates from our members. In a recent poll of our members, the question of increasing the minimum wage was asked and our members voted 71% against increasing the minimum wage over the 1989 law, with 23% voting in favor.

Consequently, NFIB/Montana must go on record as opposing any increase in the present minimum wage laws. There is a simple reason for this strong vote of opposition...small firms are labor intensive. People are our most valuable, and our most expensive, resource. Therefore anything which raises the cost of that employee threatens the continued viability of any small firm.

Small business is both an economic job creation engine and a true provider of equal opportunity. Small firms in Montana proportionately employ old people, youths, women and minorities in larger percentages than our competitors in big business. According to 1986 employment data compiled by the Bureau of Labor Statistics, teenagers and young adults make up over 60% of Montana's minimum wage earners.

Ex. 7
1/17/91
HB 21; 152

*Teenagers (16-19) represent almost 36% of all minimum wage earners.

*Young Adults (20-24) represent an additional 23% of minimum wage earners.

Two other additional facts about the minimum wage earners should be of interest to the committee:

*Almost half of all minimum wage earners are single and live in homes with a relative as head of household.

*65% of all minimum wage earners are employed part-time (34 hours or less per week).

What these statistics illustrate is that the minimum wage is primarily a wage for youths, new entrants into the work force and part-time employees looking to supplement household incomes. The typical minimum wage earner is not a single head of a household with two or three or four dependents. In fact, according to the same BLS figures, that profile fits only about 10% of all minimum wage earners.

Because we are the employer of the young, the new and the part-time, we are asking that you keep our option open for paying the reduced state minimum wage of \$4.00 per hour. In 1991, we will experience a 5.8% increase from \$3.80 to \$4.00. To ask mandate a 12% increase to \$4.25 is, we feel, excessive to our small employers.

Interestingly, NFIB has always supported letting the open market set wages. A minimum wage can be an emergency floor, if you will, but let supply and demand set the going wages in a community and state. In surveying members for this hearing

today, I found in reality that the market is setting going wages in most of Montana's urban areas. In checking with three major employment offices in Billings, Bozeman and Helena, I found that workers were beginning at a minimum of \$4.00 per hour right today, and most entry jobs or "lower paying" jobs were paying \$4.50 per hour and up. As one employment office owner said: "You can't get people at minimum wage today." I also found that when the federal minimum moves to \$4.25 per hour, most urban Montana employers will be paying that amount to compete and to meet the demands of the market.

But NFIB has literally thousands of small business members in the smaller towns and cities of Montana and the rural areas of our state. Here the volume of business is less...the labor market is different...and the profit margins and opportunities to absorb another 12% increase in wages in 1991 (or to pass it through to the consumer) are very limited. These folks need that option to pay the lower state rate that I was talking about earlier. Look around your own rural communities and tell me that the little shops and stores aren't the only opportunity for your high school kids and young adults to get a job and earn some money. And then tell me that another 6% increase in wages won't make a difference in how many jobs are available in the Deer Lodges...the Hamiltons...the Circles...and the Maltas of Montana.

And, now, to the point about the training wage.

2x. 4

1/17/91

HB 21 ; 152

Two-thirds of all Montanans get their start in a small business. Many of the youths hired by small employers come to the job with few if any skills. The small business person takes these young people on and provides them with skills they need to develop into active and productive members of the Montana work force. Whether they stay with that particular small employer or move on to bigger and better jobs, in many cases these small business people of NFIB have provided these youths and young adults with both their first job and their first training.

Small business needs that incentive to be able to reward serious and eager young folks who have proven themselves as worthy employees...have demonstrated knowledge of good work habits...and have moved beyond being a mere liability to being a trusted benefit to that small business. The fear that employers would "take advantage of the training wage period to underpay their employees" has simply not happened. What has happened is that in the urban areas where the market dictates no training wage hires, the training wage period has not been used. However, in the smaller communities of Montana, many small main street businesses have used the training wage concept to work young folks into their work force...test them out for quality...and then be able to reward them substantially with a nice raise. This is being done without serious hindrance to minimal cashflow opportunities of these smaller employers.

In other words, the market is working in Montana as it pertains to the minimum wage laws presently on the books, and businesses are responding accordingly. Let's let the market continue to work and not micromanage this issue.

NFIB/Montana thanks you for this opportunity to present the views of our state's small and independent employers on what they determine is an issue of major importance. And we urge you to give a "DO NOT PASS" to both HB-21 and HB-152. These efforts, as well-meaning as they may be intended, are not serving the best interests of the minimum wage population in Montana's small communities. Nor are you serving the best interests of the truly small businesses in your rural towns and cities of Montana, which are the largest employers of your teenagers, your young adults and your part-time work force.

-END-



EXHIBIT 6
DATE 1/17/91
HB 60

DONALD R. JUDGE
EXECUTIVE SECRETARY

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

(406) 442-1708

Testimony of Don Judge on HB 60, House Labor and Employment Relations Committee,
Thursday, January 17, 1991, Room 312-1, 3:00 p.m.

Madam Chair and members of the committee, I'm Don Judge of the Montana State AFL-CIO, and I'm here to support House Bill 60 by Rep. Harrington.

This is a good bill that will separate meal allowances and the cost of meals from an employer's calculation of the minimum wage.

Under current law, employers are forbidden from counting tips as part of the minimum wage. Tips are extra -- they're gratuities from grateful customers, and they're not part of the base wage. That's the way it should be.

However, employers are not forbidden from counting the cost of meals or a meal allowance as part of the worker's minimum wage. That's NOT as it should be.

Just as with tips, any employer-provided meal should be considered extra, not part of the base wage.

Employees who work at the minimum wage need to be able to plan their budgets on reasonable expectations of their income. They need scheduled hours with planned rates of pay for those hours. They can't plan on anything more than their base wage -- or anything less.

If a minimum wage worker gets a tip, that's great. They can use it to help make ends meet or perhaps for a little something extra. Likewise, if an employee gets a free meal from the boss, that's great and that's appreciated. But, it's extra.

Minimum wage workers are working for poverty wages to start with. Employers shouldn't deduct anything extra from those already too-small paychecks.

We urge the committee to stand up for low-paid workers and approve House Bill 60.

Thank you.

J

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Labor & Employment Relations

COMMITTEE

BILL NO. 21

SPONSOR Fred Thomas

DATE 1/17/91

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY.

WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU WANT TO SUBMIT WRITTEN TESTIMONY.

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	SUP- PORT	OPP- OSE
JAMES TUTTILER	MT CHAMBER	HB 21	✓	
Mike Wilson	DLI	HB 21-152	✓	
Riley Johnson	NFIB	HB 21		x
Laurie Shadon	Bozeman Chamber	HB 21	✓	
Leon Stalcup	Mont Restaurant Assn	HB 21	✓	w/Amend
Kathy Kirsch	DQ-Boulder		✓	✓
Stuart Doggett	MT Innkeepers	HB 21	✓	
Bob Heiser	UFCW	H.B. 21	✓	
JAY BEARDON	SELF	HB	✓	
WS Stevens	MT Food Dist Assn		✓	✓
Don Judge	MT STATE AFL-CIO	HB 21	✓	
Phil Campbell	MEA	HB 21	✓	
E FENDERSON	MT STATE Bldg TRADES	HB 21	✓	
Robbie G Ford	AFSCME		✓	

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Labor & Employment Relations

COMMITTEE

BILL NO. 152

SPONSOR Dan Harrington

DATE 1/17/91

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY.

WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU WANT TO SUBMIT WRITTEN TESTIMONY.

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	SUP- PORT	OPP- OSE
Riley Johnson	NFIB	HB 152		X
JAY REARDON	SELF	152	✓	
Laurie Shadon	Bozeman Chamber	HB 152	✓	
SECKY FASCIONE	Hotel + Rest. Union	152	✓	
Leon Stalys	MT Restaurant Assoc	152	✓	with name
DAVE SIMKINS	Leslies Hellmark	152		✓
Kathy Kirsch	DQ			✓
Stuart Duggan	MT Tankers	152	✓	
Bob Heiser	UFCW	152	✓	
Don Judge	MT STATE AFL-CIO	HB 152	✓	
WE STEVENS	MT Food Diet Assoc	152		✓
Phil Campbell	MEA		✓	
E FENDERSON	MT STATE RLg TRADE	152	✓	
George Hagerman	AFSCME	152	✓	
Robbie G. Ford	AFSCME	152	✓	

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Labor & Employment Relations

COMMITTEE

BILL NO. 60

SPONSOR Dan Hareington

DATE 1/17/91

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY.

WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU WANT TO SUBMIT WRITTEN TESTIMONY.

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	SUP- PORT	OPP- OSE
JAY REHRDON	SELF	60	✓	
Secky Fascione	Hotel + Rest. Union	60	✓	
Leon Stalcup	Mont Restaurant Assoc	60		✓
DAVE Simkins	Leslies Hallmark	60		✓
Kathy Kurich	DQ - Boulder			✓
Bob Heiser	UFCW	60	✓	
WE ATLAS	MT Food & Drug Assn			✓
Don Judge	MT STATE AFL-CIO	HB 60	✓	
Susan Blum	MT WOOL GROWERS SPINNING ASSN	"		
E FENDERSON	MT STATE RLY TRADES	HB 60	✓	
George Hagerman	AFSCME		✓	
Nancy O'Neil	The Avelino Rest	H.B.	✓	
Bobbie G. Ford	AFSCME		✓	
Phil Campbell	MEA		✓	