

Testimony opposing Proposition 3, Minimum Wage Initiative

Raising the minimum wage most often has a negative effect on those it is intended to help. There is overwhelming reporting that makes it clear raising the minimum wage doesn't lift people out of poverty and it dilutes performance based raises meant to encourage entry level workers to move up from those positions. Entry level positions weren't intended as a career choice. It's a starting point to get the experience and skills so more can be earned. If all the incentives are given without merit, where's the incentive to do better, to help the organization they work for be better, to grow and be sustainable?. In my opinion it translates over to the quality of the community as well.

Separate from what are the obvious reasons why raising the minimum wage in the manor which is being discussed, there is the matter tying the minimum wage to yearly inflation or cost of living increases. Cost of living or market places, especially in Alaska are not always in the same place the wage is earned. Alaska has many seasonal jobs which support industries with markets in other states and countries. To tie the wage base to Alaska's cost of living to the seafood industry when they compete in foreign markets with companies who have lower wage bases than Alaska may push them and our seafood industry out of those markets. Buyers have other choices.

Closer to home, my concern is what it will do to the costs of care for those elderly and vulnerable adults who depend on the care they need staying within reach.

Live-in care, (more of a custodial duty, providing safety oversight and assistance with their daily activities) based on current labor laws and minimum wage creates a cost for a senior to receive in-home care equal to about half what it would cost them to be in a nursing facility and some assisted living homes. However they receive one to one care in the comfort of their own homes. Raising the minimum wage would force the cost of care up approximately 34% by 2017, therefore strapping seniors who don't qualify for public assistance with even higher costs. That represents about 65 percent of the senior population in Alaska according to the most recent census. Add to that, the Federal caregiving companion exemption going away January 1, 2015, (See DOL Wage & Hour Fact Sheet #25)

Based on labor laws in Alaska, an individual that works more than 8 hours a day and more than forty hours in a week, regardless of what capacity must be paid overtime. For live-in care that's 8 hours of regular time and 16 hours of overtime for one 24 hour shift. Raising the minimum wage in this scenario means the cost of in-home care must increase accordingly to pay for the increased labor burdens and expenses, about 36% related to providing this care as an employer agency. In other words, the cost of care would rise to what is currently charged clients. Continually raising the cost of providing products and services for seniors causes them to run out of money much sooner. This totally defeats the value and cost savings of aging in place and forces more on to the Medicaid rolls.

Bottom line: Every argument I have heard thus far in favor of raising the minimum wage only talks about the wage side; how it will benefit those who are being paid at this level. They argue it will raise their standard of living and help lift many out of poverty. The problem is they fail to mention the other side of the economic coin – the cost of goods and services that will rise and doesn't affect just those who might receive a higher wage, (which in Alaska represents less than 1 percent, (or 3000 annualized jobs) of our working population) but everyone. If you increase the cost of goods and services they will cost more to buy. When it comes to labor, that cost includes the labor burden; taxes, workers compensation, training, etc. If you raise wages by 1 dollar, the actualized labor cost can be a minimum of \$1.25 and most often much higher, especially when you add in the additional costs of healthcare.

So it's not just raising the wage. It's raising the cost of the goods and services we all use.

Thanks for allowing me to share my concerns regarding raising the minimum wage in Alaska.

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Small Business Owner