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Senator John Coghill
State Capitol Room 119
Juneau AK, 99801

Dear Senator:

I am writing in testimony of my views on the proposed bill to raise the Minimum Wage in Alaska as provided in the Initiative Application, A.G. File No. JU2013200288.

I own and operate a non-medical in-home care company, Midnight Sun Home Care Inc. Since 2002 we've helped senior and vulnerable adults remain safely independent in their own homes for as long as possible. Aging in place has proven time and again to be one of the most cost effective ways to deliver quality care. It also honors the wishes the majority of Alaskans have about staying in their own homes versus Assisted Living or Nursing Homes.

I know that usually the last thing many want to hear about is the loss of income or profit to a company or non-profit. But in reality, whether for profit or not for profit, both must 'make money' in order to grow and survive and fulfill their missions.

Raising the minimum wage most often has a negative affect 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.

Separate from what I believe are the obvious reasons why raising the minimum wage and in the manor which is being discussed, including tying it to the federal minimum wage and including yearly increases. My concern is what it will do to the costs of care for those elderly and vulnerable adults who depend on the cost of care staying within reach.

More specifically due to the fact the caregiving live-in overtime exemption is going away January 1, 2015. Live-in care based on current labor laws and minimum wage causes a cost for a senior to receive in-home care that is equal to about half what it would cost them to be in a nursing facility and some assisted living homes. Raising the minimum wage would force the cost of care up significantly 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 based on the most recent census.

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 and therefore the cost of care in this scenario means the cost of in-home care must increase accordingly to pay for the increase labor burdens and expenses related to providing this care as an employer agency. In other words, the cost of care would rise to what is currently charged.

Bottom line: 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.

Respectfully,

Kevin M. Turkington, CSA
President

