

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 5, 2009

1:33 p.m.

MEMBERS PRESENT

Senator Joe Paskvan, Chair
Senator Joe Thomas, Vice Chair
Senator Bettye Davis
Senator Kevin Meyer
Senator Con Bunde

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 83

"An Act repealing the governor's committee on employment of people with disabilities; creating the state vocational rehabilitation committee and relating to the committee; and providing for an effective date."

MOVED CSSB 83(L&C) OUT OF COMMITTEE

SENATE BILL NO. 1

"An Act increasing the minimum hourly wage, and creating an annual adjustment to the minimum hourly wage based on the rate of inflation; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 83

SHORT TITLE: VOCATIONAL REHABILITATION COMMITTEE

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/26/09	(S)	READ THE FIRST TIME - REFERRALS
01/26/09	(S)	L&C, FIN
02/05/09	(S)	L&C AT 1:30 PM BELTZ 211

BILL: SB 1

SHORT TITLE: ALASKA MINIMUM WAGE

SPONSOR(S): SENATOR(S) WIELECHOWSKI, ELLIS, THOMAS, DAVIS, FRENCH

01/21/09 (S) PREFILE RELEASED 1/9/09
01/21/09 (S) READ THE FIRST TIME - REFERRALS
01/21/09 (S) L&C, FIN
02/05/09 (S) L&C AT 1:30 PM BELTZ 211

WITNESS REGISTER

PAULA SCAVARA, Legislative Liaison
Department of Labor and Workforce Development (DOLWD)
Juneau, AK

POSITION STATEMENT: Explained SB 83.

CHERYL WALSH, Director
Division of Vocational Rehabilitation
Department of Labor and Workforce Development (DOLWD)
Juneau, AK

POSITION STATEMENT: Supported SB 83.

SENATOR WIELECHOWSKI
State Capitol Bldg.
Juneau, AK

POSITION STATEMENT: Sponsor of SB 1.

MICHELLE SYDEMAN
Aide to Senator Wielechowski
State Capitol Bldg.
Juneau, AK

POSITION STATEMENT: Answered questions on SB 1 for the sponsor.

GRAY MITCHELL, Director
Labor Standards and Safety
Department of Labor and Workforce Development (DOLWD)
Juneau, AK

POSITION STATEMENT: Neutral position on SB 1 and answered questions.

BRIAN RAY, Economist
Division of Research and Analysis
Department of Labor and Workforce Development (DOLWD)

POSITION STATEMENT: Answered questions on SB 1.

NEIL MCKINNON, President
Alaska Laundry and Cleaners
Juneau, AK

POSITION STATEMENT: Commented on SB 1.

JOHN FABIANO

Representing Red Robin Restaurants
Anchorage, AK
POSITION STATEMENT: Opposed SB 1.

KRYSTAL SCHOENROCK, Secretary
Kenai Peninsula CHARR
Nikiski, AK
POSITION STATEMENT: Opposed SB 1.

BILL BUBBEL, owner
Pump House Restaurant
Fairbanks, AK
POSITION STATEMENT: Commented on SB 1.

GABE ACEVES, Executive Director
Alaska Public Interest Research Group (AKPIRG)
Anchorage, AK
POSITION STATEMENT: Supported SB 1.

TERRY WANZER
Alaskan Hotel and Lodging Association
Ketchikan, AK
POSITION STATEMENT: Opposed SB 1 as currently drafted.

BUSTER MARTIN
United Food and Commercial Food Workers Union
Anchorage, AK
POSITION STATEMENT: Supported SB 1.

JENS NANNESINS, owner
Southside Bistro/City Diner
Anchorage, AK
POSITION STATEMENT: Opposed SB 1.

JOHN BROWN
Fairbanks, AK
POSITION STATEMENT: Supported SB 1.

ACTION NARRATIVE

[1:33:28 PM](#)

CHAIR JOE PASKVAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Bunde, Meyer, Thomas and Paskvan. Senator Davis arrived shortly after.

SB 83-VOCATIONAL REHABILITATION COMMITTEE

[1:35:26 PM](#)

CHAIR PASKVAN announced SB 83 to be up for consideration.

SENATOR THOMAS moved to adopt CSSB 83(L&C) 26-GS1024\R and objected for discussion purposes.

[1:36:13 PM](#)

PAULA SCAVARA, Legislative Liaison, Department of Labor and Workforce Development (DOLWD), said SB 83 complies state law with federal law by changing the Governor's Committee on Employment of People with Disabilities (GCEPD) to the State Vocational Rehabilitation Committee. Nothing else has been subtracted or added other than what was required by federal law. Section 1 repeals the GCEPD and creates the State Vocational Rehabilitation Committee and section 2 inserts the appointment, number and composition of the committee members. Actually instead of putting in the number, which is constantly changing in federal law, they put in the federal code. So now those changes can be made without coming to the legislature for a statute change. Section 3 addresses the selection of the chair; Section 4 provides for how many times the committee shall meet and that the meetings can be conducted telephonically; Section 5 addresses the transition of current members of the GCEPD; Section 6 is a revisor's note changing the name of the committee throughout statute to the State Vocational Rehabilitation Committee.

CHAIR PASKVAN asked her to relate the changes in CS to the original SB 83.

MS. SCAVARA explained this is probably the smallest CS she has ever seen and that it corrected a typo in Section 2 on page 2, line that changes U.S.C. Code "3001" to "3003".

[1:38:51 PM](#)

SENATOR BUNDE asked if members can also vote telephonically.

CHERYL WALSH, Director, Division of Vocational Rehabilitation, Department of Labor and Workforce Development (DOLWD), answered yes.

[1:40:49 PM](#)

SENATOR MEYER asked if they currently get 70 percent of the funding for this committee from the feds.

MS. WALSH answered yes.

SENATOR MEYER asked if that amount was subject to change in the future.

MS. WALSH replied the feds use a formula that she would get for him and the state has matching requirements. Now it is 70/30.

SENATOR MEYER asked if it had been that way for a long time.

MS. WALSH answered yes.

SENATOR MEYER said the committee membership changes frequently and asked if that's one of the reasons for the bill.

MS. WALSH answered yes. The composition could change when the Rehabilitation Act is reauthorized and they wanted to avoid making changes each time that happens by simply citing the federal regulation.

SENATOR MEYER said it may end up costing the state in the future if the number of members can increase.

MS. WALSH replied that they would have more telephonic meetings rather than have that happen. There are other ways of doing cost saving. For instance, the committee needs to have a broad representation of people with disabilities and people from the business community; so they could find one person to fill that requirement.

SENATOR MEYER thought they could maybe do a sunset in five years to see if matching money from the feds changes.

MS. WALSH replied that the difficulty with that is that this committee is required for them to receive the federal funding to run the Vocational Rehabilitation program itself. This is just the oversight committee for the program. A sunset date could impede their ability to receive federal dollars.

SENATOR THOMAS removed his objection.

CHAIR PASKVAN announced that without further objection CSSB 83, version R, was adopted.

CHAIR PASKVAN asked for further testimony on the CS and found none.

SENATOR THOMAS moved to report CSSB 83(L&C) from committee with individual recommendations and accompanying fiscal note. There were no objections and it was so ordered.

[1:45:46 PM](#)

CHAIR PASKVAN called an at ease.

SB 1 ALASKA MINIMUM WAGE

[1:47:44 PM](#)

CHAIR PASKVAN called the meeting back to order at 1:47 p.m. and announced SB 1 to be up for consideration.

SENATOR WIELECHOWSKI, sponsor of SB 1, gave a brief history of the minimum wage in Alaska. In 2002 about 47,000 Alaskans signed petitions to raise it. Alaska has historically been at least 0.50 cents higher than the federal average. The signatures were presented to the Lieutenant Governor; the initiative was certified and was placed on the ballot in 2003. Had it passed, it would have increased the minimum wage to \$7.15 cents, which it currently is, but it also had a provision for a cost of living allowance.

The legislature found that 80 percent of Alaskans supported increasing the minimum wage, which at \$7.15/hr in 2003 was the highest in the nation. Alaska has among the highest cost of living in the United States; so it only stands to reason that we should have among the highest minimum wage, if not the highest. The legislature passed the bill, but the issue came back the next year and the cost of living increase provision was stripped out. Had that provision, which the voters surely would have voted for, been in effect then the minimum wage in 2010, when this bill takes effect, would be \$8.78. "That's the starting point for this piece of legislation."

[1:53:05 PM](#)

SENATOR WIELECHOWSKI estimated this bill will affect 22,254 Alaskans. No one wants to hurt small businesses, but the reality is that according to 650 economists, including five Nobel Prize winners and six past presidents of the American Economic Association, who signed a letter in 2006, said that federal and state minimum wage increases "can significantly improve the lives of low income workers and their families without the adverse affects that critics have claimed."

The federal minimum wage was tiered to increase in three different steps with the third step going into effect this July. So, for the first time in Alaskan history the federal minimum wage is going to actually be higher than the state of Alaska's. In July Alaska will have the 40th lowest minimum wage in the United States. Eighty percent of his constituents support raising the minimum wage; many small businesses realize it will not have the damaging impacts that people project, because the more money that people have to spend, particularly the lower income people, they spend it in the economy. They do not hoard it.

SENATOR WIELECHOWSKI argued that some people say that minimum wage only applies to kids who work at McDonalds or fast food restaurants, but the research does not support that. He found that 46 percent of all families with affected workers rely solely on the earnings from those workers; and about 25 percent of people who earn the minimum wage have families.

When you look at the absolute minimum people can live on in Alaska - heating for instance - the annual average cost for heating is \$924. But in Fairbanks, people are probably paying that per month. The state minimum wage right now earns someone about \$14,000 per year and you can't live on that; increasing it to \$8.75/hr. is not the panacea, but he is saying that the state should adopt a policy and try to give these people a little bit of help in getting by. The cost of everything in our economy has risen dramatically since 2003 when the minimum wage was last raised.

[1:56:51 PM](#)

SENATOR BUNDE said this measure would increase the minimum wage from \$14,000 to only \$17,000/yr. and asked why not make a more substantial change.

SENATOR WIELECHOWSKI asked him to propose a higher one.

[1:57:45 PM](#)

SENATOR THOMAS said his figures show Senator Wielechowski's figures comport with Juneau figures for renting just a room - \$660 to \$1000/mo. One bedroom condos and apartments average in excess of \$1000 and two bedrooms were anywhere from \$1500 to \$2500.

[1:58:51 PM](#)

He found in the course of discussion in other committees that the Mental Health Trust came up with the figure of 85 percent of minimum wage is consumed by housing.

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SENATOR BUNDE referenced the letters of support the committee members had received and he wanted to know who organized the campaign because the forms were all the same.

CHAIR PASKVAN didn't know the answer, but hoped to find out.

[2:00:52 PM](#)

SENATOR THOMAS asked if Senator Wielechowski had any demographics on the 22,000 impacted folks - age, race and where they live.

[2:01:16 PM](#)

MICHELLE SYDEMAN, aide to Senator Wielechowski, said a paper prepared by the DOLWD breaks down the 22,000 not by demographics such as age or sex, but by industry in which they work.

CHAIR PASKVAN remarked that his heating bill for the month of January was over \$800. He then opened public testimony.

[2:02:12 PM](#)

GRAY MITCHELL, Director, Labor Standards and Safety, Department of Labor and Workforce Development (DOLWD), said he was available to answer questions on SB 1 and said that the department had a neutral position on it.

BRIAN RAY, Economist, Division of Research and Analysis, Department of Labor and Workforce Development (DOLWD), said he manages the occupational information unit.

[2:03:54 PM](#)

SENATOR BUNDE asked Mr. Ray, as an economist, what raising the minimum wage would do. Many studies have found both conclusions.

MR. RAY replied that many studies have found everything from no impact, negative impact and shifts in the demographics of the people who are later employed after the imposition of the minimum wage, but it is difficult to reach a reasonable conclusion based on a review of those studies. So, he tries his best to look at the facts and history. The minimum wage increased in Alaska in 2003; he reviewed that and saw certain types of movements in the employed labor force, but didn't see a decrease in employment.

He worked with the Division of Labor Standards and Safety and found a slight decline of about 20 percent in applications for youth work permits the year following the increase. He would have to surmise from that that there was less interest in the employment of the youth in the labor force at that point. Aside from that, he understands that young workers who work less than 30 hours/wk. do not have to be paid the state minimum wage.

SENATOR BUNDE asked if the applications for youth work permits come from employers and not from the young people themselves.

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MR. MITCHELL replied that is correct; the employer is required by Alaska law to get a work permit to employ a worker who is under the age of 17.

CHAIR PASKVAN asked since that reduction took place in 2004 had an analysis of youth work permits been done to determine whether there was a catch up.

MR. RAY replied that he didn't have the numbers in front of him, but it seemed to be a stair-step movement downwards for that one year, and then the permits came up to previous levels.

SENATOR MEYER asked if an employer hires for training purposes, does he have to pay minimum wage.

MR. MITCHELL replied that is a federal law, and they call it the "training wage" or the "opportunity wage" for the first 90 days, but the state hasn't adopted it.

SENATOR MEYER wanted an example of manufacturing that pays below \$7.75 in reference to a handout labeled "Estimated Alaska 2007 Employment by Industry."

MR. RAY replied that most of the manufacturing that was in the lower pay ranges was in the seafood processing industry.

[2:09:14 PM](#)

SENATOR BUNDE said he always assumed that whatever the minimum wage increases to, that those costs weren't necessarily born by business and industry, but rather passed on through to the public. He assumed that would be correct if this bill passed.

MR. RAY answered yes. He didn't see differences in how the wages were applied among state or across industries, but where one

might spend more on one product than another (substitution effect), then that could potentially have an impact on businesses' sales of goods and services that had more of an increase because of the increased minimum wage. Manufacturing, to the degree that it would make a product more expensive, and someone substitutes chicken for seafood, for instance, could impact the seafood industry.

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SENATOR MEYER said they are attempting to help the buying power of the lower income working person, but asked if they are they truly doing that if the cost of the goods goes up too.

MR. RAY replied if everyone's' wages went up, they could expect to see a commensurate increase in overall prices, but to the degree that the minimum wage is being applied to a small portion of the workforce, they wouldn't expect the prices to go up as much as the minimum wage. At the end of the day, the lower income people would have more buying power.

SENATOR MEYER asked if labor wasn't typically the largest expense.

MR. RAY replied, "Generally not." As the prices of raw materials go up, that isn't necessarily linked to any increase in the cost of labor to produce a product.

SENATOR BUNDE supposed that the minimum wage is a delta, and whoever is making more than the minimum wage can say that went up, so my wage needs to go up. He asked if Mr. Ray had information as to whether or not that conventional wisdom was correct.

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MR. RAY replied that he called a non-scientific random sample of employers a couple of years ago and asked them that specific question. They all agreed that they would feel compelled to increase the wages of the all the workers who were making somewhat close to the minimum as well. But that would quickly diminish as they moved out of functional areas of the company; for example, employees who working in a bakery and they were all baking, and several of them were working in a range between the old minimum wage and the new, possibly all of the bakers might get a pay raise because of the imposition of the new minimum wage, but the management and distributors wouldn't because they were already above the minimum wage. "The effect is to have

incrementally smaller increases in the wages of those people who are at or slightly above the minimum wage."

[2:15:18 PM](#)

SENATOR THOMAS asked if he could assume that whoever pays for the study, that's how the study comes out.

MR. RAY responded that he didn't intend to say that the studies are biased because good studies are not entered into with the attempt to conclude one way or the other.

[2:18:41 PM](#)

NEIL MCKINNON, President, Alaska Laundry and Cleaners, said he is a member NFIB; he has five employees who are prisoners inside Lemon Creek Prison who do the laundry for the Bartlett Hospital for \$5/hr; prisoners doing the ferry laundry earn \$1/hr. This rate was set up when the program was created and it has been working for years. He explained:

The prison industry has solved this problem by whacking my paycheck to my employees for cost of incarceration, guards - on and on until they got their pay down to where it was an acceptable level of difference between the \$1 and the \$7. So these guys were maybe taking home \$2/hr., which didn't breed massive problems inside the prison over inequities.

Outside the prison, he said, he has other employees and none of those are at minimum wage other than those who are high school kids or entering into the work system. He takes a chance on them just showing up to work, but in the real world he has to be above \$7.15 just to get a pool "that you can even want to take a chance on." These kids pretty much make change in the Laundromat, they basically sit there and surf the web, read a book or start a machine if someone has a problem.

MR. MACKINNON said he has already looked at cutting this cost, because his is a self-service Laundromat; if this bill passes he will go to straight self-service and put some of these people out of jobs. He explained that many of these people aren't living on this job, but it gives them extra money and helps them out; it gives them something to do. That could go away. He remarked that he started a lot of jobs at minimum wage, but he didn't stay at that rate long.

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SENATOR THOMAS asked if the people working in prison were his employees working there or were they prisoners.

MR. MCKINNON replied they are prisoners; they are paid \$7.15 (minimum wage), the prisoners doing state ferry work get paid around \$1; prisoners working right inside the prison sweeping floors and things like that get paid 0.50 or 0.25 cents an hour.

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SENATOR BUNDE remarked that one of the "forms" they received from constituents said if the minimum wage was increased, teenage shoplifting would decrease. He asked Mr. MacKinnon if he noticed that people who make less money are dishonest.

MR. MCKINNON replied no; he has found that people who are paid less money are usually the most honest and that, "You never know who is going to steal from you."

SENATOR DAVIS remarked that some people who are at minimum wage are not teenagers; they have families.

[2:26:10 PM](#)

JOHN FABIANO, Red Robin, Anchorage, said Red Robin employs approximately 200 individuals and opposed SB 1. It would significantly impact their current operations negatively by increasing wages of employees who are already earning \$15-\$20/hr. in tips alone. So, obviously this increase is not geared towards those who need it the most.

He said that everyone has seen significant increases in all the utilities and commodities - some 100 percent, but 30-50 percent on all the consumables - fuel surcharges are the norm now as opposed to the exception.

MR. FABIANO said he would also be less apt to give merit increases as frequently. It would create a greater disparity between the wages earned per hour inside the restaurants between tipped employees and non-tipped employees. It would only benefit the individuals in his current operations who probably need it the least.

In closing, he said he would be supportive of a minimum wage increase provided some sort of dispensation was given to an equitable distribution of wages among all employees, something that is already provided for under federal law that has been adopted in 43 other states in the form of "tip credit legislation."

[2:30:52 PM](#)

SENATOR THOMAS asked how many of his employees are at minimum wage now.

MR. FABIANO replied 80-90 servers in multiple stores and his figures are based on what is declared as tips. A lot of times servers are making a lot more than the managers.

[2:31:56 PM](#)

SENATOR THOMAS asked if they are all full-time employees.

MR. FABIANO replied that some of them have two jobs. It depends on their schedules. Most of the time servers are considered part time between 20-25 hours. A lot are full-time college students.

SENATOR THOMAS said that generally tips are shared, but it didn't sound like they are shared in his establishment.

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MR. FABIANO replied that the \$15-\$20/hr is a net after they have tipped out to the support staff - the busers, the host, the mixologists, et cetera.

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KRYSTAL SCHOENROCK, Secretary, Kenai Peninsula CHARR, said she owns a bar in Nikiski. She has three employees and herself; she opposed SB 1. She said she has already lost business because the liquor industry, the delivery people and everybody else keeps raising their prices; the customers don't want to pay the price and they are more or less buying their own stuff and going home. Half of her workforce is part-time and she has one full-time bartender.

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SENATOR THOMAS asked what kind of impact the closing of the Agrium plant had on her business.

MS. SCHOENROCK replied that didn't have much of an impact; those employees didn't frequent her establishment.

[2:36:01 PM](#)

BILL BUBBEL, owner, Pump House Restaurant, Fairbanks, said his is a year-round business with about 45 employees in the winter and 100 in the summer. He didn't adamantly oppose the basic concept of a minimum wage raise, but he thought the reasoning used for it is faulty.

Basically, he said, the 7.4 percent of the workforce earning \$8.75/hr. are tipped people; so that really skews the net effect of the increase. No one in Fairbanks offers a minimum wage job for a non-tipped position because you can't find anybody to fulfill it. The basic entry wage for a fast food business now is \$10/hr. That's problem number one, he said, and number two is that businesses that have the most minimum wage employees have labor as their single biggest expense. People in Alaska don't really work for minimum wage.

What concerns him most is using the CPI index, because the feds don't use it; so why should Alaska? We are in a depression and the people who are most affected are the small businesses. Right now his business is down about 25 percent, a huge amount of sales and it's strictly due to the economy. So, if he has to pay more for a minimum wage, that has to be added to the price that he charges his customers and right now they are having a difficult time affording the prices that he already has had to raise because of all the increases he has had to face.

MR. BUBBEL said the only way to offset this is a tip credit provision. His employees average from \$20/hr. in the winter to \$40/hr. in the summer; so they are highly paid. His problem is that he can't find managers or good line cooks for what he pays, \$14/hr., because they would rather be a server and make tips.

He said that Senator Thomas worries about the foreign workers, "J1s," coming in, but the reason they are here in the first place is because there isn't enough people who are willing to work at a wage that a small business can afford, \$10-\$12/hr. By law he cannot pay a J1 less than the going wage for the same kind of work. His lowest wage for a J1 is \$9/hr. already and as soon as they have learned a trade they go up.

2:41:02 PM

SENATOR THOMAS disagreed on his reason for the "J1 workers," particularly with the way they are couched as cultural exchange. He didn't see any students among the group or any integration into the community at all. They pretty much travel in their own group, and he hadn't noticed many at Mr. Bubbel's particular establishment. But he does know hundreds of kids in Fairbanks when school is out and that's the justification that was always given to him - that it does not match up with the school season, which for college graduation is usually the first or second weekend in May and the tourism season, which is considered the

early part of May through mid-September. School starts back late August or early September.

2:42:50 PM

GABE ACEVES, Executive Director, Alaska Public Interest Research Group (AKPIRG), supported SB 1 for most of the reasons the sponsor stated earlier, especially with the adjustments for inflation. No one has yet pointed out that not only in Alaska, but across the nation, our minimum wage standards have been woefully inadequate for years. In fact if you look at statistics from economists on both sides of the spectrum, studies show that people who are trying to earn a living today actually have less purchasing power than their fathers did a generation ago in the 60s and 70s.

Another thing that hasn't been mentioned is that along with the exorbitant increases in the cost of living and workers' purchasing power being lower, workers' productivity has increased over the past 20 years by 50-70 percent. So some large companies who have employed people for 20-30 yrs have dragged their feet on things like the minimum wage while their workers are actually producing more for them today than they ever were before. But they are getting paid less in terms of real dollars.

2:46:42 PM

MR. ACEVES read a passage from "The Wealth of Nations," written by Adam Smith, published in 1776. It says:

A man must always live by his work and his wages must at least be sufficient to maintain him. They must even upon most occasions be somewhat more otherwise it would be impossible for him to bring up a family and the rates of such workmen could not last beyond the first generations.

It seems certain that in order to bring up a family, the labor of the husband and wife together must, even in the lowest species of common labor, be able to earn something more than what is precisely necessary for their own maintenance.

He remarked that Adam Smith's work is the "fountain head for free market economies all over the world." His approach to economics was hands off and no government involvement, but even he recognized 200 years ago that people have to be able to earn not only what is absolutely minimally required for them to earn a living, but somewhat more in order for them to carry on.

[2:48:13 PM](#)

SENATOR BUNDE asked what would be an adequate minimum wage.

MR. ACEVES didn't have a specific number to recommend.

[2:49:42 PM](#)

TERRY WANZER, Alaskan Hotel and Lodging Association, said he is co-owner of the Best Western Landing Hotel and Restaurant, Ketchikan. He opposed SB 1 as currently drafted. He disagreed with previous speakers that the cost of living would be impacted negatively if this passed. Secondly, he said he employs 70-100 people depending on the season and no one in any departments other than serving positions make the minimum wage. You cannot find employees who will work for less than \$10-\$12/hour, he said.

He agreed with the other 42 states that have tip credits. It is true that a lot of these are students or entry level people, but a lot of his employees who do make minimum wage have been with him for 17 yrs. or longer. Raising the minimum wage doesn't increase buying power, he stated. These costs cannot be passed on to the public like a freight surcharge. "We can't increase the cost of a hamburger.... You can't concurrently raise the cost of your menu, because you won't have any customers." These should be merit increases built into the American way of hard work equals higher pay. Business owners take the risk to create the jobs in the first place.

[2:53:31 PM](#)

BUSTER MARTIN, United Food and Commercial Food Workers Union, Anchorage, said he represents grocery workers around the state, who have to start at minimum wage and he supported SB 1 along with the inflation-proofing language. He said he gets a "phenomenal" amount of phone calls from people who need help and can't afford to take care of their families, especially in the last five years. He gets calls from people who can't make it on \$12-\$13/hr. in places like Ketchikan and Juneau where the cost of living is higher.

SENATOR BUNDE asked how much higher the minimum wage should be.

MR. MARTIN replied that he is not an economist, but the problem with starting wages being so low is that workers can't survive for the 3-5 months it takes for the employer to grant an increase. Contracts make the increase based on hours.

[2:57:27 PM](#)

JENS NANNESINS, owner, Southside Bistro/City Diner, opposed SB 1. He employs 100 employees and 60 of them work for minimum wages, but they make good tips.

SENATOR BUNDE asked if the committee would consider inserting a tip credit provision in this bill.

CHAIR PASKVAN said he thought the sponsor would consider it.

[2:58:41 PM](#)

JOHN BROWN, Fairbanks, supported SB 1. He understands when the minimum wage is raised that he will have to pay a little bit more when he goes out to eat, but it's essential that wages keep up with inflation and they haven't for 40 years. "I think it's part of the structural deficiency in our economy right now."

CHAIR PASKVAN closed the public testimony. He held SB 1 for next Thursday.

[3:01:26 PM](#)

There being no further business to come before the committee, Chair Paskvan adjourned the meeting at 3:01 p.m.