

HB 1507

Thank you Chairperson Louser Vice Chair Ostlie and Members of the House Industry Business and Labor Committee.

I am Representative LaurieBeth Hager of District 21 in the central corridor of Fargo and West Fargo along Main Avenue and to 13th Ave S. My district includes 3 trailer parks, the Jefferson, Madison or Golden Ridge Neighborhood, the Historic Hawthorne Neighborhood, a small area of West Fargo and thousands of people living in apartment complexes near West Acres.

During the 67th Legislative Session I sponsored a \$9 minimum wage bill. I had not anticipated returning to this committee again as I had hoped and believed that the Biden Administration would have addressed and increased the federal minimum wage prior to this legislative session.

So I stand before you again today to offer HB 1507 , a bill to raise the state of North Dakota's minimum wage and provide a yearly increase during the biennium. I am here today on behalf of the 1000s of workers in our state who are not earning adequate wages many of whom are living at or in near poverty. I am here in support of strengthening North Dakota's workforce and encouraging workers to remain in ND rather than crossing over to attain higher hourly wages in adjacent states.

HB 1507 provides a simple method for our legislature to update minimum wages for employees in our state. HB 1507 increases the state's minimum wage from \$7.25 to \$9 per hour and incorporates graduated 25 cents per hour yearly increase. This is a small increase of 1 dollar and 75 cents. I have had feedback from some people and associations expressing frustration that this bill is not seeking a higher hourly wage. And if the IBL Committee member would like to remedy that I would love to see that amendment. However, I conceptually crafted this proposal to be respectful to business owners and employers and to show that employees and are valued.

This increase is at least 5 years overdue. North Dakota's minimum wage is the same as the federal minimum wage which was last increased in 2009. But each of us know that gas and grocery prices have increased dramatically. A 34.2 percent

cumulative increase in the past 13 years, extrapolating that to wages the minimum wage should be \$9.73 per hour.

Currently ND employees earning the minimum wage are paid \$7.25 per hour which is the Federal Minimum wage. If employed full time 40 hours per week they would earn \$290 per week \$1256 per month and \$15,080 per year. Typically a minimum wage earner is not provided with additional health or retirement benefits.

This federal minimum wage was established in 2009—13 years ago. 13 years without even a cost of living increase. This legislation would resolve problems for individuals who earn minimum wage some of whom would need to rely on other systems for support.

The rationale for this bill is threefold:

First, to remain competitive with our adjacent states MN, SD and MT

In the USA, as of January 1, 2023

30 states have minimum wage above \$7.25 20 States are at \$7.25
28 states have a minimum wage of \$10.00 or higher

Focusing on the 3 states bordering ND, their residents earn minimum hourly wages of:

Minnesota \$10.59
South Dakota \$10.80
Montana \$ 9.95

If one were to average the minimum wage of MT, MN & SD it is \$10.10 per hour. In ND our minimum wage is \$7.25. HB 1507 proposes \$9 per hour in this bill is just a bit lower than that average but will increase 25 cents per year until it reaches \$10.00. While I am still hopeful that at some point in the future the federal minimum wage will be increased. I believe that this bill will provide business owners and employers a more graduated method prior to a federal

increase of minimum wage occurs. Social Security and Railroad retirement increase by 8% this year so I am hopeful that an hourly wage increase will be on the horizon.

Second, Poverty What is the yearly income of a person earning minimum wage as compared to other wage levels?

Poverty Levels according to the Federal Free and Reduced School Lunch Regs.

# persons	Annual Wages
1	13590
2	18310
3	23030
4	27750
5	32470

An employee working 40 hours per week at the \$7.25 minimum wage would earn \$ 15,080 per year. This is just slightly above the federal poverty level of \$13590 for a single person. If that minimum wage earner is providing for a family of 4, his or her earnings are well below the poverty level of \$27,750.

By increasing our state's minimum wage \$9 per hour, the employee would earn \$18,720 annually by working 40 hrs per week—still below the \$27,750 poverty level for a family of 4 and just above the poverty level for a 2 person family.

Furthermore The cost of living has obviously increased in the past 11 years while the \$7.25 federal/state minimum wages have NOT increased. This has created the situation that persons earning minimum wage cannot provide or budget for even ordinary expenses: housing, food, healthcare, childcare, etc. Cost of Living or Inflation Increase since 2009 is 36% cumulatively.

The buying power calculation indicates that what \$7.25 could purchase in 2010 is now \$5.97 in 2022 \$5.97

The Cost of Living or Inflation Increase between 2010 to 2022 is 34.2%
Another way of looking at buying power is \$1 in 2010 is \$1.34 now or \$10.00 then is \$13.40 now

Third, increasing the minimum wage to \$9 may stimulate our ND economy while reducing poverty. Keeping workers in ND or at small businesses rather than national chain stores that have already raised minimum wages above the \$7.25 federal minimum wage -- Target and Walmart are two such examples as is Amazon

Who earns minimum wage? Often it is entry level jobs but also it is jobs held by elderly who have returned to the workforce after retirement or receiving merely social security benefits.

Finally, often local control is the philosophy or justification behind many of the bill concepts we hear in our legislature. Let's exert some state control and determine our state's minimum wage for the residents of North Dakota and a method that is respectful of business owners across the state. I believe that business owners in our state want to provide their workers with wages that will not keep their employees in economically disadvantaged or poverty conditions. If we want workforce issues to be resolved in ND, lets start with the minimum and by that I mean minimum wage.

I stand before the IBL committee to answer questions.