

SUBJECT: Proposing a constitutional amendment to increase the minimum wage

COMMITTEE: Business and Industry — favorable, without amendment

VOTE: 4 ayes — Oliveira, Collier, Romero, Villalba

3 nays — Simmons, Fletcher, Rinaldi

WITNESSES: For — Garrett Groves, Center for Public Policy Priorities; Chuck Freeman, Free Souls Church/TX Unitarian Universalist Justice Ministry; Rene Lara, Texas AFL-CIO; Maxie Gallardo, Workers Defense Project; and five individuals; (*Registered, but did not testify*: Joe Hamill, American Federation of State, County, and Municipal Employees; Nancy Williams, City of Austin; Currie Hallford, CWA/TPLC Texas Legislative and Political Committee; Christopher Willett, Equal Justice Center; Will Francis, National Association of Social Workers - Texas Chapter; Phillip Martin, Progress Texas; Leonard Aguilar, Southwest Pipe Trades Association; Josette Saxton, Texans Care for Children; Ted Melina Raab, Texas American Federation of Teachers; Michael Cunningham, Texas Building and Construction Trades Council; Emmanuel Garcia, Texas Democratic Party; Harrison Hiner, Texas State Employees Union; Denee Booker; Michael Gutierrez; Jason Lopez; Karen Trietsch)

Against — Sid Rich, TARC; (*Registered, but did not testify*: Jon Fisher, Associated Builders and Contractors of Texas; Matt Long, Fredericksburg Tea Party; Annie Spilman, National Federation of Independent Business/TX; Cathy Dewitt, Texas Association of Business; Kathy Williams, Texas Association of Staffing; Pat Carlson, Texas Eagle Forum; Micahael Pacheco, Texas Farm Bureau; Matt Burgin, Texas Food and Fuel Association; Justin Bragiel, Texas Hotel and Lodging Association; Kenneth Besserman, Texas Restaurant Association; Ronnie Volkening, Texas Retailers Association; Angela Smith)

BACKGROUND: The Texas Minimum Wage Act, under Labor Code, ch. 62, adopts the federal minimum wage, which was increased to \$7.25 per hour under the Fair Labor Standards Act in 2009.

DIGEST: HJR 26 would amend Texas Constitution, Art. 16, sec. 29 to require an employer to pay an employee the greater of \$10.10 per hour or the federal minimum wage.

This requirement would not apply to wages paid to patients and clients of certain state health services in compensation for assisting in facility operations or for occupational training. The requirement also would not apply to employers who were exempt under Labor Code, ch. 62, subch. D, including certain religious and nonprofit employers. The Legislature could repeal or limit these exemptions but could not expand them.

The proposal would be presented to the voters at an election on Tuesday, November 3, 2015. The ballot proposal would read: “The constitutional amendment establishing a minimum wage of the greater of \$10.10 an hour or the federal minimum wage.”

SUPPORTERS SAY: HJR 26, along with its enabling legislation, HB 41 by Martinez Fischer, would benefit the economy and the quality of life for workers in Texas by increasing the minimum wage to \$10.10 per hour. The wages for other employees likely would increase as a result, which would improve the consumer purchasing power of Texans. This would benefit businesses and the economy because people would have more money to spend. It also would result in a decline in the need for public assistance, allowing state funds to be used in other areas.

Contrary to some views, the minimum wage would have no discernible effect on employment. In fact, some businesses believe it would benefit them because there would be lower employee turnover and increased productivity. The free market system should not be tasked with determining the minimum wage because a business's first priority is to make money, not to pay people a fair wage.

No Texan working full time should live in poverty. The minimum wage has not been raised since 2009, despite the increased cost of living and household items. The result of this disparity is a lower quality of life for

many people. The myth that the minimum wage is earned only by teenagers working part-time jobs for extra spending money is not true. The majority of people earning a minimum wage are at least 20 years old, many of whom are working full-time jobs and supporting a family.

HJR 26 would give Texans the opportunity to vote on increasing the minimum wage because the people deserve the right to decide for themselves about an issue that affects so many of them.

OPPONENTS
SAY:

HJR 26 would hurt businesses and the economy and, as a result, would not help individuals. The free market, rather than the government, should decide wages, with individuals being allowed to contract out their labor at whatever rate they choose, assuming they can find a willing buyer. This proposal would mandate that businesses pay their workers above a certain level, regardless of whether the business could afford to pay that amount.

Increasing the minimum wage would result in the loss of jobs and opportunities because many businesses would be forced to fire employees, decrease benefits, or offer fewer hours. If the minimum wage were increased, employees already making more than minimum wage might also demand an increase in wages, increasing the cost of labor for all employees.

A minimum wage creates a false bottom because as other wages increase, the cost of goods and services also increase. This ultimately places the person earning minimum wage in the exact position in which they started.

HJR 26 is also unnecessary because the majority of people earning minimum wage are young people starting in entry-level positions. Increasing the minimum wage would serve only to eliminate these positions, along with opportunities for the young work force to gain experience and training, because businesses likely would choose to hire more experienced candidates if they already were paying the higher wage.

NOTES:

The Legislative Budget Board's fiscal note indicates that the fiscal implications are indeterminate but estimates that the cost could range from

\$595 million to \$655 million in general revenue funds through fiscal 2016-17.

HB 41 by Martinez Fischer, the enabling legislation for HJR 26, would increase the minimum wage under the Texas Minimum Wage Act to the greater of \$10.10 per hour or the federal minimum wage. It was left pending in the House Committee on Business and Industry on April 7.

SB 67 by Ellis, the Senate companion to HB 41, was referred to the Senate Committee on Natural Resources and Economic Development on January 26.