

LD607 – An Act to Restore Overtime Protections from Maine Workers

Good morning. Senator Hickman, Representative Sylvester and members of the Joint Standing Committee on Labor and Housing. My name is Niki Morton and my husband and I own Casco Bay Food and Beverage headquartered in Lewiston. We have 3 branches located in Bangor, Lewiston and Portland and currently employ 74 Mainers, approximately 20% of these employees are classified as overtime exempt. Prior to the pandemic, we employed as many as 120 hardworking Mainers throughout the state.

I am speaking to you today in opposition of LD607, An Act to Restore Overtime Protections to Maine Workers. This bill, as amended, proposes to increase the overtime threshold each year, over the next 3 years, in addition to the minimum wage index increase as published by CPI. Passage of this bill would cause severe economic harm to *thousands* of businesses across this state, such as mine.

My husband and I pride ourselves on paying our employees a fair livable wage; we know our employees rely on us to help support their families. As with many other Maine businesses, the pandemic hit us particularly hard. In March of 2020, we lost 60% of our business in less than 2 weeks' time. Today, a year later, we still have not fully recovered. Many of our customers have not returned to their offices so our vending machines, micromarkets, and onsite cafes are empty or closed. Meanwhile, our operating expenses have continued to skyrocket. Food manufacturers are raising prices from 5% to 28%, health insurance costs continue to increase by double digits and the rising minimum wage, particularly in Portland, is making it extremely difficult to remain a viable Maine business. This bill which could increase the salaried threshold to over \$55,000 by 2024 would be devastating to our business.

Our low and mid-level managers are currently meeting the duties test as defined by the Fair Labor Standards Act; most of these managers have been promoted from within our company. Their primary duties are managing either a department, or subdivision of a department and most directly supervise at least 2 full-time employees. Within their departments, they have direct input as to who gets hired, fired or promoted. These low and mid-level managers still have a significant amount of professional growth left to do. We are investing significant money and resources to give these folks the opportunity to learn and develop

their skills. In addition, these managers are investing in themselves by working outside of their comfort zone, studying and learning how to contribute differently to an organization that believes in them. Our revenue does not allow for this type of exorbitant payroll expense, should this bill pass, we would be required to reevaluate our low to mid-level managers who currently make a fair salary, but do not warrant a salary at the proposed levels. Sure, we could return these managers to an hourly wage but the amount of effort required to further develop their professional skills will take a backseat. I polled some of our exempt employees and asked them how they would feel if I would be forced to return them to an hourly wage. Without hesitation, they all asked “why, what did we do wrong” and implied that they would feel as if they had been demoted.

If passed, we may be forced to eliminate some of these positions to find payroll savings to offset this additional expense for those more experienced managers.

Asking small businesses, struggling to survive as it is, to absorb a higher minimum wage and potentially a huge increase to the salaried threshold could not only devastate my business, but also the hardworking Mainers this bill is intended to protect, especially during a global pandemic.

Thank you for the opportunity to speak with you today.