



Testimony in Opposition to LD 116:
“An Act to Establish a Minimum Wage for All Health Care Workers
Including All Support Staff”

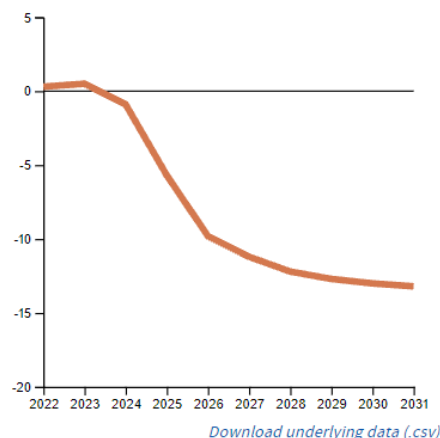
Senator Tipping, Representative Roeder, and the distinguished members of the Committee on Labor and Housing, my name is Nick Murray and I serve as director of policy for Maine Policy Institute. We are a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify on LD 116.

This bill would require a healthcare facility, defined as a “hospital, nursing facility, long-term care facility, residential care facility, rehabilitation residential setting or other similar setting” to pay every employee at least \$15/hour beginning January 1 of next year.

In 2021, the nonpartisan Congressional Budget Office (CBO) developed an interactive data tool to allow the public to “explore the effects of policies that would increase the federal minimum wage.” Their reporting shows that a nationwide \$15/hour minimum wage would reduce household income in the US by nearly \$15 billion by 2032. Of the American families which currently earn at least three-times the federal poverty level, their income would shrink by between 2% and 17% by 2032.¹

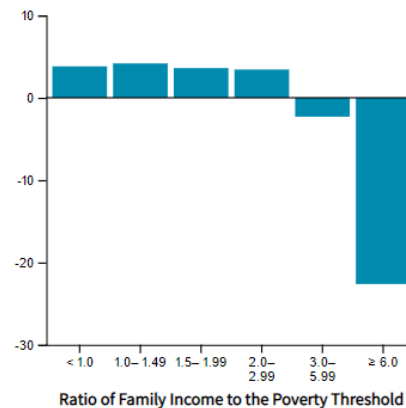
Overall Change in Real Family Income

Billions of 2021 Dollars



Distribution of Changes in Real Family Income, by Income Group, 2026

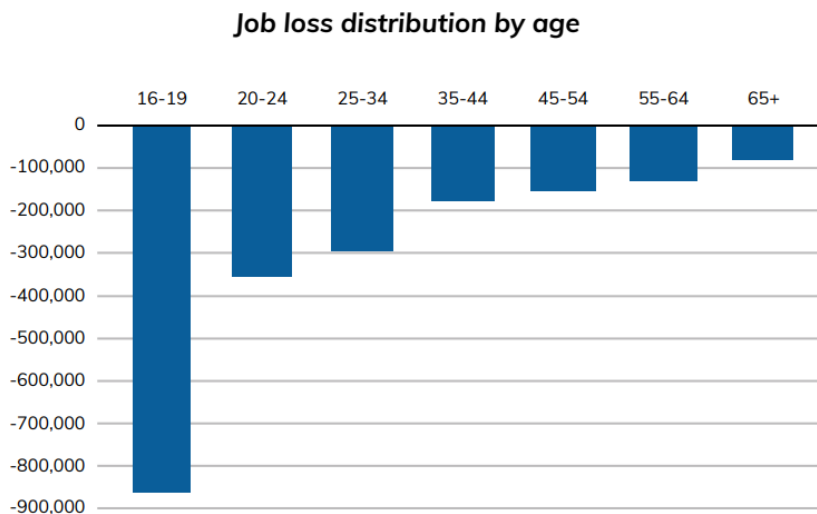
Billions of 2021 Dollars



An analysis published by the nonprofit Employment Policies Institute (EPI), based on a 2019 CBO analysis, found that the nationwide effects of a \$15/hour minimum wage would be devastating, resulting in 2 million jobs lost and collectively

¹ How Increasing the Federal Minimum Wage Could Affect Employment and Family Income. Congressional Budget Office. 2021. <https://www.cbo.gov/publication/55681>

cost businesses over \$99 billion. EPI also found that the job losses would hit the youngest workers (age 16-19) the hardest, with that group projected to lose more than 850,000 jobs.²



While these numbers represent effects across the whole nation, we should expect to see similar effects scaled in the Maine healthcare industry. Arbitrarily raising wages higher than the market equilibrium ultimately results in lost wages for some workers, and overall lost economic growth across the economy.

Based on 2020 data from Maine DOL and Bureau of Labor Statistics, the median wage in Maine (half of people make more, half make less) was \$19.45 for all occupations, 25th in the US. State minimum wage in 2020 was \$12/hour, more than 62% of the median wage. In the four poorest counties, minimum wage was more than 70% of the regional median; only in Cumberland county was it less than half of the median.

Since early 2021, the average worker's wages have not kept up with inflation, yet minimum wage has.³ As of January 2023, Maine's minimum wage is \$13.80, a 15% nominal rise since 2020. This is putting Maine businesses on a truly unsustainable course, leaving some with the only option to cut back hours, reduce their operations, or lay off workers altogether.

The state simply should not be interfering in the negotiations between employers and employees, lest these all-too-common unintended economic consequences rear

² The State Employment Impact of a \$15 Minimum Wage. Employment Policies Institute. January 2021. <https://epionline.org/studies/the-state-employment-impact-of-a-15-minimum-wage-january-2021/>

³ Wage growth vs inflation U.S. 2022. Statista.com. <https://www.statista.com/statistics/1351276/wage-growth-vs-inflation-us/>

their ugly heads once again, as they have all over the nation where onerous minimum wages have been tried.

Obviously, people earning higher wages is a good thing. This is why MPI is constantly advocating for limiting state intervention and lowering tax burdens. These things provide for a vibrant economy. Unleashing the creative potential of individuals through free enterprise and free markets is historically the quickest and most efficient way to raise the quality of life for everyone.

But alas, a significant portion of the majority caucus would rather increase costs on businesses and wonder why so many have closed, pared back hours, or left the state entirely. They would also rather keep ratcheting up welfare benefits and wonder why so many firms are having trouble hiring people—if their “applicant” will even show up for an interview.

Committee members should not be surprised to see the largest entities in Maine’s healthcare industry testify in favor of this bill, for obvious reasons. The largest employer in the space, MaineHealth, raised its internal minimum wage to \$17/hour in mid-2021. Northern Light Health, the second-largest healthcare employer, enacted a \$15/hour minimum around the same time.⁴ A \$15/hour minimum would not affect them, but it would place their competitors at a disadvantage.

Workers today are the beneficiaries of a tight labor market; companies must offer better pay and/or benefits in order to attract and retain talent. By placing unnecessary restrictions on the wage/salary side, the well-intentioned sponsors of this bill may be inadvertently diverting some employers away from offering generous benefit packages, since they would have to align with the new industry minimum wage, which inevitably pushes up wages of non-minimum wage workers.

Long story short: Maine businesses are having a tough time as it is. Instead of requiring hospitals to pay workers more. Please deem LD 116 “Ought Not To Pass” and leave health care workers the freedom to negotiate their own pay and benefits without undue state interference. Thank you for your time and consideration.

⁴ “Maine hospitals giving wage increases to address pandemic workforce shortages.” Portland Press Herald. July 21, 2021.

<https://www.pressherald.com/2021/07/21/mainehealth-to-give-nearly-across-the-board-wage-increases/>