1. Pause button issue

A. Report of the Minimum Wage and Benefits Cliff Study Committee
December 2017

Senator Michael Sirotkin, Chair
Senator Brian Collamore
Senator Ann Cummings
Representative Helen Head, Vice Chair
Representative Brian Keefe
Representative Jean O'Sullivan

….. Section V…

D. "PAUSE BUTTON"

Both New York and California's minimum wage laws include provisions that would permit the scheduled increases in each state's minimum wage to be paused temporarily in the event of an economic downturn or adverse economic impacts resulting from the increase in the minimum wage.

Beginning January 1, 2019 and continuing until the minimum wage reaches $15.00 in all regions of the state, New York's law requires the Division of Budget to analyze annually the economy in each region and the effect of the minimum wage increases to determine whether there should be a temporary suspension or delay in any of the scheduled increases.[1] California's law permits the Governor to delay the scheduled increase for one year if the Director of Finance certifies that either certain economic or certain budgetary conditions are met.[2] The Governor may pause the scheduled increases pursuant to the budgetary provisions no more than two times.

However, differences between Vermont and New York and California weigh against Vermont adopting a similar "pause button" framework. Vermont's economic and demographic makeup are significantly different from states such as California and New York, which both have significant metropolitan areas with populations and economies that are significantly larger than Vermont's. The Committee felt that, given Vermont's size, geography, economy, and demographics, combined with the limited data available to policy makers, it would be difficult to create a framework for accurately determining the degree to which an increase in the minimum wage was the primary factor causing a negative change in the State's economy or budget. Moreover, if the State were to be faced with a recession that made scheduled wage increases difficult for the economy to bear, the General Assembly can always pass legislation altering or

[1] For more information on New York's Analysis, *see* Appendix 12: "Summary of New York State Wage Determination Procedures."
[2] The economic conditions are met if (1) seasonally adjusted statewide nonfarm job growth for either the past 3 or 6 months is negative and (2) retail sales tax receipts for the past 12 months are negative. The budgetary conditions are met if the state's General Fund would be in deficit in the current fiscal year or either of the two following fiscal years when taking into account the current minimum wage and the next scheduled increase. For more information *see* Appendix 15: Leonard, Damien, "Memorandum regarding Minimum Wage Initiatives in New Hampshire and Massachusetts, and the Fiscal Off-Ramp in California's Minimum Wage Law."

delaying any future wage increases. A statutory requirement of an annual report to the General Assembly on the effects of a minimum wage increase might also be considered.

MARYLAND
https://www.zenefits.com/blog/maryland-minimum-wage-to-rise-to-15/

The law, "Fight for Fifteen," does provide that, if the economy nosedives, a wage increase can be set aside. The minimum wage will increase each year on January 1. However, a minimum wage increase can be suspended if the seasonally adjusted total employment is negative, according to the legislative analysis of the bill.

From Fiscal Note: http://mgaleg.maryland.gov/2019RS/fnotes/bil_0006/hb0166.pdf

"By October 1, 2020, and October 1 each year thereafter until October 1, 2024, BPW must determine whether the seasonally adjusted total employment is negative. BPW may temporarily suspend an increase to the minimum wage rate if it determines that the year-over-year seasonally adjusted total employment is negative. If the seasonally adjusted total employment is negative, BPW may consider the performance of State revenues in the previous 6 months in determining whether to temporarily suspend an increase to the minimum wage rate. BPW may temporarily suspend an increase to the minimum wage rate only once, and if it does so, the minimum wage in effect for the period beginning the following January 1 must be the same as the rate that was in effect for the preceding 12-month period. The remaining minimum wage rate increases then take effect one-year later than the date specified. BPW must notify the Commissioner of Labor and Industry of the temporary suspension and that a rate increase for the specified community service providers for the immediately following fiscal year may not go into effect."

2. Issue of Health Care workers - no examples of addressing compression
See:
New York

2018-09-29_min_wage_webinar.pdf

California https://www.dds.ca.gov/minwage/?yr2019=0

State Initiatives

CALIFORNIA

In California, the issues for care workers were central to the discussions on raising the minimum wage at the state and local levels from the beginning. There was recognition that new minimum wage policies would significantly increase the cost of some state-funded programs; these included the IHSS program that provides homecare subsidies to low-income seniors and individuals with disabilities, other service programs for people with developmental disabilities, and several different child care subsidy programs. The final statewide minimum wage policy included a slower implementation timeline than advocates' original proposal in order to ease the burden on the state budget by phasing in the cost over multiple years, with wages rising to $15 in 2022 and 2023 for smaller businesses. It also included a provision to allow the state to temporarily delay scheduled minimum wage increases if an economic downturn led to a large loss of state revenue.

In both the IHSS and child care programs, funding the increasing wages was made even more challenging because of cuts that had been made to the programs in response to the state's budget crisis during the Great Recession. The state had the additional budgetary challenge of restoring previously cut funding along with paying for higher wage rates required by the new minimum wage policy. In the case of the IHSS program, the 2016–17 state budget included funds to restore previous cuts in service hours, cover overtime pay that a recent change in Fair Labor Standards Act regulations required for the first time, and cover the cost of the minimum wage increase.

In the case of ECE, California likewise included funds (spread over several years) to (1) restore some of the previous cuts and (2) increase reimbursement rates to reflect the projected costs to early care and education providers due to increases from the state minimum wage (Legislative Analyst's Office 2017). The 2017–18 budget allocated funds to update child care subsidy eligibility requirements and to allow families to retain their eligibility for child care subsidy for a 12-month period in order to create stability for providers, children, and their parents. Simultaneously, the state added additional slots for full-day State Preschool for low-income families. Despite these recent increases, California child care program funding remains half a billion dollars below 2007–08 pre-recession levels and serves 66,000 fewer children than in 2009–10 (Schumacher 2018)