

Ballot Measure No. 3

An Act to Increase Alaska's Minimum Wage

STATEMENT IN OPPOSITION

Make no mistake, should Proposition 3 pass, it would have two immediate effects—but not the ones supporters would have you believe.

First, teenage unemployment will increase over time, reducing their chances of getting valuable work experience; second, the ability of low-skilled workers to earn income, especially those assisting seniors with errands and chores around the house, would be drastically cut—harming two groups of people at once.

In fact, more than those earning below it, the only potential beneficiaries of Proposition 3 are likely to be families earning at least three times the poverty level, making a minimum-wage increase a lousy anti-poverty initiative.

These results are not a matter of speculation, but economic patterns that have followed every increase in the minimum wage. It's vital voters know the truth about the minimum wage:

- 99 percent of all hourly wage workers in Alaska (all but 2,000 people) already earn above the minimum wage (2012, latest data available).
- More than 50 percent of minimum-wage workers are under age 24, so raising the rate removes the first rung up the economic ladder of life for young adults, as business owners are forced to cut back on hiring in order to meet the cost increase
- After the last federal increase in the minimum wage, one-half million teenage jobs disappeared following six months, and that was in a period of economic recovery when more jobs should be available.
- The average annual family income of those earning the minimum wage (nationally in 2009) was over \$48,000.
- Significantly more people earning at least three times the poverty level will benefit as those living beneath it.
- 83 percent of minimum wage earners are teenagers living with working parents, adults living alone, or dual income couple.

Prop. 3 supporters point to Washington state as an example Alaska should follow. In 2013, both states had similar unemployment rates—6.5 percent in Alaska, and 7 percent in Washington. But for young adults ages 16 to 19, the situation was much different. In Alaska, where the minimum wage is \$7.75 an hour, teen unemployment was 17.5 percent. In Washington state, where the minimum wage is \$9.32 an hour and rises every year because of indexing to inflation, the teen unemployment rate was an astounding 30.6 percent.

What happens when minimum wages rise too high? Remember filling station attendants. How about baggers in grocery stores? Or, for older people, ushers in movie theatres. All have been eliminated. Technology may do the same for today's minimum wage jobs. Placing orders through touch screens and the self-checkout is growing in Alaska. Losing these jobs means losing the bottom rung on the career ladder and fewer opportunities for the people who used to fill those jobs.

Asks economist William J. Dennis, who has studied small business and the minimum wage for 40 years: "Employers want experienced workers. How do you get experience when you price people out of the market in the first place?"

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