**The Maine Heritage Policy Center**

**Testimony to Oppose LD 1874**

**“An Act To Amend the Laws Governing the Subminimum Wage”**

Senator Bellows, Representative Sylvester and distinguished members of the Committee on Labor and Housing, my name is Adam Crepeau. I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify in opposition to LD 1874.

The Maine Heritage Policy Center is opposed to LD 1874 because it would likely further diminish employment opportunities for individuals who are severely mentally or physically disabled. While the intent of this bill is exceptional and worth considering, LD 1874 could have unintended consequences for workers with severe disabilities who are currently employed or seeking employment.

With the recent increases to the minimum wage, we fear that eliminating the subminimum wage will create higher unemployment amongst disabled Mainers. In 2016, approximately 7,000 people between the ages of 16 and 24 (about 9 percent of this population) were unemployed. After the minimum wage was increased to $10.00 per hour in 2018, unemployment grew by 2.4 percent to a total of 11.4 percent amongst Mainers between the ages of 16 and 24, despite overall employment growth.[[1]](#footnote-0) The Maine Heritage Policy Center is concerned a similar phenomenon would occur among disabled Mainers if the subminimum wage were to be eliminated.

To be clear, The Maine Heritage Policy Center believes every individual who can obtain employment at the minimum wage or higher should do so. However, employment among Maine’s disabled working-age population is already low at 33 percent. Similarly, 36 percent of the United States’ disabled working-age population are employed. These figures pale in comparison to Maine’s non-disabled working age population — employment among this group hovers around 80 percent.[[2]](#footnote-1) Again, eliminating the subminimum wage would only exacerbate this disparity, especially when coupled with the recent increases to the minimum wage.

Further, the Maine Department of Labor had this to say about the subminimum wage in 2015:

*“Every six months the employing agency is required to conduct a new time study to ensure that the individual is paid correctly based on the individual’s skill set. If changes to the rate of pay are needed, the employing agency must increase the wage of the individual. Decreasing the wage is only allowed if the performance of the individual indicates a decrease in productivity during the time study. In the last three years, BLS has not investigated any allegations as to the payment of sub-minimum wages in the state.”*[[3]](#footnote-2)

The Maine Heritage Policy Center believes retaining the subminimum wage is the right thing to do. For the reasons cited above, we urge the committee to vote, “Ought Not to Pass” on LD 1874. Thank you.

1. <https://www.themainewire.com/2020/01/minimum-wage-and-overtime-changes-come-with-unintended-consequences/>; <https://www.maine.gov/labor/cwri/laus.html> [↑](#footnote-ref-0)
2. <https://www.maine.gov/labor/cwri/disabilities/index.html> [↑](#footnote-ref-1)
3. <http://www.mainelegislature.org/legis/bills/getTestimonyDoc.asp?id=33857> [↑](#footnote-ref-2)