

Conference Report:
**Minimum Wage
and
Unemployment Insurance
Reform**

Massachusetts State Senate

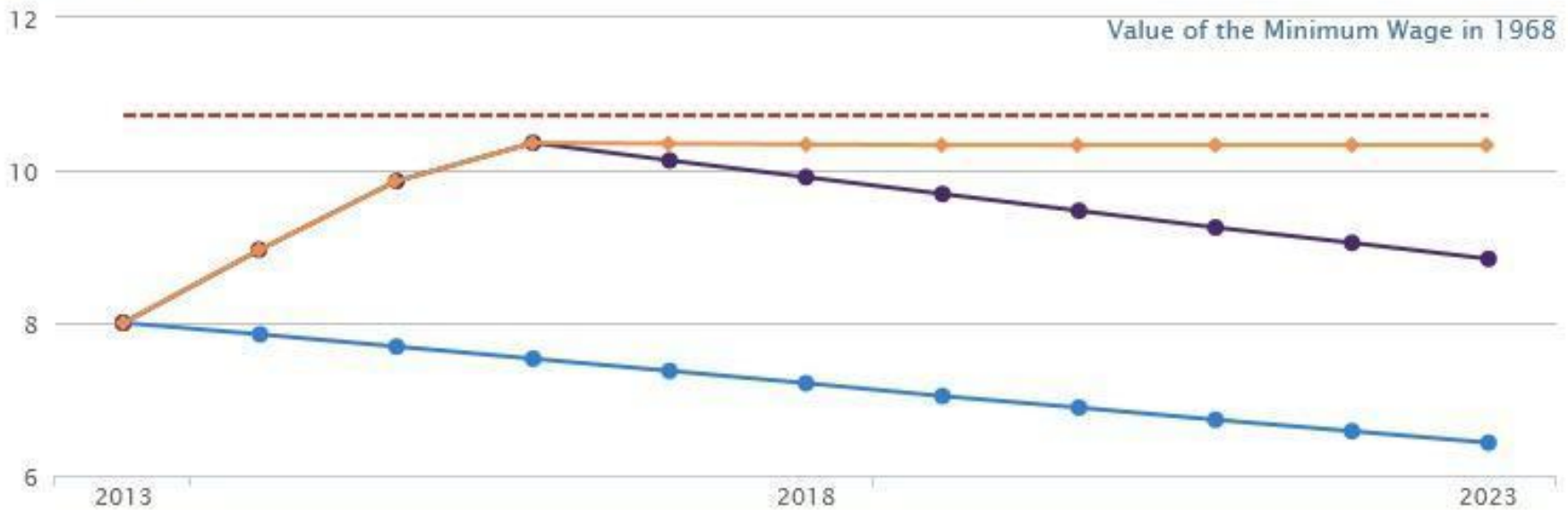
June 12, 2014

Minimum Wage: Restoration

- An \$8 minimum wage is currently 25 percent below its 1968 level.
- Had the minimum wage been indexed to inflation in 1968, today (2014) it would stand at \$10.72/hr. In 2016 it would be \$11.27/hr. and in 2017, it would be \$11.52/hr.
- For a family of 4, the poverty guideline is \$23,550. For a family of 3, it's just over \$19,000. A minimum wage of \$11 an hour lifts many if not most families to that level.

Minimum Wage: Comparison

2013 Dollars



- Current Minimum Wage
- ◆ Minimum Wage, Indexed to Inflation
- Minimum Wage, Raised to \$9 and Indexed
- ▲ Minimum Wage, Raised to \$10 and Indexed
- ✦ Minimum Wage, Raised to \$11 and Indexed
- Minimum Wage, Phased to \$11
- ◆ Minimum Wage, Phased to \$11 and Indexed
- Custom Plan
- Minimum Wage in 1968

Highcharts.com



Minimum Wage: Overview

- **Raises to \$11.00/hour**
 - \$9.00 on Jan. 1, 2015
 - \$10.00 on Jan. 1, 2016
 - \$11.00 on Jan. 1, 2017 (an increase of 37.5%)
- Not Indexed
- Tipped Wage raised to \$3.75
 - \$3.00 on Jan. 1, 2015
 - \$3.35 on Jan. 1, 2016
 - \$3.75 on Jan. 1, 2017 (an increase of 43%)
- Requires MA min. wage to be \$0.50 higher than the federal min. wage
- No Teen or Training Wages
- Raises min. wage for farm workers to \$8.00/hour from \$1.60/hour
- Exempts student camp counselors from min. wage

Earnings Comparison:

	House Bill (\$10.50; NOT Indexed)			Senate Bill (\$11.00; Indexed)			Conference Committee Bill (\$11.00; NOT Indexed)		
Effective Date	Minimum Wage	Yearly Income	Cumulative Earnings	Minimum Wage	Yearly Income	Cumulative Earnings	Minimum Wage	Yearly Income	Cumulative Earnings
1/1/2015	\$9	\$18,720	\$18,720	\$9	\$18,720	\$18,720	\$9	\$18,720	\$18,720
1/1/2016	\$10	\$20,800	\$39,520	\$10	\$20,800	\$39,520	\$10	\$20,800	\$39,520
1/1/2017	\$10.50	\$21,840	\$61,360	\$11	\$22,880	\$62,400	\$11	\$22,880	\$62,400
1/1/2018	\$10.50	\$21,840	\$83,200	\$11.24	\$23,379.20	\$85,779	\$11	\$22,880	\$85,280
1/1/2019	\$10.50	\$21,840	\$105,040	\$11.49	\$23,899.20	\$109,678.20	\$11	\$22,880	\$108,160
1/1/2020	\$10.50	\$21,840	\$126,880	\$11.74	\$24,419.20	\$134,097.60	\$11	\$22,880	\$131,040
1/1/2021	\$10.50	\$21,840	\$148,720	\$12	\$24,960	\$159,057.60	\$11	\$22,880	\$153,920
1/1/2022	\$10.50	\$21,840	\$170,560	\$12.26	\$25,500.80	\$184,558.40	\$11	\$22,880	\$176,800
1/1/2023	\$10.50	\$21,840	\$192,400	\$12.53	\$26,062.40	\$210,620.80	\$11	\$22,880	\$199,680



Earnings Comparison:

	Ballot Initiative Bill			Conference Committee Bill		
Effective Date	Minimum Wage	Yearly Income	Cumulative Earnings	Minimum Wage	Yearly Income	Cumulative Earnings
1/1/2015	\$9.25	\$19,240	\$19,240	\$9	\$18,720	\$18,720
1/1/2016	\$10.50	\$21,840	\$41,080	\$10	\$20,800	\$39,520
1/1/2017	\$10.73	\$22,318.40	\$63,398.40	\$11	\$22,880	\$62,400
1/1/2018	\$10.97	\$22,817.60	\$86,216	\$11	\$22,880	\$85,280
1/1/2019	\$11.21	\$23,316.80	\$109,532.80	\$11	\$22,880	\$108,160
1/1/2020	\$11.46	\$23,836.80	\$133,369.60	\$11	\$22,880	\$131,040
1/1/2021	\$11.71	\$24,356.80	\$157,726.40	\$11	\$22,880	\$153,920
1/1/2022	\$11.97	\$24,897.60	\$182,624	\$11	\$22,880	\$176,800
1/1/2023	\$12.23	\$25,438.40	\$208,062.40	\$11	\$22,880	\$199,680



Unemployment Insurance

- **No reduction in UI benefits**
- Taxable Wage Base at **\$15,000**
- **New** rate table makes rates more dependent on an employer's hiring and firing record
- **Freezes** Schedule at "**C**" for 2015, 2016, and 2017, reducing UI payments for all employers for the next three years
- Employers' experience rate will be calculated based on previous **three** years

Additional UI Reforms

- **Increases** the number of weeks for a seasonal business from 16 to 20 weeks
- **Provides** whistleblower protections for employees who testify about their employers' defrauding the system
- **Requires** DUA to conduct a yearly public hearing to get input from employers
- **Allows** DUA to enter into an agreement with US Treasury to tie unpaid unemployment compensation debts to federal tax refund payments

Additional UI Reforms

- **Requires** all public contractors to certify that they do not owe back unemployment insurance payments.
- **Raises** the UI exemption for workers on small farms from a threshold of \$20,000 to \$40,000
- **Disqualifies** most election workers from being able to claim UI benefits against a municipality
- DUA shall notify employers of their experience rating by January 31st of each year

Additional UI Reforms

- ***Provides*** UI protection for commercial fisherman when they are unable to fish due to federal fisheries management regulations
- ***Directs*** DUA to create a pilot program to provide skills training internships for residents who are unemployed and are receiving UI benefits
- ***Creates*** a commission to investigate the adjudication of unemployment claims by DUA
- ***Creates*** a commission to study the impact of unemployment on claimants over the age of 40 and claimants experiencing long-term unemployment

Other Reforms:

- Expands OSHA protections to state employees
- Domestic workers bill of rights is NOT included, but House will be taking up Senate Bill
- Establishes a council on the underground economy
 - Includes any individual/business that deals in cash or uses other means to conceal its true tax liability (e.g. tax evasion or fraud, misclassification of employees, wage theft, or the unreported payment of wages)
- Increases the worker's compensation burial benefit amount to eight times the average weekly wage