



Member Focused; Results Driven

February 24, 2021

Hon. Anastasia Williams, Chair
House Committee on Labor
The State House
Providence, RI 02903

RE: H5130 Dealing with Minimum Wage – Opposed

Dear Chair Williams and Members of the House Committee on Labor:

My name is Steven Arthurs and I am the President & CEO of the Rhode Island Food Dealers Association, a trade association established in 1909 to serve the needs of the food industry in the State of Rhode Island. We have over 300 members including the majority of all chain and independent grocery retailers, wholesalers, suppliers, distributors, food manufacturers, brokers, and other organizations affiliated with the food industry in our state. As an industry, we are among the state's largest employers and revenue generators.

On behalf of our association members, I would like to take this opportunity to register our opposition to the minimum wage increases proposed in House Bill 5130. This bill would increase the minimum wage by 6.5% in 2021, from \$11.50 to \$12.25 on October 1, 2021. The bill also provides additional yearly increases to \$15.00 on October 1, 2024. The increase to \$15 represents over a 30% increase over the four years from the current minimum wage.

As a labor-intensive industry in this state, with variable needs in scheduling to efficiently and effectively respond to the needs of the Rhode Island consumers, our retail and supplier members employ a number of people on a part and full-time basis. Many of these newer part timers are at the lower end of the pay scale. Our industry pays well above the minimum wage for all of its full-time positions in addition to providing a comprehensive benefits package, paid vacations, paid sick time and retirement programs. The majority of our members also offer these benefits to part time employees. This minimum wage does not take into consideration any of these contributions to the total compensation packages provided.

It is these part time positions that are essential to our business and would be the most impacted by this legislation – particularly those that are the early stages of their tenure. On average, our retail member's staffs have approximately sixty percent of its workforce employed on a part time basis – many are high school and college students trying to help fund their education or provide some spending money. Because of the unique composition of our work force and the potential impact

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of this legislation to our industry, we are requesting you consider the adverse effect this type of bill would have on our members.

If passed, this would be the seventh year out of the last nine that businesses in Rhode Island have seen an increase in minimum wage. This year, in particular, has been very different for our members with the additional cost associated with COVID-19 regulations and best practices. The resulting pay increases from these bills has impacted approximately 30% of our industry's employee base, as it established a new base rate and required adjustment of employees already above the minimum wage rate in order to maintain fair and equitable wage rate criteria. In some cases, this is mandated by existing collective bargaining agreements.

If the minimum wage is raised again, it would further increase costs for our members. This cost cannot be entirely passed on the consumers, so it must be taken from elsewhere in the budget – most likely future planning and investing. This does not bode well for one of the largest industries and job providers in the state, nor the state's economic development and growth.

Additionally, this bill calls for an increase to be initiated on October 1 of this year and subsequent years. That is not reasonable. Budgets have already been established and business decisions planned for this year. As most of our businesses are budgeted on calendar years, any increase determined to be necessary should be effective in January of the following year – in this case January 1, 2022.

Lastly, recognizing the reality that in the long term the country needs to move towards a higher minimum wage over time, I would ask that any minimum wage bill that seeks an increase of over 30% should be spread out over a longer period of time. Making this bill reach \$15 over five years rather than four would help lessen the negative impact to our members as I outlined above.

In summary, Rhode Island's food industry is one of the largest – and steadiest - employers in the state. In a time when the State of Rhode Island needs to add jobs – one of the largest industries in the state would not be in any position to expand its labor force and could very well have the opposite effect. Thank you for this opportunity to state our association's opposition to this minimum wage proposal in House Bill 5130.

Sincerely,



Steven J Arthurs
President & CEO
RI Food Dealers Association

CC: Hon. K. Joseph Shekarchi, Speaker
Rhode Island House of Representatives

Hon. Christopher Blazewski, Majority Leader
Rhode Island House of Representatives

Carolyn Murray, Tom Papa & Peg Sweeney
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