

TESTIMONY ON ~~SB~~ 78

My Chairman, members of the committee

My name is Helen Christensen and, until about a year and a half ago, I was co-owner and managing partner in a successful tea room and gift shop here in Helena. About 10 of us worked in the shop on any given day, but we employed up to 15 people. At the outset, in 1997 when we set up our business plan, my partners and I determined that we would endeavor to pay our employees in a manner that reflected their value to the enterprise. Knowing that labor costs are the largest expenditure in the restaurant industry, we took a hard look at them from the outset and monitored them closely. We began cautiously, paying the brand new federal minimum wage of \$5.15 to the wait staff who received tips and \$7 to \$10 an hour to the kitchen workers, the baker, prep cook and dishwasher. In those early days, my partners and I took home nothing but our lunch.

Within a few short years, we were able to increase pay to our floor staff by nearly 20% and they were making between \$6.15 and \$8.00 an hour plus tips and commission, depending on their responsibilities and seniority. Our kitchen staff wages grew by nearly 25% and they made between \$8 and \$13 an hour. At the same time, the working partners were taking home a livable wage and the business was growing.

Were we strapped by paying our staff more than the going rate? Sometimes. But we were also strapped by the periodic skyrocketing price of lettuce and the wild swings in the cost of butter, not to mention the falling value of the dollar and an entire summer of forest fires, but one thing we could count on was our staff, every day, working hard, making us money and earning theirs. We covered the increase in their wages by charging a nickel more for a pot of tea or an extra \$.25 for an Irish Whiskey Brownie, and the higher ticket total also increased their tips. None of our customers even commented on the increase in prices, but if one of our wait staff was home sick, those same customers were concerned enough to ask why Amber or Sherry or Michael wasn't working that day. They valued seeing our experienced employees and were far more distressed about changes in our staff than changes in our prices!

Over the nearly 7 years we ran the business in an industry known for high turnover, ours averaged about 15% a year. That was a huge value when contrasted to the cost of retraining and waste that occurs with high employee turnover. Our business benefited by increasing wages, pure and simple. During that same time, the Consumer Price Index also rose by 15%, but the minimum wage stayed at 1997 levels. Have you had a raise in the last 7 1/2 years?

I urge you not to buy into the argument that Montana businesses must adopt the Walmart philosophy of the cheapest goods and the cheapest part-time labor in order to be able to charge the lowest price and squeeze everyone else out of the market. This kind of thinking is a recipe for an economic race to the bottom of the barrel of mediocrity. Instead, I hope you'll adopt the Costco philosophy of better quality goods sold at a fair and competitive price and decent wages for full-time employees. The latter yields happy employees and customers, low turnover, and healthier communities. I believe that most of us in this room would prefer the job at Costco to the one at Walmart.

As a business owner and operator, I can testify that from an economic standpoint, a reasonable minimum wage makes absolute sense for Montana's businesses and Montana's government. Good wages are similar to the famous rising tide that lifts all boats. They lift everything that depends on them. Simply stated, if the very large number of Montana minimum wage earners earn more, they will spend more in Montana's businesses. Help our minimum wage earners to bring home more money and our main street businesses will see an increase in their bottom line. Increase the minimum wage and tax revenues will grow as well. Most important of all, I respectfully ask you to do the right thing and increase the minimum wage.

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