

Pennsylvania Senate Labor and Industry Committee Hearing on Raising the Minimum Wage

Written Testimony of Simon Arias, Owner of Arias Agencies and Pennsylvania State General Agent of American Income Life

Position: SUPPORT

May 5, 2015

Thank you, Chairman Baker, Senator Tartaglione, and members of the Senate Labor and Industry committee for the opportunity to testify in favor of raising Pennsylvania's minimum wage through a phased increase to \$10.10 per hour and then adjusting it annually to increase with the rising cost of living.

My name is Simon Arias and I am the owner of Arias Agencies with five locations in Pennsylvania and a State General Agent of American Income Life. American Income Life covers more than 2 million policyholders in Pennsylvania and around the nation, and represents more than \$175 million in annual insurance product sales. I am also a member of Pennsylvania Business for a Fair Minimum Wage, whose members across the state come from industries including retail, restaurant and food service, manufacturing, energy, construction, auto repair and more.

I started my life insurance agency in 2008, and my business has grown quickly to include 150 life insurance agents and nine staff in Pittsburgh, Canonsburg, Erie, Wilkes-Barre and State College. My agency was named Pittsburgh's Top Workplace among small businesses by the Pittsburgh Post-Gazette in 2012, and I was named a two-time American Income Life State General Agent of the Year.

My starting wage is currently \$15 per hour, more than double the current minimum wage. We also offer health insurance, vacation time and sick leave. I pride myself on offering a fair wage and treating my employees as the best investment in my agency's long-term growth. Paying a higher wage has *not* hurt my business, but has been a sustaining factor in my growth. My employees know they can grow along with my business, and over half have been with me for at least 7 years, with the rest at least 2 and a half years. My staff supports my agents and provides customer service to Pennsylvania policyholders and has been a critical component of my success.

Raising the minimum wage with cost of living adjustments in future years makes good business sense. The minimum wage has been stuck at \$7.25 per hour since 2009, impoverishing many hard working families. Our Commonwealth is sadly lagging behind 29 states that have higher minimum wages, including *all* of our neighboring states. We might as well have highways signs saying, "Welcome to Pennsylvania, Where Workers Earn Less Than Maryland, New Jersey, New York, Ohio, Delaware, and West Virginia."

Let's not forget that workers are also customers. Adding money into the pockets of over a

million workers will boost sales at Main Street businesses across this state, mine included.

The minimum wage is a kind of insurance. Set at a decent level, the minimum wage insures that people aren't working full-time but making only part of the income they need to put food on the table and keep a roof overhead.

Unfortunately, the current minimum wage is not decent. It keeps even full-time workers in poverty and undermines our economy.

My life insurance agents visit over 1,200 working families in Pennsylvania a week. Every day we hear from hard-working Pennsylvanians who want to provide for their families but are struggling to make ends meet.

Many families who want to purchase life insurance to protect their families and their family's financial future simply cannot afford to do so. The math of \$7.25 per hour, multiplied by a 40 hour work week does not result in a livable wage for a worker or their family. A customer base earning \$7.25 per hour cannot create additional jobs through consumer demand. I would like to continue to grow my business in Pennsylvania. Raising the minimum wage is a common sense first step to building a more sustainable economy in Pennsylvania for both workers and businesses.

As a successful business owner, I was not surprised to see a national poll released last year by Business for a Fair Minimum Wage and the American Sustainable Business Council. The scientific poll surveyed small business owners with employees. It found that 61% percent of small business owners nationally favor a \$10.10 minimum wage plus indexing to the cost of living. That's a strong majority of small business owners who believe like I believe that raising the minimum wage to \$10.10 would be good for business and our economy.

Like me, most small business owners already pay above the minimum wage, and are reaping the benefits of lower employee turnover, increased productivity, better employee performance and a higher level of customer satisfaction.

The current minimum wage has less buying power that it had in the 1960's. We need a \$10.10 minimum wage to restore the lost buying power to benefit Pennsylvania workers and businesses.

And we need a \$10.10 minimum wage to help revitalize the American Dream.

Let me quote Roger Smith, the CEO of American Income Life, "For millions of Americans, the minimum wage is no longer a temporary entry-level wage, but a longtime wage that locks them and their families into poverty and undermines the consumer demand that drives our economy. Raising the minimum wage makes good economic sense, but it's much more than that. You cannot have a strong economy or fulfill the promise of the American Dream when most Americans are running in place or falling behind while the richest Americans pull further away from the rest."

I strongly urge the committee to vote yes to a phased increase in the Pennsylvania minimum wage to \$10.10 an hour, indexing future wage increases to the rising cost of living. You will



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have the support of most business owners in the commonwealth. I thank the committee for the opportunity to testify and I am happy to answer any questions.

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