

LEGISLATIVE PRIORITY

New Faces in the General Assembly in January

BY JAMES DECHENE AND VERITY WATSON

THE RESULTS of the Delaware primary election in September will be sending new faces to Dover to start the 151st General Assembly session in January. By the time this article is published the November election may have produced even more freshman legislators. The impact will be felt in both chambers as there will be a new President Pro Tempore in the Senate and a potential shake up in the House. Adding to the theme of change, there will be new chairs of the powerful Joint Finance Committee and potentially the Joint Capital Improvement Committee. Throw in the continued impact of the COVID-19 pandemic and how the General Assembly will meet, virtually or in-person, and it's clear that plenty of changes are in store.

We expect numerous pieces of legislation to be introduced impacting the business community, from old chestnuts like minimum wage increases to potentially new property tax reassessment due to the ACLU case on education funding decided in 2020, but still pending a finalized reassessment plan. On top of the new faces and ideas entering the hall in January, COVID-19 will force a new spin to many policy discussions. It's worth reviewing some of these issues in advance of legislators taking their oaths.

Minimum Wage

Currently Delaware's minimum wage is \$9.50 per hour, and many advocates support raising it to \$15, or even to \$22. It is important to note that such an increase impacts not only those making below \$15, but for those who make above as well. Those higher paid employees will expect a raise that will keep them making as much above other lower paid workers as they were prior to the new mandate, causing wage compression. Wage compression is where companies struggle to cover large increases to labor costs while remaining profitable, or in the case of nonprofits, solvent.

The vast majority of State Chamber members, over 75%, are in the small business category. For most of them, the product they make or the service they provide has a relative fixed price point for their customer base. In the case where a business cannot raise their prices to cover their increased labor costs, a business is left with few



choices, including reducing hours or the number of employees. For many small businesses, where the owner is the last to be paid there exists few positive scenarios keeping their business alive. The impact of the COVID-19 pandemic has had an incredible, sometimes horrific, impact on businesses with some industries experiencing 20-30% closure rates.

The impact that a mandated minimum wage increase would have on our nonprofit community cannot be understated. Legislation introduced to increase the minimum wage has never included a fiscal note that captures the contractual relationship between the State and the nonprofits that serve the most vulnerable Delawareans. Many services provided by nonprofits, including caring for adults with disabilities and those suffering from substance use disorders and mental health issues, were once provided by the State. Transitioning these services to the nonprofit sector is more efficient but providers are often forgotten as contractual partners who are often reimbursed at levels that do not support their activities. These wage increases, as proposed, would put the burden of the increase solely on the nonprofit. It is a fallacy to assume that fundraising and creativity will always balance budgets, especially when critical services are at stake.

Education Equity and Funding

Perhaps no other sector has been impacted by COVID-19, and the fallout will take years to measure. Governor Carney allowed

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schools to formulate reopening plans that best fit their unique nature, populations they serve, and feedback from their teachers and parents. Our state will learn a lot of lessons through the next few months and beyond and it would be wise to survey the struggles and successes before implementing drastic, one size fits all policy changes. COVID-19 has changed every aspect of our lives and education is no different. Chamber members have heard loud cries for accessible childcare and reliable internet access by employees who are working from home, assisting their children with online learning, or are reporting for essential jobs while trying to piece together a puzzle of childcare options.

On top of the realizations brought on by COVID-19, Delaware's education funding mechanism is due for a major revamp due to the aforementioned ACLU case. Legislators will have a slew of education issues specific to funding to address in 2021, including early education and childhood development, increased focus on the needs of those students with special needs, and the overall way money flows into and throughout our educational system.

Environment & Manufacturing

Many campaign slogans have referenced environmental justice and specifically call out one of Delaware's "big Cs" – chem-

istry. Delaware's manufacturing and chemical industry provides thousands of Delawareans with good paying jobs while creating technology and materials that make our world more efficient and safer. Policies that include broad bans on specific chemistry almost always have unexpected and negative consequences. At a time when economic development and job creation are desperately needed, and assist in funding state government, reverting measures such as the expansion of the Coastal Zone Act would be a mistake.

Change is inherently uncomfortable, but it is coming. The Chamber community stands ready to work for common sense solutions to new and old challenges. ■



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