

Senate committee on Workforce – Testimony regarding SB555

March 16, 2015

Helen Honey, CFO, Shangri-La

Chairman Dembrow and members of the committee:

My name is Helen Honey, I'm the Chief Financial Officer of Shangri-La, where I have been employed for 27 years. Shangri-La has been providing supports to people with intellectual and development disabilities (I/DD) for over 50 years in the Salem area. We currently employ about 110 people total, 40 of whom work on grounds maintenance, janitorial services, and sewing contracts for safety items in the Willamette Valley and along the coast through the QRF program. The remaining 70 employees with I/DD work primarily in woodshops and food service for private commercial customers. While SB555 applies to all QRF programs that employ people with a variety of disabilities, Shangri-La's experience and testimony only applies to our 110 employees with I/DD.

Senate Bill 555 requires paying minimum wage to all workers in a QRF program. For Shangri-La's 40 workers, this would mean an increase of approximately about 115% in wages, which is \$150,000 per year for QRF contracts, which would be passed along to public entities that fall within the QRF program, such as cities, counties, Oregon Department of Transportation, Department of Corrections and local police departments. My concern is that not all public entities have the budget to absorb this additional cost, which might mean our QRF contracts, and the underlying jobs for 40 people to fulfill them, would be in jeopardy.

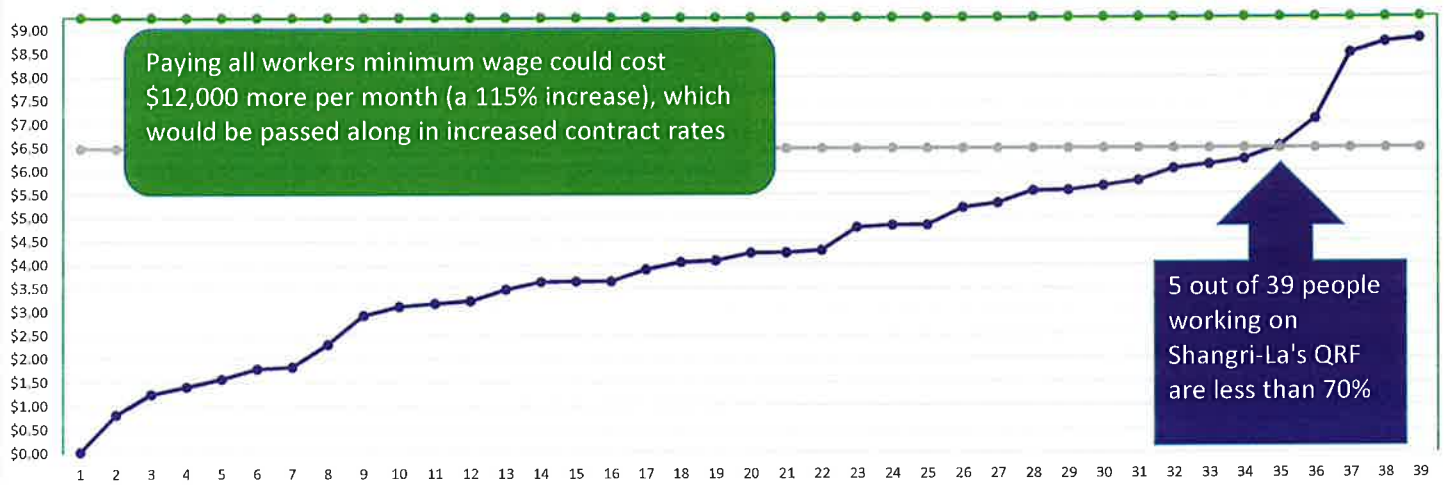
Senate Bill 555 requires that ALL workers in a QRF are paid minimum wage, which means we would be expected to pass along a 130-140% increase totaling \$160,000 per year in order to pay minimum wage to the 70 workers assigned to private commercial contracts. While I believe our commercial contracts support Shangri-La and our mission, I can't expect them to incur this two-fold increase in costs in a financially competitive environment to help us meet the requirements of SB555. My concern is that we could no longer be competitive with pricing and would lose the commercial contracts, and the underlying jobs for 70 people to fulfill them.

I'm asking this committee to please research and be aware of the full financial and human impact of this bill on people with disabilities who value their jobs. Thank you.



This presents the impact of SB555 requiring minimum wage for our three largest worksites. Shangri-La employs over 100 people with disabilities, with an average productivity of 45%. Requiring minimum wage for all worksites would cost Shangri-La (and its customers) over \$25,000 per month (a 120% increase). Minimum wage for QRF worksites would cost \$12,000 (and its agency customers) more each month.

### Salem QRF workers (grounds maint and safety gear)



### Cherry City Woodshop - secondary wood production (non-QRF)



### Newport workers - woodshop, grounds, paper shredding (non-QRF)

