



April 1, 2015

Chair Paul Holvey  
House Business and Labor  
900 Court St. - State Capitol  
Salem, OR 97301

Chair Holvey and members of the Committee:

My name is Stacy Cowan and I am with SEIU Local 503. We represent 55,000 Oregonians doing more than 500 different jobs in 85 state, local government and non-profit agencies and care facilities.

I am here today to testify in support of HB 3471. I would like to walk through the components of the bill and what our intentions are with the policy.

I will just start by saying that we have worked hard on this bill but it is not perfect. Our goal is to disincentivize large corporations from creating a business model that relies on Oregon taxpayers to subsidize their low wage workforce.

HB 3471 creates the Employment-Related Public Benefit Fee. The fee will offset a portion of the actual costs incurred by the state to administer state assistance programs such as the Oregon Health Plan and Employment-Related Day Care.

The funding from the fee will be used to support and improve access to quality, affordable health care and child care for working families. It is well documented that increasing access to state-funded programs like health care and child care reduces absenteeism among workers, increases employee productivity, and boosts workforce morale.

HB 3471 requires companies with more than 250 Oregon employees to pay an hourly-based fee of \$.50 for every worker earning \$11 an hour or less, or 120% of the state minimum wage rate. (Currently \$9.25/hour)

We arrived at the \$.50 fee by first looking at the average cost of providing assistance to low-wage workers. It is a minimal fee compared to what it actually costs to provide assistance to low wage workers. It is a starting point designed to not be overly burdensome on employers while again, disincentivizing these types of business models.

We arrived at the \$11/hour threshold by looking at the average wage of workers who receive benefits. It really is the bare minimum. We know that there are folks making more than \$11 an hour that are having a hard

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time making ends meet. However, we know that this low bar still captures a large number of workers.

Just a few numbers for you:

- In January 2014 the Employment Dept. reported that there were 394,000 jobs that paid less than \$11/hour. 37% of those were with large employers (146,000).
- During that same time frame, the average hourly wage for workers receiving SNAP benefits was \$12.36.

The fee will be deposited into a fund that is separate and distinct from the General Fund. The money raised will be used to reimburse the cost of supporting OHP and ERDC.

Additionally, HB 3471 establishes an Advisory Council made up of employers and workers who deliver services and workers that receive services. The Council is responsible for advising how to use the money generated by the fee and to make policy recommendations regarding usage of state assistance by low wage workers.

We really believe this is an important conversation that needs to be had. Large corporations should not be allowed to profit off of low wage workers while Oregon taxpayers pick up the tab.

Thank you for the opportunity to testify today.