

Chair Holvey and members of the committee.

My name is Cedric Hayden State Representative from House District 7.

Thank you for this opportunity to come before you to clarify my intentions with HB 3325 which is not properly represented in the printed draft before you. As a result, I have the -1 amendments to present to you today, which does accurately portray my goals and intentions. The brief explanation for the current language in HB 3325 is due to running out of time running up against the filing deadline for filing legislation and not having an adequate amount of time to properly review the draft—I made a mistake—the kind of mistake I won't make twice.

Please allow me to speak to the -1 amendment before you and to clarify my intention and define the need for this bill.

Today I am here to start a conversation about compensation package vs. W2 wages. This bill is not about increasing or decreasing minimum wage, it is about the cause and effect of any significant change in Oregon minimum wage currently at 127 percent of the federal Fair Labor Standard Act.

HB3325 would only be “triggered” if Oregon minimum wage was raised above 150 percent (\$10.87 per hour) of the federal Fair Labor Standards Act.

Currently a single person working full time at Oregon minimum wage or \$9.25 does not qualify for OHP health benefits coverage. However a single parent with one child will qualify up to \$21,700 per year or about \$10.50 per hour. A single parent making \$10.87 or 150 percent of the federal Fair Labor Standard Act will no longer qualify health care benefits, this is the “trigger” level. A single parent with two children making \$13.50 per hour or \$28,080 will no longer qualify for health benefits either. This is known as the health care “cliff”. (These estimates do not include individual tax filer's unique situations.)

I realize this issue is complex, but the bottom line is that there are unintended consequences resulting in current law that can be fixed, thereby helping an important part of our population who needs the critical service our state is offering.

This bill is about giving low wage earners the opportunity to retain health care benefits or at least have a better chance of receiving them through their employer when they fall off the health care benefit “cliff”.

Thank you for your time and I hope to have your support in helping low wage working families better access to health care benefits.

Cedric Hayden

Federal Poverty Level Chart 2014 - use for OHP / Healthy Kids

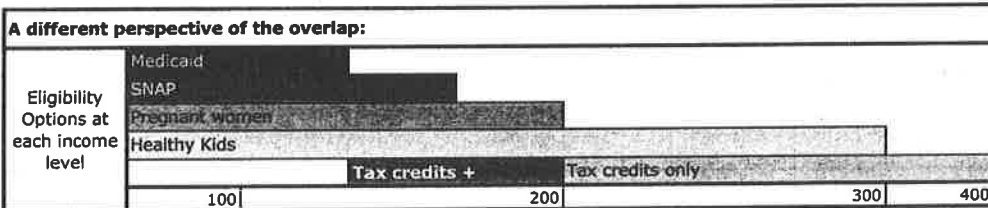
| Family Size | 100% | 138% | 185% | 190% | 200% | 250% | 300% | 400% |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 1 | \$ 11,670 | \$ 16,100 | \$ 21,590 | \$ 22,170 | \$ 23,340 | \$ 29,175 | \$ 35,010 | \$ 46,680 |
| 2 | \$ 15,730 | \$ 21,700 | \$ 29,290 | \$ 29,880 | \$ 31,460 | \$ 39,325 | \$ 47,190 | \$ 62,920 |
| 3 | \$ 19,790 | \$ 27,300 | \$ 36,800 | \$ 37,590 | \$ 39,580 | \$ 49,475 | \$ 59,370 | \$ 79,160 |
| 4 | \$ 23,850 | \$ 32,900 | \$ 44,310 | \$ 45,300 | \$ 47,700 | \$ 59,625 | \$ 71,550 | \$ 95,400 |
| 5 | \$ 27,910 | \$ 38,500 | \$ 51,820 | \$ 53,010 | \$ 55,820 | \$ 69,775 | \$ 83,730 | \$ 111,640 |
| For each additional household member, add... | \$ 4,060 | \$ 5,600 | \$ 7,510 | \$ 7,710 | \$ 8,120 | \$ 10,150 | \$ 12,180 | \$ 16,240 |

| Key for Social Services |
|---|
| 0% - 138% eligible for Medicaid |
| 0% - 185% eligible for SNAP |
| 0% - 190% pregnant women eligible for Medicaid |
| 0% - 300% of children eligible for Healthy Kids |

Federal Poverty Level Chart 2013 - use for Cover Oregon plans

| | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| 1 | \$ 11,490 | \$ 15,856 | \$ 21,257 | \$ 21,831 | \$ 22,980 | \$ 28,725 | \$ 34,470 | \$ 45,960 |
| 2 | \$ 15,510 | \$ 21,882 | \$ 28,694 | \$ 29,469 | \$ 31,020 | \$ 38,775 | \$ 46,530 | \$ 62,040 |
| 3 | \$ 19,530 | \$ 26,951 | \$ 36,131 | \$ 37,107 | \$ 39,060 | \$ 48,825 | \$ 58,590 | \$ 78,120 |
| 4 | \$ 23,550 | \$ 32,499 | \$ 43,568 | \$ 44,745 | \$ 47,100 | \$ 58,875 | \$ 70,650 | \$ 94,200 |
| 5 | \$ 27,570 | \$ 44,849 | \$ 51,005 | \$ 52,383 | \$ 55,140 | \$ 68,925 | \$ 82,710 | \$ 110,280 |
| For each additional household member, add... | \$ 4,020 | \$ 5,548 | \$ 7,437 | \$ 7,638 | \$ 8,040 | \$ 10,050 | \$ 12,060 | \$ 16,080 |

| Key for Insurance Financial Assistance |
|---|
| 100% - 200% eligible for both tax credits and out of pocket subsidies |
| 200% - 400% eligible for tax credits |



Premium Costs for Cover Oregon plans

| Income Level as FPL% | Capped at | Family of 3 | Annual Cost | Family of 4 | Annual Cost |
|----------------------|-----------|-------------|-------------|-------------|-------------|
| 133% | 2.00% | \$ 26,951 | \$ 539 | \$ 32,499 | \$ 650 |
| >133% | 3.00% | \$ 36,131 | \$ 1,084 | \$ 43,568 | \$ 1,307 |
| 150% | 4.00% | \$ 37,107 | \$ 1,484 | \$ 44,745 | \$ 1,790 |
| 200% | 6.30% | \$ 39,060 | \$ 2,461 | \$ 47,100 | \$ 2,967 |
| 250% | 8.05% | \$ 48,825 | \$ 3,930 | \$ 58,875 | \$ 4,739 |
| 300% | 9.50% | \$ 58,590 | \$ 5,566 | \$ 70,650 | \$ 6,712 |
| 400% | 9.50% | \$ 78,120 | \$ 7,421 | \$ 94,200 | \$ 8,949 |

HB 3325-1
(LC 3424)
3/18/15 (CJC/ges/ps)

**PROPOSED AMENDMENTS TO
HOUSE BILL 3325**

1 Delete lines 5 through 21 of the printed bill and insert:

2 **“SECTION 1.** ORS 653.035 is amended to read:

3 **“653.035. (1) Employers may deduct from the minimum wage to be paid**
4 **employees under ORS 653.025, 653.030 or 653.261, the fair market value of:**

5 **“(a) Lodging, meals or other facilities or services furnished by the em-**
6 **ployer for the private benefit of the employee[.]; and**

7 **“(b) Health care benefits that are paid by the employer and earned**
8 **by the employee, provided that the amount of compensation payable**
9 **in legal tender that is subject to deductions, charges or allowances is**
10 **not lower than 150 percent of the federal minimum wage, as estab-**
11 **lished under the federal Fair Labor Standards Act. This paragraph**
12 **does not convert health care benefits into income earned by the em-**
13 **ployee for state or federal income tax purposes.**

14 **“(2) Employers may include commission payments to employees as part**
15 **of the applicable minimum wage for any pay period in which the combined**
16 **wage and commission earnings of the employee will comply with ORS 653.010**
17 **to 653.261. In any pay period where the combined wage and commission**
18 **payments to the employee do not add up to the applicable minimum wage**
19 **under ORS 653.010 to 653.261, the employer shall pay the minimum rate as**
20 **prescribed in ORS 653.010 to 653.261.**

21 **“(3) Employers, including employers regulated under the federal Fair La-**
22 **bor Standards Act, may not include any amount received by employees as**