



April 12, 2015

To: Senate Workforce Committee
House Business and Labor Committee:

Re: Concerns Regarding Minimum Wage Increase on Parks and Recreation in Oregon

On behalf of nearly 1,000 members of the Oregon Recreation and Park Association (ORPA), including 62 park and recreation agencies, as well as hundreds of professionals and volunteers across the state, I am writing to express concern about the many bills that propose an increase in Oregon's minimum wage and that are being considered both Committees.

I am certain there has been a tremendous outpouring of concern about a potential minimum wage increase from the private sector, particularly among service providers. I am less certain that public sector concerns, particularly those of the park and recreation industry, have been adequately discussed and considered.

Unlike many public entities, public park and recreation providers (including municipal and county departments, park and recreation special districts, and even Oregon State Parks) have a disproportionately large number of hourly wage staff, including temporary and seasonal workers who perform seasonal park maintenance in the spring and summer and deliver seasonal recreation programs and services, such as summer day camps, swimming lessons, and out-of-school recreation programs. This large number of hourly (vs. salaried) employees is mandated within these agencies simply by the heavy seasonal use and demand for park and recreation services and facilities in the spring, summer, and early fall in Oregon.

Because park and recreation agencies rely so heavily on hourly workers, the likely impact of a minimum wage increase could be *devastating* to these agencies' ability to deliver the level of park and recreation services and facilities currently provided if the state's minimum wage were to be increased. For example:

The Oregon City Aquatic Center estimates that a change in minimum wage from current levels to \$15 per hour would result in, conservatively, an increase of personnel services by 36%, totaling \$146,000. This increase is expected to significantly affect the services and the cost of the Center's activities to the community to the degree that it likely could not adequately adjust (increase) its Center fees to cover the estimated increase in personnel costs. In such a scenario, the Center likely would have to raise use rates and cut services at the Center.

The City of Albany Parks and Recreation Department estimates the cost of a minimum wage increase to range, based on 2014 hours worked, between \$54,000 and \$108,000, based on an hourly wage increase to \$12.80 and \$15.00, respectively. Albany's Parks and Recreation Department employs the City's overwhelming majority of temporary employees; in 2014 the department had 99 temporary positions on payroll, with most positions in aquatics, summer recreation, senior programs, and clerical positions. Those 99 employees worked an average of 273 hours per year in 2014. Sadly, an increase in the minimum wage would likely mean that the department would have to terminate a significant number of temporary positions, thereby reducing their corresponding seasonal services, in order to mitigate the wage cost increase in 2015 while continuing to meet existing obligations to regular employees.

The Tualatin Hills Park and Recreation District (THPRD) estimates the financial impact of a minimum wage increase as follows:

- An increase in Oregon's minimum wage to \$12.20 per hour would result in an additional *\$1.5 million in payroll* for the agency's current positions
- An increase in Oregon's minimum wage to \$15.00 per hour would result in an additional *\$2.7 million in payroll* for the agency's current positions.

These scenarios paint a very real picture of what is likely to happen to virtually every park and recreation agency in Oregon. We have attempted to provide a range of examples representing different community sizes, types, and geographic location, but the end outcomes are likely to be similar, if not worse, in other park and recreation agencies in Oregon.

To compound the issue, these scenarios *do not* account for what we refer to as “wage compression.” Simply put, if a minimum wage increase is implemented, we fully expect a “domino” effect on wage increases among other staff whose hourly pay rate is currently equal to or near the hourly rate of any newly-established minimum wage. Even if a minimum wage increase is phased in, most agencies anticipate that, along with direct costs of increasing the minimum wage, they will have to increase other hourly wages proportionally in order to maintain wage equity among staff. As example, if an entry-level lifeguard were making minimum wage now (\$9.25 per hour) and her wage was increased to \$15.00 per hour, an experienced lifeguard at the \$15.00 per hour rate would likely demand a similar percentage increase in wage (62% in this example), leading that person to a \$24.30 per hour rate and further increasing payroll costs in the interest of wage parity. The additional costs that agencies would incur to achieve wage parity is nearly impossible to calculate at this time as it depends on the rate of increase, union vs. nonunion positions, seniority, and more. However, safe to say it will happen, and those ancillary increased costs will also very heavily affect agency budgets, services, and facilities.

Please note that, in addition to these impacts, public park and recreation agencies are disproportionately constrained by their ability to increase their revenue in order to offset a substantial increase in operating costs, such as an increase in the minimum wage. Unlike the private sector, it is no simple matter for public park and recreation providers to offset an increased minimum wage simply by increasing the fees charged for park use, recreation programs, summer camps, camping sites, admission to aquatic facilities, etc. A private restaurant owner or daycare provider can immediately raise their rates and pass on the costs of an increased minimum wage to her customers. Public park and recreation providers, however, are at the mercy of user rates that often are set well in advance of changes to operating costs and which often require consideration and approval of advisory and/or elected governing boards in order to increase user fees.

It is also important to note that, in many cases, hourly employees of park and recreation agencies are not primary, or even secondary wage-earner jobs in their households. We fully appreciate the importance of hard-working Oregonians to be able to support themselves and their dependents with dignity at a “living wage” while working in minimum-wage positions. However, in many, many instances, parks and recreation hourly staff are temporary, seasonal summer jobs for young people and students who are employed for the first time at a “training level” or in early-entry-level positions and who typically are not responsible for supporting themselves entirely and/or supporting dependents. We feel that youth/seasonal/training level employment positions may deserve special consideration from their full-time, year-round employment counterparts. (It is our understanding, for example, that the State of Washington is considering a special wage rate for positions such as these.)

For these reasons, we implore you to very carefully consider the impact that raising the minimum wage will have on Oregon’s public park and recreation agencies, services, and programs – which are held in very high esteem by the Oregon public.

Thank you for your consideration of the potential and disproportionate difficulties that a minimum wage increase places on public park and recreation agencies. Please feel free to contact me or Cindy Robert, ORPA’s lobbyist, if we may offer any additional information to the Committees.

Sincerely,



Stephanie Redman, Executive Director

c: Don Horton, Chairman, ORPA Legislative Committee
Cindy Robert, ORPA Lobbyist (503.260.3431)