



## OREGON BUSINESS ASSOCIATION

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### **The Oregon Business Association seeks better ways to increase the economic well-being of lower income workers.**

The Oregon Business Association (OBA) has established “Build the Middle Class” as one of its priorities for the 2015 legislative session. We recognize that raising Oregonians’ median wage and increasing the earning power of low wage workers are critical next steps for Oregon’s recovering economy. The OBA stands ready to work together to accomplish this laudable goal.

In fact, the OBA’s 2015 legislative agenda lists several proven ways to create jobs and elevate incomes. Examples include training Oregonians for higher wage jobs; investing in transportation, water and other infrastructure improvements that allow businesses and communities to grow; and expanding the Earned Income Tax Credit (EITC). These policies would truly lower the unemployment rate and increase median family incomes.

#### ***Will a minimum wage increase really help?***

There is a great deal of rhetoric on both sides of the minimum wage debate. Does a higher wage actually place additional income in people’s pockets, or merely raise the cost of food, childcare and other basic living expenses? Will minimum wage earners really be better off than before the raise occurred? The fact is, Oregon remains above the national average in unemployment, poverty, and child hunger – despite having the *second highest minimum wage* in the nation. So the question remains, how will another increase truly help Oregonians?

An editorial in *The Oregonian* last year stated, “It’s equally hard to argue that the minimum wage has made much of a dent in poverty. And it clearly hasn’t done much to boost the state’s per capita or median household incomes, both of which lag the nation.”

#### ***Fix the benefits cliff***

Like Oregon employers, backers of higher minimum wages want to directly help people living solely on minimum wage. But there are better ways to reach that goal. To start, the Legislature could fix the programs that create the “benefits cliff,” encountered by low wage earners as their incomes go up. The best single statement on this may have come from the *Bend Bulletin*, which said: “The most immediate problem is actually the benefits cliff, not Oregon’s minimum wage. Kitzhaber suggested a gradual reduction in benefits might make more sense than a cliff.”

In the past, most stakeholders have agreed that expanding the Earned Income Tax Credit and revising eligibility thresholds for safety net programs would provide more money for lower wage workers, without displacing hours.

#### ***A plan for growth***

If our goals are to improve Oregon’s median wage and increase the earning power of low wage workers, there are better approaches than a simple minimum wage increase.

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Oregon already has a higher than average minimum wage, but also high unemployment and poverty rates. Yet a higher minimum wage won't help the unemployed or underemployed, nor will it improve life for the working mother who stands to lose a childcare subsidy if her income increases and her childcare costs increase.

Instead of just mandating a minimum wage increase, this Legislature should focus on creating more and better job opportunities for under and unemployed, fixing programs that lead to a benefits cliff, and helping individuals enter the workforce at an earlier age, with a better education to prepare them for work.

It's most vital that the Legislature work with businesses in Oregon to achieve wage growth. At the end of the day, we all want the same thing – more prosperity for all Oregonians.