

Subject: Oppose min wage increase testimony

Please accept and consider this written testimony, as I will be unable to appear at the joint House & Senate Committee public hearing schedules for the evening of 4.13.2015. The subject is proposals for increasing the minimum wage in Oregon.

I am a native Oregonian and business owner who is very concerned with the continued deterioration of the business environment in the state of Oregon. You will hear many arguments that will justify anywhere from no increase to an increase of over 60%. Consider the source of the arguments for and against in your deliberation and it will become immediately clear which positions come from those with skin-in-the-game (small to medium hands-on businesses), cronies with favored status and capital who stand to gain from the burden on competitors, bureaucrats, and those advocates with a political agenda. The only constituency without a voice are the consumers who will pay whatever price is exacted by any change in the minimum wage. While many arguments will speculate on the effects, it is the consumer who will ultimately pay.

Small business positions will include mandated costs, loss of competitiveness, increasing prices, job layoffs, decrease level of benefits as an offset and point out that Oregon (particularly rural Oregon) has had the second highest highest minimum wage with one of the highest unemployment rates in the U.S.A. It is clear that minimum wage jobs are a starter, not a career, position. OJT is a great educator. There is more to the picture for your consideration. One thing 'more' that is critical is that government lawmakers and regulators consider the differences in how government operates compared to private business.

First, private sector businesses must earn what they received by offering value to the buyer, purchaser, consumer. Business must survive or fail based on how they balance the income earned with the costs required to support their level of service. Government and regulators, on the other hand, hold the hammer of a mandate. Folks do business with the government because they have to, regardless of value received. Income is legislated/regulated, not earned. Failure with the government is not an automatic regulator as it is with business. Note the use of live receptionists in the private world, and the interminable phone tree in the public world.

The need for a minimum wage law is from a political position, not a natural or market-based one. If what is suggested were natural, you would need no new legislation to force the round peg into the square hole. This appears to be social engineering to force private businesses to operate on a government model. You will find that while businesses believe there are many efficiencies that could be introduced to be a better steward of the taxes they pay, they understand that government cannot operate like the business they have invested in and work at daily. Government, however, is increasingly mandating that businesses operate like government (perhaps to justify the decisions government has made and imposed on itself). The amount of time dedicated to complying with regulation increases continually and further creates unnatural and often counter-productive decision. The market place is the best determiner of value and sooner or later, economics will force all of our decisions.

One thing government and private sectors share is, in most every case, that the single biggest cost on the expense sheet is ... people. This is not only the first place to look when costs are to be cut, it is often the only practical one. Automation or lower level of service could well become the solution. We already see that hours are being cut in response to mandated benefits. We are seeing benefits being cut, subsidized or eliminated as well.

'Business' providing productive jobs is absolutely critical to the economic vitality of Oregon. The goods and services produced create the revenue necessary to operate and provide government services. "Nothing happens until something is sold." Oregon has created a reputation for an anti-business environment and a state-by-state comparison of economic factors supports that reputation. People will endure some financial pain to live here, but the price paid does have a limit. We need to create jobs and a predictable environment to work in. We seem hell-bent on just the opposite. What better example of what this legislature is considering than this issue.

You are urged and encouraged to let the market work and adjust. Mandates have not demonstrated they have worked for traditional economic reasons and they certainly don't adjust. Thank you for your time and consideration.

Respectfully,

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