

Effect of legislation increasing minimum wage to \$15.00 per hour in Oregon on Business Connections, Inc. in Salem, Oregon.

Here are grave concerns of a third generation family owned, labor intensive Salem business (24/7, 365 days a year) employing twenty five(25) persons including full time and part time. Most of the part time employees are high school and college students. For most of the students these are their first jobs where they gain experience. Some employees have over thirty (30) years with our company. This family owned local company has provided service and jobs for over 62 years.

This business requires approximately 800 hours labor weekly to properly service our customers so a \$3.50 per hour raise would increase the weekly payroll \$2,800.00. Multiply that by 52 weeks comes to \$145,600.00 Add an additional 6.2%, \$9,027.00 for Social Security makes a total of \$154,627.00 annual increased labor cost. Add to that Federal and State unemployment, workmen's comp and health insurance cost increases. To fund this would require a customer rate increase of 10% based on current gross revenues. Customers would look for alternatives and cancel service.

Our net profits range between a net loss and \$25,000.00 per year. So what are realistic alternatives?

- A) Reduce expenses which are already squeezed.
- B) Discontinue providing employee health insurance, leaving employees without or paying for themselves.
- C) Eliminate Profit Sharing which is employees retirement plan.
- D) Relocate business to a more business friendly state.

Business would be really simple if we could just implement any size rate increase whenever we feel like it. Business just doesn't work that way unless you have a monopoly. As you realize, Oregon already has the second highest minimum wage in the country with an annual adjustment clause.

I urge you to reject any effort to change the existing minimum wage law in our state.

Sincerely,

Clifford D. Moeller, President
Business Connections, Inc.