



**OREGON**  
ASSOCIATION OF  
NURSERIES

**Testimony before the Senate Committee on Workforce and  
House Committee on Business and Labor  
Relating to Minimum Wage**

By Jeff Stone, Executive Director  
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Chairmen Dembrow and Holvey, Vice-Chairs Thatcher, Kennemer and Barton, members of the committee, my name is Jeff Stone and I serve as the Executive Director of the Oregon Association of Nurseries. Thank you for the opportunity to provide comments on the issue of minimum wage and the bills before this committee this evening.

**The Economic Footprint of the Nursery and Greenhouse Industry**

The nursery and greenhouse industry is the state's largest agricultural sector, and is finally seeing a resurgence following years of significant economic declines during and after the great recession. Oregon's nursery industry ranks third in the nation, with over \$766 million in sales annually to customers in Oregon, the rest of the United States, and abroad. In fact, nearly 75% of the nursery stock grown in our state leaves our borders – with over half reaching markets east of the Mississippi River. We send ecologically friendly green products out of the state, and bring traded sector dollars back to Oregon.

Nursery association members represent wholesale plant growers, Christmas tree growers, retailers, and greenhouse operators. Our members are located throughout the state, with our largest nursery growing operations found in Clackamas, Marion, Washington, Yamhill and Multnomah Counties.

**Oregon pays the second highest average wage in the industry**

OAN is proud of its rich heritage in being an industry that inspires growth of plants and a workforce that is year-round. The peaks of employment still occur during the height of shipping season. It is important to recognize the investment we have made as an industry with our employees, and they in us, to train a skilled workforce that is a cornerstone of our success. According to the Bureau of Labor and Statistics (May 2014), the nursery industry pays the second highest average wage to its employees on the continent – an average of \$10.26 per hour or annual mean wage of \$21,340. Many receive health care

benefits and in some cases – revenue sharing. This may be unusual but signals the true partnership we have with our valued employees.

### **Labor shortages exist for the nursery industry and agriculture**

The nursery and greenhouse industry provides opportunity for hard working individuals to be trained, advance and be paid above minimum wage. The legislature will need to consider the impact of the minimum wage on a variety of sectors of our economy. The hard issue remains that each business sector will be impacted in a different way – depending on their size, structure and market.

The bills before the committee this evening would not disconnect a new wage rate with annual indexing approved by the voters, through Ballot Measure 25, in 2003. Since that time, our members report that the annual increases of the indexing affect those who make above minimum wage. Untrained nursery workers receive an artificial bump in pay, while trained and experienced workers receive a wage that reflects their proficiency. All employees are valued, and the indexing creates an artificial compression of wages. Many owners, in order to keep their workforce intact, are forced to bump all hourly wages by the indexed amount. With rising labor costs across the entire company, many nurseries have turned to mechanization, leading to a loss of jobs. That said, for many skilled positions additional mechanization is difficult and cannot replace the skill and handwork of a nursery worker.

Labor constitutes 30% or more of the cost structure for many growers. Lost in the economic recovery is the acknowledgement of agriculture’s unique workforce needs. Agriculture faces a critical lack of workers, a shortage that makes our farms and ranches less competitive and that threatens the abundant, safe and affordable food supply American consumers enjoy today. Securing a reliable agricultural workforce is essential not only for farmers but to the U.S. economy as a whole.

The proposals to increase the minimum wage will not help attract workers to the nursery industry or agriculture in general. We have found through the economic downturn that jobs that were available that were predominately manual labor were not attractive to those who may have found themselves out of work. The conundrum of wage rates, agricultural skill and increasing competition by industry outside of Oregon is one that is difficult to resolve.

### **Traded sector competition between states**

Since the 2005 legislative session, the Oregon Legislature has authored bills to address the growing disparity between Oregon’s minimum wage and other states (with significantly lower minimum wage rates) that compete for market share. A bill was passed in 2005 that would have provided modest tax relief to impacted Oregon businesses but did not receive a signature from Governor Ted Kulongoski.

In 2007, the Oregon Farm Bureau and OAN paid for an economic study by University of California Davis professor Philip Martin. The study showed the impacts of how an unfettered annual indexing of the minimum wage would impact Oregon agriculture. The

main point of the study demonstrated that Oregon would see a negative competitive impact of over \$100 million dollars.

We recognize that Oregon voters passed minimum wage indexing, and OAN is not advocating for paring back wages for workers at the bottom of the wage scale. However, it is important to recognize how Oregon's minimum wage rate (currently at \$9.25 per hour) compares to nursery states that compete with Oregon products. Only the State of Washington (\$9.47) and Washington DC (\$9.50) have a higher minimum wage rate than Oregon.

Below are some factors to consider:

- The 2015 federal minimum wage was raised to \$7.25 an hour.
- Nursery industry starting average wage: \$10.26/hour
- Oregon minimum wage: \$9.25 (indexed for inflation)
- 20 states raised their minimum wages in 2015.
- 9 states, including Oregon, index their minimum wages for inflation each year.
- 14 states match the lower federal minimum wage, two states are less than the federal rate and 5 states do not have a minimum wage law.

In a traded sector that competes against many of these states for customers located much closer to our competition to the Pacific Northwest, this is an enormous economic hurdle.

#### States with no minimum wage law

Alabama, Louisiana, Mississippi, South Carolina, Tennessee

#### Competitive states with lower minimum wage rates (sample)

- California - \$9.00
- Colorado - \$8.23
- Florida - \$8.05
- Illinois - \$8.25
- Michigan - \$8.15
- Ohio - \$8.10
- Georgia - \$5.15
- Minnesota - \$8.00
- Texas 7.25

*Source: US Department of Labor, Wage and Hour Division (January 1, 2015)*

Oregon's nursery and greenhouse industry competes against states with significantly lower minimum wage rates and many of these operations are closer to the markets my members serve. Labor, transportation and geography are all significant factors in our industry's ability to compete and bring traded sector dollars back to the State of Oregon.

Over a year ago, Oregonians were enduring \$4.00 a gallon gas and the cost of living in our beautiful state was indeed a challenge. The nursery industry was affected, as trucking our product to the east coast jumped from approximately \$4000 per truck to over \$6500.

Alone these issues are a challenge; together it hurts nursery jobs and our ability to stay in business.

**How does BOLI define minimum wage and agriculture?**

The following is directly from the BOLI website: How does Oregon law define agriculture? "Agriculture" includes farming in all its branches. Among other things, agriculture includes cultivating and tilling the soil, dairying, producing, cultivating, growing, and harvesting any agricultural or horticultural commodities, raising livestock, bees, fur-bearing animals, or poultry and any practices performed by a farmer on a farm as an incident to or in conjunction with such farming operations, including preparing for market, delivering products to storage or to market or to carriers for transportation to market. "Agriculture" generally does not include forest products and the harvesting of timber; however, effective January 17, 2009, the federal regulation (which Oregon will follow) addressing nursery activities was amended to include the production of Christmas trees within those activities considered to be "agriculture" under the law. As a result, workers engaged in the planting, pruning, and harvesting of Christmas trees are considered to be agricultural employees who are not required to receive overtime compensation for hours worked beyond 40 in a week. See 29 CFR §780.115 and §780.205. "Agricultural employment" is employment in "agriculture" as so defined. OAR 839-020-0004(4)

**Commitment to engage on minimum wage at the national level**

The Oregon Legislature should carefully consider the issue of minimum wage, and the OAN urges the committee to be cautious. The association's position on this issue should not be construed as anti-worker, rather a fundamental truth that agricultural work is physically difficult, skilled, and in many cases undesirable to the average person.

If the debate on this issue is about the need for a national floor that ensures a decent level of pay regardless of what state one lives in, then the OAN will commit to join advocates for an increased federal minimum wage and go to Washington, DC to make the case that the federal minimum wage should equal Oregon's. This will level the playing field for labor costs that the Oregon nursery and greenhouse industry face each year.

Thank you for your time and attention.