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February 12, 2016

**House Committee on Business and Labor**

900 Court St. NE  
Room 453  
Salem, Oregon 97301

RE: SB 1532 A – Minimum Wage Bill

Dear Chair Holvey, Vice-Chairs Buckley and Kennemer, Committee Members:

SB 1532 A has been steamrolled through the legislative process. Your committee is the last firewall to hopefully apply some economic rationality to this grossly misguided effort. This bill is a job killer, small business killer, and will worsen poverty, not improve it.

Much of the impetus for this movement is focused on the City of Portland, its income inequality, and its rising costs for housing. Because of this I would like to use Portland as an example of why it is not possible to legislate prosperity through a huge minimum wage increase.

Enclosed is a map depicting the census block distribution of per-capita income in Portland. As you will see, Portland is not a homogeneous rich shining city on a hill... except of course for the West Hills. Much of Portland, in particular North and East Portland, are as poor as the poorest of the rural areas in Oregon. Poverty is not driven by too low of an entry-level training wage. Poverty's main driver is a lack of jobs.

Also enclosed is a companion map showing Portland unemployment by census block. It should not be surprising to see that the lowest income areas have horrendous unemployment rates that rival the most distressed areas of the state outside the Metro area. The unemployment rates reflect unemployed workers who are looking for a job. Oregon has one of the lowest labor-force participation rates in the nation, so the unemployment statistics are actually understated because so many workers have simply given up even looking for a job. Oregon also leads the nation in under-employment; people who want full time jobs, but can only find part time jobs.

Raising the entry-level training wage rate will affect wages all the way up the scale, and it is a well-established fact that raising the cost of labor won't cause employers to use more of it. Hours worked will be reduced further, and jobs will be lost. More jobs will be lost in the areas already suffering from a lack of jobs and low incomes. Small businesses in these areas will be

hit the hardest; Oregon employers with fewer than 50 employees account for 45% of the state's minimum wage jobs.

Oregon's current level for the entry-level training wage rate, and the inflation adjusted formula for increasing the minimum wage has done a pretty good job for new entrants to the work force. Enclosed is a recent report from the Oregon Employment Department that is relevant to today's debate. Unlike most of the rest of the nation, Oregon's entry-level wage is well above most states, and more important, has maintained its purchasing power, as was intended by the voters when the current law was enacted.

The entry-level training wage... the minimum wage... is not a family breadwinner wage. It was never intended to be such. Some Oregonians do get stuck in low-paying jobs, and fortunately there is a good safety-net for them, particularly if they have dependent children. But if they work harder, get a raise, or work more hours, their total pay and benefits go down.

We need to reduce the rate at which safety-net benefits drop as workers improve their earned income, so people so situated can raise themselves out of dependency. And we should focus on legislative policies that create more jobs, higher paying jobs, and not pass a law that will reduce jobs, reduce employment, and increase poverty.

I hope you were able to review our prior testimony to the Interim Committees on this subject. The LFO and LRO reports were not given adequate consideration in the Senate Committee hearings. They cite high unplanned costs to local governments, long-term job losses, and considerable uncertainty as to the effects of such large untested increases in the minimum wage. I urge you to seek more analysis of the negative impacts and unintended consequences. Your Committee is the last chance to avoid a very big mistake for Oregon workers, small businesses, and Oregon's jobs and economy.

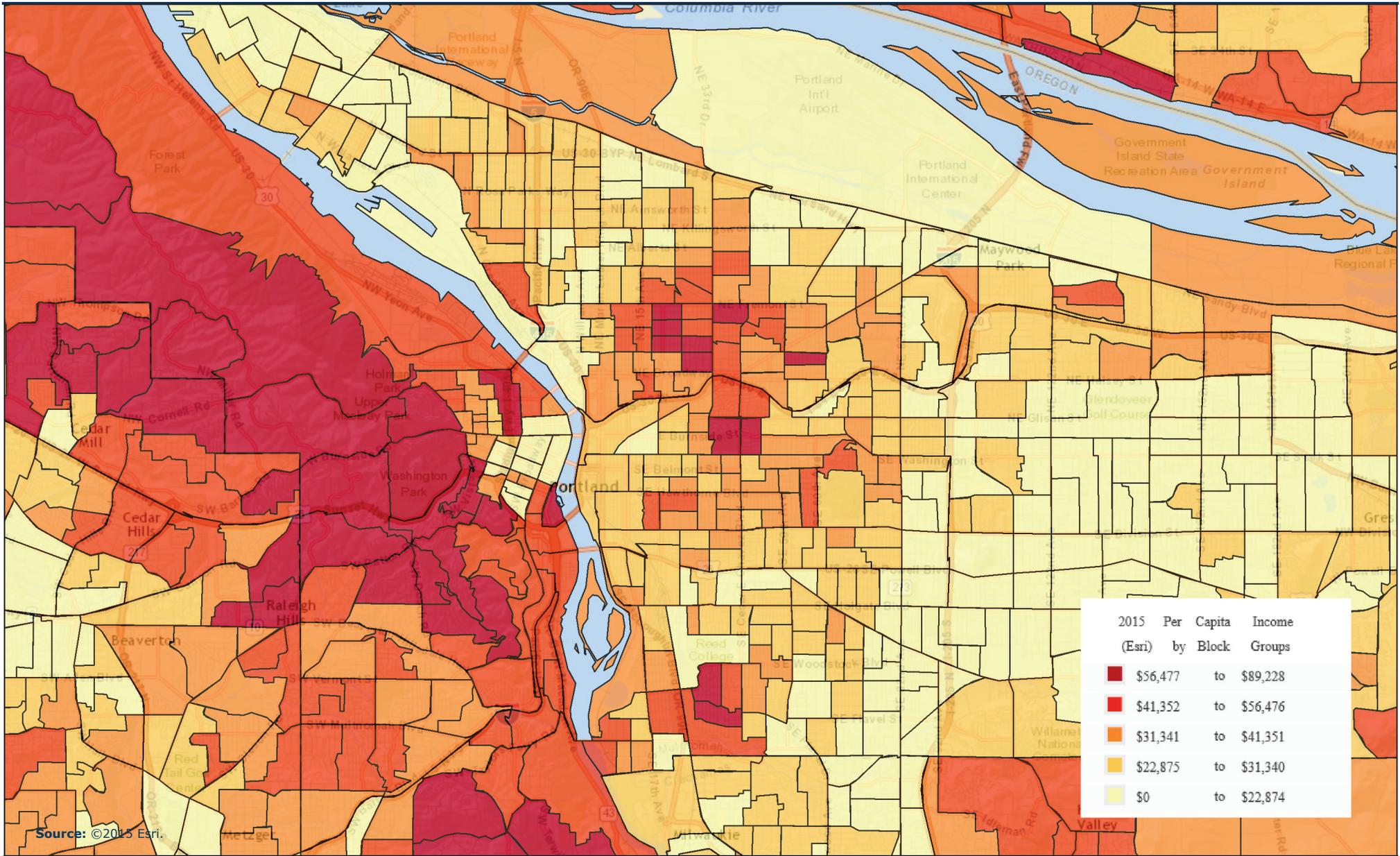
Please do not pass this bill.

Respectfully submitted,

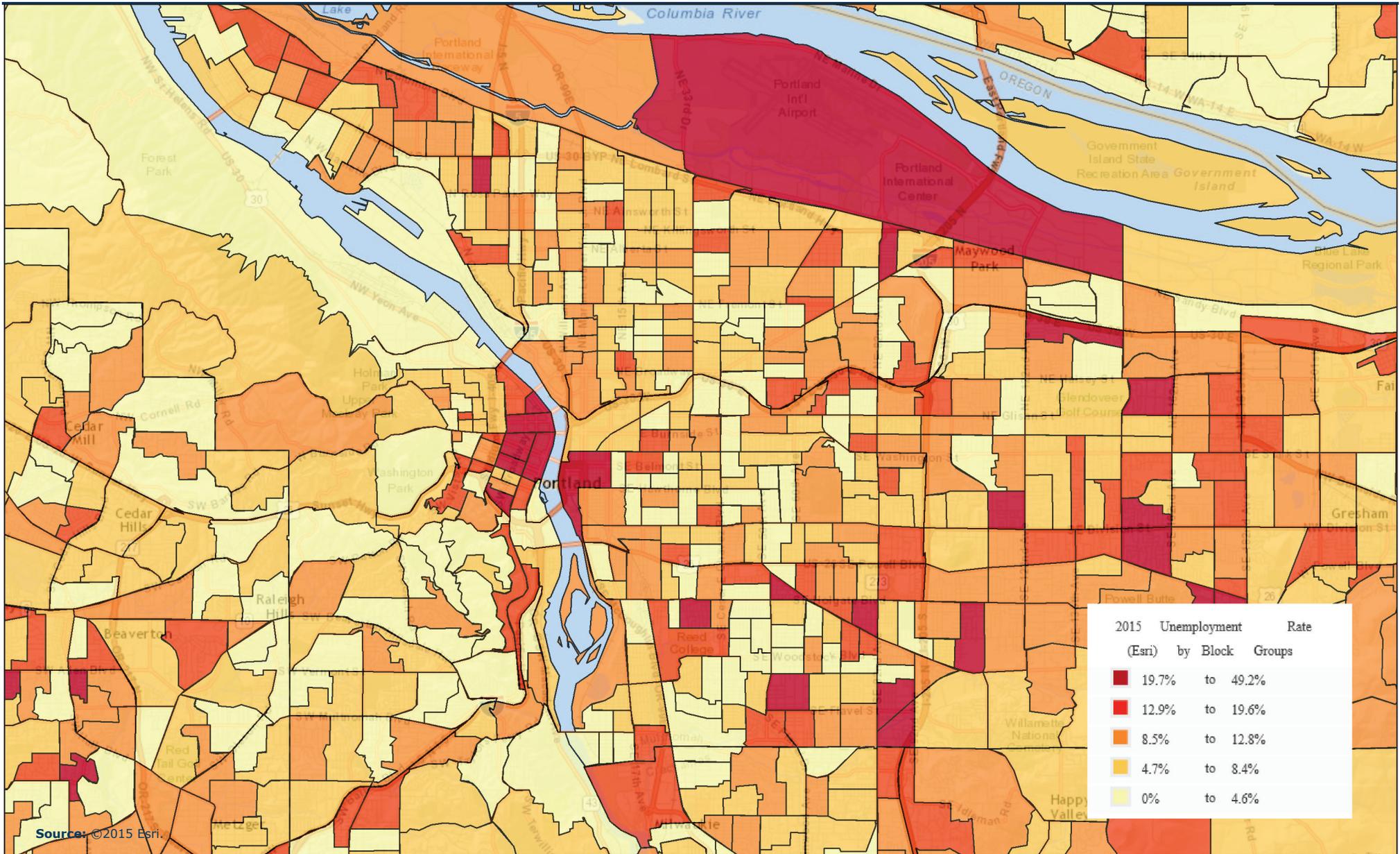


Chris Girard  
CEO, Plaid Pantries, Inc.  
Chairman, Oregon Neighborhood Store Association

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Oregon Employment Department Report



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# Oregon Workforce and Economic Information

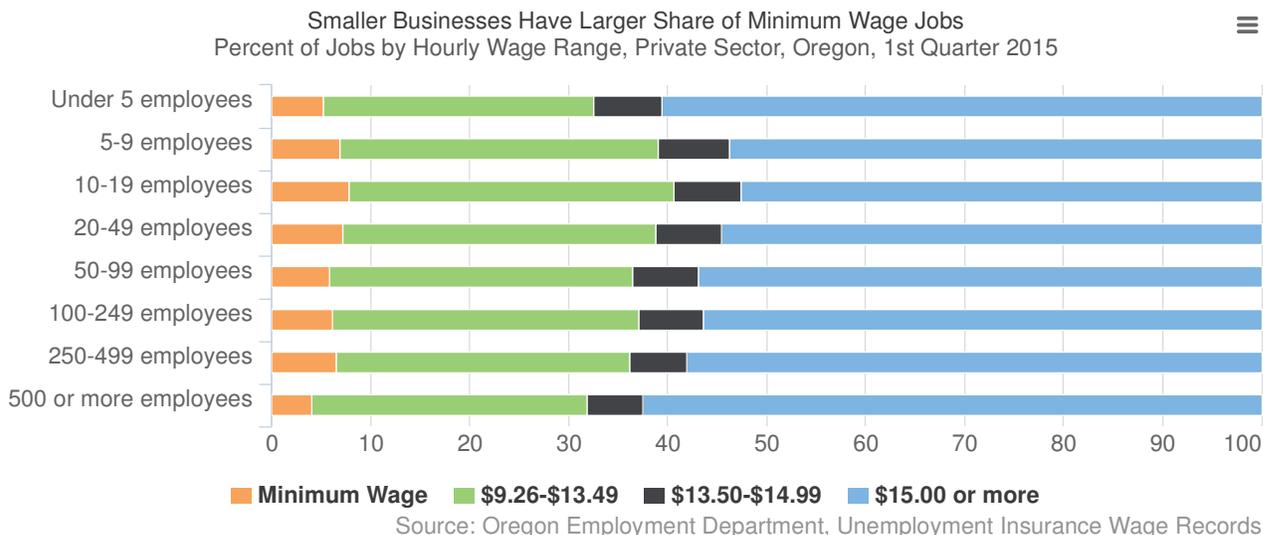
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Friday, February 5, 2016

## Smaller Employers Have Higher Shares of Minimum Wage Jobs

Smaller employers tend to employ a larger share of their workforce in minimum wage jobs. While private employers with fewer than 50 employees working in Oregon employ 38 percent of Oregon’s jobs, they are home to 45 percent of the state’s minimum wage jobs.



The largest private employers – those with 500 or more employees in Oregon – have the lowest share of minimum wage jobs, at 4 percent. These large employers account for 28 percent of Oregon’s total workforce, and because they are so large, even the small share of minimum wage jobs in this size class amounts to a lot of minimum wage jobs.

Employers with more than 500 employees had 18,600 minimum wage workers in the first quarter of 2015, accounting for 19 percent of the state’s minimum wage employment.

For more information on Oregon's minimum wage, read "[Oregon's Minimum Wage Jobs: Facts, Figures and Context](#)".

Felicia Bechtoldt

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# Oregon Workforce and Economic Information

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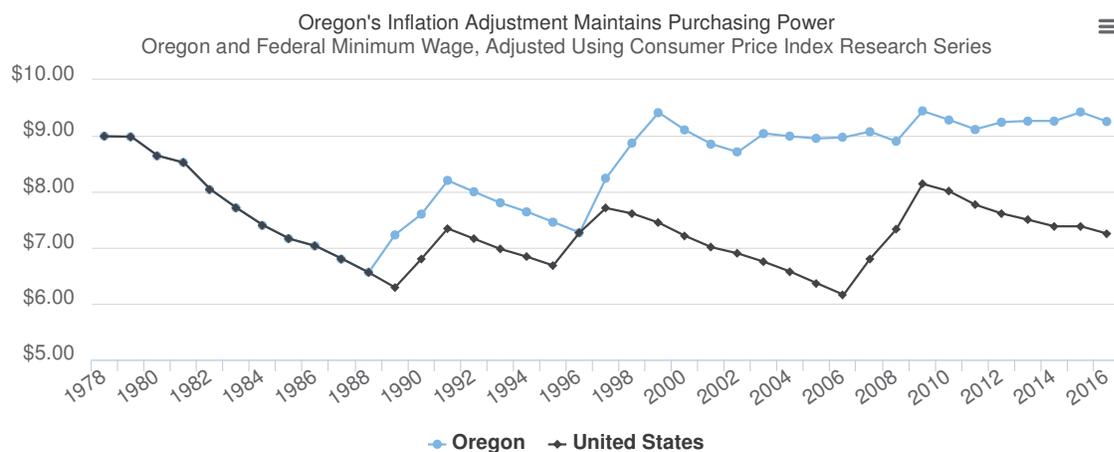
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Wednesday, February 3, 2016

## Oregon's Purchasing Power Outperforms Nation

Unlike Oregon's minimum wage, the federal minimum wage has lost some of its real purchasing power. The national minimum wage in 2016 buys less than it did when it was raised to \$7.25 in 2009. To buy the same goods and services today, a worker would have to make \$8.14 per hour. So the real purchasing power of the national minimum wage has fallen 89 cents (11%) since its last increase. In contrast, the purchasing power of Oregon's minimum wage has increased slightly.

Prior to the late 1980s, the national minimum wage was higher than the minimum wage specified in Oregon law, so the federal minimum wage prevailed. The real purchasing power of the minimum wage fell by \$2.50 due to inflation in the 1980s, until Oregon raised its minimum wage above the federal minimum in 1989. Oregon's minimum wage was higher than the federal minimum wage each year since (except 1996, when they were equal) and the increases of the late 1990s were relatively large and fast.



When minimum wage increases are not linked to inflation, the inflation adjusted minimum wage tends to follow a peak and valley pattern. Relatively large increases in the minimum wage occur irregularly and are followed by years of the minimum wage's purchasing power being eroded by inflation. This means the real federal minimum wage varies over time, which makes long-term planning more difficult for employers and their workers. Oregon's minimum wage increases have been frequent and relatively small since the switch to annual increases in 2004, helping the real minimum wage remain steady over the years.

For more information on Oregon's minimum wage, read "[Oregon's Minimum Wage Jobs: Facts, Figures and Context](#)".

# Big hike in minimum wage, big drop in working Oregonians

Last minute amendment cannot stop job losses

