



February 11, 2016

House Committee on Business and Labor
Re: SB 1532 proposed minimum wage increases

Chair Holvey and members of the committee,

The Bend Chamber of Commerce supports the current minimum wage law in Oregon that indexes the minimum wage each year based on inflation. However, we ask you to consider the following when deliberating minimum wage increases.

A dramatic and arbitrary increase in the minimum wage will have wide-ranging and unintended consequences for all Oregonians:

- **Cash-strapped school districts will have even less to spend on educating our kids.**
 - A survey by the Oregon School Board Association indicates a hike to \$13.50 would cost districts \$22 per student or \$15 million a year.¹
 - Impacts would affect districts differently. For example, the Hillsboro School District estimates higher wages, if indexed across the district, would cost as much as \$4.4 million, which is equivalent to the 51 teachers the district was able to add in 2015.²
 - Oregon's colleges and universities would also take a hit, ranging from \$21.75 million in 2017-2019 to \$84 million.³
- **Local governments will be faced with two choices: Cut services or raise property taxes.**
 - Linn County Commissioners estimate the governor's proposal will cost their county \$2.25 million a year.⁴
 - While the numbers are preliminary, the estimated effect on local governments statewide is \$50 million per biennium.
- **Low-income families would lose tax benefits and state benefits, such as food stamps and child care assistance.**
 - In 2014, the Legislative Revenue Office estimated a single parent with two children could actually have \$30 less per month to spend if the wage was increased to \$13.10.⁵
 - Oregon higher education officials believe some college and university students who currently hold minimum wage jobs on campus, would see cuts to financial aid.⁶

¹ Oregon School Boards Association survey, Jan. 13, 2016

² <http://www.hsd.k12.or.us/Portals/0/District/Board/Boardpacket/2015-16/01%20Board%20Meeting%20Packet%20-%20January%2012%202016.pdf>

³ "Potential Effects of Increasing Oregon's Minimum Wage," Legislative Fiscal Office report, January 2016.

⁴ <https://s3.amazonaws.com/wapopartners.com/wweek-wp/wp-content/uploads/2016/01/28122437/doc20160128110956.pdf>

⁵ "The Impacts of an Increased Minimum Wage," Oregon Legislative Revenue Office, 7/24/14

⁶ LFO report. January 2016.



- Increased wages would mean fewer people could access health care through the Oregon Health Plan.⁷
- **While advocates for higher wages blame large corporations for income disparities, in Oregon small businesses and customers will be most affected.**
 - Oregon businesses with 5 to 49 employees have the highest concentration of employees earning between \$9.26 and \$13.49/hour and they have the least flexibility to adjust to a dramatic increase in labor costs without layoffs or raising prices.⁸
 - Senior citizens on fixed incomes and low-wage workers will be hit particularly hard when food, day care and other costs rise.

Dramatically increasing the state's minimum wage threatens thousands of Oregon jobs and a fragile economy:

- **Economists are uncertain on exactly how many job losses would occur. One thing is clear: The risks of a 45% to 65% wage hike are too great.**
 - One Oregon economist reports job losses in our state could range from 55,000 to 67,000.⁹
- **Employers have already announced they'll move to another state or reduce employment by shifting from manual to mechanized operations.¹⁰**
- **Oregon has one of the highest unemployment rates in the nation yet we continue to lag behind the country in per capita income.**
- **Oregon's poverty rate is higher than the national average and highest on the west coast.¹¹**
- **Oregon's unemployment rate continues to be higher than the national average.**
 - The unemployment rate for Oregon teens ages 16 to 19 was 27.4%. National estimates indicate youth job losses would rise 1 to 2% for every 10% increase in minimum wage.

Sincerely,

Tim Casey
President & CEO

Bcc: Sen. Ferrioli; Rep. Whisnant; Rep. McLane; Rep. Buehler; Rep. Huffinan

⁷ LFO report, January 2016

⁸ "Oregon's Minimum Wage: Jobs, Facts, Figures and Context," Oregon Department of Employment, February 2016

⁹ http://www.oregonrla.org/Documents/GA/EOC_Minimum%20Wage%20160112.pdf

¹⁰ Joint House and Senate Committee hearing Jan. 14, 2016

¹¹ U.S. Census, American Community Survey 2014