



Extreme Wages

BACKGROUND

- Oregon Gov. Kate Brown has proposed an Extreme Wage law for Oregon that would hike Portland's minimum wage to \$14.50 and the rest of the state to \$13.25 when fully phased in.
- Oregon State Senators recently voted to move forward a proposal that would put Portland at \$14.75, other urban counties at \$13.50, and rural Oregon at \$12.50.
- The current minimum wage of \$9.25 per hour is already one of the nation's highest, plus it's adjusted annually to rising consumer costs.

WHAT OTHERS ARE SAYING

"This state may have some problems, but the minimum wage isn't driving them." *The Oregonian* Editorial Board¹

"Raising Oregon's minimum wage, already the second-highest in the nation, is a bad idea. It's bad public policy that runs the risk of devastating local governments and small businesses across Oregon." *The Albany Democrat-Herald* Editorial Board²

TALKING POINTS

- Data shows that Extreme Wages hurt the **hospitality and leisure sectors** harder than other industries and results in **people losing their jobs altogether**.
 - Seattle, Washington, enacted an Extreme Wage of between \$10.50 and \$13 per hour, and the city saw **900 hospitality workers lose their jobs** while areas in the rest of the state saw new jobs created. View the graphic below:



¹ <http://www.oregonlive.com/opinion/index.ssf/2016/02/oregon-doesnt-need-to-revisit.html>

² http://democratherald.com/news/opinion/editorial/editorial-boosting-minimum-wage-is-a-mistake/article_e9bff373-ed22-5c48-9506-9aeccd262d10.html



- Los Angeles, California, passed an Extreme Wage for **hotel employees only** of \$15.37, and saw more than **1,300 hotel employees lose their jobs** while the rest of California added hotel jobs. View the graphic below:



- Data shows that **Extreme Wages prices low-skill workers out of jobs**. These members of the community have the most to gain from a job which enables them to learn new skills but instead they face even higher obstacles to employment.
- **Extreme Wages results in fewer jobs for young people, especially in minority communities**. The first jobs for young people teach them the value of work and critical soft skills that they can carry with them the rest of their lives.
- More than **two-thirds of minimum wage workers earn a pay raise within 1 year** on the job.
- The hospitality industry is **ripe with upward mobility** for workers:
 - 80% of restaurant owners and 97% of managers started as non-managerial workers, and more than 50% started at entry-level jobs
 - More than 50% of hotel managers and general managers started at entry-level jobs
 - 80% of minimum wage hotel employees are eligible for a raise and promotion within one year, and 100% within two years
- **Extreme Wages disproportionately hurt those who currently lack a job in favor of those who are already holding a job** – further driving out of the workforce those who might be temporarily without a job.
- **A better way to increase wages** for employees is to provide for a **robust economy** that creates so much demand for employees that employers must pay premium wages to attract workers.
- **A robust economy** starts with less government red tape, streamlined regulations, and a more predictable future for businesses.