

My name is Debbie Wynkoop. My husband, Dan Wynkoop, was in attendance and testified in opposition at the hearing on Monday evening, March 25. I want to reiterate what he stated.

We started our franchise boutique fitness studio in June 2016 in Beaverton. Planning and due diligence took place in 2015, before minimum wage, sick leave and pay equity were on the books. Our business model was prepared assuming we would pay above then minimum wage at \$10 per hour. We did not want to be a minimum wage payor but we are now forced to be a minimum wage payor. Further, increasing the entry level wage has removed our ability to reward our top performers. Our business is fairly price inelastic, meaning we cannot easily raise prices. About a third of our members today are paying 2016 rates, even though our labor costs have increased 20% or more due to minimum wage and sick leave. Minimum wage and sick leave have degraded our ROI and therefore our annual household income approximately 5% to 6%. We are currently earning about 60% of what Dan earned in his corporate positions which means we are deficit spending.

On top of minimum wage and Oregon sick leave, HB3031 would increase our costs again, even before we have been able to recoup from minimum wage and sick leave. We estimate HB3031 will reduce our ROI and net income an additional 5% to 6% of net income meaning we will take home even less and deficit spend even more. We rely on the income from our business to put food on our table, to pay our mortgage, to provide our healthcare and simply put, to live. We cannot afford another 5% to 6% pay cut, especially when we haven't yet replaced our corporate salaries.

The other portion of HB3031 is requiring return to the job after 32 weeks. We hire comprehensively trained instructors. It takes most of our instructors a year or more to complete the extensive training required to teach for our studios. This is not a scenario of a couple weekends and you are certified. We hire only highly trained staff. Finding highly trained and certified instructors is the number 1 issue, bar none, at all franchisee studios nationwide. Instructors are hard to find.

Our instructors typically teach a maximum of 20 hours per week. Anything greater is very hard on their voices and bodies. They receptive to taking interim assignments, they want permanent part time or they will go elsewhere. Finding substitutes for a week vacation is extremely hard as instructors have other obligations and family lives to live. Class cancellations will likely result which will degrade member experience resulting in membership cancellations which can imperil the business completely. If it is this hard to find a sub for one week, imagine finding a sub for 32 weeks. Virtually impossible. Many studios resort to traveling instructors authorized by our franchise, we have as well a couple times. However, this practice results in paying travel and lodging costs which are substantial and would sink a business if it went on for 32 weeks.

Although the merits for HB3031 may be justifiable, the current form of the bill represents a major cost impact on small business who has yet to overcome minimum wage and Oregon sick leave. HB3031 will result in fewer jobs or fewer hours available for workers. Some businesses will automate more. In our industry, we will find ways to reduce costs including reducing hours. HB3031 is also impossible for our industry to hold a position open for 32 weeks. HB3031 will have a significant financial and operational detrimental impact on our business.

Thank you