



Date: April 16, 2015

To: Members of the Senate Workforce Committee
Members of the House Business and Labor Committee

From: Bill Perry, Oregon Restaurant & Lodging Association

Subject: SB 327, SB 597, SB 610, SB 682: Proposed legislation to increase Oregon's minimum wage.
SB 130, SB 332: Proposed repeal of the state preemption of local governments to set minimum wage requirements.

To the Committees:

On Sunday February 23, 2014, *The Oregonian* published an editorial on minimum wage. The ending paragraph of the article was very well put. It read, "So maybe it would be good if the minimum wage debate brings more attention to Oregon. What policymakers would see is if they want to make real progress on reducing poverty, restoring the middle class and energizing the economy, the minimum wage is little more than a political diversion."

While there is a lot of rhetoric on both sides of the minimum wage debate, raising the minimum wage actually gives little buying power. It creates a reduction in hours among lower skilled workers, and the products and services lower wage workers use increase in cost (food, daycare and entertainment). Oregon continues to remain above the national average in unemployment.

The Oregonian editorial also stated, "It's equally hard to argue that the minimum wage has made much of a dent in poverty. And it clearly hasn't done much to boost the state's per capita or median household incomes, both of which lag the nation."

If the intent of an increase in the minimum wage is to give buying power to single parents living on a low wage, that is an important goal; but a straight across-the-board increase does not accomplish that, and it may actually set the targeted individuals back in dollars at the end of the month.

There are provisions in the Federal Fair Labor Standards Act, and in 40-some states that would help businesses manage their hours as it relates to tipped employees and minors entering the work force – a tip credit.

Most people listed as minimum wage workers in Oregon are either tipped employees making and reporting over \$20 an hour in combined income, or minors who live with their parents and are gaining much-needed work experience. In Oregon we have one of the highest unemployment rates in the country, and the unemployment rate for minors is even higher.

Business managers have real concerns over an increase with respect to their payroll. The impact of a minimum wage increase goes beyond a simple raise for workers. Employers will have to make decisions about reducing employee hours, reducing benefits and/or price increases. Most minimum wage workers average about 25 hours a week; significant labor cost increases will most likely decrease those hours even more. If minimum wage workers also have children, they will most certainly experience increases in daycare and in food costs, which means they will end up with less money in their pocket at month's end.

If you follow the lead of the Federal Fair Labor Standards Act and address future increases as they relate to tipped employees and minors, it may at least minimize some of the food cost increases without a negative impact to single parents with children.

Other considerations to help low income workers include not collecting income taxes until after people surpass the federal poverty level and increasing child care tax credits. These actions would put money in people's pockets without harming business growth – they are steps we can all agree on and will accomplish the true goal.

If we would concentrate on matters that grow Oregon's economy, all citizens would benefit. Minimum wage workers are primarily tipped employees and young, inexperienced individuals just entering the workforce. Income growth will come from manufacturing jobs and higher-skilled workers. We all need to focus on job creation and income growth, and not merely the same old "political diversion."

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Bill Perry', with a stylized, cursive script.

Bill Perry

Oregon Restaurant & Lodging Association