

House Committee on Business and Labor
Senate Workforce and General Government Committee

HB 4054, SB 1592, SB 1532 – Minimum Wage Bills

Achieving the American Dream would die for many in poverty and in minimum wage jobs if any of these bills pass. I ask the committees, what is the reason for increasing minimum wage? It is obvious from several credible studies that it isn't to help worker find employment or retain their jobs. So, could your goal be to make more dependent on welfare and subject to your powers? Of course not, then why aren't you listening to the experts?

LRO July 2014 report regarding the impacts of an increase in the minimum wage, disclosed that raising the wage only \$2.40 per hour would result in net employment losses and the state would lose nearly 3,000 jobs the first year and would continue the increase to 20,000 jobs lost by 2025.

That is 20,000 (mostly young people) denied their American Dream opportunity.

A recent report by Eric Fruits, Ph.D., president and chief economist for Economics International Corp. and an adjunct professor at Portland State University, agrees with the LRO. Fruits reports increasing the minimum wage to \$13.50 would result in the loss of around 55,000 jobs by 2020, and raising it to \$15 would cost 67,000 jobs.

The January 2016 LFO reports an increase in income from taxes to the state as \$13.5 million and shrink over time for a minimum wage of \$13.50. Fruits says that \$13.5 million comes at the expense of reduced wages and salary incomes by an estimated \$6.2 billion, and by \$6.9 billion for \$15 per hour by the year 2020. For workers making \$13.50 per hour, their average annual income would be \$1,512 less and \$15 per hour workers would loss \$1,515 per year. The reports says: "Oregon has the 10th highest rate of Unemployment among the states. In fact, Oregon has spent most of the past decade among the top 10 states with the highest rates of residents looking for work, but unable to get a job. A steep

increase in the minimum wage will only worsen employment opportunities for Oregon job seekers.”

In 2015, BOLI reported 141,000 minimum wage workers. A third of these people will have their American Dream squashed by an over-zealous ignorant government.

A Kellogg professor built a model to answer the impact of increase in minimum wage. “The model strongly suggests that everyone—employers, customers, employees who lose their jobs, and even those who stay—ends up in a worse situation when the minimum wage increases.” “We show the increase will reduce the level of service, hurting customers,” says Jeroen Swinkels, a professor of Management and Strategy at the Kellogg School of Management, who developed the model in collaboration with Ohad Kadan, an associate professor at Washington University, St. Louis. “You end up with a smaller number of workers, and even those workers who keep their jobs are less happy, because they’re forced to work harder for less attractive incentive pay. The surprise is that it’s a lose-lose-lose situation—even for people who keep their jobs.”

The January 2016 LFO report indicates that all social programs will be affected to the detriment of low income people.

As a final point, I’d like to point out that reduced gas prices reducing prices on goods well surely benefit low income more than the consequences that these bills will have on them.

Is your goal to help fewer people with higher minimum wage, or help all of low income workers retain their jobs and make available more jobs for the unemployed? To help the most people in their American Dream, you need to vote NO to a minimum wage increase. Let the formula that fluctuate with the economy be the guide to insure jobs aren’t loss by poor legislation in this bill.

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<https://www.dropbox.com/s/8zliyan0pgmco6q/Final%20Minimum%20Wage%20160112.pdf?dl=0>

http://insight.kellogg.northwestern.edu/article/minimum_wage_matters