

Dear Committee Member,

Our family farm owns and operates packing and farming operations in Eastern Oregon and Western Idaho. Today we have over 150 employees working for the operation. Of these 150 jobs, 60 have already been moved to Idaho due to the \$2 difference in minimum wage. Since we must compete with Idaho farmers for the same business it just doesn't make sense for us to pay so much more when Idaho is only 300 yards away. **While we don't oppose an increase in the federal minimum wage, for our survival as an Oregon business, we must oppose an Oregon only increase.** For many businesses there are sufficient margins to compete on a national market. On most agricultural items this is not the case. In fact, a recent study done by the **USDA's Economic Research Service is forecasting 38% reduction in on-farm earnings** (Schnepf, R40152 Randy. "U.S. Farm Outlook 2015." *U.S. Farm Income Outlook for 2015* (n.d.): n. pag. *Fsa.org*. Congressional Research Service, 02 Dec. 2015. Web. 09 Dec. 2015.). **This is the lowest income, adjusted for inflation, since 2002.** In short, this is tremendously terrible timing for cost increases due to a minimum wage increase. Most farming operations nationwide will be facing incomes levels that are lower than a decade ago.

With the additional pressure of the AHA, this is not the time to be placing additional stresses on small business. While we want the best for our employees, many of whom have been with us for 2 decades, we will sacrifice jobs in order to stay in business.

So what are our options?

1. **Relocate the business**
2. **Automate the business**

As you can see, there is NO positive outcome for our employees. Higher wages only result in fewer jobs among low-skill laborers. While many of you will say this is an idle threat, it is not. **We are too close to Idaho -with whom we must be able to compete- to prevent us from moving.** Additionally, we already have one of the most automated sorting/packing lines in the United States.

Packaging technology is at a point where it takes 4-6 years ROI in automation. When the ROI is less than 6 years, we have chosen to automate as recommended by our banker and accountant. These packaging jobs have already been lost to robots.

Sorting is a bit more difficult and therefore costly. With the current minimum wage the ROI is closer to 8-10 years. This is why we have not automated the sorting process within our operations. However, a \$15 per hour minimum wage puts our ROI well below the threshold for said automation.

Please consider those for whom you are fighting when you take up the banner for higher minimum wage in this state. Minimum wage jobs are not irreplaceable. By making them cost more you are only speeding up the process of their elimination.

Regards,
Shay Myers
Froerer Farms Inc. DBA Owyhee Produce