



# A&R SPADA FARMS LLC

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House Committee on Business and Labor,

I am writing you this letter today to voice my opposition to SB 1532 relating to increasing Oregon's minimum wage.

My name is Kevin Spada. I am a 29 year old, fourth generation farmer on my father's side and I can trace my farming roots in St. Paul back to the Oregon Trail on my mother's side of my family. My family's farm, A & R Spada Farms is located in and around St. Paul, Oregon including farms in Marion, Yamhill, and Clackamas Counties. We currently have the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> generations working on our farm and nursery. We currently have about 2100 acres under cultivation, and we ship our nursery products to more than 40 states and 6 Canadian provinces. We employ about 100 full time employees and an additional 50 to 60 seasonal employees.

I have a unique background that most people would not expect to encounter in a next-generation farmer. I graduated from the University of Portland cum laude with a Bachelor of Business degree double majoring in Accounting and Finance and minoring in Entrepreneurship. I grew up outside of the very small town of St. Paul with a population of less than 350 people, and I went to college in Portland, Oregon's largest city. So one might ask why I am back living near the same small town where I grew up on my family's farm working to continue it for future generations, when with my educational background I could easily be working as a Certified Public Accountant or a Financial Planner or any of the other myriad of jobs in the accounting and financial fields. For me the answer is simple; farming is in my blood and I love it.

Farming is a good, hard life that fewer and fewer people really understand as they become further and farther removed from the farm by generations and distance. I have grown up working on our farm, and when I started working as an employee I earned minimum wage because I was doing minimal or no skilled work. Even though I spent my whole life helping out on the farm before I became an employee, I still had to learn how to work once I did become an employee. That is one of the intentions of the minimum wage; it is a wage for people to start out at and learn how to work. I guarantee you that I was not nearly as valuable to the company when I first started working at minimum wage as I am now. I lacked the experience and the work ethic that I was able to develop while working at minimum wage.

I realize that there are many people who do work for minimum wage and struggle to support themselves and in many cases their families on that income. It sounds good and easy on the surface that the way to help them earn more money and ease their struggles would be to raise the minimum wage. However, that approach does nothing to ease their struggles in the long run. It does put more money in their pocket today if they still have a job at a higher minimum wage, but everything in our economy is connected so all of their other costs for food, housing, medical care, etc. will also increase and leave those earning minimum wage in essentially the same position they are today. One major difference is that there will be even fewer jobs available once the minimum wage increases, because many of the current minimum wage jobs will be replaced by automation and mechanization and ultimately eliminated.

I would ask that you take a business approach to your thinking about solutions to ease the struggles that minimum wage workers face. Rather than mandating an increased minimum wage, why not enact policies that are friendly to business development and growth. As businesses grow and expand, they need to hire more employees to do the additional work. Those jobs will likely be at all different pay levels based on the skills and experience required. Creating a political and legal environment that fosters business development and growth is the only way I know how to create the opportunities that will allow for the middle class to grow and flourish. In the not too distant past when our country did have a strong and vibrant middle class, that middle class was comprised of countless small business owners who were true entrepreneurs who recognized an opportunity and built their own business to capitalize on that opportunity. That is how many of the larger businesses that exist today began.

When we have a job opening on our farm, we always look at our existing employees first to see if someone has the necessary skills and experience to be promoted. Employees earning minimum wage who have gained the proper skills and necessary experience do get promoted on our farm, and in fact many of our crew leaders and supervisors started their careers here earning minimum wage. They wanted to improve their own financial situation, so they worked hard to develop the right skills to make themselves more valuable to our company and they are compensated for that added value. In short, that is how business works in a capitalist economy. Value must first be created whether by individuals' efforts, plants and crops growing, or opportunities recognized and taken.

I could put on my accounting hat and enumerate for you in hard dollars how much raising minimum wage would cost our family farm, but the truth is that we could talk in circles about numbers that have been generated on both sides of this issue. The way my family looks at it is quite simple; as our business exists right now, we cannot afford the increased costs that would result from increasing the minimum wage in the manner you are discussing. Not only would the wages of the unskilled labor be increased, but all of our employees who already earn above minimum wage would require a corresponding wage increase; thus, the true cost of this bill is even more staggering than the enormous cost that we see with the direct impact on minimum wage rates. We would love to be able to afford to pay our employees higher wages, but the math just doesn't work when increasing the minimum wage causes the expenses to exceed gross sales.

We farmers come from a very long and proud history of ingenuity, and we will find a way to survive or go out of business trying. What that means for my family's farm is that we will continue to change our crop mix to move toward crops that require less labor, and we will mechanize and automate to eliminate as much labor as possible on our farm. As the minimum wage continues to increase, the return on investment (ROI) on a piece of machinery or equipment that makes us more efficient and replaces human labor continues to shorten. The larger and quicker the ROI gets, the more likely we are to invest in that labor saving equipment. We are already making these investments today, because we cannot find enough people who are willing to work. If this minimum wage increase is passed, we will be forced to accelerate our investment in automation and equipment to simply stay in business. For our farm, this bill means that jobs will be eliminated.

My family's farm competes nationally and internationally with other farms and nurseries to sell our crops and plants. Historically we have been able to compete successfully in large part due to the natural advantages afforded to us here in the Willamette Valley with our mild climate and fertile soil. We are currently facing increased competition in export markets due to the strong dollar, which makes our products more expensive. Oregon Agriculture is already facing a massive labor shortage, and now you are attempting to raise the cost of that labor which will just compound the issue. We are already feeling the costs of the mandatory paid sick leave here in Oregon and the mandatory health insurance costs for all of our employees. With all of these added costs hitting us this year, how can you expect us to absorb another

massive cost increase? We farmers do not set our own prices; the national and international markets dictate the prices that we take for the crops we raise, so we simply cannot pass on these costs and raise our prices.

We farm a mere 30 miles from Portland, and we are already competing for labor with jobs in the Portland-Metro area. The Willamette Valley is home to some of the most fertile soil and favorable growing conditions of literally anywhere on the Earth. If you increase the minimum wage and make it too expensive for us to continue to farm the best soil on Earth, you are putting the wheels in motion at an accelerated rate to pave over some of the richest soil on the face of the Earth. How can farmers be expected to feed the growing population of the world, when the most basic, key component of growing a crop, the fertile soil, is removed from the equation because it has become too expensive to use?

Please remember that agriculture exists in every single county in Oregon, and setting minimum wage tiers based on county lines is a very underdeveloped and ineffectual concept. Every County that my family farms in is considered to be an "urban county" by this bill, which simply does not make sense. How can the mere existence of a populated city, which by geographical area is quite small relative to the rest of the County cause the entire County to be considered "urban"? There is much more to each of Oregon's Counties than the cities that happen to reside within them; those cities were originally founded by the agriculture and industry that first existed in the County, and those cities were built to serve the needs of the otherwise rural County in which they resided. At the most basic level, cities still perform that function in Oregon, so why would you wish to pass legislation that would cripple the very foundation of our State, Agriculture?

Please vote NO on SB 1532 related to raising Oregon's minimum wage. Passing the bill will jeopardize Oregon's recovery and dramatically change the landscape of Agriculture in Oregon.

Sincerely,

Kevin Spada