

Date: Feb 15, 2016

To: House Business and Labor Committee

From: Mike McCarthy, PhD, Trout Creek Orchard, LLC,

8405 Clear Creek Rd, Parkdale, OR 97041

Re: Minimum Wage Increase

I am a farmer in Hood River County and raise apples, pears, cherries, cows and hay.

I am totally opposed to any increase in the minimum wage.

Three principal reasons:

-An Increased minimum wage will cause the demise of family farms in Hood River County!

-Tree Fruits are some of the most labor intensive crops grown anywhere!

-Fruit Farmers in Hood River County can not alter the prices they charge to recover these increased costs! Huge Retail chains and other countries pay us based on market conditions, not what we need.

1. We grow a labor intensive crop

Tree fruits are one of the most labor intensive businesses in agriculture. We plant by hand, we train our trees by hand, we tie them to wires by hand, we prune them by hand, we cut out bacterial infections by hand, we thin by hand, and we harvest by hand. Hours and hours go into a crop every year.

An increase to \$13.50 per hour would cost the average 65 acre orchard an additional \$90,000 per year. There are not profits to cover that! Hood River County should be in the lowest wage Tier.

That means that farmers of the 15,000 acres of tree fruits in the county would pay an additional \$21,000,000 in labor costs each year. This is only the bill for the few farms in one of the smallest counties in the state. There are not profits to cover that. This means that farmers who get paid from their profits would likely make little or nothing. Farmers would not make Minimum wage at \$9.25 for their wages.

2. We can not adjust our prices

Fruit farmers can not adjust their prices for new labor costs. We can not tack on new labor costs. We can not sell our fruit in the Portland market and just ask for more.

We grow more pears than are consumed in Oregon. We can not sell in local markets. We have to compete with states and countries where wages are less. We have to sell in all World markets. We are in a commodity market. We get what the market dictates. We get what Walmart will pay. We get what China will pay. We get what Mexico will pay.

None of our buyers care what our minimum wage is. None of our buyers will allow us to adjust our prices to cover our new costs. It comes out of our profits which are our wages.

3. This attack on the family farm will cause a takeover by large corporate farms.

Corporate farms are vertically integrated. Many of these corporations in Washington own orchards and packing houses and marketing organizations. They grow, store, pack and sell their own fruit. They claim they need no profits from their orchards. They just need to break even. If our minimum wage goes up we can not compete with them. Family farms can not compete if labor prices go up. This will hasten the demise of family farms in Oregon.

4. We already pay \$12.49 to our workers during harvest.

We pay the Adverse Effect Wage Rate for our harvest workers which is now \$12.49. So our minimum wage is already \$12.49 about \$3.25 above the minimum wage. If the minimum wage goes to \$13.50 we will be forced to pay at least \$16.75. We can not pay that much. We will be paying \$16.75 competing against states with the federal minimum wage of \$7.25. That will not work.

5. We provide housing to our workers and have no way to include these costs in the wage.

Unlike businesses in Portland we provide our workers with housing. We pay water, electricity, garbage and provide two to four bedroom housing for our workers. The largest units have a rental value of \$1500 per month or \$18,000 per year or \$9.00 per hour. The law says we can not charge them rent. Why do we have to pay some excessive new Portland wage on top of that.

6. I have been a democrat all of my life. I am embarrassed to say that today. This is the most mean spirited, hostile, unfair, irrational, unsupported thing I have ever seen democrats do. Global Markets do not adjust because some people in Portland want a higher minimum wage. Profit margins do not expand because people in Portland want a higher wage. People will go broke. Family farmers will go broke.

On the farm We don't get a minimum wage, we don't get paid rest breaks, we don't get paid sick leave, we don't get paid time off, we don't get retirement, we don't get a 40 hour week. We don't get protection from you the consumer who pays less for your food than any country in the world, a market situation that we are stuck with. We just have to suck it up and make it work by working more hours, weekends, nights, sometimes 48 hours straight during frost season or calving or floods or harvest.

7. The urban rural divide is now insurmountable. It's permanent. You do not understand rural Oregon. You don't want to. My farmer friends are right.

8. I have worked in Ag since I was 8, I have three degrees in AG including a PhD. I have worked with sheep, pigs, cows, horses, hay, timber, Christmas trees, apples, cherries and pears, direct sales, internet sales and tried about everything I can to make a living in Ag. But everyone I encounter in Portland knows more about what will work for Ag than I do.

This is just wrong. This whole proposal is just wrong.







