

TIM KNOPP
STATE SENATOR
DISTRICT 27



OREGON STATE SENATE



Dear Senators:

On behalf of our more than 100,000 members and many more individual Oregonians, we urge a **NO** vote on SB 1532 – the massive minimum wage hike.

We've heard from Oregonians across the state who fear this rushed proposal will be devastating for them, their small businesses, their employees and their customers.

We've also heard testimony and reviewed economic reports indicating this wage hike will kill small business jobs, force local governments and school districts to cut services or raise property taxes. SB 1532 will have many negative, unintended consequences on Oregonians, including working families who rely on child care, fixed-income seniors and working college students, and non-profit organizations operating on tight budgets.

Oregon already has one of the highest minimum wages in the nation, yet we continue to lag behind the nation in per capita income. If a higher minimum wage was the solution to growing personal incomes, Oregon would already be gaining ground – instead we're falling behind.

Simply put, SB 1532 will hurt the people it's supposed to help.

A massive wage hike will kill jobs – especially in communities outside Portland.

Independent economic analysis of SB1532 estimates it will cost **66,100** jobs over the next seven years. Jobs in small business, restaurants, hospitality and agriculture will be particularly hard hit.

Teen unemployment, already high in our state, will rise even more. As *The Oregonian* noted in a recent editorial: How many businesses would be "willing to pay a 16-year-old with absolutely no job experience the hourly equivalent of \$27,560 per year?"

And it's not just teens who will lose out. Oregon businesses with 5-49 employees have the highest concentration of employees earning between \$9.26 and \$13.49 an hour and many of

these smaller employers already operate on narrow profit margins. They have the least flexibility to absorb a dramatic increase in labor costs without layoffs, higher prices – or both.

While the Portland area has experienced modest economic recovery the past few years, the rest of Oregon continues to struggle economically. SB 1532 will not only break the backbone of Oregon's small business economy, it is a dagger in the heart of jobs in rural and coastal communities.

A massive wage hike harms cash-strapped school districts and local governments.

A survey by the Oregon School Boards Association indicates a hike to \$13.50 will cost districts \$22 per student or \$15 million a year. That will directly affect our kids' classrooms. For example, the Hillsboro School District estimates the mandated wage could cost \$4.4 million, about the same amount the district spent to add 51 teachers last year.

A report from the Legislative Fiscal Office shows Oregon's colleges and universities will also take a financial hit ranging from \$21.75 to \$84 million from 2017 to 2019.

Linn County estimates a wage hike will cost \$2.25 million a year – requiring cuts in law enforcement, social services or higher property taxes. It's worth noting that Linn County Commissioner Roger Nyquist told your Senate committee that Oregon's constitution would leave it up to local governments to decide whether to comply with the wage hike and his won't. Legislative Counsel attorneys could not dispute that legal interpretation.

A massive wage hike will hurt working families, fixed-income seniors, and working college students. The massive wage hike will raise the cost of everyday essentials like food and child-care. Labor-intensive child care facilities will be forced to raise the cost of care, potentially pushing the cost of care out-of-reach for working families. Some families will lose government food and child care assistance and college work-study students could lose financial aid.

We are not alone in warning of these unintended consequences. In 2014, the Legislative Revenue Office estimated a single parent with two children could actually have \$30 less per month to spend if the minimum wage was increased to \$13.10.

Oregon higher education officials believe some college and university students who currently hold minimum wage jobs on campus would see cuts to financial aid. And increased wages would mean fewer people would have access health care through the Oregon Health Plan.

Senators, please don't put Oregon's economy at risk to satisfy election-year politics.

Oregon faces many economic and fiscal challenges. The way to improve the lives and livelihoods of more Oregonians is to improve economic growth, which will lead to more job creation and higher wages. Faster, stronger economic growth will ensure greater prosperity and opportunities for all Oregonians.

A massive hike in Oregon’s minimum wage – driven by the election calendar rather than sound economic policy – will slow recovery where it is already occurring and kill it before it can even take root in many communities across our state.

We urge a NO vote on SB 1532 – it will hurt the people it is supposed to help.

Signed,

Coalition to Defend Oregon Jobs

