RURAL PERSPECTIVES ON MINIMUM WAGE AND REGIONAL ECONOMIES

A collaborative project of
North Star Civic Foundation
Northwest Health Foundation

December 18, 2015
This project relied heavily on the willing partnership of our local community hosts, Kathryn Brown, Mike Dickerson, Sue Kupillas and Turner Waskom. In Astoria, Pendleton, Bend and Medford they helped to identify problem solvers and thought leaders to participate in our conversations.

We also would like to recognize the many individuals along the way who offered advice, ideas, context and fair warning as we set out on this project. The list (which is surely missing one or two wonderful people) includes: Andrea Miller, Andrea Paluso, Anna Kuhn, Anne Koubisch, Ashley Henry, Barbara Dudley, Bev Stein, Brian Surrat, Christian Gaston, Cheryl Myers, Chris Beck, Craig Smith, Deborah Kafoury, Doug Stamm, Duke Shepherd, Earl Blumenauer, Gun Denhart, Jack Graves, Jack Gray, Jamie Partridge, Jason Conger, Jeremy Rogers, Jim White, John Berdes, John Haines, John Horvick, John Tapogna, Josh Alpert, Josh Lehner, Karla Chambers, Karly Edwards, Ken Thrasher, Leslie Carlson, Marissa Madrigal, Martha Choe, Maud Daunon, Nancy Hamilton, Nancy Straw, Natalie Reitman-White, Nick Belicks, Nik Blosser, Nolan Lienhart, Paul Sonn, Raahi Reddy, Ramon Ramirez, Ryan Deckert, Sarah Joannides, Sally Yee, Scott Cooper, Sheila Martin, Stephen Michael, Steve Forrester, Sue Levin, Susan Hammer, Tim Nesbitt, Wendy Willis, Willie Smith, and Zeke Smith . . . Whether it was a five minute phone call, a willing ear, or a word of caution - you each helped tremendously. Thank you!

Finally, this would not have been possible without the sincere engagement of hundreds of people around the state. As Caitlin asked Jesse in the middle of the road trip - “What would you give four hours of your day to that isn’t at the top of your own priority list?” The generosity that so many people brought to this project was astounding and humbling.
Northwest Health Foundation and North Star Civic Foundation joined together in 2015 to listen to business and community leaders in six Oregon communities and gather concrete ideas and community-informed solutions around a proposed increase in the minimum wage in 2016 or 2017.

Nearly 1 in 6 Oregonians lives in poverty, and 2 in 5 can’t afford to pay for basics such as housing, transportation and food without public assistance.

According to our research, changes to minimum wage policy are likely to take place in Oregon in 2016 or 2017, by the legislature or by the ballot. These changes will have an impact throughout the state – on low-paid workers and their families, and also on individual businesses and regional economies.

Both of our foundations support an increase in the minimum wage as one component of a statewide effort to reduce poverty and help all communities flourish. We engaged in this listening process to inform our own positions on current proposals to increase the minimum wage.

Addressing prosperity, health and wealth at a statewide level and across generations is not a single-policy effort. The purpose of this report is not to address the full range of activities that might increase prosperity in Oregon. Instead, we focus on the opportunity to raise the minimum wage in a way the responds to the experiences of rural employers and community leaders.

All too often fast-moving policy change develops without input from rural areas. In our process, we hoped to hear reactions to the proposed minimum wage increases, and gather concrete ideas about how the proposed changes might specifically affect rural employers and communities.

We believe that these ideas, stories, and considerations are valuable for understanding both the big picture question of how to increase prosperity throughout Oregon, and also the immediate question of how increasing the minimum wage may affect local communities – and specifically employers. Although both of our foundations strongly
believe that workers’ voices must be heard, we also see that seeking out employers themselves - not industry lobbying groups - can help to define the problems that policy needs to solve, and elevate possible solutions.

The Oregonians we met are not a scientific sampling of the state. They are individuals who local communities leaders identified as “problem solvers” and as people who could see all sides of an issue. They were primarily employers, although most of them were also employees. In rural areas, many of the people we met wore several hats - small business owner, part time employee and local nonprofit leader all wrapped in one.

The Oregonians who participated in these conversations are broadly concerned about poverty in their communities. They are particularly saddened, frustrated, and overwhelmed by challenges to finding affordable housing and childcare. They worry about neighbors in their communities who are experiencing addiction, homelessness, mental illness, and intergenerational poverty.

One thing that became clear in all of our conversations is that each of us - liberal, conservative and libertarian, employer, employee and self-employed - connect deeply and personally with the idea of work and the inherent dignity in earning a living. We started each conversation with a round of introductions focused on what our parents and caretakers had done to earn a living when we were children, and how we had each earned our first paycheck. We heard many, many stories about picking strawberries, mowing lawns, delivering newspapers and helping parents with odd jobs on farms, family-owned rental properties, and at the family store.

Another reality that became clear immediately is that people are committed to finding a solution to this set of interconnected issues. Each of the listening sessions in six communities commanded four hours. The owners and managers of a wide variety of companies, local school districts, city governments, nonprofits, and small restaurants made the time to join us and generously shared their time, concerns and ideas. For that we are very thankful.

PROCESS

In March 2015 North Star Civic Foundation began engaging urban, rural, and suburban community members to hear their thoughts and concerns about minimum wage policy that was being proposed in Oregon. North Star specifically reached out to employers who would be directly affected by a possible increase in the minimum wage and connected with those individuals. We paired these interviews and small group discussions with impartial research and analysis of regional cost of living and indicators of economic health. Together, these in-person interviews and relevant data have shaped our thinking about what kinds of public policy related to minimum wage are in 2016.

In July, Northwest Health Foundation joined as a partner in the process of listening to rural employers and analyzing the information in order to shape their own perspective on the issue. We know that health and economic opportunity are intertwined. We also know that too often, we’ve been guilty of getting to solutions without more voices at the table. The diverse perspectives chronicled here and our own analysis are critical to forming a complete picture of where the opportunities and challenges to the minimum wage are in 2016.

Over the course of these months, more than 100 individuals and businesses met with North Star Civic Foundation, Northwest Health Foundation, or both. This report offers a summary and chronicle of those conversations using the data that we shared with participants and the stories, ideas, and solutions we heard from them.

LISTENING, NOT ENDORSING

This summary of those conversations is meant to offer a venue for voices that add unique perspectives in the policy making process. We offer the perspectives and experiences of people we met throughout the state in their own words. Sharing these perspectives does not mean that either of our foundations agrees or disagrees with them. By the same token, we also recognize that participation in these listening sessions does not indicate that some or any of the participants endorse the findings of this report, or of the policy options that were developed during the conversations.

EXECUTIVE SUMMARY

North Star Civic Foundation and Northwest Health Foundation found that Oregon must increase the minimum wage as part of a larger effort to address increasing levels of poverty among working Oregonians.

Many participants had heard and accepted common misinformation dispelled.

The majority of the people we met lacked basic facts about the current political proposals. As one example, the majority believed that a $15 per hour minimum wage might go into effect in the next year. This belief deepened antagonism and disrupted dialogue until it was dispelled.

Many participants had heard and accepted common misinformation about the effects of a minimum wage increase. (A summary of these points is included at the end of the report.) There was a general distrust that economic studies and data reflect the rural experience.

1. Oregon business leaders, employers and community leaders strongly believe that the legislature is the right place to address the complexities of increasing the minimum wage.
2. For both urban and rural participants, the concepts of local control or a regional wage seemed superior to a flat statewide increase.
3. For most participants, the timing of policy implementation was the most important factor. A “phase in” period over 3-4 years gave many employers a sense of relief. Additionally, many employers preferred the idea of a slower “path” to a higher wage over other kinds of mitigation, such as different wage floors or an exemption.
4. All participants agreed that it would be complex for their own business to adapt to a changed wage floor. Some focused on those complexities as a reason to avoid the change, while others saw the complexities as opportunities to improve the public policy at the legislative level.
5. Many participants had prepared some level of internal analysis of how increases would affect their own businesses and employees. They were already taking steps to prepare for a change.
6. The majority of the people we met lacked basic facts about the current political proposals. As one example, the majority believed that a $15 per hour minimum wage might go into effect in the next year. This belief deepened antagonism and disrupted dialogue until it was dispelled.
7. Many participants had heard and accepted common misinformation about the effects of a minimum wage increase. (A summary of these points is included at the end of the report.) There was a general distrust that economic studies and data reflect the rural experience.
8. Oregon business leaders, employers and community leaders are deeply nervous about the levels of poverty in Oregon, and also about possible solutions. They fear that proposed solutions won’t do enough to solve the urgent problems faced by their neighbors, employees, and families, and they fear unintended negative consequences in complex and inter-dependent economies. Expressions of this anxiety and frustration permeated most of the conversations we led.
9. A genuine willingness to work together across partisan and ideological lines to solve complex problems is alive and well in all communities in Oregon.
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- "This is going to be a job killer."
- "You can't really expect business to bid against itself can you?"
- "I don't care if you pay $100 an hour. There are no jobs."
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Figures 1 through 3 show three approaches to understanding cost of living in Oregon. Each analyzes local data to show what it costs in each region to pay for basic needs.

Fig. 1: 2014 Family Budget Calculator, Family of 4. Data at MSA level. Source: Economic Policy Institute

Cost of living data provides valuable insights, but the perspective matters. For example, the Federal Poverty Level (FPL) is one measure economic researchers use to identify income thresholds below which families may struggle to make ends meet. The FPL is designed to ensure families have at least a basic standard of living, but it doesn’t take into account local variations in cost of living. To address some of these gaps, other measures are used.

Fig. 2: 2014 Self Sufficiency Standard, Family of 4. Data at County Level. Source: University of Washington Center for Women’s Welfare

The Living Wage Calculator is another example. It estimates the wage needed for an individual to afford a decent standard of living for themselves and a child in daycare. The center’s living wage calculator provides additional data that researchers can use when analyzing the regional cost of living.

AN INTRODUCTION TO THE TOPIC

At the beginning of each conversation, we shared basic information about Oregon’s economy with the participants. We focused on two sets of data that economists see as key factors for setting a responsible minimum wage:

1. The cost of living and (2) the relationship between the minimum wage and the local median wage — what we’ll call the Targeted Range throughout this report.

COST OF LIVING

Cost of living has been a central part of the conversation about minimum wage. Two campaigns to increase the minimum wage have both pointed to rapidly increasing costs of living throughout the state as a primary justification for raising the minimum wage.

The Federal Poverty Level in Oregon is $24,250 for a family of four. The current minimum wage of $9.25 is the equivalent of $19,240 per year before taxes.

The charts on the opposite page show alternative measures of cost of living. In order to compare apples to apples, these charts are each based on a few assumptions:

- The charts are based on an imaginary family of four, in which both parents take home equal pay.
- The charts assume this family of four has a child in public school and a child in daycare.
- In all charts, the counties are organized by local median wage from lowest (Coos) to highest (Washington).

The Living Wage Calculator provides another perspective on the cost of living. In more than half of rural counties each parent in the family would need to earn more than $13 per hour. In contrast, the urban counties show much higher wages needed to make ends meet.

The Rental Wage shows the steep price of rent in Oregon. In his recent Brookings Institute/Hamilton Project paper “Proposal 13: Designing Thoughtful Minimum Wage Policy at the State and Local Levels,” Arindrajit Dube frames the range broadly:

- “When this ratio is low—say around 0.2 (20%)—minimum wage policy is not raising the wages of many workers. In contrast, a high ratio—say around 0.8 (80%)—indicates a highly interventionist policy where the minimum wage is dramatically compressing differences in wages for nearly half the workforce.”

Comparing Minimum & Median Wages

Economists look at the relationship between the minimum wage and the median wage as a rough indicator of what range of wages the labor market can bear. To be more precise, they use it to record and observe what minimum wage is normal (prevalent in many economies) and what is outside of our current economic literature (uncommon or not seen in any economy).

Economists observe that the “normal” - or statistically average - scenario worldwide is one in which the minimum wage is about half the median wage in a region. Economists also observe economies in which the minimum wage is as high as 65% of the median wage.

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Which Median: Regions and Employees

While international and historic economic data place the minimum wage at 50%-65% of the median wage in many advanced economies, different sets of wage data show slight differences in what the median wage itself is, depending on which workers are included and what region is used. As a general observation, when the median is calculated based on a region that includes both urban and rural areas, it tends to be lower than when it is calculated at the city or county level.
Figures 4-6 show examples of this: Median wage averaged at the local workforce area, at the county level for all workers, and at the county level only for full-time workers. Each one is slightly different than the others.

Instead of choosing a single indicator, we have shown them layered on top of each other to demonstrate how each measure offers a slightly different reflection of the local economy - but also how similar they are. Figures 4-6 show a basic trend pointing toward higher current wages in urban parts of Oregon, and a threshold for a higher minimum wage in those same areas.

However, the median wage itself shows an incomplete picture. The median wage is depressed in Oregon because, on the heels of the recent recession, job growth has concentrated in high-paid jobs - tech, medicine, and knowledge economy jobs - and in low-paid jobs. Jobs in the middle - paying $35,000-$55,000 per year - have not returned after the recession at the same levels as low-paid jobs.

Figure 7 includes the mean (average) wage. It shows areas where growth at the high end of the income scale may be driving up cost of living, particularly for housing.

Figure 8 shows the range of scenarios that many economists would agree are an acceptable range for the minimum wage as one grey band. The bottom of the range is at 50% of the median, which is the average for economies around the world. The top is set to 65%. The minimum wage is generally seen somewhere in this range. We have added the Self Sufficiency line from Figure 3 to show how one indicator of cost of living compares with the range.

Figure 8 offers a helpful view of how different economic experiences look throughout Oregon. We see that both cost of living and the median wage are lower in many of Oregon’s rural communities than in counties with a large city. We see that in some counties a higher cost of living is related to a higher median wage - Benton County and Deschutes County fit this model. However, Figure 8 also demonstrates that the current cost of living in some counties is far higher than the share of the median wage.

Hood River County is a stark example of this. Columbia and Lane Counties are in similar positions.

**POLITICAL CONTEXT**

In conversations throughout the state we shared this data in the context of two active ballot measure campaigns. Both campaigns are aimed at increasing the minimum wage between 2017 and 2019. Figure 9 shows the same information presented in Figure 8, with a 2.1% increase per year applied to both the Cost of Living and the Targeted Range. The ballot measure proposals - $15.00 and $13.50 - are shown in comparison to 2019 projections of the regional economy.

In many of the conversations we had participants wanted to see the chart in Figure 9 compared with the number of low-paid jobs. In short: Where are most of the low-paid jobs in Oregon?

We did not have that data to share at the time, but were able to put together Figure 10 after the listening tours ended.

We used $15 as the threshold for defining “low paid” jobs because any increase in the minimum wage would likely have an effect on jobs up to $15 per hour. 44.9% of jobs in Oregon that currently pay less than $15 per hour are in the three counties with the highest cost of living and the highest targeted range for the minimum wage. Both current proposals - $13.50 and $15.00 - would be within the Targeted Range in those counties. However, the lower wage level of $13.50 would fall below the Self Sufficiency Standard in all three of these counties in 2019.

Figure 10: Economic Indicators Disproportionate Share of All Low-Paid Jobs Statewide, With Current Policy Proposals. (For illustration purposes only. Counties in grey not to scale.)

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WHAT WE HEARD

Jesse Beacon and Caitlin Baggott participated in conversations all over Oregon with the explicit intention of sharing what was discussed. However, these conversations were confidential. Throughout this section of the report, quotes from conversations will be offered in the speakers’ own words. Appendix D includes a full list of participants names and affiliations, along with the names and affiliations of a wide variety of advisors, interviewees, and sources. The confidentiality of these conversations allowed greater candor than we could have achieved “on the record.” We are grateful to each person who gave an hour, half a day, or more to share their views and experiences with us.

“In my heart, I know I couldn’t live on the minimum wage.”

Nobody talked with disagreed with the basic problem – that poverty in Oregon has become a crisis that needs to be fixed. As employers, many of our participants hear about and see poverty directly. “We want to do more. We hear what’s happening with our employees. We have employees who live in their cars,” lamented a restaurant owner.

Seeing their own employees struggle to make ends meet does not mean that employers are cold-hearted. Several of the participants we met felt a deep sense of responsibility – but also felt that their hands were tied. An employer with dozens of minimum wage employees was clearly distressed when she said, “I don’t know what to do. In my heart, I know I couldn’t live on the minimum wage.”

One Lane County non-profit director characterized the problem vividly: “Poverty is completely metastasized in Oregon.”

Many participants in our conversations shared the view that poverty has affected our communities so broadly and deeply that it’s difficult to even begin thinking through how to rout it. For many participants, increasing the minimum wage seemed too small a step, too removed from the real problems, or likely to create a new set of problems. One participant said, “Minimum wage is a total red herring. The minimum wage isn’t meant to be a family wage. It’s entry level. It’s a low-skill wage.”

Another believed that workforce development and life skills training would be needed to turn things around in their community. “Nobody will hire any of this workforce at any wage. No skill set, no jobs experience, no transportation. They’re obese, addicted, and unmotivated.”

A farmer also expressed her belief that workers aren’t motivated to earn more. “The fact is these people don’t want to earn more money. They’d pursue a degree or add skills if they wanted to earn more. This is easy work and the pay is fine. And at this wage, they get the benefits from the state – and they don’t want to lose that.”

For some employers, the minimum wage policy did not seem like the right first step. A Deschutes County participant said he thought minimum wage was not the real crisis. “The number one crisis here is no housing at any price. The number two crisis is there are no jobs.”

Many participants worried about the impact of increasing the minimum wage on jobs – particularly for young people. Several participants wondered at the plight of young workers with no job experience. “I just couldn’t pay $15 for that. I wouldn’t.”

Others observed that jobs that used to be starter jobs for high school students are now the full time job for people supporting families. “I go into a fast food restaurant and it’s a 40 or 50 year old serving me. It’s really changed.”

One man shared a moving story about his mother entering the workforce late in life as a minimum wage employee after having raised her children – because that was the “rung on the ladder” that was available to her. He spoke of pride in her determination, but heartbreak at her struggle to make ends meet.

Many participants also felt anxious about an increase in the minimum wage pushing up the cost of living. “Does any of the data show what increased cost of goods and services would do to increase the cost of living going forward? What is the cost of living in a community where the minimum wage goes up 20%?” One participant worried that even if the minimum wage were increased, “[it] probably isn’t even fast enough to keep up with the cost of living.”

The information that we shared about cost of living was not surprising to participants, although many of them found interesting. Seeing the high costs of living in Multnomah, Clackamas and Washington County, one restaurant owner wondered: “You look at the state of things and – what would happen if you don’t increase the minimum wage? With these kinds of issues it’s not like people are going to stop demanding a higher minimum wage. Especially since people are getting [$15 an hour] in other places. It’s not like it’s going to go away.”

“It is urgent that the legislature get out in front of this.”

While many participants were not strongly in favor of increasing the minimum wage in general, most viewed a solution devised by the legislature as a better alternative to the solutions being proposed by the current ballot measures.

Many participants saw the pending ballot measure proposals as nearly certain to win. “All my employees are voting for it. I try to explain what it will mean for us, but...
job losses but also more individuals raised out of poverty.”

The academic and research literature here is actually pretty clear. The Economic Analysis wrote in March 2014: “75% of my employees right now make less than $15 an hour. There are no jobs.”

For several employers who see their benefits as a core part of their ability to take care of their employees, per year: 585 hours, because we are a business that takes care of its employees, per year. The head of a major regional tourist destination looked at this and said, “We need to figure out a way to run the place with less of our employees, per year.”

The most significant feeling from employers in rural areas was that they need resources, investment and new ideas to grow local economies - and that economic growth and prosperity for rural Oregonians will come from those investments, rather than from what they variously described as a “Band-Aid,” “quick fix,” “one-size-fits-all,” or “wrong end of the stick” minimum wage solution.

Rural unemployment in Oregon (as in other states) has remained higher than urban unemployment numbers hover any 8.5%, but rural advocates are quick to point out that the official numbers don’t count people who have stopped looking for work.

The most acute sense of urgency emerged around a twin – and confounding - problem: There are not enough good jobs and the workforce is not the right match for jobs that are open. Indeed, rural unemployment in Oregon (as in other states) has remained higher than urban unemployment following the Great Recession. In some counties, official unemployment rates hover any 18.5%, but rural advocates are quick to point out that the official numbers don’t count people who have stopped looking for work.

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to calculate changes and develop a plan. “Managing the value of benefits in the formula is complicated.”

One large business manager made the case that this was the main reason that large business owners need to “get off the sidelines” and become involved in policy making. “If bigger businesses don’t get engaged, we’re left with smaller businesses trying to work out the policy details. They’re just less sophisticated and leave the expertise to the folks who are different.”

Another community leader observed that many reports show temporary job losses after a minimum wage increase, and recovery of those jobs after an adjustment in the market. She wondered if that process could be “smoothed out” by giving employers a longer planning period at the beginning of the increase. “If you have to make a quick choice, you cut,” she said. “But if you have time to plan you figure out how to make it work.”

“Maybe Walmart should pay more.”

Throughout Oregon business owners and employers expressed the feeling that their investment and commitment to the communities they are in is not appreciated. “This is the worst business climate in 30 years. It’s worse than Measure 66 and 67,” warned another business leader. Several farmers, entrepreneurs and small business owners pointed out that they don’t even earn minimum wages themselves. “Maybe a Walmart or a Safeway can pay more.”

“A few concrete ideas came out of these meetings:”

• Allow rural areas where Oregon’s farms and vineyards operate to move forward on a slower and predictable schedule.
• Allow employers with tipped employees to opt in to a slower schedule, as the Seattle Minimum Wage Policy did (see Appendix D).
• Allow a period between the writing of rules and the implementation of the policy to give employers a period for reconfiguring their business models.
• Include a budget in the bill for informing employers about changes to policy – particularly if the policy change is more complex than a single statewide change.

The restaurant owners we convened also discussed the concept of a “Super Wage” in some detail. A Super Wage is an alternative to a tip credit. Instead of setting tipped wages lower than the minimum wage and counting tips toward the required minimum wage, a Super Wage sets the tipped wage far higher than the minimum wage, and count tips toward the Super Wage. While some restaurant owners found this idea intriguing, most agreed that it wasn’t the most important thing they would want to advocate for in addressing their policy needs.

“We often complain that Portland doesn’t listen to rural.”

While most of the participants throughout the state expected that costs of living in their communities were lower than in Portland, almost all were surprised to see how high costs of living had actually become in Multnomah.

Washington and Clackamas Counties. While the housing crisis felt real and urgent in all parts of the state, we heard one restaurant owner say, “Even the wait staff do not earn a living wage.”

A community leader and major employer in Pendleton said, “We complain a lot that Portland doesn’t listen to rural.”

Many restaurant owners advanced this idea. A Bend restaurant manager observed that “The most in demand job – the market dealt with the situation. The only way you can hire a line cook now is at $13 an hour.”

“Finding good staff is hard in Portland. Everyone thinks they’re a chef now,” said another Portland owner.

One owner worried that any effort that was made to include tip credits, or an exemption for tipped-wage employees would not work. “We’re paying less than we did in other parts of the state and would hurt the restaurant industry. His view was that the quality of Oregon’s professional food service is a key element to the success of the restaurant industry. “There’s no professional service industry in the mid-west. It’s the job of last resort. We don’t want that here.”

“Key Low-Paid Industries”

A handful of industries offer the majority of low paid jobs in Oregon. We engaged employers in three of the major low-paid industries in conversations specific to their work. Some of these conversations took place during the statewide listening sessions, and some took place in Portland and included employers from other parts of the state. Each of the following reports includes a short set of prioritized ideas that the groups developed during the course of their conversation.

“This whole industry is built on the minimum wage.”

Restaurants

The leisure and hospitality sector makes up 11% of all jobs in Oregon, with more than 200,000 jobs in 2014. Of those positions, 48% paid less than the minimum wage. Nearly 100,000 of these jobs are in the greater Portland area alone (Multnomah, Washington and Clackamas Counties). 1 in 5 jobs in this sector pays minimum wage.

Some participants in each of the rural listening sessions were restaurant and cafe owners, and North Star also convened a separate meeting dedicated to the interests of local restaurant owners. Participants were primarily from the greater Portland area, but the gathering included rural restaurant owners as well.

The restaurant owners outlined a significant labor issue in their industry that is taking on its own course regardless of the effort to increase the minimum wage. Whether or not to continue to offer tipped service – regardless of the minimum wage – is one of the most pressing concerns of the industry. This concern mirrored national movements to do away with tipped wages and, major restaurant owners in New York, Chicago, San Francisco and Seattle announcing an end to tips in their own establishments.

The view of participants in these conversations was that tipping has skewed the perception of both employees and managers about the value of an employee’s labor.

“The kitchen has the most skilled labor and is the lowest paid,” asserted one restaurant owner. “They got a specific education for their career and they start at $10 an hour for a line cook when they have $40,000 in debt from culinary school. Meanwhile front of the house is making $22-$35 an hour. The question for me is how to even start to make the value of the two professions be the same? There’s huge inequality from the front of the house to the back and we need to Figure it out differently.”

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“Finding good staff is hard in Portland. Everyone thinks they’re a chef now,” said another Portland owner.

One owner worried that any effort that was made to include tip credits, or an exemption for tipped-wage employees would not work. “We’re paying less than we did in other parts of the state and would hurt the restaurant industry. His view was that the quality of Oregon’s professional food service is a key element to the success of the restaurant industry. “There’s no professional service industry in the mid-west. It’s the job of last resort. We don’t want that here.”

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“We please don’t exempt us.”

Agriculture

In addition to several meetings with individual produce growers around Oregon, North Star Civic Foundation collaborated with the Organically Grown Company (OGC), the largest distributor of organically grown produce in the Northwest, to gather input from farmers in the region, and met with several wine industry employers.

For many farmers in Oregon the possibility of an increased minimum wage comes at the same time as other major concerns - the impact of global warming on their crops and the challenges with shipping produce after the early 2015 port closures and slowdowns in Oregon and along the west coast. Growers and farmers noted that they face several unique realities: offering summer jobs for local teenagers, a low expectation of year-over-year loyalty, prevalence of migrant laborers on contract, an off-season buying cycle, the option to mechanize an increasing number of farm tasks.

Most farms in Oregon aren’t paying minimum wage for entry-level jobs because the labor market is so tight. On average, farms and growers are paying $12.50 per hour for skilled labor of any kind. “It’s really hard to find people,” admitted one grower.

Another noted that “The market is already fixing this problem. We’re paying more because we can’t find labor at the minimum.”

OGC’s confidential survey found that the wage range on organic farms was between $9.50-$20 per hour. Several indicated this includes farm owners and several reported they pay less than that, with an average wage for all workers of $12.00.

While many of the farmers we met agreed that they already pay a higher wage for skilled labor, the idea of paying significantly more for seasonal and low-skilled jobs was universally troubling.

“The wage should go up for full time workers, but paying more for a summer job is hard,” said one farmer, considering teenager seasonal berry pickers. Another, viewed young summer employees as a kind of public service. “A lot of 16 year old kids on the farm aren’t doing much. You do it because it helps them, but they don’t add much value. You can keep it at $9.25.”

But the challenge with creating a separate wage for seasonal employees is that not all seasonal employees are teenagers earning extra spending cash. Another farm employer expressed concern about creating a “summer job” wage. “You need to set it up in a way that doesn’t take unfair advantage of migrant labor.”

Others expressed deep concern about how migrant labor and contract labor would change under a chance in the wage. Would an increased wage lead to more illegal employment practices, such as wage theft? Several community leaders and employers in agriculture as well as other sectors stressed the need for better information, accountability and enforcement around minimum wage laws. “The budget for enforcement needs to be baked into the policy to begin with,” one argued. He observed that, “there is no money for it in the ballot measure.”

OGC’s survey and several conversations found that labor for produce growers is a significant share of their expense (e.g. 62-80%).

In order to pay workers a higher wage in line with current proposals, many indicated that they would have to be able to pass it on in the cost of goods from an increase of between 0.30%, with an average of 28%. However, several noted that a price increase of that magnitude was not up to them – prices for produce are set by the market, not the grower.

A farmer noted: “Prices are determined by the international market - for grass seed, grains, nuts, fruits, tree fruit, vegetables, wine.”
Others agreed. “Free trade agreements have led to downward price pressures on Oregon farmers who have to compete with fruits and vegetables produced in lower-wage countries.”

It was difficult for produce growers to see a way to fix the situation at the local level. “Unless other states and countries also raise their minimum wages, Oregon farms that depend on high labor inputs may have a hard time competing with lower-cost production imports.”

“You’d see a shift away from highly labor-intensive crops,” others predicted. Many pointed out that organic crops in particular are labor-intensive and that it might be harder to make the math make sense if they didn’t see a significant increase in prices in the supermarket.

Not surprisingly, many farm owners and managers reflected that an increased wage might tip the scales for them to mechanize. Others worried about the real costs of that shift. “Almost every time we substitute technology for labor we use more energy.” A Willamette Valley grower noted that their family supports a minimum wage increase—“even if it puts us out of business.” They offered a few ideas about how to minimize the negative impact. The first was timing increases to take place during the seasons when they are typically sending more money out than they are bringing in—in January or February.

“Timing is interesting. From November to December we’re madly trying to figure out what did this year and what will work next year. That’s when we make a lot of decisions. January to April is the most difficult time to have a higher wage hit. There’s not positive cash flow. If it hit at the good end of the year, that would help.”

“If it was passed in November [2016] and implemented in January [2017] that would be a disaster,” another said.

Several farmers asserted that an “agricultural exemption” would be counterproductive for them. “We aren’t competitive in the labor market as it is,” one farmer said. “Setting the wage lower doesn’t help anything if we’re already paying above the minimum.”

Another put it more bluntly. “Please don’t exempt us.”

“A lot of the people who work here are a paycheck away from being a client.”

Non-Profit Sector

Many nonprofit employees in Oregon work for the minimum wage, or close to it. As the head of a Portland area nonprofit focused on poverty and homelessness observed, “A lot of the people who work here are a paycheck away from being a client.”

North Star Civic Foundation partnered closely with the Nonprofit Association of Oregon (NAO) to engage and hear from nonprofit leaders all around Oregon. NAO is the state association representing Oregon’s nonprofit sector, supporting the over 17,000 nonprofits.

Throughout 2015, NAO conducted research and discussions on this topic. In the spring, NAO conducted a survey and a series of discussion sessions across Oregon with more than 250 participating nonprofits. In October, NAO joined a series of discussions conducted by the North Star Civic Foundation and the Northwest Health Foundation.

The Nonprofit Association developed their policy position (opposite) based on these conversations. For the broader nonprofit community, a few top level concerns and considerations emerged: Nonprofits face unique challenges when the minimum wage is increased due to their funding business models where some form of third party (not the recipient of services or beneficiary of the activity) pays for the service or activity through contributions or contracts. Whether it is art, civic engagement, mental health services, or historic preservation, all have in common some level of third-party contributions for their work and services as their direct sources of funding.

Many non-profit leaders bristled at the idea that they should “Get it from foundations.”
“First, they don’t have unlimited resources. Second, they
don’t give that way. Third, think about the cycle. A grant
takes more than a year to apply for, have it considered, and
for the grant to arrive. What do we do in between?”

Some rural nonprofits saw an additional problem: their
unique challenges in cultivating a donor base in low-
population areas. “The wealthy people with disposable
income live in Portland. If the wage goes up there,
nonprofits have people they can go to for additional
funding. Rural nonprofits have to figure out how to do more
with less.”

“It’s really about Portland versus everyone else. Increases
there would be fine and wouldn’t affect us,” one Pendleton
nonprofit leader stated.

While nonprofit leaders were deeply concerned about how
they would manage their budget through an increase, the
majority we engaged did not see an exemption as a helpful
solution. “An exemption for non-profits is not a gift. We
participate in the labor market like everyone else.”

Because of the funding cycle for grant-funded
organizations, several nonprofit leaders liked the idea of a
grace period of some kind for non-profits. A one year
waiting period for nonprofits appealed to some. Others
felt that a one-year waiting period on its own would be
insufficient. “We need a multi-year strategy so we can plan.”

Another added, “Delaying implementation only helps if
there’s a strategy to align the implementation schedule with a
funding schedule.”

For nonprofit groups and governments that rely on local,
state or federal contracts, the funding question raised
specific concerns. “Local governments and school districts in
rural areas are already on the edge,” a rural community
leader observed.

A social services nonprofit leader shared that, over the last
decade, “COLA (cost of living) increases did not keep up
with inflation. We didn’t cut services, but now we’re out too
far.”

Another offered that, “If you support increasing the
minimum wage, you also need to ask the government to
increase money for social services contracts.”

While a nonprofit leader whose work focuses on poverty
argued that, “The best thing we can do to decrease our
caseload is to increase the minimum wage,” a colleague
whose work is focused on mental illness and addiction
saw it differently. “Are we supposed to believe that mental
illness will go away if the minimum wage goes up? This will
have no impact on the need - only our ability to provide
services.”

“The state law should index contracts to the minimum wage
and address compression up the wage scale.”

POLICY OPTIONS

REGIONALISM

We defined “regional” as the geographic area
that a policy would apply to, rather than the
governing body that would have authority
over setting the wage. For instance, you
could imagine the state legislature having
AUTHORITY to set the wage at the county level.

We found that participants in all parts of the state found
a regional approach to be appealing and preferable to a
high statewide wage increase. For example, it was clear that
the greater Portland area is on a different economic path
than the rest of the state.

“That two tier structure fits more with the data. Multnomah and Washington Counties could
absorb that minimum wage. If Portland wants it – go ahead. Leave the rest of the state alone.”

How to achieve a regional approach was not as broadly
agreed upon. Many rural business owners were confused
that there was opposition to lifting the preemption law
that is currently in place. For them, lifting preemption seemed
like a straightforward way to address the issue.

Groups discussed the pros and cons of setting the wage
at the city, county, and different regional levels (based
on prevailing wage districts, local workforce areas, or
metropolitan statistical areas). A few ideas rose to the top:

• There should be a limited number of wage areas -
  fewer than the number of counties, prevailing wage
districts, or workforce areas. Fewer than four. Some
  advocated for just two (Portland and everywhere
  else).
• Wage areas should be based on existing research
  about related economic zones, such as the Prevailing
  Wage District or Local Workforce Area.
• Setting wage boundaries at the city level seemed
  generally unhelpful in rural counties, where the
  central city (Bend, Eugene, Medford) has a starkly
different economy than the surrounding county.
  Concerns included: Losing rural city centers to lower-
cost rural areas; having the wage level set “too high”
at the city level, and affecting costs of housing and
services in the surrounding rural county; creating
sprawl; creating confusion.

“You could have some real unintended
consequences if you have a different wage in
a city and just outside the city boundary. A sprawl
mentality that ignores the benefits of being in a city
center - aggregation of services, synergies.”

“Light manufacturing might move outside the city
and to lower wage regions. But then they’d have
higher transportation costs and a lower ability
to get skilled labor. So, they’d have to weigh those.”

“If Portland is $15 and it’s $11 night outside, I’m going
to live outside and drive in. You’ll see a lot more
driving.”

“If we set something at the city limits here, it’s
going to have the de facto effect of affecting
everything around it. It already does. If you set the
minimum wage for the city, everyone around the
city is going to have to adapt, because this is where
the business is.”

• Setting wage boundaries at the county level made
  better sense to participants - but only if counties
  were grouped into economic regions, as with
  prevailing wage districts or local workforce areas.

• Participants felt that using an existing economic
  region made more sense that creating new ones.
  They did not feel prepared to choose among the
  MSA, Local Workforce Area, or Prevailing Wage
  District options.

• A lot of heads nodded in one room when a
  participant offered: “MSA, labor workforce area, or
  prevailing wage district seem from an economic
  perspective like the best way to do it. I don’t know
  how to administer it politically, but that’s what seems
  to make the most sense.”

• There was some concern about setting wages too
  high in rural counties with strong city economies at
  their centers.

  “You can have weird spikes in rural counties like
  Hood River or Corvallis. But what you see in that
  chart is the cities driving the rest of the county in.”

• No group expressed strong concerns about the idea
  that the wage might be set $2 or $3 higher in the
  greater Portland area than in other parts of the state.

  “There’s three Oregons right now.”

  “We’re far enough from Portland that a gap in the
  wages wouldn’t affect us. And there are counties
  close to Portland that would benefit because
  businesses would relocate to those counties.”

• Some business leaders saw an economic opportunity
  if the wages were raised in Portland, but not as high in
  rural areas.

  “If it went up in Portland. The rest of the state would
  start to see businesses spread out a little more.”

Groups in Astoria, Pendleton and Bend developed their
own sketches of how the regions should be divided (pages
24 and 26).
Regional Concept Maps

Astoria Concept: Three regions based on local cost of living. Counties are grouped based on existing prevailing wage districts.

- Schedule A
  - 45% of statewide 2015 jobs that are paid less than $15.
  - 2014 Census: 1.7M residents
  - 2015 Rental Wage average: $18.15/hour for a 2 bedroom apartment.

- Schedule B
  - 22% of statewide 2015 jobs that are paid less than $15.
  - 2014 Census: 865k residents
  - 2015 Rental Wage average: $15.91/hour for a 2 bedroom apartment.

- Schedule C
  - 33% of statewide 2015 jobs that are paid less than $15.
  - 2014 Census: 1.4M residents
  - 2015 Rental Wage average: $13.73/hour for a 2 bedroom apartment.

Pendleton Concept: Two regions based on local cost of living. Counties are grouped based on existing prevailing wage districts.

- Schedule A
  - 45% statewide of 2015 jobs that are paid less than $15.
  - 2014 Census: 1.7M residents
  - 2015 Rental Wage average: $18.15/hour for a 2 bedroom apartment.

- Schedule B
  - 55% statewide of 2015 jobs that are paid less than $15.
  - 2014 Census: 2.3M residents
EQUITY

We defined equity as a minimum wage floor that is the same in every part of Oregon and for all business types and practices.

After having conversations about the possibility of creating different wage schedules or floors based on region, business type, or business practice, we asked participants if those changes should be permanent or temporary. If temporary, we asked if they should be recalibrated regularly based on economic data, or scheduled to return to a flat statewide number in a set number of years.

One of the core concepts we engaged with here is that businesses in some regions or industries have expressed that they need time to adapt to an increased wage - not that they believe their region or industry should pay a lower wage forever.

We shared Seattle’s current policy with groups - showing how the city has created four paths toward a wage of $18.13 in 2025.

We did not hear strong or strongly argued feedback on this issue.

Most participants thought that some level of ongoing flexibility was a good idea, but were open to whether that flexibility should be achieved with regular resets or a fixed schedule. We did not hear a positive statement that rural flexibility should be achieved with regular resets or a fixed schedule.

We defined equity as a minimum wage floor that is the same in every part of Oregon and for all business types and practices.

We defined calibration as the process to reset, update or modify the minimum wage, as BOLI does now with annual CPI adjustments, or as a new process for evaluating or resetting any changes implemented based on region or business type.

We found that participants appreciate a few things about the current CPI adjustment:

- A predictable annual increase in wage helps them plan.
  “Consistency is necessary to make long range plans. Otherwise it’s just putting your finger to the wind.”
- Knowing the index and method for increase feels less politically charged, more transparent and accessible - although they are not sure that the current tool is the right one.
  “Automatic triggers take the thinking out of it for the legislature.”

Many participants felt that the CPI based on the federal measure was incomplete or inaccurate, and that the 2015 freeze on wages was evidence that the tool was not sufficient. They speculated that other tools could be used together with the CPI to improve the evaluation – such as county-level median wages or county-level cost of living data such as rental data, or the Self Sufficiency Standard.

We found that exemption was the least desired form of mitigation, and that using phase-in to set different, responsive tracks for regions or businesses was the most appealing.

Of course, we met with business owners who were eager to find any policy that would “leave them out.” As one large employer put it:

“Any kind of exemption is better than no exemption at all.”

MITIGATION

We defined mitigation as the policy tools available to the State to create different wages based on region, business type, or business practices. These tools are: Exemption (no wage increase, eg. Farmers will not be required to pay a higher minimum wage), Wage Tiers (ongoing different tiers, eg. Rural counties wages will be $1 behind urban counties), or Wage Schedules (different paths toward a higher wage, eg. All businesses are increasing wages, but rural counties will be one or two years behind urban counties).

We found that exemption was the least desired form of mitigation, and that using phase-in to set different, responsive tracks for regions or businesses was the most appealing.

Of course, we met with business owners who were eager to find any policy that would “leave them out.” As one large employer put it:

“Any kind of exemption is better than no exemption at all.”

### Bend Concept

Three regional schedules based on local economic factors, with additional, overlapping schedules related to business practices.

### Seattle Concept

Four business-sector schedules offer different paths toward $15 and a unified wage in 2025.

#### $15 Minimum Wage in Seattle

<table>
<thead>
<tr>
<th>Schedule A</th>
<th>Schedule B</th>
<th>Schedule C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>Portland Metro</td>
<td>Mid Good</td>
</tr>
<tr>
<td>Business Practice</td>
<td>Generous Benefits</td>
<td>Generous Benefits</td>
</tr>
<tr>
<td>Business Size</td>
<td>Small</td>
<td>Small</td>
</tr>
<tr>
<td>Wage Level 2017</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td>Wage Level 2018</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td>Wage Level 2019</td>
<td>$5</td>
<td>$5</td>
</tr>
</tbody>
</table>

**Schedule of Increases**

- 2015: Base wage
- 2016: $11.75
- 2017: $12.00
- 2018: $12.40
- 2019: $13.00
- 2020: $13.50
- 2025: $18.13

“With compounding interest you could see Portland far, far out ahead of the rest of the state in several years. You don’t want to create Appalachia here.”
At the end of most of our conversations, we asked participants to share in writing or to the group two things: their most urgent concern, and the best idea they had heard in the meeting. Here they are in their words:

### Biggest Concerns:
- Rapid inflation would result in no real gains for workers
- Something overly complicated could become more complicated
- Seeing minimum wage as a band-aid for all the poverty problems
- Worried that minimum wage is seen as a proxy to solve problems of wealth inequality
- $15 will mean lost jobs in rural areas
- The process itself
- Minimum wage isn’t the answer to bigger problems
- An immediate jump - a phase-in is better
- Benefits cliff
- If it increases too quickly
- How it will affect small private businesses
- Negative impact on low-income workers
- Concerned that the motivation to do something doesn’t exist
- No COLA increase in 7 years
- Blanket wage statewide
- Public benefits would get cut
- Aspenization of Bend
- Employees will be let go to meet the payroll
- Collective bargaining
- Consumers will pay more
- Short term impact on schools? Higher class size or reduced services for kids.
- Migrant workers
- Impact on fixed income folks
- Gov. contracts
- The market in this area will not support an increase of this nature
- Changing status of exempt and non-exempt workers compounded with wage
- Will it affect collective bargaining contracts?
- County sheriff vs. City police
- $10 in Medford and $13 in Ashland means a business has to pay the Ashland wage.
- Increases because of compression are the bigger problem that no one is talking about.
- Businesses with small profit margin would fail
- Local farms being able to complete with lower cost imports

### Best thing you’ve heard:
- A solution that isn’t a cookie cutter
- A path toward something that’s a lot simpler and responds to rural areas
- Relieved that varying options might respond to rural realities
- Excited to hear creative ideas. The “A-B-C” schedule divided into major metro, minor metro, and rural.
- Any kind of regional solution
- Tiers based on region, but don’t make it complicated
- Phasing it in
- A regional approach and phasing it in
- Regional impact idea
- Portland has one wage and the rest of the state has another
- Salem needs to do something before it goes to the ballot
- Including total compensation in the formula
- Overall budget impact might be good for the state
- Get something through the legislature
- Tiers based on city population
- Tiers based on city. Fewer categories is better.
- Regionalism is helpful so the ‘State of Multnomah’ isn’t dictating the rest of the state.
- Importance of different wages for different groups: AmeriCorps volunteers, youth, disabled.
- Multi-year review and planning
- Factor in the benefits package in some way.
- The legislature needs to act
- Remove the preemption law so Portland doesn’t dictact the wage for the whole state
- Include benefits in full compensation estimate.
- Universal health care
- Fair trade agreements that lift other states and countries wages up
APPENDIX A: MINIMUM WAGE MYTHS & REALITIES

A significant level of misinformation persists about basic facts and available data related to the minimum wage. The data presented in this FAQ is not about an ideology or point of view – it’s simply the most commonly accepted current understanding.

Will raising the wage lead to unemployment?
No.
This is one the two most studied topics in labor economics. Some confusion around this topic is based on older studies that did show increases in the minimum wage reducing employment. However, the current generation of research uses better methods - comparing neighboring communities, for instance. The current assessment is that increasing the minimum wage has little to no effect on jobs.

Will raising the minimum wage lead to dramatic price increases and inflation?
Not dramatically.
A 2004 study of available economic research, “The Effect of Minimum Wage on Prices,” found that businesses tend to raise prices modestly rather than decrease employment. Many industries find cost savings in employee retention and increased employee efficiency. Because of this, prices increase, but not commensurately with the increase in wage. That is - a 10% increase in the wage does not result in a 10% increase in prices. In fact, increases are far lower than the increase in wage - about 0.4% per 10% increase in wages. The study did find that food is most likely to see the highest increases - as much as 4%. That could mean that, under the current proposal to increase wages to $13.50 by 2019, a $5.00 hamburger might cost $5.60 in 2019.

Most minimum wage earners are teenagers or just starting a new job.
Not true. Some teenagers do earn the minimum wage, but most minimum wage workers aren’t teenagers. The average minimum wage worker is 35 years old. Nearly two-thirds of minimum wage workers are women, and many of them are supporting families. Nearly half of Oregon’s low-wage workers are married and 41% have children. Recent national evidence suggests that this is a change – and that, increasingly, low wage workers rely on their earnings to support basic needs in their household.

This kind of increase is unprecedented. We have no idea what we’re getting into.
Not true. The minimum wage was increased in Oregon by 43% in 1991, with no decrease in employment. The wage was raised again by a total of 3.7% over four years from 1996 to 2000. During that period, Oregon generated a 4% annual growth in employment.

Means-tested programs such as the Earned Income Tax Credit (EITC) are more effective instruments in fighting poverty.
No single anti-poverty measure is as effective on its own as it is in combination with other efforts. A good system of public policy will include both a strong minimum wage, and smart tax credits for people who work every day to make a living.

We should focus on poverty reduction, not raising wages.
Measures such as improving access to education or efforts that match qualified employees with well-paying jobs can help reduce poverty. However, putting more money in a weekly paycheck is the most effective way to enable workers to earn enough money to support themselves and their families without assistance from the state. Increasing the minimum wage reduces both the number of people in poverty, and the depth of the depth of poverty they experience. Overall, the evidence suggests that these poverty reduction effects are somewhat more significant for African-American or Hispanic individuals, and for children under age eighteen.

Jobs will move out of state.
Research does not bear this out. These are primarily jobs that cannot be sent elsewhere. Most minimum wage employers are service sector businesses that are tied to a state because that is where their customers are - businesses like fast food, retail stores, and home health care services, for example. When Washington’s minimum wage was nearly $3 higher than Idaho’s, businesses in Washington were flourishing, despite predictions to the contrary.

Oregon already has the 2nd highest minimum wage.
True, but the state’s largest economic engine - the greater Portland area - does not have the highest wage of a U.S. city. This area is quickly falling behind Seattle, San Francisco, and other cities on the west coast. Yet, the cost of the basics in Portland and Seattle is nearly identical.

6% of Oregonians have earned minimum wage for the last 20 years. Increases don’t solve this problem.
While it’s true that 6% of Oregon jobs are low-paid today, as they were 20 years ago, the real question here is how much the purchasing power of that wage has changed over the last 20 years. The minimum wage reached its high-water mark in 1968. The real value of the minimum wage has fallen over time. According to Dube, the minimum wage, “In 2014 dollars stood at $9.59 per hour in 1968 and $8.58 per hour in 1979. During the 1980s, the it declined substantially, and over the intervening twenty years it has largely treading water, reaching a historical low of $6.07 per hour in 2006 prior to the last federal increase. It now stands at $7.25 per hour.”

The minimum wage has not kept up with inflation. Workers have far lower purchasing power today than they did in 1968.

APPENDIX B: CURRENT MINIMUM WAGE JOBS IN OREGON, BY RATE AND INDUSTRY

<table>
<thead>
<tr>
<th>Industry</th>
<th>Minimum Wage</th>
<th>Min - $11.50</th>
<th>Min - $13.00</th>
<th>Min - $15.00 or more</th>
<th>Total</th>
<th>Median Wage</th>
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</thead>
<tbody>
<tr>
<td>Leisure and Hospitality</td>
<td>41,326</td>
<td>76,039</td>
<td>19,319</td>
<td>15,790</td>
<td>48,527</td>
<td>201,001</td>
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<td>Retail Trade</td>
<td>20,693</td>
<td>73,558</td>
<td>22,351</td>
<td>23,042</td>
<td>76,565</td>
<td>216,209</td>
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<tr>
<td>Professional and Business Services</td>
<td>9,593</td>
<td>50,305</td>
<td>19,300</td>
<td>18,104</td>
<td>131,560</td>
<td>228,862</td>
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<tr>
<td>Educational and Health Services</td>
<td>6,846</td>
<td>42,546</td>
<td>20,237</td>
<td>23,408</td>
<td>171,532</td>
<td>264,639</td>
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<td>State &amp; Local Government</td>
<td>4,921</td>
<td>16,858</td>
<td>15,351</td>
<td>18,409</td>
<td>206,567</td>
<td>262,106</td>
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<tr>
<td>Manufacturing</td>
<td>2,668</td>
<td>18,781</td>
<td>12,091</td>
<td>15,297</td>
<td>137,618</td>
<td>186,455</td>
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<tr>
<td>Natural Resources and Mining</td>
<td>7,638</td>
<td>16,324</td>
<td>4,688</td>
<td>4,607</td>
<td>18,345</td>
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<td>Other Services</td>
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<td>6,211</td>
<td>6,614</td>
<td>32,109</td>
<td>63,835</td>
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<td>Financial Activities</td>
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<td>8,084</td>
<td>7,928</td>
<td>62,564</td>
<td>86,326</td>
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<td>Wholesale Trade</td>
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<td>7,516</td>
<td>4,941</td>
<td>6,228</td>
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<td>Construction</td>
<td>870</td>
<td>5,523</td>
<td>5,143</td>
<td>7,374</td>
<td>70,087</td>
<td>88,997</td>
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<td>Transportation, Warehousing, and Utilities</td>
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<td>6,080</td>
<td>3,701</td>
<td>5,112</td>
<td>39,453</td>
<td>55,213</td>
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<td>Information</td>
<td>859</td>
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<td>1,253</td>
<td>1,910</td>
<td>27,801</td>
<td>34,672</td>
</tr>
</tbody>
</table>

LOW PAID JOBS AS SHARE OF ALL INDUSTRY JOBS & SHARE OF ALL EMPLOYMENT STATEWIDE

<table>
<thead>
<tr>
<th>Industry</th>
<th>Minimum Wage</th>
<th>Min - $11.50</th>
<th>Min - $13.00</th>
<th>Min - $15.00 or more</th>
<th>Total</th>
<th>Median Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total All Industries</td>
<td>103,470</td>
<td>442,864</td>
<td>24%</td>
<td>583,673</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>41,326</td>
<td>117,365</td>
<td>6%</td>
<td>136,684</td>
<td>68%</td>
<td></td>
</tr>
<tr>
<td>Retail Trade</td>
<td>20,693</td>
<td>94,251</td>
<td>5%</td>
<td>116,602</td>
<td>54%</td>
<td></td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>9,593</td>
<td>59,889</td>
<td>3%</td>
<td>79,198</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Educational and Health Services</td>
<td>6,846</td>
<td>49,412</td>
<td>3%</td>
<td>69,649</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>State &amp; Local Government</td>
<td>4,921</td>
<td>21,779</td>
<td>1%</td>
<td>37,130</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2,668</td>
<td>21,449</td>
<td>1%</td>
<td>33,540</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>7,638</td>
<td>23,962</td>
<td>1%</td>
<td>28,450</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>Other Services</td>
<td>4,120</td>
<td>18,901</td>
<td>1%</td>
<td>31,212</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>Financial Activities</td>
<td>1,434</td>
<td>9,590</td>
<td>0%</td>
<td>13,891</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>870</td>
<td>6,393</td>
<td>7%</td>
<td>11,536</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>867</td>
<td>6,947</td>
<td>0%</td>
<td>10,648</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Transportation, Warehousing, and Utilities</td>
<td>859</td>
<td>7,308</td>
<td>0%</td>
<td>11%</td>
<td>4,961</td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX C: STATE AND LOCAL MINIMUM WAGE SCHEDULES

<table>
<thead>
<tr>
<th>Year</th>
<th>WA</th>
<th>CA</th>
<th>IL</th>
<th>OR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>15.56</strong></td>
<td><strong>18.72</strong></td>
<td><strong>17.24</strong></td>
<td><strong>17.24</strong></td>
</tr>
<tr>
<td>2015</td>
<td>$9.47</td>
<td>$11.00</td>
<td>$11.00</td>
<td>$11.00</td>
</tr>
<tr>
<td>2016</td>
<td>$9.71</td>
<td>$13.00</td>
<td>$12.50</td>
<td>$12.00</td>
</tr>
<tr>
<td>2017</td>
<td>$9.95</td>
<td>$15.00</td>
<td>$13.50</td>
<td>$13.00</td>
</tr>
<tr>
<td>2018</td>
<td>$10.20</td>
<td>$15.36</td>
<td>$15.00</td>
<td>$14.00</td>
</tr>
<tr>
<td>2019</td>
<td>$10.45</td>
<td>$15.73</td>
<td>$15.00</td>
<td>$15.00</td>
</tr>
<tr>
<td>2020</td>
<td>$10.71</td>
<td>$16.11</td>
<td>$15.75</td>
<td>$15.50</td>
</tr>
<tr>
<td>2021</td>
<td>$10.98</td>
<td>$16.49</td>
<td>$16.49</td>
<td>$15.00</td>
</tr>
<tr>
<td>2022</td>
<td>$11.26</td>
<td>$16.89</td>
<td>$16.89</td>
<td>$16.89</td>
</tr>
<tr>
<td>2023</td>
<td>$11.54</td>
<td>$17.29</td>
<td>$17.29</td>
<td>$17.29</td>
</tr>
<tr>
<td>2024</td>
<td>$11.83</td>
<td>$17.70</td>
<td>$17.70</td>
<td>$17.70</td>
</tr>
<tr>
<td>2025</td>
<td>$12.12</td>
<td>$18.13</td>
<td>$18.13</td>
<td>$18.13</td>
</tr>
</tbody>
</table>

**2014 Self Sufficiency for 2 adults, 2 children, by county. Washington is King County. Oregon is Multnomah County. All CPI increases calculated at 2.1%**

## APPENDIX D: SEATTLE MINIMUM WAGE

### SCHEDULE OF WAGE INCREASES UNDER IIAC PROPOSAL

**WASHINGTON STATE MINIMUM WAGE: 2.40% CPI ESTIMATED**

**PROPOSED SEATTLE MINIMUM WAGE (2.40% CPI ESTIMATED OVER 15 PER MIKE IS REACHED) EMPLOYEES IN BASE WAGE**

<table>
<thead>
<tr>
<th>Year</th>
<th>State Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$9.74</td>
</tr>
<tr>
<td>2016</td>
<td>$9.77</td>
</tr>
<tr>
<td>2017</td>
<td>$10.01</td>
</tr>
<tr>
<td>2018</td>
<td>$10.25</td>
</tr>
<tr>
<td>2019</td>
<td>$10.49</td>
</tr>
<tr>
<td>2020</td>
<td>$10.75</td>
</tr>
<tr>
<td>2021</td>
<td>$11.00</td>
</tr>
<tr>
<td>2022</td>
<td>$11.24</td>
</tr>
<tr>
<td>2023</td>
<td>$11.53</td>
</tr>
<tr>
<td>2024</td>
<td>$11.80</td>
</tr>
<tr>
<td>2025</td>
<td>$12.08</td>
</tr>
<tr>
<td>2026</td>
<td>$12.36</td>
</tr>
<tr>
<td>2027</td>
<td>$12.64</td>
</tr>
<tr>
<td>2028</td>
<td>$12.93</td>
</tr>
</tbody>
</table>

**15 Minimum Wage in Seattle**

### SCHEDULE OF INCREASES

- Seattle Schedule: 1 Employee ($15.00/m) or 2 or more employees ($15.50/m)
- Seattle Schedule: 1 Employee with Medical Benefits ($15.25/m) or 2 or more employees ($15.75/m)
- Seattle Schedule: 1 Employee with Minimum Comp ($14.75/m) or 2 or more employees ($15.25/m)
- Seattle Schedule: 1 Employee with Guaranteed Minimum Compensation ($15.00/m) or 2 or more employees ($15.50/m)
- Seattle Schedule: 1 Employee with High Comp ($15.75/m) or 2 or more employees ($16.25/m)
- Seattle Schedule: 1 Employee with Low Comp ($14.75/m) or 2 or more employees ($15.25/m)
- State Minimum Wage (2.40% CPI estimated)
SEATTLE’S NEW MINIMUM WAGE ORDNANCE (SMC 14.19) Effective date: April 1, 2015

INFORMATION FOR SMALL EMPLOYERS (500 or fewer employees - also known as Schedule 2 Employers)

For Small Employers, the City of Seattle’s $15.00/hour wage will be phased in over the next 5-7 years. The Office of Labor Standards will implement the new ordinance, including outreach and enforcement.

MINIMUM COMPENSATION

All small employers are required to pay minimum compensation. Small employers can meet this requirement in two ways:

(1) pay a flat, hourly minimum compensation rate, or
(2) pay a reduced hourly minimum wage and make up the balance with employee tips reported to the IRS and/or payments toward an employee’s medical benefits plan.

FLAT RATE

Small employers pay a flat, hourly minimum compensation rate.

Minimum Wage

<table>
<thead>
<tr>
<th>EMPLOYER SIZE</th>
<th>Minimum Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 (April 1st)</td>
<td>$11.00/hour</td>
</tr>
<tr>
<td>2016 (January 1st)</td>
<td>$12.00/hour</td>
</tr>
<tr>
<td>2017 (January 1st)</td>
<td>$13.00/hour</td>
</tr>
<tr>
<td>2018 (January 1st)</td>
<td>$14.00/hour</td>
</tr>
<tr>
<td>2019 (January 1st)</td>
<td>$15.00/hour</td>
</tr>
</tbody>
</table>

TIPS AND/OR MEDICAL BENEFITS

Small employers pay a reduced, hourly minimum wage and reach the minimum compensation rate through employee tips reported to the IRS and/or payments toward an employee’s medical benefits plan. If the tips and/or payments toward medical benefits do not add up to the minimum compensation rate, the small employer makes up the difference.

Minimum Compensation | Minimum Wage
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 (April 1st)</td>
<td>$11.00/hour</td>
</tr>
<tr>
<td>2016 (January 1st)</td>
<td>$12.00/hour</td>
</tr>
<tr>
<td>2017 (January 1st)</td>
<td>$13.00/hour</td>
</tr>
<tr>
<td>2018 (January 1st)</td>
<td>$14.00/hour</td>
</tr>
<tr>
<td>2019 (January 1st)</td>
<td>$15.00/hour</td>
</tr>
</tbody>
</table>

KEY TERMS

EMPLOYEES

Seattle’s Minimum Wage Ordinance applies to employees working in Seattle, regardless of the employee’s immigration status.

EMPLOYER SIZE

To calculate employer size, count the employer’s total number of employees within the United States, regardless of where those employees work. Employers do not need to count employees who work outside the U.S.

WAGE

A wage includes salary, hourly pay, commissions, piece-rate, and non-discretionary bonuses. Wages do not include tips or payments toward medical benefits, though payment toward medical benefits may impact minimum wage requirements.

MEDICAL BENEFITS

For medical benefits to qualify toward the minimum wage, the plan must be the equivalent of a “silver” level or higher as defined in the federal Affordable Care Act.

APPENDIX E: PARTICIPANTS, INTERVIEWEES AND CONVERSATIONS

The following list includes participants in formal listening sessions in Astoria, Bend, Medford and Pendleton, as well as a wide variety of small group and one-on-one interviews and conversations from March 2015 through December 2015.

Lizzie Atchison | Adelsheim Vineyard, Owner
Josh Alpert | Chief of Staff to Portland Mayor Hales
Ginger Anderson | East Oregonian Newspaper, HR Director
Jason Bardford | Farmland LLP, Managing Partner
Tony Bartelson | Bright Wood Corporation, Director of Operations; Straw Propeller Gourmet Foods, CFO
Chris Beck | U.S. Dept. of Agriculture, Rural Development Senior Projects Advisor
Terry Becktol | Farmers Insurance, Agent
Nick Bellichs | State Employment Economist
Phil Bently | Oregon Health Care Association, Govt. Relations
Duncan Berry | Fish People, President
Josh Biller | Campfire Columbia, CFO
Nik Blasser | Celilo Media Group, President
Earl Blumenauer | Congressmen
Jon Blumenauer | The Joinery, CEO
Susan Brooks | Director of Finance, City of Astoria
Kathryn Brown | East Oregonian, Publisher
Curtis Burrill | Burrill Real Estate, Owner
Adam Campbell | Elk Cove Vineyards, Owner
Leslie Carlson | Brink Communications, Owner
Tim Casey | Bend Chamber of Commerce, President & CEO
Karl Chambers | Stahlbush Farms, Owner
Martha Choe | Gates Foundation, CAA (former)
Jamie Christman | Leadership Bend, Executive Director & Bend Chamber of Commerce, Director of Governmental Affairs
Jason Conger | Attorney, former legislator
Scott Cooper | Neighbor Impact, Executive Director
Bob Darm | Yamhill County Mushroom
Maud Daudon | Seattle Chamber of Commerce, CEO
Piper Davis | Grand Central Bakery, Culinary Director
Ryan Deckert | Oregon Business Association, President
Gun Denhart | Founder Hanna Anderson (retired)
Tom Denison | Denison Farms, Owner
George Devendorf | Transition Projects, Executive Director
Mike Dickerson | Craft3 CDFI, Special Projects Manager
Bill Dickey | Morel Ink, Owner
Rob Dietz | Farmland LLP, Special Projects Manager
Brad Earl | Medford School District, Chief Operations Officer
Karl Edwards | Working Families Party, Executive Director
Kurt Enlund | Englund Marine & Industrial Supply, Owner
Dan Field | Kaiser Permanente, Senior Director of Community & Benefit External Affairs
Steve Forrester | Daily Astorian, Publisher
Laura Fritz | Bend Community Center, Interim ED
Gary George | Wildhorse Resort and Casino, CEO
Jessica Gomez | Rogue Valley Microdevices, Founder & CEO
Jack Graves | Burgeroville, CCO
Jack Gray | Wintergreen Farm, Owner
Crystal Green | Craft3 CDFI, Assistant to President; Restaurant owner
Jorge Gutierrez | Lower Columbia Hispanic Council, Executive Director
John Haines | MercyCorps NW, Executive Director
Paula Hall | Community Action Program of East Central Oregon, Community Services
Scott Hamlin | Looptworks, Owner
Susan Hammer | Dispute Resolution Services, Mediator
Laura Handy | Heart of Oregon Corps, Executive Director
Ashley Henry | Beneficial State Foundation, Community Engagement Manager
Jane Hill | Pendleton City Councilor
Steve Hill | Hill Law Office, Attorney
John Horvick | DHM research, Vice President and Political Director
Kurt Huffman | Chef’s Table, Owner
Elanor O’Brien | Persephone Farm
Tom Kelly | Neil Kelly Company, Owner
Donna Kleinman | Community Action Program of East Central Oregon, CEO
Anne Koubisch | Ford Family Foundation, President
Sue Kupillas | Jackson County Commissioner (former)
John Larkin | Roxy Anne Lanes, Proprietor
Dr. Rob Law | Family physician, Lower Columbia Clinic and Columbia Memorial Hospital
Laurie Leebriek | West Oregon Waste
Anna Lafer Kuhn | Ara Foundation, Executive Director
Josh Lehner | Oregon Office of Economic Analysis


