

The debate on the minimum wage

Oregon's nursery and greenhouse industry is proud of its rich heritage of growing outstanding plants — and employing a strong, mostly year-round workforce to do it.

Our largely family-owned businesses have made a significant investment in training and employing a skilled workforce. These workers have likewise invested their time and skill in us, becoming a cornerstone of our success.

Oregon's nursery industry can be proud that it rewards its workers. According to the U.S. Bureau of Labor and Statistics (May 2014), Oregon's nursery industry pays the second highest average wage to its employees on the continent at \$10.26 per hour. They get a mean annual wage of \$21,340. Many receive health care benefits and some even take part in revenue sharing. This may be unusual, but it signals the true partnership we have with our valued employees.

For many growers, labor constitutes 30 percent or more of the cost structure. Agriculture as a whole has unique workforce needs, but current discussions often fail to acknowledge this fact. Farmers of all kinds — nurseries as well as wheat growers, ranchers and others — face a critical lack of workers. This shortage makes our farms and ranches less competitive. That in turn threatens the abundant, safe and affordable food supply American consumers enjoy today.

Oregon already has the second highest minimum wage in the country at \$9.25 per hour. Activists are now pushing to raise that to \$15 per hour, state-wide. Combined with a labor shortage in agriculture, this would have disastrous effects on growers.

We should all be asking how to get people out of poverty. But some are pursuing a theological drive for a base wage, regardless of the overall economic impact.

The need for a level playing field

We've already established that labor is costly and in short supply. Making matters worse, Oregon's nursery and greenhouse industry competes against states with significantly lower minimum wage rates. Many of these operations are closer to the markets OAN members serve. Labor, transportation and geography are all significant factors in our ability to compete and bring traded sector dollars back to the Oregon economy.

Oregon is not alone in facing increased pressure to raise the minimum wage. Below are some factors to consider:

- The 2015 federal minimum wage is \$7.25 an hour.
- Oregon's minimum wage is \$9.25 and already sees annual increases based on inflation. Oregon's average nursery industry starting wage is higher, at \$10.26/hour.
- Eight other states besides Oregon also index their minimum wage for inflation each year.
- Some 20 states raised their minimum wages in 2015.
- Some 14 states match the lower federal minimum wage, two states are less than the federal rate and five states do not have a minimum wage law.

Growers and retail nurseries care about their workers. Thanks

in part to the lack of available labor, these businesses are suffering from limited growth coming out of the Great Recession. If the price of labor continues to escalate well beyond competitors in other states, Oregon will be at an even greater disadvantage.

If, on the other hand, the national minimum wage rises to meet what Oregon now offers, it would place all growers on an equal footing. We would support this, but unfortunately, it seems unlikely to happen. Even if it does, the minimum wage will not pull the one in three in this country who reside at near the poverty line.

A solution for poverty

I recently participated in a town hall on the minimum wage that was held at Portland State University. There, I made the argument that we need to grow the middle class and not increase the number of workers at the lowest wage level. Oregon has the same percentage of minimum wage workers as in 2000. We have the second highest minimum wage in the country, and yet we are top 10 in poverty and hunger. It is up to business, policy makers and our communities to get at the real issue on the minimum wage — lifting people out of poverty.

Truth be told, the minimum wage is the least effective cure for poverty. Training and education offer the greatest benefit to the employee and their earning potential. The unfortunate reality is that 84 percent of minimum wage earners do not complete a college degree. Often the very people who are targeted to receive an increase lose benefits and actually become worse off.

We can do better. Economists at the University of Wisconsin in Madison outlined a plan to attack poverty. If followed, it could reduce poverty by 50 percent.

Make jobs available. Give transitional jobs to unemployed or underemployed at minimum wage.

Make work pay. First, increase the federal minimum wage to \$10.80/hour. This will also level the playing field for small employers who compete against other states. Then, put money in the pockets of the low wage earner by reforming the earned income tax credit. Give credit for children and allow parents to get credit for each individual income.

Reduce obstacles to work. Expand child care coverage so parents are available in the labor pool.

Help retired seniors and adults with disabilities. Increase and secure tax credits for retirement and disability tax.

Certainly, the minimum wage issue is a contentious one, prone to emotional appeals. But that shouldn't lead us to ignore its true economic impact for both workers and employers.

Our skilled workforce is key to the nursery industry's capacity to grow, sell and ship exceptional products. We know it. That means we all share in the responsibility to make a better community. ©



By Jeff Stone
OAN EXECUTIVE DIRECTOR

A stylized, handwritten signature in black ink, appearing to read 'Jeff Stone'.