

## Testimony before the House Interim Committee on Business and Labor

### Topic - raising the minimum wage in Oregon

January 14, 2016

Chair - Representative Holvey and committee members:

My name is Anna Scharf and I am here today on behalf of Scharf Farms in Perrydale, OR.

We are a medium sized farming operation with an average of 17 FTE. We have NO employees earning the current minimum wage but several under the proposed \$13.50 and \$15.00.

On our farm this WILL mean that some of our 17 FTE will lose their jobs. At \$13.50 we estimate that our annual payroll will increase by 24%. Part of this is due to the fact that EVERYONE on the payroll will need to have a wage increase. How could we hire an unskilled, inexperienced person at \$13.50 an hour and put them to work next to the person that has been on the job for several years, gained valuable skills and worked themselves up to \$15hr? Also, the proposed increase will result in an overall operating budget increase of about 5% which is greater than our profit margin in some years. The majority of the Agricultural crops grown in the state of Oregon are dependent on what the market will pay or global commodity pricing. We cannot simply raise the price we sell our crops for and pass it along like other businesses will do. Also, this increase in our expenses does not take into consideration the additional cost of mandatory sick time, the increase in payroll taxes associated with a higher wages, or the increased costs that will be passed onto us by our fertilizer and fuel suppliers (our two other largest expenses).

How will we continue to operate our farm with fewer people? That answer is not easy or simple. We, like many other family farms, don't own all of the newest computerized Ag technology. However, a 24% payroll increase will accelerate the move in that direction. Yesterday's testimony pointed out the increases that were put into effect in the 70's and 80's and stated that the proposed increases would have no greater adverse effect on businesses than those did. However, affordable technology was much less advanced and less available back then. On our farm, robotic palletizers will replace seed cleaning personnel; a single robot can replace 2-3 FTE. We will increase the use of the mechanical grape harvester that we own instead of hiring contractors to hand pick the fruit; it can easily replace 40+ contract pickers. We will also consider adjusting what we grow and look into planting crops that need less labor since we know our crop revenue will not be able to keep up with our increased labor costs.

Before I went to work for my husband's family farm I was employed by two large international manufacturing companies from two completely different business sectors. One was in high tech the other was in food processing equipment. Both had executive level jobs and entry level positions. What they also had in common was the NEED to outsource the blue collar & entry level jobs outside of the State of Oregon due to Oregon's high minimum wage, ever increasing regulations and unfavorable business tax structure. It was my job to make this happen.... and I was good at it. However, I now work on the family farm and I can't just pick up the farm and move it to a location with lower labor rates, fewer regulations and more favorable business tax rates.

Natural resource jobs are the heart of the Oregon economy and the one employment segment of the state that cannot be relocated. Natural resource jobs are the only jobs that generate new revenue; everything else makes revenue from natural resource products; retail, restaurants, tourism and manufacturing. When decisions such as this are forced on farmers, ranchers, foresters, and fishermen they either end up earning less to keep doing what they love or their businesses disappear altogether.

Please consider the devastating impact that an increase to minimum wage will have on the natural resource economy in Oregon.

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