

HOUSE COMMITTEE ON LABOR

March 4, 1997 Hearing Room E

8:00 A.M. Tapes 31 - 34

MEMBERS PRESENT:

Rep. Steve Harper, Chair

Rep. Mike Fahey, Vice-Chair

Rep. Chris Beck

Rep. Dan Gardner

Rep. Bill Markham

Rep. John Minnis

Rep. Ron Sunseri

MEMBER EXCUSED:

STAFF PRESENT:

Cara Filsinger, Administrator

Linda Spaulding, Administrative Support

MEASURE/ISSUES HEARD:

HB 2691 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

Tape/#	Speaker	Comments
TAPE 31, A		
003	Chair Harper	Calls the meeting to order at 8:04 a.m. Opens public hearing on HB 2691.
<u>HB 2691- PUBLIC HEARING</u>		
		Director, Research and Education, Oregon AFL-CIO; member, Minimum Wage Defense Coalition (EXHIBIT A)

006	Amy Klare	<p>Opposes HB 2691. Addresses health care exemption of HB 2691:</p> <ul style="list-style-type: none"> * plans that do not meet employees' needs * no opt-out provisions for workers who have prior health insurance * any criteria to determine who will be covered (e.g., minimum number of hours) * scenario where more than one employer of a minimum wage worker wants to invoke health care credit
092	Rep. Beck	Asks if amendments to HB 2691 would be appropriate with respect to health care provision.
098	Klare	Replies minimum wage earners do not have enough disposable income to pay for health care. Suggests opt-out would be a way for low-wage workers to earn full minimum wage if they have prior coverage.
116	Rep. Beck	Asks if Oregon AFL-CIO would support amendment requiring employer-paid health insurance in cases of sub-minimum wage.
125	Klare	Replies employer mandate would open new avenues for debate. Explains many minimum wage workers are transient; insuring them is difficult.
139	Chair Harper	Asks for response to witnesses who have testified current health benefits will be reduced without HB 2691.
142	Klare	Replies that would be unfortunate. Expresses willingness to work with employers for purpose of finding more affordable insurance plans for low-wage workers.
154	Chair Harper	Comments on availability of affordable premiums for individual plans.
159	Klare	States insurance plans vary according to demographics of work force and often are based on age or gender.
168	Ellen Pinney	<p>Director, Oregon Health Action Campaign</p> <p>Opposes HB 2691, specifically the provision that allows up to \$1.00 reduction in minimum wage for employers to provide employees with health care. States \$6.50 per hour does not meet criteria where more than one person in family receives minimum wage. Outlines what \$6.50 per hour provides a family as income.</p>
212	Pinney	Describes how affordable insurance plans may fail to meet minimum standard levels of health benefits, stating some plans have deductibles of \$5,000. Out-of-pocket costs in addition to employee contribution make health care cost prohibitive for minimum wage workers.
239	Chair Harper	Asks if she would support minimum wage of \$6.50 per hour or health insurance coverage.
243	Pinney	Answers Oregonians should not have to make that choice; \$6.50 is baseline minimum wage. Supports concept requiring all employers contribute based on ability to offer health coverage for workers.

251	Chair Harper	Calls recess at 8:30 a.m. to relocate meeting to Hearing Room A because of sound equipment malfunction.
257	Chair Harper	Calls meeting back to order at 8:40 a.m.
259	Pinney	Concludes saying proposed legislation of HB 2691 is self defeating to allow employers to offer lower minimum wage to provide health care.
279	Rep. Richard Devlin	State Representative, District 24 Opposes HB 2691. Says intent of Ballot Measure 36 was clear. States arguments in support of HB 2691 are same as those used against Ballot Measure 36.
331	Rep. Devlin	Comments on training wage provision of 2691. Says most jobs filled by young people do not take extensive training.
353	Rep. Devlin	Says tipped employees do not earn extravagant wages.
372	Rep. Devlin	Says health care credit is impossible given that minimum wage at present level is inadequate to provide other basic necessities. Adds the bill defines neither the type of insurance plan nor the control over it by the employee.
393	Rep. Devlin	Refers to agricultural provision of HB 2691 saying voters understood minimum wage was for every worker, not an average wage for workers on a particular crew. Urges committee to reject arguments in favor of HB 2691.
TAPE 32, A		
004	J. B. Van Hecke	Manager, Shari's Restaurant, Corvallis Favors HB 2691. Lists three ways he will compensate for higher minimum wage: * raise prices * schedule fewer hours * reduce staff None of his staff earns less than \$5.50 per hour except those earning tips. Pays differentials to employees who work late hour shifts or who lose tip earnings while supervising or training.
102	Rep. Fahey	Asks country of origin and length of residence in US.
103	Van Hecke	Answers Holland, and has been in US since 1989.
104	Rep. Fahey	Asks Holland's minimum wage.
104	Van Hecke	Answers depends on age.
105	Rep. Fahey	Asks if Holland has national health care.
		Replies he is unsure at this time; income determines amount of health

106	Van Hecke	care.
116	Darren Blanchard	Cook, Corvallis Supports parts of HB 2691. Says raise in minimum wage does not compensate for increased cost of living; there is no benefit to raising wages for one class of workers.
157	Jackie Winters	Founder, Jackie's Ribs, Salem Asks support of HB 2691. Supports training period for teaching reliability. Lists adjustments her business will make because of increased minimum wage: * refrain from hiring young people for special events * cut back work force * raise prices
217	Rep. Fahey	Asks number of years she has prepared food for sale at Oregon State Fair.
218	Winters	Replies six years.
218	Rep. Fahey	Asks for amount of increase in fair fees.
219	Winters	Answers fees started at \$5,000; have increased to \$9,000.
233	Timothy Laue	City Councilman, Eugene, Oregon Opposes HB 2691; also expresses opposition on behalf of Mayor Jim Torrey, Eugene.
305	Rep. Minnis	Asks Mr. Laue to elaborate on comment related to special interests.
312	Laue	Describes Eugene ordinance taxing video poker premiums ten percent that legislature voted against.
343	Rep. Minnis	Objects to allegations.
351	Gretchen Langton	Food service manager, Eugene Opposes HB 2691.
TAPE 31, B		
033	Marcia Latta	Women's Rights Coalition (WRC) (EXHIBIT B) Describes mission of WRC. Opposes HB 2691.
054	Jeannie Berg-	Minimum Wage Defense Coalition and Jobs For Justice Lists three points related to HB 2691: * cooks in states without tip credit earn on average \$1.00 more per hour than states with tip credit

	Rempel	* Oregon's minimum wage will not be nation's highest for long; neighboring states are raising minimum wage * says number of food service employees increased during minimum wage increase of 1989; raising minimum wage does not hurt restaurant industry overall
106	Patricia Gerhart	Director of Human Resources, Mt. Bachelor Ski Area, Bend (EXHIBIT C) Confirms Mt. Bachelor's support of HB 2691. Asks committee to consider compromise of increased minimum wage and detrimental economic impacts to Oregon.
140	Noreane Walker	Farm owner, Myrtle Creek Supports HB 2691. Expresses concern over piece-rate averaging. Says majority of pickers are between 13 and 15 years of age; says higher minimum wage makes competition for world markets difficult.
164	Rep. Fahey	Asks if she supports NAFTA.
165	Walker	Declines to answer the question.
167	Harmon Walker	Farm owner, Myrtle Creek Explains he employs local teens; says he has no medical benefits and with higher minimum wage, fares no better than those he employs.
202	Rep. Gardner	Asks ages of children employed as pickers.
204	Noreane Walker	Replies thirteen years and over.
214	Marney Snyder-Spoons	Waitress Explains personal job history and difficulty of food service work. Says five days is longest she has trained new employees. Opposes HB 2691.
243	Chair Harper	Asks what is average hourly wage.
244	Snyder-Spoons	Replies she works average of seven hours per night, five days per week, and earns between \$140-\$150 per week.
252	Nancy Haque	Barrista, Seattle's Best Coffee, Portland States there should not be exemptions in minimum wage; opposes HB 2691. Disputes claims that tipped workers earn over \$30 per month in tips.
273	Rep. Beck	Asks if employees paid tips from pooled tip jar fall within scope of HB 2691, or is there distinction between table servers and coffee house servers.
284	Chair Harper	Replies administrator will research and provide answer to question.

287	Kim McCoy	Pacific Northwest District Council of Carpenters, United Brotherhood of Carpenters (UBC) Says lawmakers should follow the will of the majority who voted for Ballot Measure 36; opposes HB 2691.
347	Cory Schreiber	Owner, Executive Chef, Wildwood Restaurant, Portland (EXHIBIT E) Describes his restaurant ethics and employment practices. Provides financial history of restaurant; states personnel earn above minimum wage, about \$12-\$14 per hour. Supports HB 2691 and implementing the tip credit.
420	Rep. Gardner	Asks why he believes voters had reservations on Ballot Measure 36.
423	Schreiber	Believes voters did not consider details of Measure 36; explains other states successfully implement tip credit provisions.
432	Rep. Gardner	Says other states have sales tax and self-service gas stations. Asks if Oregon should have those.
TAPE 32, B		
021	Schreiber	Responds he has lived without a problem in those states.
023	Rep. Beck	Asks if Wildwood future is in jeopardy because of HB 2691. Will the law jeopardize his and other restaurants.
030	Schreiber	Answers \$3,300 figure in his letter (EXHIBIT E) is real; represents adjustments necessary in business operation.
047	Doug Hopper	Farm owner, Willamette Valley (EXHIBIT F) Says he hires over 100 people for harvest of cucumbers and strawberries; plans to phase out labor-intensive crops. Supports HB 2691. Would reconsider plans for crop changes if HB 2691 passes. Says he supports NAFTA and free enterprise; says Oregon with highest wage in the country is not equal.
083	Rep. Beck	Says majority of farm workers oppose piece-rate wage; asks if workers understand the economic impacts of minimum wage.
092	Hopper	Replies there is no simple answer; reiterates his plan is to reduce labor force.
099	Rep. Gardner	Asks type of crops grown by Mr. Hopper.
100	Hopper	Answers vegetables and strawberries comprise main hand-harvested crops.
102	Rep. Gardner	Asks to whom crops are sold.

103	Hopper	Answers to processors in Willamette Valley.
106	Rep. Gardner	Asks who are owners of cooperative to whom Mr. Hopper sells crops.
107	Hopper	Answers Agri-Pac.
110	Rep. Gardner	Asks if growers own Agri-Pac Cooperative.
110	Hopper	Replies affirmatively.
113	Rep. Fahey	Comments agricultural industries supported NAFTA, and facts show they are competing.
122	Hopper	Clarifies the point is not to penalize Oregon over other states.
132	Dave Easton	<p>Owner, Ace Hardware, Forest Grove (EXHIBIT G)</p> <p>Speaks to two parts of HB 2691:</p> <ul style="list-style-type: none"> * wage for minors gives business retailer opportunity to give students opportunity to learn expectations, commitment to work, and responsibilities * cost of harvest will increase substantially if workers are on hourly rate basis. Oregon strawberry production has declined; predicts additional declines in near future <p>Urges committee to support entry level jobs by supporting HB 2691.</p>
188	Rep. Fahey	Asks for clarification on circumstances leading to significant decrease in Oregon's strawberry production.
193	Easton	Refers to prior testimony that farmers are replacing labor-intensive crops such as strawberries. Points to farmers reacting to labor costs as factor in overall crop reduction.
203	Rep. Fahey	Asks if Mr. Easton pays commission on sales in hardware business.
204	Easton	Replies he pays hourly wage.
205	Rep. Fahey	Asks if he knows of any hardware stores that pay sales commissions.
205	Easton	Answers he is not aware of any.
213	Martha Coronado	Announces she will translate for Spanish-speaking witnesses.
215	Regina Alonsa	<p>Farm worker</p> <p>Says she and her family earn too little wages. Minimum wage does not cover housing, utilities, clothing, and other expenses. Opposes piece-rate wage proposed in HB 2691.</p>
284	Juana Vasquez	<p>Farm worker</p> <p>Says wages are inadequate to support six of her ten children. Opposes piece-rate provision of HB 2691.</p>

373	Carmen Alonsa	Farm worker Denies farm owners pay workers too much money; opposes piece-rate provision of HB 2691. Invites committee members to come to the fields for a first-hand view of the hard work.
436	Rep. Minnis	Asks for clarification that one payroll check is written to one individual for division among four workers.
442	Alonsa	Answers affirmatively; explains method of payment under discussion.
460	Rep. Minnis	Asks if complaint was filed with Bureau of Labor and Industries (BOLI).
464	Coronado	Replies there are many incidences; workers are unaware of rights.
TAPE 33, A		
042	Rep. Minnis	Says workers must cooperate by filing complaints to the responsible agency.
045	Alonsa	Says she does understand her rights.
045	Rep. Minnis	Says employer is required by law to provide information on workers' rights.
050	Alonsa	Says workers are threatened with termination if they complain.
055	Chair Harper	Asks if Paul Tiffany, BOLI, is present in the room. Asks representative of farm workers to meet with Mr. Tiffany following the public hearing to address labor abuses.
058	Rep. Sunseri	Asks if farm labor abuses are wide spread or a few isolated cases.
060	Alonsa	Answers it happens on many farms.
074	Rep. Minnis	Suggests allegations raise questions of multiple violations on issues involving several federal and state agencies.
084	Bob Underwood	Owner, berry farm, Clackamas Says crews average over \$6.50 per hour currently. Some individuals are unable to reach group production levels. Says HB 2691 allows farmer to group individuals who produce less; HB 2691 offers fair compromise. Explains dilemma of family members that are legal to work but do not make production standards of minimum wage.
131	Rep. Minnis	Asks if farmers terminate families who have children of working age who choose not to work.
135	Underwood	Replies his policy includes leniency for non-workers but must be controlled.
145	Rep. Minnis	Requests clarification on issue of non-working family members.
150	Underwood	Replies there is a business need for the individuals.
157	Rep. Minnis	Asks if he compels children of working age to work in fields with parents.
162	Underwood	Answers absolutely not.

172	Rep. Minnis	Suggests option to lower wages of individuals earning more than minimum wage so all individuals would earn minimum wage.
172	Underwood	Responds that idea would remove incentive of piece-rate.
173	Rep. Minnis	Suggests HB 2691 allows wage averaging.
174	Underwood	Says he would not be able to offer incentives.
179	Rep. Fahey	States restaurant industry is willing to take wages from wait persons.
180	Underwood	Replies he is not in restaurant industry; says money is incentive for workers to apply at his farm.
183	Rep. Fahey	Asks with respect to housing what comprises average family on the farm.
185	Underwood	Answers about two to five children plus extended family groups. Says there is no typical family.
198	Rep. Fahey	Asks if he is aware of putting four people on one ticket as mentioned in previous testimony.
199	Underwood	Answers that is serious problem that farm owners need to monitor, citing incentives for putting all work on one ticket. Says he is aware of penalties for this violation.
211	Rep. Fahey	Asks if this common practice.
213	Underwood	Replies not a common practice on his farm; unable to speak for other farm owners.
219	Rep. Minnis	Asks for clarification of groups of four individuals and if they work together as a team.
226	Underwood	Answers they work together with respect to competition element.
228	Rep. Minnis	Asks if workers are broken into teams.
228	Underwood	Responds work is not performed in team atmosphere.
229	Rep. Minnis	Asks if something prohibits team work.
229	Underwood	Answers not that he is aware.
230	Rep. Minnis	Asks average of total income earned divided by all people working.
233	Underwood	Answers close to \$5.50 to \$6.00 per hour which is affected by variables such as weather and crop conditions.
248	Rep. Minnis	Asks if he keeps records showing total paid to workers.
249	Underwood	Answers daily computer records show crew average on piece-rate basis.
256	Rep. Fahey	Asks if he tracks hours to reach daily rate.
258	Underwood	Replies information is downloaded into computer as it occurs in the field.
267	Rep. Fahey	Confirms that individuals writing four workers on one ticket are guilty of fraud.
269	Underwood	Agrees; effort is made to prevent illegal activity.
274	Rep. Minnis	Asks if he knows of farms practicing multiple persons on one ticket.
		Replies he has no knowledge of farm owners guilty of unethical

277	Underwood	practices.
283	Doug Kramer	Farm owner, Silverton Says he tries to run a legal operation. Describes main crops; uses piece rate for majority of work which results in more production with fewer workers. Workers earn more than they would on hourly basis with average of \$10 per hour. Explains how minimum wage could impact how he grows crops; piece-rate gives him more efficient labor. Urges passage of HB 2691 which will allow more families to work in the fields without threat of layoffs.
365	Rep. Minnis	Asks if he is acquainted with small enterprise farms putting four workers on one ticket.
369	Kramer	Replies he is not.
378	Rep. Minnis	Asks if he would report farmers if he had knowledge of infractions.
379	Kramer	Responds affirmatively.
380	Rep. Minnis	Asks if he could be sued by another farmer if he turned them in.
382	Kramer	Replies he does not think so.
391	Hopper	Comments farmers learn of infractions by hearsay.
410	Rep. Minnis	Asks why he would not call BOLI to report source of labor abuses.
411	Hopper	Replies he has called BOLI.
415	Rep. Gardner	Asks if Mr. Kramer has used anything other than piece rate for workers in flowers and berries.
420	Kramer	Answers he has paid hourly wage; knows other farmers who pay hourly wage.
430	Rep. Gardner	Asks about differences in yields by rows.
433	Kramer	Answers there is a difference; farmer must use caution in setting wages because of varying yields per field.
446	Rep. Fahey	Asks if he purchases equipment to conduct his farm business. Asks for average capital expenditures.
452	Kramer	Answers affirmatively; costs average \$50,000 annually.
454	Rep. Fahey	Comments on Oregon's sales tax advantage over Washington State.
459	Kramer	Replies he has heard Washington exempts some farm purchases.
TAPE 34, A		
036	Rep. Fahey	Asks if his products are exempt from other states' sales tax .
037	Kramer	Replies not at retail level.
039	Rep. Fahey	Comments he has advantage over Washington State when selling out of state.
039	Kramer	Disagrees; retailers out of state do not pay Washington sales tax.
		Student, Portland Community College, former employee, Tony Roma's Beaverton (EXHIBIT H)

051	Melissa Watson	Explains circumstances surrounding her termination at Tony Roma's; urges members to oppose HB 2691.
100	Rep. Minnis	Asks if reason cited for termination occurred within reasonable time of actual termination.
106	Watson	Answers affirmatively; says prior employees and supervisors claim actions against her were extreme.
110	Rep. Beck	Asks if she has considered legal action against the restaurant.
113	Watson	Replies wait persons are "at will," employees, subject to termination at the will of the employer. Claims no recourse.
120	Rep. Beck	Asks if she would take her story to the <u>Oregonian</u> .
123	Watson	Says her purpose is to address HB 2691; fears she will lose her new job.
129	Rep. Sunseri	Refers to testimony of Jackie Winters who claims hardship on mom and pop establishments. Asks if she believes the testimony is untrue.
139	Watson	Answers she works for mom and pop restaurant now.
153	Chris Groener	Oregon Student Association, Portland State University (EXHIBIT I) Says HB 2691 will have negative impact on students with respect to the training wage and tip credit. Urges committee to vote against HB 2691.
195	Chair Harper	Corrects testimony from 90- to 60-day training period.
201	Piedad Zarate	Represents non-profit Latino organization Opposes HB 2691; says farm laborers work very hard under unfavorable weather conditions.
297	Jerry Scott	Citizen, Salem (EXHIBIT J) Opposes HB 2691.
TAPE 33, B		
001	Ignacia Arreola	Farm worker Opposes HB 2691, describes farm labor abuses and violations.
051	Rep. Minnis	Asks what she aspires to become.
055	Arreola	Answers representative of Hispanic workers.
062	Irma Vidal Hanbrosio	Farm worker Says pay is insufficient to support family with necessities; opposes HB 2691.
103	Rep. Fahey	Asks who watches children when parents work in the fields.
105	Hanbrosio	Replies babysitter to whom they pay \$13.00 per day.
		Farm worker

123	Alicia Hernandez	Says percentage received for picking cucumbers is insufficient. Invites committee to visit fields to judge working conditions. Adds water and living conditions are unsafe for children. Asks committee to support minimum wage by opposing HB 2691.
155	Maria Zaragoza	Farm worker Says she and husband work in the fields; opposes HB 2691.
184	Ana Maidonado	Farm worker Asks committee to support farm workers by opposing HB 2691.
218	Rep. Beck	Compliments farm workers for courage to testify before committee.
230	Chair Harper	Reminds audience written testimony will be accepted until end of the week. Closes public hearing on HB 2691. Adjourns the meeting at 11:01 a.m.

Submitted By, Reviewed By,

Linda Spaulding, Cara Filsinger,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2691, written testimony, Amy Klare, 50 pp

B - HB 2691, written testimony, Marcia Latta, 1 p

C - HB 2691, written testimony, Patricia Gerhart, 1 p

D - HB 2691, written testimony, Nancy Haque, 1 p

E - HB 2691, written testimony, Cory J. Schreiber, 4 pp

F - HB 2691, written testimony, Doug Hopper, 1 p

G - HB 2691, written testimony, Dave Easton, 1 p

H - HB 2691, written testimony, Melissa Watson, 5 pp

I - HB 2691, written testimony, Chris Groener, 2 pp

J - HB 2691, written testimony, Jerry Scott, 5 pp