

Lawmakers play wait and see game in Salem

Salem Scene
A Weekly Column
By Jack Zimmerman
Associated Oregon Industries

Early this month the Oregon Wage & Hour Commission voted to lower the state-mandated minimum wage for workers less than 18 years old.

The Legislature in Salem also is considering a measure, House Bill 3097, that would statutorily reduce the same minimum wage. Together, the bill and commission action have created a storm of controversy—the results of which produced a sizeable amount of misunderstanding and unwarranted concern. Teenagers immediately begun calculating anticipated wage losses and the amounts of total earnings they feared might be lost during summer employment. Opponents of a subminimum wage concept raised the discrimination banner and predicted dire consequences. The Bureau of Labor's phones have been ringing off their hooks and its Portland offices have been flooded with mail.

Few, if any reports have bothered to analyze actual impact of either the Commission action or the bill. Consequently, there is considerable concern any objective consideration of HB 3097 will be blunted by emotional reaction. More important, perhaps, many eligible employers may be discouraged from taking advantage of the opportunity to employ additional young people as provided by the commission.

Biggest source of confusion regarding both HB 3097 and the Commission's ruling involves precisely which employers are involved.

The vast bulk of all Oregon employers operate under jurisdiction of the federal Fair Labor Standards Act of 1938. As of January 1 this year, the federal minimum wage is \$2.90 an hour. Under current federal law, that minimum rises to \$3.10 an hour next January and to \$3.35 in 1981.

Something less than 5 percent of all Oregon employers fall under jurisdiction of the state Bureau of Labor's Wage & Hour Commission. They are required to pay the state minimum wage of \$2.30 an hour.

What the Wage & Hour Commission has done is to make it possible for employers under its jurisdiction to pay a beginning wage to 14-through 17-year-olds that is 80 percent of \$2.30—or \$1.85—during June, July and August of this year.

It does not mean teens currently employed and being paid \$2.30 an hour will find their pay automatically cut to \$1.85 beginning next month. It doesn't even mean all teenagers who find summer jobs with employers under state jurisdiction will have to work for \$1.85 an hour.

Most employers under state jurisdiction have found they must pay more than \$2.30 to attract teen workers who will stay on the job any length of time.

In essence, what the Commission has done and what HB 3097 would do is to create a condition under which a few small businesses—which do not employ teenagers—will find it more economically possible to hire new help.

And at the same time such action is designed to provide teenagers with a new opportunity for work experience, on-the-job training and a chance to earn money on their own.

Reducing the wages of inexperienced teenage help by 40 cents an hour may not mean much to a person who has not operated a business. They don't comprehend the fact wages are only a part of the cost of labor. Add matching social security payments,

workers' compensation insurance, unemployment insurance, union pension fund contributions, health and accident insurance and other fringe benefits and you get a clearer picture of the financial investment it takes to hire new workers.

Who are the employers who may find themselves in a position to hire teenagers and pay them a starting wage of

\$1.85 an hour? More than likely they are operators of small retail or service establishments. In order to fall under the Wage & Hour Commission's jurisdiction their businesses gross less than \$5,000 a week.

They are what a Bureau of Labor official called mamapapa operations. They definitely aren't operators of so-called fast-food restaurants.

They're not convenience stores, supermarkets or even service stations.

When asked how the Bureau of Labor intends to survey results of this summer's experiment with the three-month \$1.85 training wage, a spokesman said employers of two or fewer employees will be surveyed.

Oregon last year issued about 42,000 work permits to

14 through 17-year-olds and only a fraction of that number would qualify for the training wage. Best estimate is something less than 6,000.

Opponents of the training wage concept tend to ignore the fact Washington and California are among states with similar provisions. They also have a tendency to skim over the fact the Fair Labor Standards Act also contains

provisions permitting subminimum wages.

Relating this information to everyone concerned is a difficult task at best. It becomes even more difficult when the issue is obscured by misinformation and misunderstanding.

Only time will tell whether the Wage & Hour Commission will resist existing pressure to rescind its order and whether

the Legislature will succeed in passing HB 3097.

Meanwhile, Nobel Prize-winning economist Milton Friedman has summed up the opinion of many fellow economists on the subject by declaring it has always been a mystery why teenagers are supposed to be better off unemployed at \$2.30 an hour than gainfully employed at something less.

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Medicare workshop planned for center

There will be a Medicare Insurance Workshop for senior citizens and all interested persons on Wednesday, May 30 at 10 a.m. at the Neighborhood Center.

This workshop will be conducted by Suzanne Jepsen, Supervisor for the Tri-County Homemaker Program for senior citizens.

The class is designed to help


seniors understand supplementary insurance to Medicare so they will not be "victimized by unscrupulous health insurance salesmen."


Because it will be helpful to know approximately how many we will have in the class, will you please call the Neighborhood Center—phone 676-5873 if you are interested. However, everyone is welcome whether you call or not.

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