



## OREGON HOUSE REPUBLICAN OFFICE

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*In Case You Missed It*

### **Oregon's new minimum wage will create 'tough choices' for public universities**

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[The Oregonian](#)

As Oregon lawmakers celebrated passage of a historic minimum wage hike last week, leaders at each of the seven public universities were pulling out their calculators.

Oregon's four-year universities collectively pay thousands of mostly student workers the minimum wage, and those workers will be owed millions in the coming years as that wage ratchets up across the state.

"This is a big hit," Di Saunders, Oregon Institute of Technology's associate vice president of communications, said in an email.

The law also comes as universities budget for a two-year funding cycle with an expectation that the state financial picture will take a significant turn for the worse, driven in part by massive public-pension obligations.

"It creates some tough choices," Steve Clark, Oregon State University's spokesman said of additional minimum-wage costs.

The first step of Oregon's new wage law goes into effect in July, when the minimum wage will increase 50 cents, to \$9.75 an hour. Hourly pay will eventually rise to to \$14.75 inside Portland's urban growth boundary, \$13.50 in midsize counties and \$12.50 in rural areas by 2022.

At Portland State, where pension obligations are expected to jump by \$13 million in the 2017-19 two-year budget cycle, there are few places to turn. Minimum wage will cost PSU an estimated \$2.5 million more during the biennium.

"We anticipate we will address these [wages] through budget cuts and increased revenue," Suzanne Pardington Effros, PSU spokeswoman, said in an email.

Tobin Klinger, a University of Oregon spokesman, said the vast majority of employees making the minimum are students not working in federally funded work-study jobs. They're hired by the schools and paid hourly, and they work in administrative offices, maintenance jobs and elsewhere on campus.

Oregon's new minimum could put more money in some students' pockets, but it will more likely lead administrations to either cut back on the number of students they hire or the number of hours they're

allowed to work. Officials will likely turn to another frequent source of revenue to make up the difference: tuition dollars.

At the University of Oregon, where the Board of Trustees just voted to raise tuition by 4.8 percent for in-state students in the fall, the new wage will cost an extra \$432,779 to implement during the 2017 fiscal year alone.

The annual wage increase would have a compounding effect.

In the 2017-19 biennium, UO would owe an estimated \$2.3 million in additional wages. By the next funding cycle, the university would owe an extra \$3.4 million in wages, according to university estimates. By the 2021-23 biennium, that figure would top \$6.1 million.

Klinger said the minimum wage is "another challenge" universities face, and the school is assessing its options.

For the Beavers, the extra wages due to students in the next biennium would be at least \$4.8 million.

OSU is in a special situation, Clark said, because the school employs students in each of the three state-approved wage areas.

OSU has more than 7,800 student positions, and more than half of them pay less than what will become the new minimum in July.

"It's very complicated for Oregon State and will require decisions to be made," Clark said in an email, adding the law will "affect all aspects of Oregon State's operations and even research that involves student employees." By the 2019 fiscal year, Clark said, the school could look at reducing the number of student jobs by 650 to 700 positions to cut costs.

Oregon's smaller public universities will also feel the pinch.

Western Oregon, where an estimated 886 students are employed, will owe nearly \$450,000 in extra wages in the next biennium.

Southern Oregon would owe \$299,272 during the same period, while Oregon Institute of Technology would owe a similar figure.

Eastern Oregon would owe its workers an extra \$162,907 for the same period.

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