

**STATEMENT OF PACIFIC SEAFOOD PROCESSORS ASSOCIATION
IN OPPOSITION TO BALLOT MEASURE 3**

1. Good afternoon, Lt. Governor Treadwell. I am Vince O'Shea, Vice President of the Pacific Seafood Processors Association. I live in Juneau. Thank your for the opportunity to offer testimony in opposition of Ballot Measure 3.

2. PSPA is a non-profit seafood industry trade association founded in 1914. Our nine corporate members collectively purchase and process nearly 70 percent of all the seafood landed in Alaska. They have invested hundreds of millions of dollars in plants and equipment in the Alaskan communities where we operate. We provide markets to thousands of Alaskan fishermen and many more thousands of direct and indirect jobs to plant workers and service providers.

3. We certainly respect the view that people should have the opportunity to earn a decent wage and support themselves. But raising the minimum wage is a poor way to accomplish this, and will actually cause harm, to both the people it is intended to help as well as others. While raising the minimum wage initially appeals to the public, that support may fade once people are given the opportunity to understand the full range of impacts.

4. A one size fits all approach to increase wages fails to realistically account for where the increased costs will come from and fails to properly recognize the different economic characteristics of business sectors. There appears to be an assumption that all businesses in all industries currently have the financial resources to pay their workers more, or can somehow generate additional revenue. That assumption is flawed.

5. Raising the minimum wage especially hurts the employees of businesses who cannot pass on increased labor costs to their customers. 70% of Alaska seafood is sold into the global market where we are price takers. Alaska accounts for only a small fraction of the global seafood supply. If we try to raise our prices, customers have many other choices.

In the case of Alaskan pollock, our state's largest fishery by volume, those choices include pollock caught and processed by factory trawlers whose workers are not impacted by the Alaskan minimum wage.

The remaining 30% of Alaska seafood production goes into the U.S. market where demand for seafood continues to lag that of other protein...raising prices will not help sell more fish.

The COLA provision setting us on a course of wage increases based on Alaskan economic conditions, will especially hurt our current and future ability to compete in global markets.

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1. Good afternoon, Lt. Governor Treadwell. I am Vince O'Shea, Vice President of the Pacific Seafood Processors Association. I live here in Juneau. Thank your for the opportunity to offer testimony in opposition of Ballot Measure 3.

2. PSPA is a non-profit seafood industry trade association founded in 1914. Our nine corporate members collectively participate in all Alaska fisheries, purchasing and processing nearly 70 percent of all the seafood landed in Alaska. We have hundreds of millions of dollars invested in plants and equipment in the Alaskan communities where we operate. We provide markets to thousands of Alaskan fishermen and many more thousands of direct and indirect jobs to plant workers and service providers.

3. We certainly respect the view that people should have the opportunity to earn a decent wage and support themselves. But raising the minimum wage is a poor way to accomplish this, and will actually cause harm, to both the people it is intended to help as well as others. While raising the minimum wage initially appeals to the public, that support tends to fade when people are given the opportunity to understand the full range of impacts.

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5. Raising the minimum wage especially hurts the employees of businesses who cannot pass on increased labor costs to their customers. 70% of Alaska seafood is sold into the global market where we are price takers. Alaska accounts for only a small fraction of the global seafood supply. If our prices go up, customers have many other choices.

In the case of Alaskan pollock, our state's largest fishery by volume, those choices include pollock caught and processed by U.S. factory trawlers whose workers are not impacted by the Alaskan minimum wage.

The remaining 30% of Alaska seafood production goes into the U.S. market where demand for seafood continues to lag that of other protein...raising prices will not help sell more fish.

6. In our case we will have to look to ways to reduce costs. These will include:

- a. Reducing retirement, health care, and other benefits to new and existing workers.
- b. Eliminating jobs through automation.
- c. Sending more product overseas for finish processing.

7. It will also put downward pressure on the prices we pay for raw product and support services. Ironically, while the majority of minimum wage workers in our plants are non-Alaskans, the majority of permit holders and crews delivering to our plants are Alaskans. At the end of the day buying and processing seafood for more than we can sell it for is not sustainable.

8. By necessity, many of our plants are in remote locations. The significant costs we currently incur in transporting, housing, feeding, and providing housekeeping services to our workers are not taken into account by an across the board increase of the minimum wage. For many of our employees, these services, along with the overtime opportunities we offer, mean they take home a substantially greater pay check compared to minimum wage earners in Anchorage or Juneau.

9. The National Federation of Independent Business Alaska the Alaska Chamber and other groups have spoken or will speak in opposition providing information on how Ballot initiative 3 fails to help those in poverty while reducing opportunity for workers of all ages to enter the workforce. We would add our voices to their positions, especially with regard to elements linking Alaska's minimum wage to advances in the federal minimum wage, as well as an annual CPI adjustment, in perpetuity, regardless of the overall or sector business climate.

10. Currently there is no law or regulation prohibiting employers from paying more than the minimum wage...and many businesses do just that. But it is an individual decision that takes into account the economic realities of the business and the markets in which they are operating. We strongly believe that is the way things should operate.

Hopefully, after voters realize that raising the minimum wage will increase the costs of goods and services, reduce jobs, restrict opportunities for people to enter the work force, and harm businesses they will agree as well.

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