

**For Immediate Release**

September 16, 2008

**For More Information, Contact:**

Charles Sheketoff (503) 873-1201  
Michael Leachman (503) 873-1201  
Juan Carlos Ordóñez (503) 873-1201

## **Oregon's Minimum Wage Hike Helps Offset Rising Costs Agriculture and restaurant industries flourish under increases**

(Silverton) — The 45-cent hike to Oregon's minimum wage starting next year will be welcome news for the state's lowest-paid workers, who have been hit hard by escalating food and gas prices, according to the Oregon Center for Public Policy.

Oregon's minimum wage will rise from \$7.95 to \$8.40 on January 1, 2009, the Oregon Bureau of Labor and Industries announced today. The adjustment, mandated by a ballot measure approved by voters in 2002, reflects the rise in the cost of living as defined by the August Consumer Price Index (CPI), which jumped by 5.4 percent from a year ago.

The increase means an extra \$936 a year for a family with one full-time minimum wage worker.

But the pay raise that Oregon's minimum wage earners will get next year may not be enough to make up for the rise in prices at the supermarket or the pump, cautioned OCPP policy analyst Michael Leachman.

During the twelve-month period ending in August, food and gasoline prices rose faster than prices for the overall basket of goods and services that constitutes the CPI, said Leachman. He estimated that during that period, the price of food leaped by 7.5 percent and gasoline by 36 percent.

"Many Oregonians are hurting from rising food and gas prices, but the pain is greater for low-income workers," said Leachman. "A larger share of low-income workers' overall spending goes to cover these two necessities, compared to the spending of better-paid workers."

OCPP analysis of national consumer spending data shows that the poorest fifth of all consumers devote more than 20 percent of all of their spending to food and gasoline combined. By contrast, the share spent by the wealthiest fifth on those two items is under 15 percent.

(more)

## Oregon's Minimum Wage Hike Helps Offset Rising Costs

September 16, 2008

Page 2 of 2

“Our analysis probably understates the problem today because the most recent data on spending is from 2006, well before gasoline and food prices skyrocketed this year,” said Leachman.

“Next year’s wage hike may not fully make up the lost ground, but our lowest-paid workers would be much worse off without the adjustment,” Leachman said. “We should be thankful that Oregon is a national leader in raising the floor on wages.”

With the 2002 approval of Measure 25, Oregonians voted to increase the state’s minimum wage from \$6.50 to \$6.90 per hour effective January 1, 2003, and to raise it annually each year thereafter to keep up with annual inflation, as defined by the August CPI.

Next year Oregon will have the nation’s second highest state minimum wage, trailing only Washington state, according to Leachman. He expected Oregon’s northern neighbor to retain the top minimum wage in the country when it announces its 2009 annual cost-of-living adjustment later this year.

“More than four years after Measure 25 upped the minimum wage and pegged annual changes to inflation, the dire predictions of its opponents have yet to materialize,” said Leachman. He was referring to statements in 2002 by the restaurant industry that Measure 25 would dampen job growth and by the farm industry that Oregon agriculture would be rendered uncompetitive. “Both industries have flourished,” he concluded.

According to Leachman, from 2002 through this year the number of restaurant jobs in Oregon has grown by nearly 21 percent — more than double the state’s overall non-farm job growth rate.

Similarly, Oregon’s net farm income nearly tripled from 2002 through 2007, easily outpacing national growth in farm profits over the same period, said Leachman.

“Oregon’s cost-of-living adjustments to the minimum wage continue to be good for low-wage workers and good for Oregon,” said Leachman.

The Oregon Center for Public Policy is a non-partisan research institute that does in-depth research and analysis on budget, tax, and economic issues. The Center’s goal is to improve decision making and generate more opportunities for all Oregonians.