



For Immediate Release
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Labor Commissioner Dan Gardner Announces Oregon's Minimum Wage to Increase

Portland--- Dan Gardner, Commissioner of the Bureau of Labor and Industries, today announced that minimum wage workers will receive a 25 cent per hour cost-of-living raise next year. Oregon's minimum wage will increase by 25 cents from \$7.25 per hour to \$7.50 per hour effective January 1, 2006.

In November 2002, Dan Gardner was one of the Chief Petitioners of Ballot Measure 25. Oregon voters passed BM 25, which requires the Labor Commissioner, who directs the Bureau of Labor and Industries, to annually adjust the minimum wage for inflation based on a rise in the U.S. City Average Consumer Price Index (CPI) for All Urban Consumers for All Items. The annual adjustment is to be calculated every September, rounded to the nearest five cents and becomes effective the following January. The CPI increased by 3.6 percent which translates into a 25 cent increase under this formula.

The United States Bureau of Labor and Statistics publishes the CPI, a measure of the average change in prices over time on a fixed "market basket" of goods and services, such as food, shelter, medical care, energy, and other goods and services people purchase for day-to-day living. Notably, this past year the rising cost of energy was a major factor driving the CPI.

"Indexing provides predictable increases for businesses," said Gardner. "Use of the annual CPI adjustment offers businesses the ability to budget more effectively and accurately for increased costs," said Gardner. "Overall most low-wage workers pump every dollar of their pay checks directly into the local economy by spending their money in their neighborhood stores, local pharmacies, and corner markets. When the minimum wage increases, local economies benefit from the increased purchasing power of low-wage workers and their families." "This year they are pumping more of their pay check into their gas tanks," Gardner noted.

Gardner, who fought efforts to repeal the annual cost-of-living increase during the past legislative session, pointed out that earnings for minimum wage workers continue to fall short of the federal poverty line – set at \$16,090 a year for a family of three in 2005. According to the Oregon Center for Public Policy, a minimum wage worker in Oregon supporting a three-person family by working full-time, year-round earned \$15,080 in 2005, \$1,010 less than the federal poverty line.

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“Past reports have found the ‘real’ cost of living in Oregon is rising twice as fast as overall inflation – for example more than 27% between 1999 and 2003 - while medium household income rose only 2.5% in the same period,” noted Gardner. “Unfortunately, that shows that many Oregonians are losing ground particularly due to the rising cost of energy,” noted Gardner. “While raising the minimum wage will at least ensure that the lowest-paid Oregonians make up some ground against the rising costs of such items as gasoline, utilities and insurance, it has unfortunately not elevated them out of poverty.”

In 1996, voters approved a ballot measure that gradually increased the minimum wage by \$1.50. That increase was phased into place in 50-cent increments through January 1999. The passage of Measure 25 increased Oregon’s minimum wage of \$6.50 per hour to \$6.90 per hour effective January 1, 2003.

The federal minimum wage remains \$5.15 per hour and has not increased since 1997.

Currently, Oregon’s minimum wage is the second highest in the nation behind Washington State. Washington is expected to make its annual inflation adjustment to its current minimum wage of \$7.35 per hour at the end of September.

Employers will receive a poster reflecting the new rate in December 2005 in time to post it on January 1, 2006. New posters will also be available for downloading on the BOLI website at that time.

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Background Information on:

Consumer Price Index Information, Bureau of Labor and Statistics, DOL

<http://www.bls.gov/cpi/home.htm#news> or <http://www.bls.gov/news.release/pdf/cpi.pdf>

Bureau of Labor and Industries, Wage and Hour Division

http://www.oregon.gov/BOLI/TA/T_FAQ_Min-wage2004.shtml

Ballot Measure 25 (Law, Explanatory Statement, Opponents and Supporters)

<http://www.sos.state.or.us/elections/nov52002/guide/measure/m25.htm>

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