



News Release

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Minimum Wage Employers Posting Strong Job Growth

Cost of living adjustments - like the one announced today – have been good for Oregonians and good for Oregon

(Silverton) – Oregon’s annual cost of living increase in the state minimum wage has increased wages for low-wage workers while still allowing low-wage employers to add jobs at a strong clip, according to an analysis released today by the Oregon Center for Public Policy (OCPP). The release of OCPP’s analysis coincides with today’s announcement by state officials that on January 1, 2006, Oregon’s minimum wage will increase 25 cents, to \$7.50, to match cost of living increases in Oregon over the last year.

“Oregon’s restaurants and farms have been adding jobs more rapidly than employers generally since Oregon voters raised the minimum wage and established annual cost of living adjustments,” said Chuck Sheketoff, executive director of the OCPP. “Oregon voters clearly made the right choice when they passed Measure 25. The annual increases in the minimum wage have been good for Oregonians and good for Oregon.”

Measure 25, adopted by voters in 2002, increased Oregon’s minimum wage to \$6.90 on January 1, 2003 and established annual adjustments based on official cost of living calculations. After two years of annual adjustments, the state minimum wage is now \$7.25. On January 1, 2006, it will rise to \$7.50, giving a full-time worker an additional \$520 a year.

An OCPP analysis found that restaurant jobs generally increased by 7.7 percent between the first quarter of 2002 and the first quarter of 2005. Fast food restaurants saw job gains of 10.3 percent over the same period. By contrast, overall non-farm payroll employment in Oregon grew just 4.1 percent. According to a National Restaurant Association projection released in August, restaurant employment in Oregon is expected to grow 14 percent over the next 10 years.

“Oregon’s restaurant industry continues to bellyache that the small annual increases wreak havoc and produce job losses, but that’s not what has happened in their own industry,” said Sheketoff. “On the contrary, restaurants in Oregon are adding jobs more quickly than businesses generally.”

Total agricultural employment in Oregon was up 6.5 percent between 2002 and 2004, the OCPP found. Total non-farm jobs in Oregon, by contrast, increased by just 1.3 percent over the same period. Estimates of total agricultural jobs in 2005 are not yet available.

“Farm jobs have grown rapidly since Measure 25,” said Sheketoff. “The notion that the cost of living adjustment seriously crimps farm hiring is hogwash.” According to an OCPP analysis of federal farm income data, Oregon agriculture has had record net income, with net farm income tripling in the two years following the voter approved minimum wage adjustments.

Despite the adjustments to the minimum wage, a full-time minimum wage employee supporting a family of three still does not earn enough to escape poverty. A full-time minimum wage worker this year makes \$15,080. That’s \$1,010 less than the poverty line for a family of three. The Center noted that the cost of covering basic family needs in Oregon is much higher than the poverty line suggests. A study by the Economic Policy Institute released in late August found that a parent with two children living in the Portland metro area would need \$38,112 to cover the necessary costs of a modest lifestyle.

“On New Year’s Day, low-wage workers who have had to endure rising health care and gas costs will welcome the annual cost of living adjustment,” said Sheketoff. Gas prices in Oregon are already up about 42 percent over the last year. Workers are also seeing higher health care costs as employers faced with rapidly rising health insurance premiums are shifting more costs onto their workers. A survey released Tuesday by Mercer Human Resource Consulting estimated that 62 percent of large companies nationally would be shifting more health care expenses to their workers in 2006, the third straight year this has occurred.

“Oregon voters understand that the cost of meeting basic needs continues to climb,” said Sheketoff. “They want minimum wage workers to be able to keep pace with these rising costs.”

The ***Oregon Center for Public Policy*** uses research and analysis to advance policies and practices that improve the economic and social opportunities of all Oregonians.