For Immediate Release | **For More Information, Contact:**
December 30, 2005 | **Michael Leachman, 503-873-1201**

New Year's Day Minimum Wage Boost Helps Low-Wage Workers Without Hurting Economy

Oregon's job growth since voters approved increase ranks 9th fastest

(Silverton) – The annual cost-of-living adjustment in Oregon's minimum wage set to take effect on New Year's Day will help low-wage working families keep up with the cost of living without dampening job growth, according to an analysis of job growth trends over the past three years by the Oregon Center for Public Policy (OCPP). Oregon has added jobs more rapidly than 41 other states since the voter-approved minimum wage increase first took effect three years ago, according to the analysis.

"The annual cost-of-living adjustment in the state minimum wage is good for Oregon and good for Oregon's low-wage, working families," said Michael Leachman, policy analyst at the OCPP. "Oregon's job growth has outpaced most other states since the minimum wage was first increased three years ago."

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. On New Year's Day, the annual adjustment will push the minimum wage to $7.50 an hour, up from $7.25 this year. At $7.50 per hour a full-time worker will gross $15,600 over the course of the year, or $1,300 a month.

"Contrary to the doomsday predictions of minimum wage opponents, Oregon's annual cost-of-living adjustments in the minimum wage have been compatible with solid job growth," said Leachman.

According to the OCPP, Oregon added 91,500 jobs between January 2003, when the minimum wage was first increased following voter approval of Measure 25, and November 2005, the latest data available. Oregon's percentage growth in jobs over this period is the nation's ninth fastest.

OCPP analysis also indicates that restaurants and farms have seen particularly rapid job growth since the passage of Measure 25. Restaurants and farms each have lobbying associations that have been outspoken critics of the annual inflation adjustments in the minimum wage and both industries have large concentrations of minimum wage workers.

Restaurant jobs increased by 7.7 percent between the first quarter of 2002 and the first quarter of 2005 - the latest data available - compared to a 4.1 percent gain for overall non-farm payroll employment. 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. Data on agricultural employment for 2005 is not yet available.

Leachman emphasized the importance of the annual cost-of-living adjustments for allowing all of Oregon's working families to keep pace with rising costs of health care, gas, housing, and other basic necessities. "Minimum wage workers may still be working for poverty wages," he said, "but at least they won't fall further behind in 2006 as these costs continue to escalate."

Despite the adjustments to the minimum wage, a full-time minimum wage employee supporting a family of three or more still does not earn enough to escape poverty. A full-time minimum wage worker in 2005 made $15,080. That's $1,010 less than the 2005 poverty line for a family of three. Because the poverty line, like Oregon's minimum wage, is adjusted annually for inflation, in 2006 the three or more person family with one minimum wage worker will remain in poverty. The 2006 poverty line will be set in early 2006 by the federal government.

Leachman 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 earlier this year found that a parent with two children living in the Portland metro area would need $38,112, or over $18 per hour, to cover the necessary costs of a modest lifestyle.

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.