

**For Immediate Release**

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## **Oregon's Minimum Wage Won't Rise in 2010 Cost-of-living wage peg is "working as intended," says OCPP**

(Silverton) — Oregon's lowest-paid workers won't be getting a raise next year. With the recession keeping inflation in check, Oregon law has not triggered a cost-of-living increase in the state's minimum wage for 2010, the Oregon Bureau of Labor and Industries (BOLI) announced today.

The state's minimum wage will stay put at \$8.40 an hour in 2010, the first year without an increase since Measure 25 took effect. That voter-approved measure upped the state's minimum wage in 2003 and mandated subsequent annual cost-of-living increases based on the Consumer Price Index (CPI).

"The law is working as intended," said Joy Margheim, policy analyst with the Oregon Center for Public Policy. "Tying minimum wage increases only to increases in inflation ensures the minimum wage reflects current economic conditions."

The August CPI, used by BOLI to determine whether a minimum wage increase is warranted, showed a decline of 1.5 percent from the previous year.

Coming on the heels of a 45-cent minimum wage increase that took effect at the start of 2009, the decline in the August CPI undercuts critics' argument that minimum wage increases stoke inflation, according to Margheim. She said that "larger economic forces and decisions by the Federal Reserve" affect inflation.

"Oregon's minimum wage increases follow inflation; they don't lead it," said Margheim.

That 45-cent minimum wage increase this past January responded to the sharp rise in the CPI in 2008, in part because of escalating food and gas prices. "Without the increase, Oregon's lowest-paid workers would have fallen further behind during this tumultuous year," said Margheim.

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By itself, the minimum wage does not guarantee economic security, according to Margheim. She noted that at \$8.40 an hour, an Oregon full-time minimum wage worker will earn \$17,472, an amount below the federal poverty line for a family of three (\$18,310).

Still, that's better than minimum wage earners in most other states. Even without a cost-of-living increase, Oregon will retain the second highest statewide minimum wage in the nation. It will trail only the state of Washington's \$8.55 hourly wage, which is also tied to the CPI and is unlikely to increase next year.

Other than Oregon and Washington State, 11 other states and the District of Columbia have a minimum wage higher than what federal law mandates. This past July the federal minimum wage rose to \$7.25.

Examining the impact of past federal minimum wage increases, a report released earlier this year by the Economic Policy Institute concluded that minimum wage increases are good for the economy. The economists at the Washington, D.C.-based think tank noted that "By increasing workers' take-home pay, families gain both financial security and an increased ability to purchase goods and services, thus creating jobs for other Americans."

Oregon's minimum wage has not kept up with inflation since 1976, when it was \$2.30 an hour, according to Margheim. That wage in 2008 dollars would be \$8.70, rather than the current \$8.40.

"Unless the base minimum wage gets a bump from the legislature or voters," she said, "we'll always lag the 1976 high point."

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.