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Oregon Minimum Wage Will Rise by 10 Cents on New Year's Day

(Silverton) — Oregon's lowest-paid workers will get a small boost with the start of the New Year, when the state's minimum hourly wage rises by 10 cents to \$8.50.

The increase means that a full-time worker earning the minimum wage will earn \$208 more in 2011, according to Chuck Sheketoff, executive director of the Oregon Center for Public Policy.

"A strong minimum wage is good for low-wage workers and good for Oregon's economy," said Sheketoff. "The extra dollars help low-income families make ends meet. They also help maintain and create jobs, because low-income earners tend to spend that money quickly and locally."

Sheketoff noted that studies of the federal minimum wage have found that minimum wage raises have no adverse impact on job creation and that households with minimum wage earners increase their spending when the minimum wage goes up.

The minimum wage increase taking effect on January 1 is the result of Measure 25, enacted in 2002. With that measure, Oregonians voted to increase the state's minimum wage from \$6.50 to \$6.90 per hour starting in 2003 and to raise it annually thereafter to keep up with inflation, as defined by the Consumer Price Index. Minimum wage workers went without an increase in 2010 under the formula.

In October, the state Employment Department reported that "Oregon had roughly 121,000 jobs paying less than \$8.50 per hour in the second quarter of 2010. More than half of these jobs were in the leisure and hospitality or retail trade industries." Natural resources and mining industries also had greater than average number of jobs with wages below \$8.50.

Even more Oregonians, those with wages just above the new minimum, may also see their wages increase in response to the raising of the wage floor, according to Sheketoff.

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Not all employers, however, abide by the minimum wage law. The Oregon Bureau of Labor and Industries (BOLI) said its Wage and Hour Division handles some 2,800 wage claims a year, including minimum wage violations.

In a landmark study published earlier this year, researchers from the National Employment Law Project surveyed workers in low-wage industries in Chicago, Los Angeles and New York City. They found that a quarter of these workers — one out of four — were paid less than minimum wage in the previous work week.

“A priority of the 2011 legislature should be to combat wage theft,” said Sheketoff. “When employers break the law by failing to pay minimum wage, they rob from the most vulnerable workers and families, they compete unfairly against law-abiding business owners and they steal dollars that would otherwise flow to the poorest communities, lowering economic activity in already depressed areas.”

Sheketoff said that some of the ways in which the legislature can combat wage theft is by providing the Bureau of Labor and Industries greater resources for going after violators, allowing workers whose wages have been stolen to put a lien on the property of employers, legislating that employers who have used a vehicle in connection with the wage theft will have their driver licenses suspended and regulating better the industries where wage theft is prevalent.

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.