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Gardner Announces a 15-cent Cost of Living Increase for Oregon's Minimum Wage Workers

Portland --- Oregon Labor Commissioner Dan Gardner today announced a 15-cents-per-hour, cost-of-living increase effective January 1, 2008 for Oregon's minimum-wage workers. As a result, Oregon's minimum wage, the second highest in the nation, will increase from \$7.80 per hour to \$7.95 per hour.

"Oregon's minimum wage law makes sure these workers' wages keep pace with rising cost of living," said Gardner, who helped lead the successful 2002 ballot measure effort linking the state minimum wage to the Consumer Price Index. "It is critical for our local communities that wages and incomes rise to help stabilize our state economy."

Recently states across the nation have pushed up their minimum wages and even the federal government raised the minimum wage to \$5.85 an hour. The fifteen cent increase in Oregon's minimum wage will make Oregon's minimum wage the third highest in the nation, slightly behind California and Massachusetts, with minimum wage rates of \$8.00/hour. The state of Washington's minimum wage rate – currently at \$7.93 per hour and also linked to the cost of living – is expected to remain the highest in the nation in 2008 when it is announced at the end of this month.

"Once again, Oregon has led the way," noted Gardner. "I am pleased many states are now raising their minimum wage rates to allow folks to catch up with rising costs as we do annually here in Oregon. States need to be able to continue to have a strong say here and we can't let Congress take our states' rights away."

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Despite the planned increase, Gardner said low-wage workers in Oregon are still playing catch up. Gardner noted that a recent report from the Oregon Center for Public Policy (<http://www.ocpp.org/cgi-bin/display.cgi?page=nr20070830labord>) showed that, among the 25 industry subsectors in Oregon with the highest pay, average pay shot up by 10 percent over inflation between early 2003 and early 2007. In the 25 lowest-paying industries, by contrast, the average pay raise was just one percent over inflation. Only the highest-paid fifth of workers saw their earnings rise faster than inflation during the first three years of the expansion. The rest of the workforce, the bottom 80 percent, saw their wages fall behind inflation. A minimum wage worker in Oregon supporting a three-person family by working full-time, year-round in 2007 will not escape poverty. Such a worker will earn \$16,536 in 2007, \$634 less than the 2007 poverty line for a family of three.

In November 2002, Oregon voters passed Ballot Measure 25, which requires the commissioner of the Bureau of Labor and Industries to annually adjust the minimum wage for inflation based on increases in the Consumer Price Index (CPI). The annual adjustment is to be calculated every September, rounded to the nearest five cents and becomes effective the following January. This year, the CPI increased by 1.97 percent, which translates into a 15-cent-per hour increase under this formula.

The United States Bureau of Labor 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, transportation fares and other goods and services people purchase for day-to-day living.

“It is an important time to remember that almost every dime of these workers’ pay goes directly to local businesses for food, gas and clothing,” said Gardner “This cost of living increase helps them meet their families’ needs on their own.”

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. In 2002, the passage of Measure 25 increased Oregon’s minimum wage of \$6.50 per hour to \$6.90 per hour effective January 1, 2003.

Employers will receive a poster reflecting the new minimum wage rate in December in time to post it on January 1, 2008. New posters will also be available for downloading on the BOLI website in December.

Background Information on the Minimum Wage:

Consumer Price Index Information, Bureau of Labor and Statistics:

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

Oregon Employment Department:

http://www.qualityinfo.org/olmisj/ArticleReader?itemid=00003967&segmentid=0002&tour=0&pdate=1&p_search=minimum+wage&searchtech=1

Bureau of Labor and Industries, Wage and Hour Division:

<http://www.oregon.gov/BOLI/WHD>

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

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