

LIFTING THE FLOOR:

Self-Sufficiency Wages in Oregon

OUR  **OREGON**

INTRODUCTION AND OVERVIEW

Across the state, hundreds of thousands of Oregonians are struggling to get by on the same low wage. No matter where you live, Oregon's current minimum wage cannot support a family. A proposal to raise the wage to \$13.50 statewide combined with restoring the power for local governments to set their own wages would give every working Oregonian the opportunity to earn a self-sufficiency wage.

What the numbers say

A research project conducted by Our Oregon found that a \$13.50 an hour minimum wage would provide a base self-sufficiency income for Oregon's most rural counties. Consider these examples:

- In less-populated rural areas of the state, a full-time worker earning \$13.50/hour could support herself and one preschool-age child. Nearly one in five Oregonians live in rural areas, according to the U.S. Census Bureau.
- For a household of two adults and two children, where both adults work full time, a \$13.50 an hour minimum wage would mean families in all but 7 counties would be self-sufficient. 44% of the state's population live in the counties that would be self-sufficient with full-time work.
- For a two-parent household with two kids, where one adult works full time and the other half time, a \$13.50 an hour minimum wage would be a living wage in 18 counties (half of Oregon's counties, with a combined 14% of the population).

That's not to say that a \$13.50 an hour minimum wage would only help people in rural counties—far from it. About 560,000 jobs in the state pay less than \$13.50 an hour. Most of these jobs are in urban counties.

For Oregon's most populated counties, workers need more than \$13.50 an hour to support themselves and their family. Therefore a new statewide minimum combined with restoring local control to allow our cities and counties to set higher minimum wages would allow local governments to reflect standards of living in those communities.¹ This model has been successful in both Washington and California.

Workers on Public Assistance

Of the 560,000 jobs in the state that pay less than \$13.50 an hour, approximately 200,000 are held by workers who also receive public assistance.

A \$13.50 an hour minimum wage would help out most of the workers who currently rely on these benefits, which include SNAP (food stamps) or government assistance for medical insurance.

Workers enrolled in SNAP in 2014 earned an average \$12.36 an hour in 2013. Industries in which workers averaged less than \$13.50/hour accounted for 76% of the working food stamp recipients.

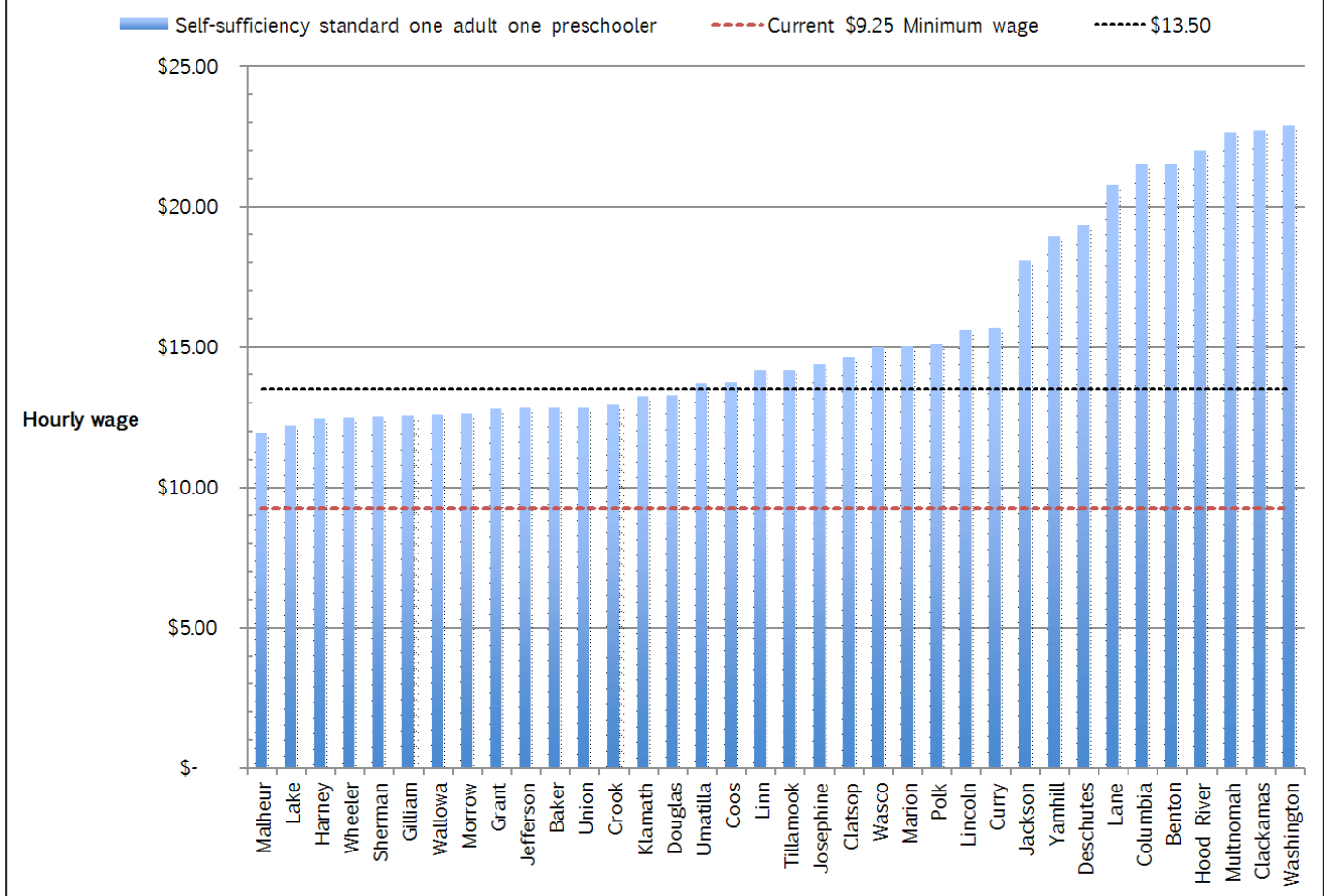
Workers enrolled in the Oregon Health Plan (OHP) in 2014 made an average wage of \$13.62 an hour, but those averages vary by industry. Workers making less than \$13.50 an hour accounted for 62% of all the workers on OHP. In other words, nearly two-thirds of all OHP recipients who work make less than \$13.50 an hour.

The High Cost of Living

To understand what it means to earn a living wage in more detail, we'll consider child care and housing costs in the following pages.

¹The Center for Women's Welfare at the University of Washington publishes county-level estimates on income needed for families to be self-sufficient-- that is, the amount of income necessary to meet basic needs (including taxes) without public subsidies (e.g., public housing, food stamps, Medicaid or child care) and without private/informal assistance (e.g., free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing).

FIG. 1 Self sufficiency wage for one adult with a preschool age child



The Cost of Child Care

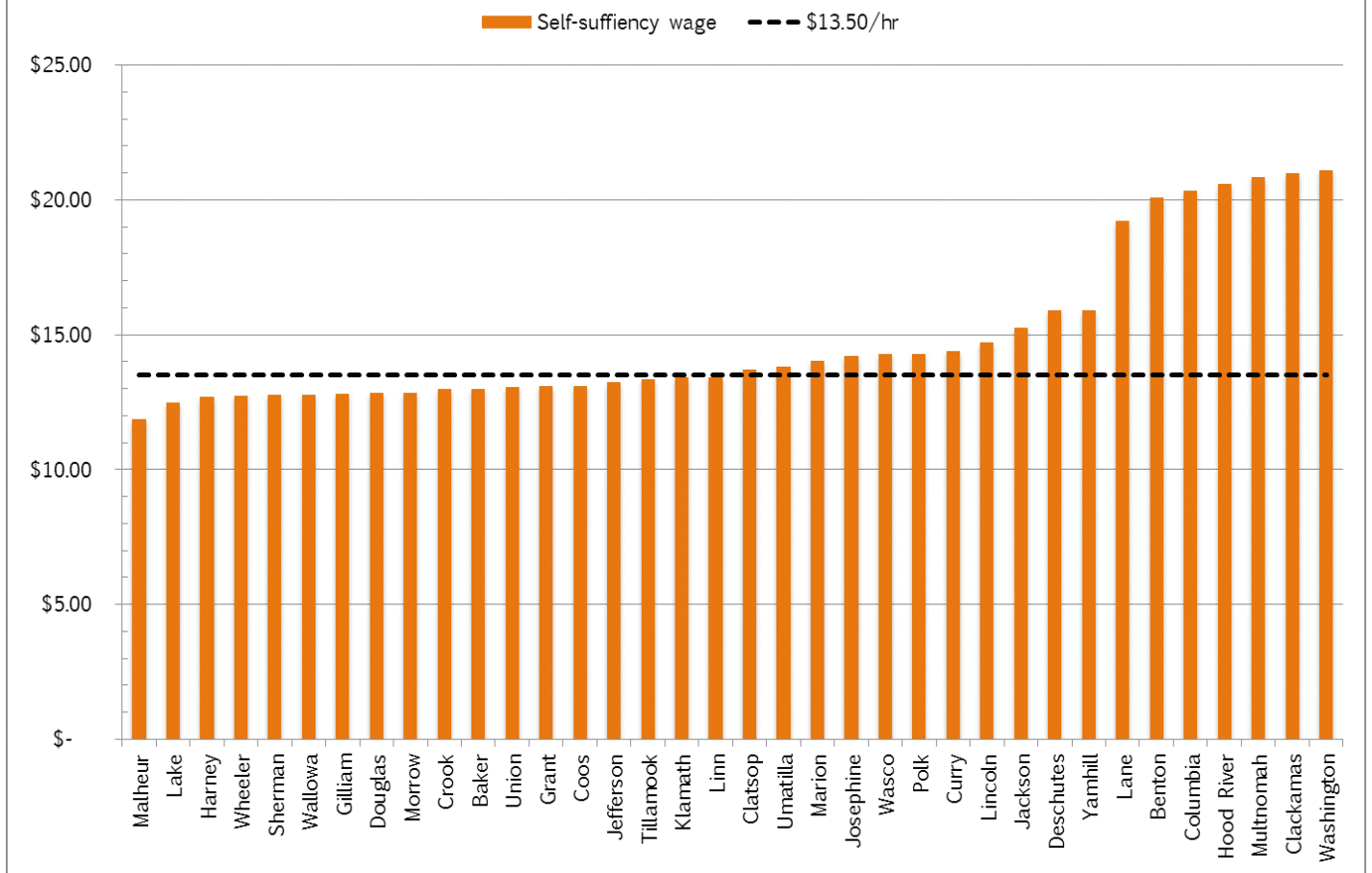
A \$13.50 minimum wage would be a reasonable floor to allow single parents to work and not be overly burdened by child care costs in the counties where child care is the least expensive. Child care is a significant expense for most working families, and child care in Oregon is less affordable than in other states. The average cost of placing an infant in a care center is more than half of the median income for single mothers in Oregon, and over 15% of the state median income for married couples.²

The Oregon Department of Human Services commissioned a Child Care Market Price Study, conducted by Oregon State University, which is used to help determine child care subsidy rates. The 2014 report lists the median county prices for toddler care. Home-based child care is typically the most affordable option for parents, with median rates for toddler care ranging from \$2 an hour in Harney and Wallowa Counties to \$3.50 an hour in Benton County.

For child care costs to be less than 15% of a single parent’s income, a full-time worker in Harney County, for example, would need to make at least \$13.33 an hour—just below the \$13.50 an hour wage floor.

²Child Care Aware, “Parents and the High Cost of Child Care,” 2014.

FIG. 2 Self-sufficiency wage for 2 adult, 2 child family with one full-time worker and one part-time worker



The Cost of Housing

Families that spend more than 30% of their income on housing are considered “cost-burdened.”³ The U.S. Department of Housing and Urban Development publishes data on fair market rent for every county in the U.S.⁴ In the counties with the least expensive housing, fair market rent for a two-bedroom apartment is less than \$700. If a family’s rent is \$700, and if that should ideally be no more than 30% of their monthly income, it would mean that a parent would need to be bringing home an average of \$538 a week, or approximately \$13.50 an hour, to not be burdened by housing cost.

³<http://www.census.gov/housing/census/publications/who-can-afford.pdf>

⁴ http://www.huduser.org/portal/datasets/fmr/fmr_il_history.html

CONCLUSION

Based on current estimates of the income needed for families to be self-sufficient and not be overly burdened by housing or child care costs, a \$13.50 an hour minimum wage would provide an adequate base income for single, working parents in Oregon's most rural counties. In the state's most populous areas, \$13.50 an hour is simply not enough to afford the basics like housing and child care. Therefore, an across-the-state increase must be combined with lifting preemption on local minimum wages to allow individual communities to set wage levels that are right for them.



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