

READY FOR \$15:

Wages and Self-
Sufficiency in Oregon



INTRODUCTION AND OVERVIEW

Across the state, almost three quarters of a million working Oregonians and their families are struggling to survive on poverty wages. Regardless of where you live in Oregon, the current minimum wage of \$9.25 is grossly inadequate to support a family. The proposal to raise Oregon's minimum wage to \$15 gives all working Oregonians--both rural and urban--the opportunity to earn a wage that allows them to be self-sufficient, while repealing the state's minimum wage preemption law will allow the more expensive areas of the state to set a wage the works best for them.

The Studies

- A research project led by 15 Now Oregon established that at least \$15 per hour is needed in both Oregon's rural and urban cities and counties.
- According to the Alliance for a Just Society's 2014 Job Gap report, a single adult in Oregon needs \$15.96 per hour to be self-sufficient.
- The National Low Income Housing Coalition's Out of Reach 2015 report shows that a single mother in Oregon needs to earn at least \$16.61 per hour to afford adequate housing.
- According to the University of Washington Center for Women's Welfare, a single mother with one child in Oregon needs an average of \$15.57 per hour to be self-sufficient. The same report shows that single mothers in half of Oregon's 36 counties need at least \$15 to be self-sufficient.

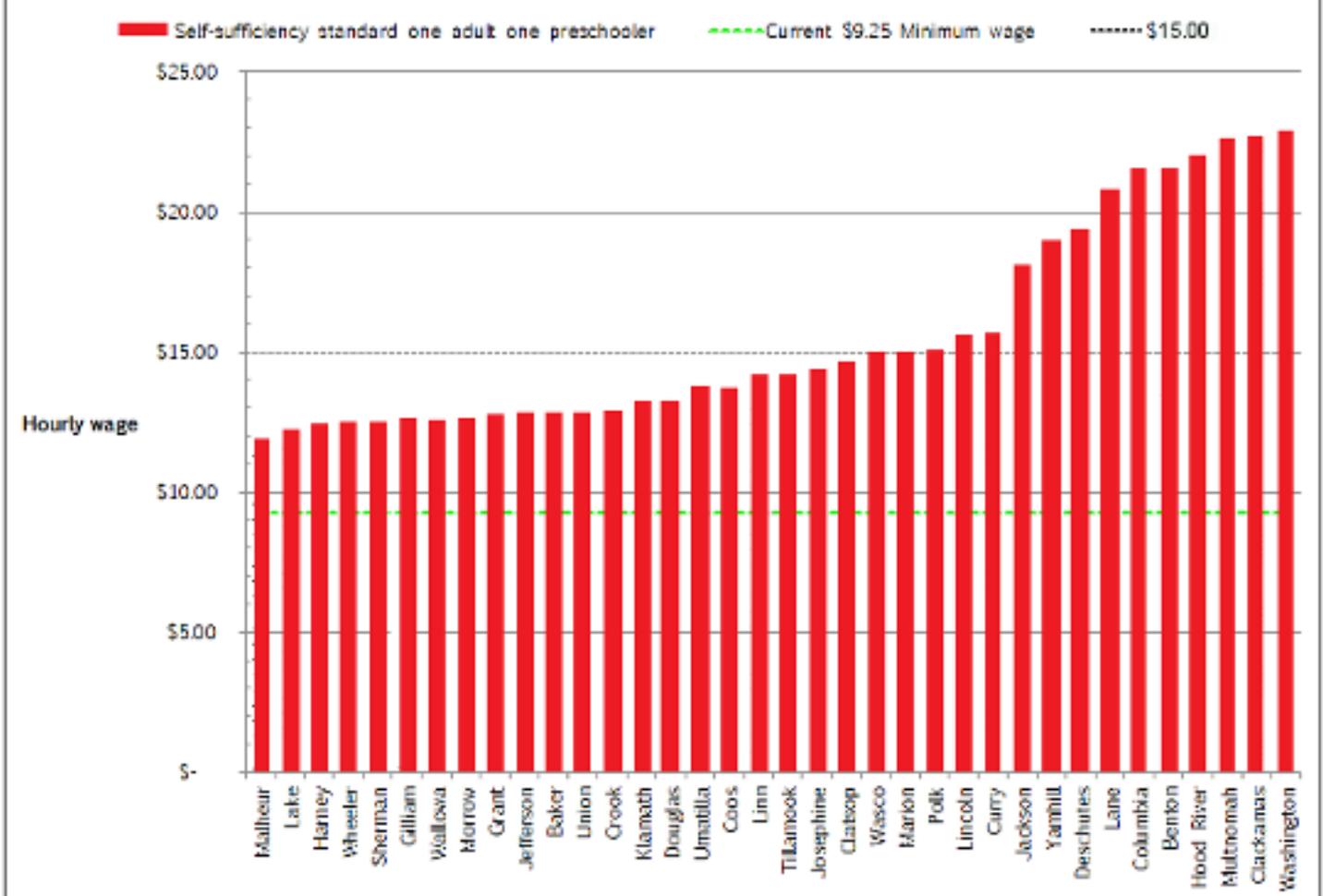
Work and Public Assistance

Of the nearly 740,000 working people in Oregon who make less than \$15, almost 200,000 also receive public assistance.

A \$15 minimum wage would help all of those who currently rely on these benefits to become more self-sufficient.

In fact, according to an analysis of the "benefits cliff" by Oregon's non-partisan Legislative Revenue Office, anything below \$15 leaves workers with less money each month after losing their benefits, while \$15 per hour full-time actually leaves them with extra money at the end of the month.

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



*Graph derived from information in Table C1 on page 56 of *The Self-Sufficiency Standard of Oregon*, by The Center for Women's Welfare at the University of Washington

The High Cost of Living in Oregon

The phrase 'living wage' is commonly used to describe the level at which a person can be self-sufficient without needing to rely on public assistance. Both the Alliance for a Just Society and the University of Washington Self-Sufficiency Standard for Oregon base their findings on the cost of basic necessities such as adequate housing, food, healthcare, childcare, transportation, taxes, and emergency savings. In order to better understand the cost of living and what it means to earn a living wage in Oregon, the next page will look more specifically at the costs of housing and child care in our state.

The High Cost of Housing in Oregon

A family is considered “cost burdened” if they spend more than 30% of their monthly income on housing. For example, if a single mother makes \$15 per hour and works 40 hours per week, that is a monthly gross income of \$2,600. That single mother and her family would be cost burdened if they had to pay more than \$780 per month rent for a two-bedroom apartment or house.

According to the U.S. Department of Housing and Urban Development, in 2015 single parents in 21 out of Oregon's 36 counties need to earn about \$15 per hour or more to afford rent for two-bedroom housing at the fair market rate without being cost burdened. Most of those 21 counties are rural counties. When all 36 counties are averaged together, the hourly wage needed for a single parent to afford the fair market rate for two-bedroom housing without being cost burdened is \$15 per hour.

The High Cost of Child Care in Oregon

With so many single-parent families, and so many two-parent families needing two incomes, the cost of child care is an increasingly significant expense that is beyond reach for many low-wage workers without the assistance of child care tax credits and other public assistance programs. In fact, child care is so expensive in Oregon that a single parent with one child needs to earn at least \$15 in almost every Oregon county to be able to adequately afford even the most cost-effective child care.

We can consider a family cost burdened if they spend more than 15% of their income on child care. According to an Oregon Department of Human Services 2014 study done by Oregon State University, the hourly wage needed is \$15 per hour or more in all but four of Oregon's counties for a single parent with one child to afford the fair market rate for small home-based childcare without being cost burdened.

Conclusion

Based on current studies of what is needed to be self-sufficient, it is clear that \$15 is not only the right number, but that anything less than \$15 still leaves working families in the majority of Oregon's counties falling behind and struggling to make ends meet while having to rely on public assistance.

Furthermore, it is clear from the data there is no urban-rural divide when it comes to the need for a \$15 minimum wage, as most Oregon counties that need at least \$15 are rural, while at the same time working people in urban population centers such as the Portland area, Salem, and Eugene still make up a large and significant portion of those for whom self-sufficiency demands at least a \$15 per hour minimum wage.

However, we must also consider the fact that in almost half of Oregon's counties even \$15 is not enough for single mothers. This highlights not only the need for a statewide minimum wage of at least \$15 per hour in Oregon, but also the need to repeal the state's minimum wage preemption law and restore local control over minimum wage ordinances so working families in Oregon's more expensive counties do not continue to fall behind the rapidly increasing costs of living that already outpace wage growth and annual minimum wage adjustments in our state.



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5. Figure 1 was originally created and published by Our Oregon for the report, "Lifting the Floor: Self-Sufficiency Wages in Oregon." The graph has been modified from its original version. The original version of the graph is available at <http://www.raisethe wageoregon.org/wp-content/uploads/2015/07/RWO-Research-Paper.pdf>
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