

MINIMUM WAGE & THE CASE FOR SELF-SUFFICIENCY

**RAISING THE MINIMUM WAGE WILL LIFT UP OVER
HALF A MILLION OREGON WORKERS¹**



Reality #1:

Many low-wage workers do not currently receive public assistance, but would benefit from a wage increase.

There are a significant number of low-wage workers who will benefit from a statewide wage increase – whether they receive public assistance or not.² **More than 200,000 Oregonians in low wage jobs do not receive any public benefits. For them, every dollar of added income results in increased spending power.**

People want to be self-sufficient. They want to earn enough money to support themselves and their families without assistance from the state. Unfortunately for many Oregonians, that is just not the case right now.

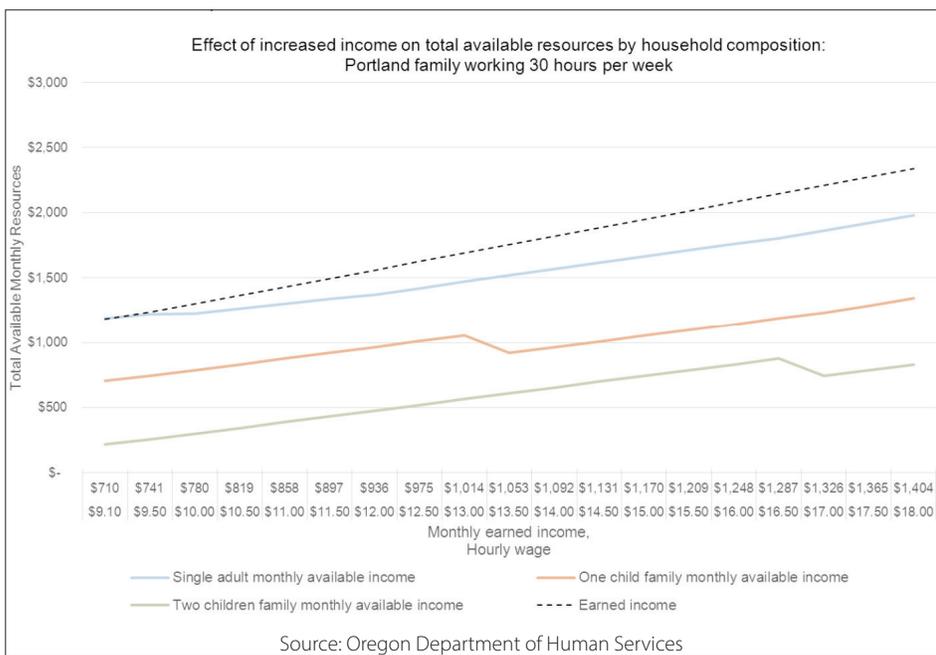
Lawmakers in this state should not forgo a wage increase simply because it would require adjustments to Oregon’s public assistance programs. **Lawmakers should increase wages while making plans to review the eligibility requirements for the most common benefits – Medicaid, SNAP, TANF, ERDC, and Section 8 – as incomes begin to rise.**

Reality #2:

As incomes go up, and families move toward self-sufficiency, naturally the amount of benefits they receive are eased.

Oregon’s safety net programs are designed to give more assistance to families that need more help. It is a common misconception that if the minimum wage were to be increased, workers and their families would be worse off because the increase in income would not be enough to offset the loss of public assistance. This phenomenon is commonly referred to as the “benefits cliff,” and is used as an argument against raising the wage. **In fact, a recent study performed by the Department of Administrative Services found the “benefits cliff” is really more of a “benefits dip.”³**

The report determined that all families would see an increase in their total available resources (as seen in the graph), but that



in the case of a single parent with one child working 30 hours per week, that increase would dip slightly as the adult achieves self-sufficiency and becomes ineligible for Medicaid. At that point, the parent would be able to purchase health insurance on the exchange as they climb towards a more self-sufficient wage, but their take home pay would decrease slightly.

Fortunately, the legislature has the power to address this problem with two simple, inexpensive fixes.

Fix #1: Implementing the Basic Health Plan to address the transition off of Medicaid. Basic Health is an option states have under the Affordable Care Act for insuring residents between 138 and 200

percent of the federal poverty line. The Basic Health Plan would offer group insurance, providing lower- or no-cost coverage to families as their wages go up. It would be funded with the federal dollars that would have gone to subsidizing the group’s marketplace coverage. Based the recent state report, passing the Basic Health would eliminate the benefits dip. The 2016

Oregon legislature should take action to enact the Basic Health Plan. Fortunately, policymakers will receive recommendations on how to structure the program from a group of stakeholders convened by the 2015 legislature.⁴

Fix #2: Change eligibility thresholds and implement new policies to help more families get on the path to self-sufficiency. Many of those changes have already occurred. During the 2015 session, the Legislature made adjustments to some programs to provide more assistance through TANF (Temporary Assistance for Needy Families) and to add more families to ERDC (Employment-Related Day Care Credit).⁵ They also passed a statewide paid leave policy, meaning workers don't have to forgo a day of pay to take care of themselves or a sick child.

Reality #3:
Oregon taxpayers are subsidizing the profits of corporations that pay their workers low wages.

The current state of our economy may be good for corporations, but low-wage workers are struggling to get by. Every year, taxpayers are subsidizing the low wages paid by big corporations to the tune of \$1.7 billion in public assistance benefits paid to their employees.

Data from 2013 found that approximately 40 percent of SNAP (food stamp) recipients had worked for some time that year, and that their average number of work hours was less than half-time, demonstrating that many of the workers receiving SNAP are part-time workers.⁶ Of Oregon's part-time labor force, approximately 24 percent are considered to be "involuntary part-time" workers – those who work part-time due to their hours being reduced or their schedule being inconsistent.⁷

We anticipate that a phased-in minimum wage increase, accompanied by legislative action on public benefits eligibility standards, will help reduce dependency on public assistance and allow workers to be more self-sufficient without negatively impacting families who currently receive those benefits. That phase-in period will give lawmakers the time to address benefit eligibility in a responsible way.

By raising the statewide wage floor to \$13.50, we know that many families can start to move off of public benefits and afford the basics like housing, food, and transportation on their own.

1. Approximately 560,000 Oregonians would benefit directly if we raise the wage to \$13.50, based on data from Oregon's Occupational Employment Survey, 2014.
2. Oregon Paid Sick Leave Law, Senate Bill 454, 2015 Session
3. "The Impacts of Increased Income on Receipt of Benefits and Tax Credits," Clair Clark et al., Department of Administrative Services, April 2015.
4. Oregon House Bill 2934, 2015 Session
5. Oregon House Bills 3535 and 2015, 2015 Session
6. "The High Cost of Low Wages in Oregon," University of Oregon Labor and Education Research Center, 2014.
7. "Oregon's Part-Time Workers: Nearly One-Quarter of Employment in 2014," State of Oregon Employment Department, 2014.



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