

Significantly Raising the Minimum Wage: Lawmakers Have Done It Before

Oregon lawmakers need not look far for an example of legislative action significantly increasing a state's minimum wage. Current proposals to raise the minimum wage at the ballot are comparable in magnitude to the last minimum wage increase enacted by the Oregon legislature. In addition, a legislative proposal to establish regional minimum wages is more modest than the previous legislative action.

In 1989, the Oregon Legislature raised the state minimum wage by 42 percent over an 18-month period.¹ That increase boosted the state's wage floor from \$3.35 in mid-1989 to \$4.75 in January of 1991. That increase did not slow down Oregon's economy. In fact, following the 1989 increase, Oregon witnessed a long expansionary period in the number of small businesses and jobs.²

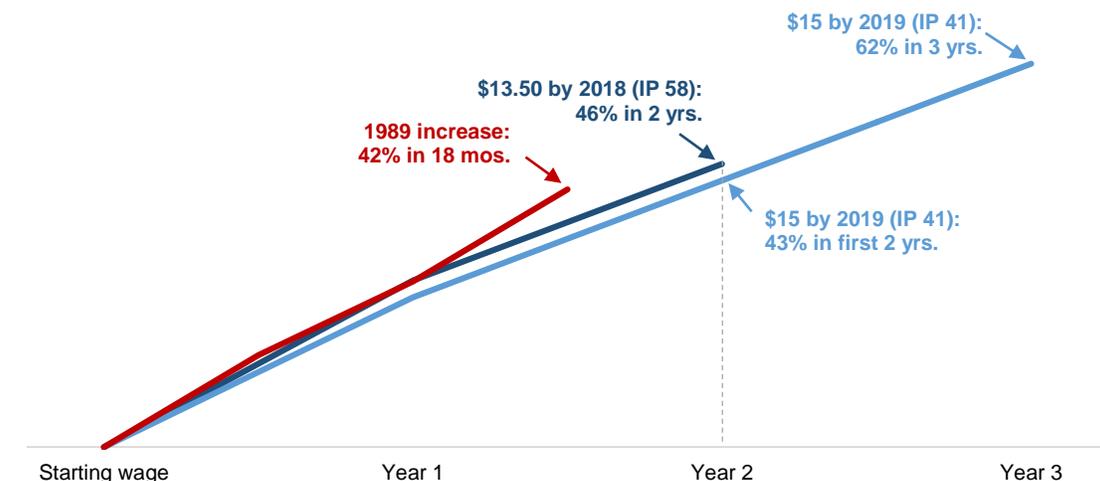
How do current proposals to raise the minimum wage compare to the 1989 increase?

One proposal for the 2016 ballot, Initiative Petition 58, would raise Oregon's minimum wage to \$13.50 per hour by 2018.³ This would lift state's wage floor by 46 percent over two years.

Another proposal for the 2016 ballot, Initiative Petition 41, would raise Oregon's minimum wage to \$15 per hour over three years.⁴ This would raise the state's wage by 43 percent over the first two years and by a total of 62 percent by 2019 (an additional 13 percent increase in the final, third year).

Current minimum wage initiative proposals track past legislative action

(Proposed minimum wage increases compared to 1989 increase)



Source: OCCPP analysis of Oregon's minimum wage under Initiative Petition 41, Initiative Petition 58 compared to the 1989 Oregon minimum wage increase.

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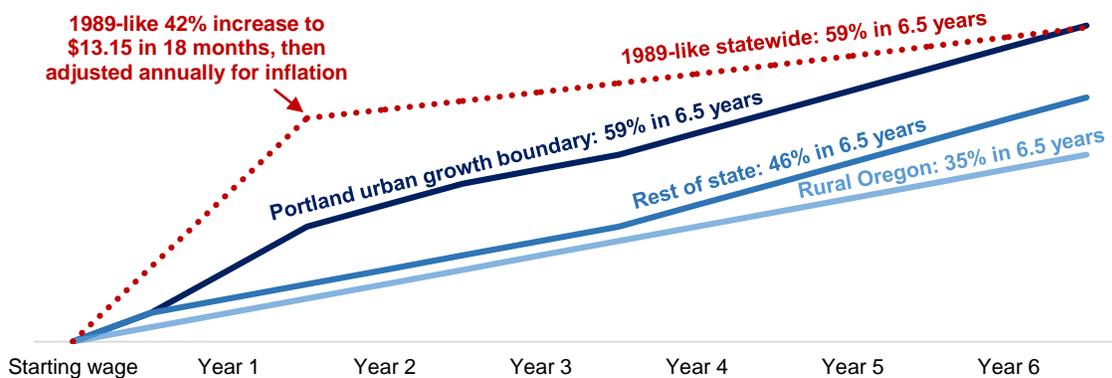
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There is also Senate Bill 1532-A Engrossed, a proposal currently before the legislature, which would establish three different minimum wage regions. Under this bill, the minimum wage would increase to \$14.75 per hour (a 59 percent increase) by 2022 for the Portland urban growth boundary, \$12.50 per hour by 2022 (a 35 percent increase) for Oregon's rural counties and \$13.50 per hour (a 46 percent increase) by 2022 for all other areas of the state.⁵

Its long-phase in period, however, makes SB 1532-A a more modest proposal, particularly with respect to the wage increases proposed for the regions outside the Portland urban growth boundary. Oregon's minimum wage is currently indexed to the cost of living, and every minimum wage increase proposal currently on the table assumes such indexing following the end of the phase-in period. If the 2016 legislature were to increase the state minimum wage 42 percent over 18 months, as did the 1989 legislature, and thereafter keep the wage pegged to the cost of living, by 2022 the *statewide* minimum wage would stand at about \$14.70. That amounts to a 59 percent increase over that period.

Senate proposal more modest than a 1989-like minimum wage increase

(Senate Bill 1532-A compared to 1989 minimum wage increase if implemented today and indexed to inflation)



Under SB 1532-A, "rural Oregon" would include Baker, Coos, Crook, Curry, Douglas, Gilliam, Grant, Harney, Jefferson, Klamath, Lake, Malheur, Morrow, Sherman, Umatilla, Union, Wallowa and Wheeler Counties. "Rest of state" includes all areas outside rural Oregon and the Portland urban growth boundary. Source: OCPP analysis. Projected wages inflated using growth estimates of the Congressional Budget Office.

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The bottom line: There is precedent for a significant minimum wage increase, and the Oregon legislature should act on that precedent. It's the right thing to do for Oregon's economy and the many Oregon working families struggling to make ends meet.

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Endnotes

¹ OCPP analysis of 1989 Oregon minimum wage increase.

² Oregon Center for Public Policy, *A Higher Minimum Wage Works for Small Businesses*, April 8, 2015, available at <http://www.ocpp.org/2015/04/08/rpt20150408-higher-minimum-wage-small-businesses/>.

³ Initiative Petition 58 for 2016 General Election, Raise the Wage Oregon, September 2015, available at <http://www.ocpp.org/media/uploads/pdf/2016/01/20160126-IP58-text.pdf>.

⁴ Initiative Petition 41 for 2016 General Election, 15 Now Oregon, April 2015, available at <http://www.ocpp.org/media/uploads/pdf/2016/01/20160126-IP41-text.pdf>.

⁵ Senate Bill 1532-A Engrossed lists Baker, Coos, Crook, Curry, Douglas, Gilliam, Grant, Harney, Jefferson, Klamath, Lake, Malheur, Morrow, Sherman, Umatilla, Union, Wallowa and Wheeler Counties as “nonurban” counties. Senate Bill 1532-A Engrossed, 2016 Oregon Legislature, February 2016, available at <http://www.ocpp.org/media/uploads/pdf/2016/02/20160209-SB1532-A-Engrossed-text.pdf>.

This work is made possible in part by the support of the Ford Foundation, the Stoneman Family Foundation, Meyer Memorial Trust, the Redtail Fund of the Oregon Community Foundation, AFT Oregon, the Oregon Education Association, the Oregon School Employees Association, SEIU Local 503, United Food and Commercial Workers Local 555, and by the generous support of organizations and individuals.

The Center is a part of the State Priorities Partnership (www.statepriorities.org) and the Economic Analysis and Research Network (www.earncentral.org).
