From Minimum to Houseable:

The Case for Wage Reform in Oregon's Cost-of-Living Crisis

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Executive Summary

This report analyzes the impacts of minimum wage increases on poverty, employment trends and housing affordability among low-wage workers, especially among vulnerable sectors, small businesses and rural economies. This analysis reviews data on both the state level in Oregon and the national level. The document explores the political events and policy changes that led to the current landscape of wage reform in Oregon and across the United States. Throughout the report, cost-of-living disparities between rural and urban areas are considered and addressed. Qualitative data from the author's interviews with relevant stakeholders and quantitative data from peer-reviewed studies are presented to assess the implications of minimum wage increase policies. The report concludes with policy recommendations for the author's client organization, the Office of Oregon State Representative Mark Gamba. The recommendations for campaigning and passing Houseable Wage legislation are backed by several key findings. The report suggests a similar political campaign model as that of Seattle's successful 15 Now movement. The findings reveal that working families' wages are significantly outpaced by housing costs in Oregon.

Introduction

In Oregon, the political discourse surrounding wage reform is highly polarized and largely reflects the conversations happening at the federal level. Those who advocate in favor of raising the wage argue that workers' incomes are not keeping up with the costs of living while those who advocate against are often concerned with the unintended consequences that a wage increase may pose on businesses that are already struggling to stay afloat. For the purpose of this project, I compiled relevant quantitative data from sources online such as the American Community Survey, the Oregon Employment Department, the Bureau of Labor and Statistics and the Department of Housing and Urban Development.

I compiled qualitative data through my interviews with almost two dozen relevant stakeholders, including labor historians, employment economists, business leaders, housing advocates, rural sociologists, policy analysts and government officials across our state. Before each interview, I prepared a list of questions considering the effects of minimum wage increases on poverty rates, employment trends and housing affordability in Oregon, particularly through the lens of cost-of-living disparities between rural and urban regions. I tailored these questions to correspond with each stakeholders' background. For example, in preparation for my interview with Bruce Weber, the former Director of Oregon State University's Rural Studies Program, I developed a list of inquiries regarding small businesses in rural Oregon and the economic challenges that they experience. Each of the stakeholders that I interviewed expressed a unique perspective on the issue of wage reform and shared their preferred approach to alleviating cost burdens for families across Oregon. Despite their differences, they all agreed on one central premise: on average, working Oregonians are unable to keep pace with the costs of living.

My client organization, the Office of Oregon State Representative Mark Gamba, has been a consistent champion of raising the wage in Oregon. As I mentioned in my proposal, my research is intended to substantiate the need for a "houseable wage," or a minimum wage that is directly tied to the average costs of housing throughout our state. This legislative session, Representative Gamba chief-sponsored House Bill 2962, also known as the "Houseable Wage Bill", which would have utilized the Department of Housing and Urban Development's (HUD) Fair Market Rents (FMR) as a benchmark to regionally determine minimum wage rates in Oregon (Oregon House Bill 2962, 2025). The goal of this bill is to ensure that full-time workers can afford a one-bedroom apartment without spending more than thirty percent of their income on rent (see Appendix O). Unfortunately, the bill was not successful this Session. Per my client organization's request, my report will outline the need for Houseable Wage legislation and propose recommendations to bolster future iterations of this legislation going forward.

This report arrives at a relevant juncture in the state's timeline, as Oregon's Bureau of Labor and Industries' (BOLI) minimum wage increase schedule ends this coming July. The next schedule of annual increases has yet to be announced later this year (Oregon BOLI, n.d.). It is a critical time to analyze the impacts of the tiered minimum wage system, which began at the start of 2016, before we move forward with the next iteration. In addition to Representative Gamba's office, this report is prepared for a wide audience of elected officials, at the local and state level, who serve working families across Oregon and are committed to improving their standards of living through policy change. My report provides evidence-based recommendations for policymakers' considerations, particularly when they are making significant decisions about wage reform, poverty reduction and cost-of-living disparities for our state.

This policy advocacy action report, *From Minimum to Houseable: The Case for Wage Reform in Oregon's Cost-of-Living Crisis*, begins with an overview of the relationship between minimum wage rates, cost-of-living disparities and poverty rates across the state. The report then identifies the political events and legislative process that has led to the current landscape of minimum wage policy on the state and national levels. Then, I offer a detailed analysis of my findings, which will provide a foundation for my proposed action pathway, consisting of political strategies to push for future houseable wage efforts. The report concludes with a list of policy recommendations for Representative Gamba and his fellow policymakers, as well as my final thoughts on my findings and proposed solutions.

Issue Background

Unlike the federal minimum wage that has remained stagnant since 2009 ($7.25 per hour), Oregon's minimum wage has steadily increased since the passage of its first minimum wage law in 1968, which was set at the same amount as the federal wage at the time ($1.25 per hour) (Federal Reserve Bank of St. Louis, n.d.). In 1991, Oregon began to outpace the federal wage. Today, Oregon's minimum wage rates have significantly trumped the federal minimum wage. The non-urban rate ($13.70 per hour) is almost twice the federal rate, and the standard rate ($14.70 per hour), as well as the Portland metro rate ($15.95 per hour), are each more than double the federal minimum wage (Federal Reserve Bank of St. Louis, n.d.). The state reached these current minimum wage rates by passing Senate Bill 1532, a law that established a tiered minimum wage system that is systematized by regional area and adjusts annually for inflation. Since it was passed in 2016, the rate has increased every year on July 1st (Oregon Senate Bill 1532, 2016).

Despite Oregon's minimum wages surpassing the national averages, the state lags behind in housing affordability. According to a 2023 report by Oregon Housing and Community Services (OHCS), the median price of a home in Oregon costs almost a quarter percentage more than the national average (OHCS, 2024). The American Community Survey (ACS) data reveals that Oregon surpasses the national average of households that are cost-burdened, or paying at least thirty percent of their total income on rent or mortgage payments and utilities, making up thirty-five percent of the state's households (USAFacts, 2023). Over half of all renters in Portland are either rent-burdened (paying at least thirty percent of their total income on rent and utilities) or severely rent-burdened (paying at least fifty percent of their total income on rent and utilities), with rent burden increasing with family size for households with two or more people (ECONorthwest, 2020). According to ACS data from 2016 to 2020, twelve percent of Oregon's population experienced poverty and over half of the state's families living in poverty were made up of renters (U.S. Census Bureau, 2020). Despite the inflation-adjusted wage increases, poverty remained a significant trend during this five-year span since a significant portion of individual and family incomes went toward high housing costs.

Oregon's high costs of living do not affect every region to the same extent. Conversely, there are significant, economic disparities between non-urban and urban regions across the state. The ACS data spanning across five years reveal that the state's rural counties experience the highest poverty rates, with Malheur county surpassing twenty percent, while the state's standard and urban counties experience the lowest poverty rates, with Hood River at slightly above five percent (U.S. Census Bureau, 2020). The state's ongoing housing crisis has fueled a significant epidemic of homelessness. Oregon consistently ranks in the top ten for several homelessness metrics on the national stage and ranks at the very top for unsheltered child homelessness

(OHCS, 2024). Nine of the state's school districts reported high rates of homelessness (over ten percent) and among these, two districts in rural Oregon reported rates that doubled those of the other districts (over twenty percent) (OHCS, 2024). Oregon's poverty and homelessness rates appear to correlate with "per capita personal income" (PCPI), or the sum of net earnings, government benefits and income from investments (Hendrickson, 2025). Rural counties possess lower PCPIs. However, this is only partially due to the large share of retired seniors making up rural populations, leading to less income generation. When we narrow it down, we can see that nonmetro areas bring in 36.4% less in net earnings than their metro counterparts (see Appendix U). The low wages in rural areas further contribute to Oregon's PCPI, which falls below the national average by two percentage points. Over half of Oregon's PCPI is made up of working people's net earnings.

Issue Construction

In 2012, employees working at fast-food chains across New York City formed protests to demand a $15 minimum wage, led by the Service Employees International Union (SEIU) (Rolf, 2016). This marked the beginning of a national movement, the "Fight for 15," which grew into the largest demonstration by low-wage workers in contemporary history. This momentous protest did not arise in a vacuum. It arrived after almost a decade of successes and failures by labor unions organizing Walmart employees and workers at other major retailers for higher pay and more control over schedules. Additionally, the Fight for 15 was inspired by the Occupy Wall Street movement only a year prior. Fast-food corporations such as KFC, Burger King and Taco Bell were reaching record-high profits while their workers experienced no changes to their low wages. This period is now referred to as the "Great Stagnation," a period colored by the lingering impacts of the Great Recession on low-wage workers across the country (Rolf, 2016). The first

successful Fight for 15 movement took place in Oregon's neighboring state of Washington. In 2013, thousands of fast-food workers collectivized in strikes across Seattle. In 2014, Seattle's then-Mayor, Ed Murray, signed the bill to raise the city's minimum wage from only $9.50 per hour to $15 per hour. I will explore the law's impacts on the local economy in a later section. These Fight for 15 wins rippled throughout the country. Although the federal minimum wage remains at $7.25 per hour, Washington D.C. and fifteen states either have, or will have minimum wages of at least $15 per hour in the coming years, due to recently passed ballot measures (Martinez-Hickey, 2024).

By the time the Fight for 15 reached Oregon in 2015, the movement was largely publicized by mainstream media coverage and over fifty percent of Oregon's public was in support (Zimmerly-Beck, 2015). The $15 hourly wage was determined by economists and various wage calculators as the minimum necessary to alleviate poverty for working people across the state and country. The movement was endorsed by over a hundred labor unions and community organizations across the state, many of which had secured their own $15 wages for home care and city workers (Zimmerly-Beck, 2015). One of these wins was in Multnomah County, the first county and largest public employer in Oregon to establish a $15 minimum wage for county employees (Ballotpedia, n.d.). On the state-level, Oregon's 2015 Legislative Session was characterized by its significant suite of minimum wage increase legislation (Senate Bills 327, 597, 610, 682 and House Bills 2008, 2009 and 2012). The sponsors behind all of these bills shared a similar goal of raising wages for workers across Oregon yet differed in approach, with some proposing a tiered system of gradual increases and others proposing more immediate and significant hikes (Oregon Regular Session, 2015). For the purpose of this section, I will primarily focus on Senate Bill 610 since it proposed the highest increase. The Seattle-based minimum

wage advocacy group, “15 Now,” worked with Oregon State Senator Michael Dembrow to craft and introduce Senate Bill 610, which would have increased the hourly minimum wage for most workers in the state to $15 by 2016.

Opposing Interests

The bill received its first public hearing in mid-April and received a high volume of testimony. Much of the opposition came from business entities across the state. Chambers of Commerce from rural and urban regions across Oregon submitted testimonies pleading with members of the House Business and Labor Committee and the Senate Workforce Committee to consider the unintended consequences of minimum wage increases, such as higher labor costs, business closures, employee layoffs and job scarcity. The Bend Chamber, representing almost two thousand urban businesses, expressed concern for their small business owners who already work with very thin margins that could reduce even more with additional labor expenses. The then-Chamber President, Tim Casey argued that this increase in minimum wages would simulate a state-wide divide of “winners and losers” (Casey, 2015).

This juxtaposition between the “winners,” or employees, versus the “losers”, or employers, particularly those operating small businesses in rural areas, was an underlying theme threading many of these opposing testimonies. The Klamath County Chamber of Commerce, which represents around five hundred local businesses, argued that these proposed increases may not pose significant threats to businesses in the Metro area but will likely have devastating effects on rural economies, which are still recovering from the COVID-19 public health crisis (Massie, 2015). The Oregon Restaurant and Lodging Association’s (ORLA) testimony primarily highlights the negative impacts of a minimum wage increase on lower-skilled workers, who their contract lobbyist, Bill Perry claims will see a reduction in hours and buying power (Perry, 2015).

In contrast, then-Oregon Labor Commissioner, Brad Avakian's testimony is in favor of a $15 wage, which he argues would boost the purchasing power of workers and their families across the state, benefiting local businesses with higher investments in turn (Avakian, 2015). The testimonies from labor unions shared similar arguments to Commissioner Avakian.

Support and opposition of the 2015 minimum wage bills, particularly Senate Bill 610, were mostly split down the line by labor versus business. However, there were a few deviations from this clear-cut division. Jeff Stone, the CEO and Executive Director of Oregon Association of Nurseries, opposed all of the proposed minimum wage bills for concerns around increased labor costs, wage compression and a lack of competitive advantage, since the agricultural sector already struggles with worker shortages. However, he expresses his company's support of an increased federal minimum wage that would match Oregon's rate. He believes that raising the national floor would help workers in every state and level the labor costs across the board, particularly for agricultural industries (Stone, 2015). Yu Te, the owner of a computer training and support business called MacPCX in NE Portland, supported raising the minimum wage in staggered increments in order to give small businesses time to adjust and to ultimately level the playing field between big businesses and small businesses (Te, 2015). In his testimony, he argues that small businesses need to offer higher wages to compete with large corporations like WalMart and Target, who hire most of the state's low wage workers. However, Te believes that a wage increase policy is only a small step in containing monopolistic businesses - more policies must be introduced in tandem in order to increase capital in local economies (Te, 2015).

When I interviewed the President of The Chamber of Medford and Jackson County, Eli Matthews, he echoed many of the sentiments shared in the opposition testimonies and added an additional concern for wage compression, where the pay gap between entry-level employees and

mid-level employees might shrink due to the former's raised wages (see Appendix A). The wage compression argument is largely predicated on the idea that minimum wage workers are mostly made up of entry-level employees. Chris Girard, the CEO of Portland convenience store chain, "Plaid Pantries," claims in his testimony (Girard, 2016) that companies in his industry primarily offer initial entry-level minimum wage positions. In contrast, he claims that higher positions are largely held by wage-earners raising families. In one testimony, the National Federation of Independent Business (NFIB), contends that the key point about minimum wage is that it is and always will be entry-level wage earned almost exclusively by teenagers and young adults just starting out. Essentially, the federation determines that raising the minimum wage would not affect the middle class and would fail to reduce poverty rates across the country for these reasons (NFIB, 2015). Oregon State Republican Senator Tim Knopp, who shared common concerns regarding the potential burden of high labor costs on employers during the Senate Committee on Workforce's Senate Bill 610 work session, also claimed "the minimum wage is really designed for entry level workers" (Pigg, 2014).

Counter arguments from those in favor of raising the wage paint a different picture of the demographic that a policy like this targets. When I interviewed Sarah Kowaleski, a former 15 Now PDX Facilitator and current Coalition Organizer for the labor rights non-profit organization, "Jobs with Justice," she argued that the young, entry-level worker in a beginner or transition role is an inaccurate stereotype of the average minimum wage worker today (see Appendix B). On the contrary, Sarah claimed that many minimum wage roles are now occupied by long-term employees, many of whom are senior citizens who had to end their retirements early and return to work due to low social security or pensions. Additionally, she claimed that

workers in wage-depressed industries such as teachers or frontline workers in healthcare often take on these roles as second sources of income.

Policy Process

Senator Dembrow's 15 Now bill was ultimately unsuccessful. The bill initially moved out of the Senate Committee on Workforce after receiving a vote split down the party line, with the four Democrat members voting in favor and the two Republican members voting against (Oregon Senate Bill 610, 2015). However, the bill did not make it to a Floor vote. At the time, the Oregon Legislature resembled the Democratic majority in today's State House and Senate. Despite this political makeup, the sponsors of Senate Bill 610 were unable to galvanize enough support from their fellow Democrats. Each legislative session, Oregon Business and Industry (OBI) publicly releases lists of "Job Killers" and "Job Creators" on their official website, which categorizes upcoming legislation as either pro-business or anti-business (OBI, n.d.). During the 2015 legislative session, OBI listed every minimum wage increase bill as a "job-killer," and assembled a substantial coalition of over twenty business groups to lobby against labor efforts (McIntosh, 2015).

Additionally, Oregon Senate President Peter Courtney, a Democrat representing the Salem area, declared to a large audience of Southern Oregon business leaders that he would not allow a vote on any of the minimum wage bills. The business campaign's influence, Senator Courtney's blockage and the lack of pushback following his decision by Democratic officials, including the Governor and Speaker of the House at the time, created a perfect storm of labor losses. Towards the end of the legislative session, labor union coalitions pivoted their support toward a $13.50 hourly wage rather than a $15 hourly wage, seeing as the latter was increasingly less politically feasible (Zimmerly-Beck, 2015). This last-ditch effort was rendered futile. As

Courtney promised, all ten of the minimum wage bills introduced during the 2015 session were unsuccessful (McIntosh, 2015).

Policy Change

These labor losses sparked conversation around challenges and opportunities for minimum wage efforts. The "Raise the Wage" coalition, a coalition of labor and community organizations, continued circling several petitions for November ballot measures. The 15 Now Oregon coalition continued to push for a $15 statewide wage by 2019 (Zimmerly-Beck, 2015). However, these political actions were brought to a halt when Governor Brown signed Senate Bill 1532 into law. This legislation was introduced by the Senate Interim Committee on Workforce at the start of the 2016 legislative session and it proposed a tiered minimum wage system, adjusting annually for inflation until reaching a standard rate of $13.50 by 2022 (Oregon Senate Bill 1532, 2016). However, the bill significantly evolved as it moved through the policy process. Policymakers heard from local employers, labor advocates, economists, business lobbyists and other stakeholders during four long, public hearings. Multiple amendments were proposed and approved or rejected until the final iteration greatly differed from its original version.

Policymakers considered their lessons learned from the previous session and made compromises for the bill's skeptics, largely business lobbyists and rural legislators concerned with unintended consequences. The bill accounted for urban-rural disparities, particularly the unequal burdens of labor costs, by having three different wage rates based on workers' geographic regions - one for the Portland Metro, one standard and one for rural regions. Additionally, the bill adopted a gradual timeline of wage increases rather than an accelerated timeline that was largely pushed by labor advocates at the time. This slower rollout was aimed at

extending the period for employers and businesses to adjust to these changes (Oregon Senate Bill 1532, 2016).

Political Response

Many proponents of the $13.50 and $15 efforts were disappointed with the final product. In several of the interviews I conducted, the stakeholders referred to the current law as a massive political compromise. In their separate interviews, Sarah Kowaleski (see Appendix B) and policy research consultant, Daniel Morris shared similar concerns with the shift from a statewide wage to a regional model. They both concluded that these geographic distinctions are ultimately divisive. Daniel added that there is no other state policy that discriminates based on region and advocated for a lifted floor for workers across the state (see Appendix C). The year 2023 marked the first that Oregon surpassed the $15 threshold, reaching $15.45 for Portland Metro workers and arriving at almost a decade after the Fight for 15 movement began in the United States. When I spoke to Barbara Dudley, the Founder and Senior Policy Advisor for the "Working Families Party" (see Appendix Q), she contended that $15 is no longer a sufficient wage to keep up with the costs of living across our state. When I spoke to Daniel Hauser, the Deputy Director for the "Oregon Center for Public Policy" (see Appendix D), he questioned the reliability and accuracy of Oregon's indexing approach, which adjusts wages on an annual schedule based on the local Consumer Price Index (CPI) (Oregon BOLI, n.d.). All of the pro-raise interviewees shared a frustration with the legislation falling significantly short of its intended vision.

Analysis

As the last few sections reveal, the policy successes and failures surrounding minimum wage have attracted a great deal of public attention and have been hotly debated across the political spectrum. I researched each claim that I discovered via legislative testimony or personal

communication to assess the true effects of minimum wage on poverty, cost-of-living disparities and employment. The following data analyses are categorized by minimum wage topic.

Low-Wage Worker Demographics

As mentioned in the "Opposing Interests" section, many debates around minimum wage increases are predicated on assumptions about who the average minimum wage earner is. A widely held notion about minimum wage earners is that they are mostly teenagers in starting jobs. The federal, demographic data from the Bureau of Labor Statistics supports the widely held notion that minimum wage earners tend to be young, with workers under twenty-five years old making up one-fifth of hourly paid workers and forty-four percent of these workers earning the federal minimum wage or less (BLS, 2023). However, this federal study offers a very limited representation of who is truly impacted by a policy like a minimum wage increase. Young people are overrepresented in this study because they are most likely to take on entry-level jobs, commonly minimum-wage level positions, as they are often just entering the workforce. We see a very different picture when we consider a larger sample of low-wage workers who are still directly affected by wage reform policy, beyond just those who make exactly the minimum wage.

Economic networks such as Oxfam and the Economic Policy Institute (EPI) define a "low-wage worker" as any worker earning less than $17 per hour (Henderson, 2024). Earlier this year, Democrats in the Congressional Education and Workforce Committee introduced a bill that utilized this definition as the basis of their introduced legislation. If passed, the "Raise the Wage Act of 2025" would raise the federal minimum wage from $7.25 to $17 per hour by 2030. According to the Congressional Budget Office (CBO), the $17 threshold is projected to raise the most low-wage workers and their families out of poverty across the country (CBO, 2024). When

we exclude low-wage workers who make slightly above the federal minimum wage, we are failing to consider every worker who will ultimately be affected by a minimum wage increase. According to the Economic Policy Institute, the average age of affected workers is thirty-five years old. Only ten percent of affected workers are teenagers while over half are twenty-five years old or older (Cooper, 2021). The Economic Policy Institute created a "Low Wage Workforce Tracker," an interactive tool to assess the current and historical number of workers paid low wages in the United States (EPI, 2025). When I filter by "Age" and "Paid Less than $17 per hour", the tool reveals that almost a quarter of low-wage workers are seniors (aged sixty-five or above). Contrary to the primary arguments that low-wage earners work less hours than their high-wage counterparts, the EPI reveals that over half of affected workers across the country work 35 hours per week or more. Additionally, more than a quarter of affected workers have families to financially support (Cooper, 2021). It is also important to note the racial and gender disparities among national low-wage earner data. When I substitute "Race and Ethnicity" for "Age" in the EPI tool, Hispanic and Black workers make up the largest shares of low-wage earners. When I adjust for gender and adjust for a range of $12 to $17 hourly wages, female earners remain a larger share of the low-wage worker population by two to six percentage points above their male counterparts throughout the range (EPI, 2025).

Oregon largely mirrors the federal breakdown of low-wage earners. Additionally, Oregon significantly surpasses federal rates of minimum wage earning adults. In 2019, the Oregon Center for Public Policy released data from the American Community Survey, which revealed that the majority of minimum wage earners in Oregon are adults (Mechling, 2019). Adults who are twenty years or older make up over ninety percent of people earning the state's minimum wage. Among these earners, those aged fifty-five years or older make up a greater share of

minimum wage earners than teenagers in the state. Over half of minimum wage earners work full-time, at over 35 hours per week. Additionally, OCPP analysts found that one in four minimum wage workers are parents and one in ten are single parents in Oregon. Similar to federal data, women and workers of color are overrepresented among minimum wage earners (Mechling, 2019).

As we are witnessing across the country, Oregon's workforce has significantly aged over the past few decades. The Oregon Employment Department reports that jobs held by workers aged fifty-five years or older more than tripled from 1992 to 2023 (Krumenauer, 2024). Some of the state's industries have aged faster than others. The state department presents a breakdown of workers within a decade of retirement, grouped by sector. The industries with the greatest numbers of workers aged fifty-five years and over are healthcare, manufacturing, retail trade and educational services (Krumenauer, 2024).

When I spoke to Gail Krumenauer, the state department's leading Employment Economist, she provided a data table that breaks down the average hourly wage levels by broad industry in Oregon (see Appendix E - Table E1). When we compare this wage-by-sector data to the age-by-sector data, we can see that the aging sectors appear to possess large shares of low-wage jobs. Health care is the sector with the most earners aged fifty-five years or older. Among the average hourly pay ranges for healthcare workers, the wage range of $15 through $19.99 contains the second-highest number of jobs in the sector, employing almost sixty thousand workers. The same wage range for private educational services contains the second-highest number of jobs among its sector, employing almost eight thousand workers. Finally, retail trade contains the highest number of its earners in this low to modest wage range compared to any other pay range within the sector. The latter sector is especially notable because

many assume minimum wage earners and low-wage earners are mostly young professionals in retail roles. However, the state department's data reveals that workers within a decade of retirement make up almost a quarter of the retail trade sector (Krumenauer, 2024), meaning many of them likely make minimum wage or slightly above.

Oregon's workforce is not monolithic. Rather, urban and rural counties greatly differ in their workforce compositions. The Oregon Employment Department conducted studies following the Great Recession and the COVID-19 pandemic recession and found similar results in Oregon's rural regions. The recovery was far faster in urban counties versus rural counties, which experienced twelve of the fifteen highest rates of unemployment in Oregon throughout the recessions and during recovery periods (see Appendix F). Most of the jobs that were lost during recession periods were in high-wage industries such as business and finance, while most of the jobs earned during recovery periods were in low-wage industries such as hospitality and construction. A chart breaking down sectors by urban versus rural employment concentrations (see Appendix F - Chart F1) reveals that the rural workforce comprises six percentage points more of the public sector than the urban workforce. Inversely, the urban workforce comprises eight percentage points more of the private sector than rural Oregon. In regards to the state's aging workforce, rural counties are more likely to have larger shares of older workers than urban counties. The Oregon Employment Department reports that almost thirty percent of the jobs occupied by workers aged fifty five years or older are in rural counties (Krumenauer, 2024).

Minimum Wage Effects on Poverty

This year, the federal minimum wage of $7.25 is officially considered below the poverty threshold. According to the United States Department of Health and Human Services, the poverty line for a single individual is a yearly income of $15,650 for 2025 (HHS, 2025). For a

household of two, the poverty line is $21,150 and for a household of three, it's almost $30,000, and so on. The annual income for a full-time job with an hourly wage of $7.25 equals roughly $15,080 (HHS, 2025). This fails to meet the poverty threshold for a single-person household, let alone any greater sized household. It is important to note that the federal poverty guidelines, which are used to determine eligibility for social programs, are based on the Census Bureau's official poverty measure (OPM), which relies on simplistic and outdated measurements such as a multiple of the minimum costs of a food diet from the early 1960s (Martinez-Hickey, 2025). However, the Census also uses the supplemental poverty measure (SPM) to offer more in-depth information that is not used to determine the poverty line but is available for public use. The SPM covers a more expansive umbrella of costs such as housing, nutrition and utilities. According to the Economic Policy Institute, poverty rates greatly differ depending on which measure is used. According to the OPM, less than five percent of workers are living in poverty. According to the SPM, almost double that amount is considered to fall below the poverty line (Martinez-Hickey, 2025). There are currently twenty states with minimum wages that are set to either less than (the federal rate still applies in these areas) or equal to the federal wage (EPI Wage Tracker, n.d.). Half of these states are in the South, where there are higher rates of poverty among low-wage workers than any other region in the country (Martinez-Hickey, 2025).

The Institute for Research on Labor and Employment (IRLE) at the University of California, Berkeley conducted a study of minimum wage effects in low wage areas (Godøy, 2021). The main data source used by the researchers is the 1-year estimates from the American Community Survey, which spans from 2005 to 2017. To test the effects, they compare areas of lower impact, with minimum wage comprising between twenty-six and forty-six percent of median wages, and areas of higher impact, with minimum wage comprising between fifty-six

and eighty-two percent of median wages. Within these areas, they specifically focus on the employment and earning trends for people with a high school education or less, between the ages of sixteen and seventy years old. The researchers compared wages, employment and poverty before and after a regional minimum wage increase. As they hypothesized, they found that minimum wage increases have a neutral effect on areas where minimum wage makes up a small percentage of median wages. However, minimum wage increases have a significantly positive impact on areas where minimum wage makes up a greater percentage of median wages. Specifically, poverty rates significantly decline in these areas after a hike goes into effect, including a reduction in child poverty (Godøy, 2021).

Oregon's poverty rate has consistently stayed around twelve percent for the past few decades, slightly below the United States average, aside from a few spikes during periods of recession and public health crisis (see Appendix G - Chart G1). Similarly to the supplemental poverty measure on the federal level, Oregon State University researchers who worked on the Oregon Poverty Measure Project (Rothwell, 2020) created an alternative measurement. The Oregon Poverty Measure (ORPM) considers resources beyond market income and cash transfers; it also takes into account net taxes, medical expenses, childcare expenses and work-related expenses. Unlike the OPM poverty threshold, the ORPM poverty threshold is based on current costs of food, clothing, shelter and utilities, all of which are adjusted for family size, composition and housing costs (Rothwell, 2020). Oregon's poverty composition shares similar characteristics as the poverty distribution at the federal level. Similarly to the high poverty levels in Southern states, Oregon's Southern counties, particularly remote and rural counties such as Jackson and Malheur, experience higher rates than other parts of the state (Rothwell, 2020). Since this geographic distribution is measured by OPRM, it adjusts for the cost-of-living disparities in these

areas. According to the Oregon Center for Public Policy (OCPP), the poverty rate was more than sixteen percent among rural Oregonians versus fourteen percent of their urban counterparts, using OPRM (Mechling, 2020). The OCPP suspects that rural areas have higher poverty rates due to higher unemployment rates and lower wage floors. I will discuss the effects of Oregon's tiered system on poverty rates in the later sub-section, "Minimum Wage Impact on Oregon" (Mechling, 2020).

Unintended Consequences of Minimum Wage Increases

Throughout the United States, there are over sixty localities that have adopted their own minimum wages above the minimum wages of their respective states (EPI Wage Tracker, n.d.). For the purpose of this section, I will focus on the impacts of the Seattle Minimum Wage Ordinance ($9.47 to $15) in 2015 (Rolf, 2016). This win arrived after much pressure from advocacy groups, Working Washington and the SEIU labor union. The coalition urged city hall to follow the SeaTac example of increasing minimum wage to $15 for airport employees, and to extend this win to the city. After garnering a lot of media attention and organizational support, then-Seattle Mayor Ed Murray signed the bill to raise the city's wage (Rolf, 2016). Despite this win for workers and labor advocates, the consensus on whether the impact of this increase was positive or negative has been somewhat mixed since it went into effect.

Mark Long, a researcher with the Evans School of Public Policy and Governance at the University of Washington in Seattle used unemployment insurance data to analyze the impact of this legislation on local earnings inequality (Long, 2020). His findings revealed that workers in the bottom percentile of earnings, or workers earning low wages below the median wage, were the most impacted by the bill. They enjoyed the quickest and most significant wage hikes, seeing their hourly wages increase by 25% from $11.72 to $14.65 under a span of three years. However,

he also notes that from 2016 to 2017, wages in the top percentiles rose faster than all other percentiles, creating an even larger gap of income inequality within the Seattle labor market. He does acknowledge that this increase in top earnings might have been related to strong growth in compensation of Amazon employees during this time, given their corporate headquarters in the city. He also considers the reduced turnover of workers due to increased wages, which may have benefited the earnings of employers. His conclusion is that the increased minimum wage failed in offsetting earnings inequality among workers in the city (Long, 2020). Although Long's report is intended to highlight the shortcomings of the Seattle ordinance, I believe the findings offer a helpful counterargument to minimum wage increase concerns regarding wage compression. When I interviewed members of Oregon's business community, some expressed concerns regarding the potential for reduced pay gaps between employees operating on different levels within a company, leading to less incentives for employee growth. Long's study reveals that the higher wages brought low-wage workers closer to the median line while earnings above the median line continued to increase (Long, 2020). Instead of wages compressing, the gap between low-wage workers and high-wage workers remained. One could argue that the reduced turnover rates signifies a newfound motivation for low-wage workers to remain at a company. Their higher earnings, combined with a sustained incentive for upward mobility and career advancement can serve as a demonstration of the positive potential of minimum wage increases.

Research associates, Arindrajit Dube and Attila S. Lindner from the National Bureau of Economic Research (NBER) also examined the impacts of these city-level minimum wage changes (Dube, Lindner, 2020). They start by challenging a widely distributed study by Ekaterina S. Jardim, an economist who also works with the NBER. Jardim studied the ordinance's initial raise, which brought Seattle's minimum wage from $9.47 to $13 per hour in

2016. The study reported a decline in jobs earning below $25 per hour in the city, relative to other parts of the state. Dube and Lindner push back against this claim about employment rates. The researchers note the uniqueness of the Seattle labor market that Jardim did not consider. They reference the "Seattle boom" during this period, which Long briefly addressed in his study as referenced in the previous section, and that this was likely responsible for the shift in wage distribution at the time. Jardim's claim is that jobs were lost due to high labor costs for employers. However, Dube and Lindner believe it is more complicated than this. The researchers hypothesize that more low-wage jobs ceased to exist during this tech expansion period due to the increase in high wage jobs. When wages increase, employers are likely more incentivized to hire higher-skilled workers, commensurate with higher pay. Dube and Lindner analyzed evidence on the early introductions of city minimum wage changes in four different cities: San Francisco, Sante Fe, Washington D.C. and Seattle. They found that overall, the city-wide policies increased worker pay, reduced wage inequality and did not create any detectable employment loss among affected businesses (Dube, Lindner, 2020).

Small Businesses and Rural Economies

The last few studies offer evidence that higher wages may offer neutral or positive impacts on local and statewide labor markets. However, they do not directly address the concerns that many reserve around small businesses, particularly those in rural areas. I held interviews with Mark Edwards, a Professor and Director of the Oregon State University Policy Analysis Laboratory, and Bruce Weber, another OSU Professor and the former Director of OSU's Rural Studies Program (see Appendix I and Appendix J). I asked both of them about the unique challenges that businesses in rural areas face, and they both identified the two biggest costs: distance and population density. The costs of transporting goods to and from businesses in

remote parts of Oregon are often very high. Additionally, certain services require higher population densities, which force many businesses to source them from urban areas at higher prices. Since customer bases tend to be smaller, businesses must charge higher prices on products to cover their fixed costs of rent, utilities and equipment. When I asked about the potential impacts of minimum wage increases on business closures and job scarcity in rural areas, Bruce noted that the margin, or the difference between the cost of producing goods and the price at which they are sold, is a critical component of this issue. Rural businesses often lack the large customer base that urban businesses enjoy due to larger populations. Therefore, wage increases could have negative effects on businesses already struggling with very thin margins since they may not be able to absorb higher costs. Stephen Green, the Executive Director of business network, Better Portland (see Appendix K), shared this sentiment in his interview when he was discussing the high costs of running urban businesses as well. All three of these interviewees expressed the need for a balanced approach to ensure that wages are raised in urban and rural areas without forcing businesses to lay off employees. The following two studies offer analyses of minimum wage impacts on small businesses and rural economies.

In a study on minimum wage increases by the Institute for Research on Labor and Employment (IRLE) by the University of California, Berkeley, the researchers analyzed forty-seven counties across the United States that reached $15 or more by 2022 (Wiltshire, Reich, 2023). It is important to note that the researchers included a range of counties with varying characteristics, from large urban counties like Los Angeles County to more rural counties such as Fresno County. They deliberately selected counties that most resemble other parts of the country, such as urban and rural counties in larger states such as Texas, Georgia and South Carolina. When analyzing the wage increases in counties across California and New York,

the researchers found that earnings increased for fast food workers and that there were no significant signs of disemployment, even in high-impact counties where large shares of workers are earning minimum wage. In a few subsamples, there were even slight increases in local employment opportunities (Wiltshire, Reich, 2023).

The IRLE researchers cite a separate study titled “Small Business and the Minimum Wage” by their colleagues, Jesse Wursten and Michael Reich, to counter primary arguments that small businesses cannot afford to pay the same wages as larger businesses, particularly in rural areas (see Appendix H). For this study, the researchers analyzed quarterly earnings and employment data from over ten million establishments, from restaurants to grocery and merchandise stores, spanning over two decades. The wage increases were similar across employers of all sizes and there were no noticeable effects on employment in any size. The only outlier was smaller-sized businesses employing workers between the ages of fourteen and eighteen years old, which experienced a modest employment decline after wage increases. However, the researchers explain this reduction in work hours by the expansion of state merit scholarship programs, which often force teenagers to leave work. They frame this as a labor supply issue rather than a lack of demand. Additionally, they note that teenagers accounted for less than two percent of all worker hours. The consistent results across these employers, varied in size, signifies an absence of negative impacts on small businesses, even the most vulnerable.

Manufacturing Sector

When I interviewed Bob Bussel, the Director of the Labor Education Research Center (LERC) and a labor historian currently writing a book about low-wage work (see Appendix R), he mentioned that a common concern from wage reform skeptics is that increases could lead to more job automation, particularly in the manufacturing sector. Unlike sectors like service and

hospitality, where workers are harder to automate, many manufacturing jobs can be replaced by machinery (Dube, 2019). Additionally, since manufacturing products are typically priced by international companies, the smaller firms do not always have the ability to raise their prices to adjust for higher labor costs. Dube references a study (Cengiz, 2019) that he contributed to, with leading researcher Doruk Cengiz. For the study, the researchers used a bunching estimator to isolate the variables and analyze the effects of minimum wage increases on varying industry sectors. Employment appeared not to decline in response to minimum wage increases in the restaurant sector and retail sectors, as predicted. These are considered non-tradable sectors, or sectors with local markets, and they employ the highest numbers of minimum wage workers in the United States. Conversely, the minimum wage appeared to be more binding in the manufacturing sector as it is often considered tradeable (Cengiz, 2019). However, Dube notes that there is only a small share of minimum wage workers in the tradable sector so the impact on employment from this sector-specific effect is considered modest (Dube, 2019). According to the Economic Policy Institute, policymakers would need to expand "Buy America" programs to ensure the competitiveness of manufacturing and construction industries in the United States (Scott, 2022) in order to offset these employment disturbances in the tradable sector.

Agricultural Sector

When I interviewed Jeff Stone, the CEO and Executive Director of the state's largest nursery association, the Oregon Association of Nurseries (see Appendix T), I asked him about the unique challenges facing the agricultural sector. Jeff noted that agricultural companies often operate on a national market. Unlike restaurants and retail stores that are often competing with similar establishments across the street, farms and nurseries are competing with other growers around the country. As I previously mentioned, he submitted legislative testimony in 2015

(Stone, 2015) opposing the suite of minimum wage bills introduced at the time. In his testimony, he advocated an increased federal minimum wage to lift the national floor and ensure competition among growers across the United States. Jeff argued that other states' growers are often dealing with lower minimum wages than Oregon, meaning they enjoy the advantage of lower labor costs. In our interview, he contended that state lawmakers often fail to consider the very thin margins (often less than one percent) that agricultural companies experience and the impacts of even the smallest wage increases on these already vulnerable margins (see Appendix T).

In a 2018 study (Hassanein & Kloppenburg, 2018), Oregon State University researchers interviewed eighteen direct market farmers across the Willamette Valley to assess the impacts of the state's 2016 tiered minimum wage law on Oregon's agricultural sector. The researchers compared the results for small farms (zero to five farmworkers), mid-sized farms (six to nineteen farmworkers) and large farms (20 or more farmworkers). Since labor appeared to be the largest expense for any sized farm, increased labor costs appeared to be the catalyst for operation adjustments among many of the growers. Following the state's minimum wage increase, mid-sized farms reported the greatest negative impact since they described themselves as having little pricing power and therefore, minimal control over the absorption of labor costs. Large-scale farms mirrored these experiences and sentiments. However, small farms reported the lowest negative impact since they described themselves as having a stronger ability to set prices. Their overall attitude toward the minimum wage increase was neutral. Of the eighteen producers, seven of them reported that they have or plan to reduce employment in the coming years as a result of the wage increase (Hassanein & Kloppenburg, 2018). Similarly to the manufacturing sector, the agricultural sector is tradeable and domestically competitive. The common thread

between the agricultural sector and the previously discussed manufacturing sector is the common lack of price-setting control among companies. This is due to the fact that both of these sectors are considered to be tradeable. As the study cites, there are many types of direct marketing channels such as farmers' markets and grocery stores (Hassanein & Kloppenburg, 2018). Smaller farms reported to experience less negative impacts because of their marketing channels embodying a more direct-to-consumer model, granting them increased power over their price-setting. Based on this study, minimum wage increases were only harmful for businesses with less price-setting power. Legislation such as the "Agricultural Competition Enhancement Act" of 2000 (Grassley, 2000) would have enforced anti-trust regulation within the agricultural sector to increase competition among companies. This bill did not make it through Congress (Grassley, 2000) but presented a policy concept that is necessary to address agricultural companies' lack of price-setting power and ultimately, withstand or even benefit from minimum wage increases.

Minimum Wage Impact on Oregon

Although there have been extensive studies revealing little to no unintended consequences from minimum wage increases around the country (Gould 2019), there have been meager studies on the effects of Oregon's tiered minimum wage system so far. Since the nation's first geographically-tiered minimum wage law was signed into law in 2016, there has been plenty of debate across the political aisle about its impacts on the labor market. As Gail Krumenauer, the leading Employment Economist for the Oregon Employment Department mentioned in our conversation (see Appendix E), it is difficult to analyze the impacts since these wage increases have been incrementally implemented over time. However, she noted that the accelerated schedule between 2016 and 2022 provides evidence that employers are competing

for labor and subsequently, raising their wages. In an Oregon Employment Department table listing the state's minimum wage rates and numbers of minimum wage jobs per year (see Appendix L1), we see a significant increase in jobs in 2017, the first year that the minimum wage increases by a full dollar. From 2016 to 2017, the number of jobs jumped from around seventy five thousand to over one hundred and sixty thousand. The percentage of minimum wage jobs making up the state's job market jumps from below four percent in 2016 to over seven percent in 2017. These numbers mostly stagnate until 2020, when the COVID-19 pandemic begins and causes a downward trend in employment, largely mirroring the rest of the country.

In a 1998 study by the Center on Budget and Policy Priorities (Greenstein, 1998), researchers found that minimum wage increases had a significantly positive effect on recipients of public assistance. After a successful ballot initiative went into effect at the start of 1998, Oregon's minimum wage grew from $4.75 per hour to $5.50 per hour. When the increase was passed, the average starting wage of former recipients of government programs entering the workforce increased by more than five percent. Among those who found full-time jobs, roughly half of them began earning above the minimum wage. These increases in earnings of low-income families were consistent with similar studies done on federal wage increases, which seemed to alleviate poverty for families largely relying on government benefits. Additionally, this increase in Oregon's minimum wage had mostly neutral impacts on available employment, with positive growth in the retail trade industry (Greenstein, 1998).

The time series graph of employment on the Oregon Employment Department website depicts positive trends (see Appendix M). When I adjust for statewide data (see Appendix M - Graph M1), there appears to be a steady incline in employment, nearly doubling between 2010 and 2019. There are no significant declines in employment until 2020, given the emergence of

the COVID-19 pandemic, followed by a gradual recovery and hitting peak employment rates this year. When I adjust for county-level data, there are evident distinctions between rural and urban counties. If we compare Multnomah County (see Appendix M - Graph M2), Oregon's most densely populated county, we see an almost identical trend as that on the state level. Klamath County (see Appendix M - Graph M3), a rural area in Southern Oregon, appears to experience far more volatile trends in employment. However, there is a notable hike in employment in 2016, following a period of steep decline and stagnation for half a decade. This employment hike continues to increase until dipping in 2020, mirroring counties across the state. Although the correlation of employment trends with the tiered minimum wage schedule does not automatically equate to causation, it is important to recognize the absence of significant disturbances in employment rates throughout this period.

Cost Burden of Housing

The Oregon Center for Public Policy reports similar results from the 2016 tiered minimum wage increases (Queral, O'Lague, 2023). During the accelerated period of 2016 and 2022, the minimum wage rose by over twenty percent and by the end of the period, most minimum wage jobs were no longer considered poverty-level in the state. However, the analyst notes that the poverty levels are unreliably defined and inaccurate, as previously mentioned (Queral, O'Lague, 2023). Housing costs and the percentage of a household income that is absorbed by those costs may be a more reliable indicator of which Oregonians are struggling to stay afloat. As mentioned in the "Background" section, the Department of Housing and Urban Development defines households that spend thirty percent or more of their income on housing as "cost burdened" and households that spend fifty percent or more of their income on housing as "severely cost burdened" (ECONorthwest, 2020). According to the Oregon Center for Public

Policy, one in three working families across Oregon struggle to afford housing. Over thirty percent of those struggling households are cost burdened, and fifteen percent are severely cost burdened. The data is even more pronounced for Oregon renters, half of which are cost burdened (Oregon Center for Public Policy, 2018). In 2024, the Oregon Housing and Community Services department released a report (OHCS 2024) stating that wages have failed to keep pace with rising housing costs. The OHCS reported that a typical home in Oregon costs almost a quarter percent more than the United States average. They note that despite rapid wage gains in the last few years, the median sales price of a home in Oregon has increased over seven times faster than income over the last decade. In other words, for every dollar an Oregonian makes in income, the price of a home increased by almost seven dollars. From 2017 to 2022, renters' income only increased by six percent while the costs of rent grew to more than double that. The OHCS concludes by declaring a state housing crisis and linking oppressive rent prices and stagnant wages, further eroded by inflation (OHCS 2024). This report confirmed that the potential for higher income from wage increases, not nearly enough after accounting for inflation, are largely consumed by significant housing costs.

The National Low Income Housing Coalition's (NLIHC) *Out of Reach* reports utilize the HUD's Fair Market Rents (FMR) as a benchmark to determine a state's "Housing Wage," or an estimate of the hourly wage that a full-time worker must earn to afford a modest rental home without spending more than thirty percent of their income on housing costs (NLIHC, n.d.) in their respective state. According to the NLIHC, the FMR for a two-bedroom apartment is $1,682 in Oregon (see Appendix N). In order to afford this, a household needs to earn at least $5,606 monthly or $67,275 annually. A full-time worker would need to earn at least $32.34 per hour, which is the hourly Housing Wage determined by the NLIHC for Oregon. Currently, the standard

minimum wage ($14.70 per hour) is less than half this amount. At the standard minimum wage, an Oregonian would need to work eighty-eight hours per week to afford a two-bedroom rental home or seventy-four hours per week to at least afford a one-bedroom rental home. In Corvallis, a metropolitan area where the minimum wage is currently set at $15.95 per hour, almost half of the total households are renter households. In order to afford a two-bedroom apartment without being cost burdened in Corvallis, a renter would need to work at least two full-time jobs at minimum wage. In Yamhill County, a rural area where the minimum wage is currently set at $13.70 per hour, a renter would need to work almost three full-time jobs at minimum wage in order to afford a two-bedroom apartment without being cost burdened. The hourly wage necessary to afford a two-bedroom apartment in this county with one full-time job is almost forty dollars per hour, which is almost triple the current minimum wage there.

Summary of Findings

Below I have provided a table that summarizes the key findings from my research analysis. These findings substantiate the need for wage reform and provide evidence to support my policy recommendations, which I will propose in the section following the table below.

Key Findings - Minimum Wage Impacts		
Low-Wage Worker Demographics Definition of "low wage-worker": Any worker earning less than $17 per hour	***Federal:*** - 20% under 25 - Average age: 35 - 10% teens - 25%+ seniors 65+ - 50%+ work 35+ hrs/week ***Oregon:*** - 15% under 25 - Average age: 38 - 6% teens - 24% seniors 65+	Appendix A, B, C State of Oregon, 2019 Federal Reserve Bank St. Louis, 2020

Key Findings - Minimum Wage Impacts		
	- 55%+ work 35+ hrs/week - 25%+ parents	
Minimum Wage Effects on Poverty	● Minimum wage hikes have neutral effects where wages are low relative to median wages ● Minimum wage hikes significantly reduce poverty where minimum wage is a larger share of median wages, including child poverty reductions ● Increases in minimum wage positively impacted public assistance recipients ● Wage rises improved earnings without reducing employment in Oregon, especially in retail ● From 2016 to 2022, Oregon's tiered minimum wage rose over 20%, lifting many jobs above poverty-level wages	Dube, 2019 Gould, 2019 Greenstein, 1998 Krumenauer interview (Appendix E) Queral & O'Lague, 2023
Unintended Consequences of Minimum Wage Increases	● 60+ U.S. cities set higher local minimum wages. ● Seattle raised minimum from $9.47 to $15 in 2015 ● Lowest earners' wages rose 25% in 3 years ● Wage gap stayed; no compression; turnover dropped, boosting retention. ● Job losses below $25/hr likely due to tech boom, not wage hike ● City minimum wage hikes raised pay, cut inequality, no significant job loss found	EPI Wage Tracker, n.d. Rolf, 2016 Long, 2020 Dube & Lindner, 2020 Jardim, 2020
Small Businesses and Rural Economies	● Study of 47 counties (urban + rural) with $15+ minimum wage found earnings up, no major job loss ● Some areas saw slight employment growth after wage hikes	Wiltshire & Reich, 2023

Key Findings - Minimum Wage Impacts		
	● Large data analysis across 10M+ establishments shows wage increases similar across business sizes ● No significant employment effects for small vs. large businesses ● Slight teen employment drop explained by external factors (scholarship programs), not wage hikes	Wursten & Reich, Appendix H
Manufacturing and Agricultural Sectors	● Study found no employment decline in restaurant and retail (non-tradable sectors) but a modest employment effect in manufacturing (tradable sector), which has fewer minimum wage workers overall ● Oregon State study of tiered minimum wage effects on agricultural farms found mid- and large-sized farms had negative impacts due to low price-setting power ● Small farms fared better due to direct-to-consumer channels and more pricing control ● 7 of 18 interviewed farmers planned to reduce employment due to wage hikes	Cengiz et al., 2019 Dube, 2019 Hassanein & Kloppenburg, 2018
Minimum Wage Impact on Oregon	● Employment in minimum wage jobs jumped sharply in 2017 with a $1 increase ● State employment rose from under 4% to over 7% ● Early wage hikes lifted earnings of low-income families ● No clear evidence of employment disruptions following increases	Oregon Employment Department (Appendix L1) Greenstein, 1998 Krumenauer (Appendix E)
Cost Burden of Housing <u>Definition of "cost-burdened":</u> a worker who spends 30-50% of their income	● 1 in 3 working families struggle to afford housing ○ 30% cost-burdened, 15% severely cost-burdened ○ Half of Oregon renters are cost-burdened ● Renters' income grew 6% (2017-2022) while rent more than doubled ● To afford a modest two-bedroom rental in Oregon, a full-time worker needs to earn $32.34/hr—more than	OHCS, 2024 NLIHC, n.d.

Key Findings - Minimum Wage Impacts		
on housing costs	double the current standard minimum wage of $14.70 ● At minimum wage, workers must labor 74-88 hours weekly just to afford basic rentals without cost burden.	

My findings, as summarized above, reveal that low-wage workers are often adults working full-time jobs and raising families, within state and national workforces that are increasingly aging. According to several peer-reviewed studies and reports, minimum wage increases are effective at alleviating poverty and increasing earnings for low-wage workers in both urban and rural areas, with little to no negative impacts on small business sustainability or employment rates. In some cases, wage increase policies pose positive effects on employment trends. Additionally, minimum wage increases tend to have unnoticeable effects on non-tradable sectors while having modestly negative effects on tradable sectors such as manufacturing and agricultural sector, which mostly employ high-wage workers and for which impacts can be mitigated with increased domestic competition. In Oregon, the tiered minimum wage law that was passed in 2016 appears to have increased employment rates in both urban and rural counties throughout its staircase-style implementation. Although it is still early to assess the law's long-term implications, my findings reveal that the state's wages have not kept pace with the costs of living since the law was passed.

As mentioned earlier, my client organization, Oregon State Representative Mark Gamba's office chief-sponsored House Bill 2962 this session, also known as the "Houseable Wage Bill", which would have utilized the Department of Housing and Urban Development (HUD)'s Fair Market Rents (FMR) as a benchmark to regionally determine minimum wage rates in Oregon (Oregon House Bill 2962, 2025). Although it was unsuccessful this previous Session, the

premise of the bill is widely agreed upon by policy experts across the state. As I've discussed throughout my report, government entities such as the Oregon Housing and Community Services department concluded that low wages are fueling the housing crisis in Oregon (OHCS, 2024) and policy research organizations such as the Oregon Center for Public Policy (Mechling, 2020) linked poverty and homelessness with high rates of workers being burdened by housing costs.

My interviews with relevant stakeholders were centered around the issue of wages and housing costs. When I spoke to the Director of the OSU Policy Analysis Laboratory, Mark Edwards (see Appendix J), he contended that we need to peg wages to housing costs since the latter is the largest bill in family budgets, trumping all other costs of living. Daniel Morris, a policy consultant whose focus is labor and economic justice, argued that the current, tiered phase-in period of minimum wage increases fails to truly keep up with inflation (see Appendix C). Mary King, a Professor of Economics at Portland State University, shared this sentiment and added that the measurement of inflation rate that the state currently uses to establish the tiered rates is an extremely flawed metric (see Appendix P). Labor advocates such as the Founder of Oregon's Working Families Party, Barbara Dudley (see Appendix Q) and Labor Education Research Center Director and historian, Bob Bussel (see Appendix R) emphasized the importance of identifying a reliable measurement for determining a living wage. Although business leaders differed in approach, the President of Medford's Chamber of Commerce, the the Executive Director of Better Portland and the CEO of Oregon Association of Nurseries (see Appendix A, Appendix K and Appendix T) agreed with the basis of the labor advocates' central point: people's incomes should keep pace with costs of living, especially the cost of housing since it is the biggest financial burden.

When I spoke to Amanda Orozco, the Policy Coordinator for the advocacy group, Unite Oregon and one of the main coalition organizers behind Representative Gamba's Houseable Wage bill (see Appendix S), she described the legislation as a way to close the gap between people's paychecks and their costs of living. The most pushback that the bill received this past Session was from the business community, largely Oregon Business and Industries (OBI), which formerly listed the bill on their 2025 Legislative Session Job-Killer List before the bill failed to advance. The bill's "Frequently Asked Questions" sheet (see Appendix O) put together by Unite Oregon offers many helpful insights to address the concerns of business leaders and business owners across the state. Unite Oregon assures that raising wages will barely have a noticeable effect on inflation and even boost purchasing power for workers. As Mary King, a Professor of Economics at PSU described in our interview (see Appendix P), the microeconomics lens of wage increases views high labor costs as a threat to businesses. The macro-economics lens views more consumers investing in businesses due to their greater spending abilities. She offered the example of the CEO of Wetzel's Pretzels, who initially advocated against California legislation to raise wages then had a change of heart when another increase was later introduced. He realized that the mall employees working at restaurants around his establishments were purchasing more of his products when their wages were higher. Unite Oregon also assures that a houseable wage would keep wages tied to local housing costs, therefore reducing employee turnover by helping workers afford to stay local. Similarly to the current tiered minimum wage system, the Houseable Wage bill would gradually increase over time to allow businesses to adjust. The bill also includes provisions for tax credits and subsidies to aid small businesses during this adjustment period (see Appendix O).

Before I offer my policy recommendations, I'd like to revisit my discussion regarding the minimum wage bills that were proposed back in 2015 and 2016. During this time, labor coalitions and Democratic leaders in Oregon struggled to land on a unified goal for minimum wage, fluctuating between varying wage rates and rollout timelines (Zimmerly-Beck, 2015) and arguing about political feasibility versus optimal reform. After the initial suite of minimum wage bills was ultimately obstructed by then-Senate President, Peter Courtney (McIntosh, 2015), the tiered minimum wage system bill was introduced in the following Session (SB 1532, 2016). However, after extensive deliberation with the state's business community and labor advocates, Oregon policy makers decided to appease the business requests with amendments such as a slower rollout for wage increases and geographically-adjusted wage rates. As I've detailed throughout this report, the compromised legislation has fallen significantly short of its original purpose to keep pace with the rising costs of living in Oregon, leaving working families heavily burdened by these costs across the state. This legislative session, Representative Gamba's Houseable Wage bill faced a similar fate as the minimum wage bills that failed to advance in 2015 and the diluted result of the tiered minimum wage law of 2016. All of these bills were once deemed politically unpopular and heavily campaigned against by big business entities in Oregon.

Recommendations

I'll start with my political advocacy recommendation. It is important to learn from the strategies of winning campaigns such as the Fight for 15 movement in Seattle, which I detailed earlier. In 2014, the mayor's pollster conducted a city-wide poll that revealed that over half of people (74%) living in Seattle supported a $15 minimum wage (Rolf, 2016), which was largely an outcome of the high volume of worker strikes and media coverage transpiring during this time. Similarly, three polls published in widespread journals revealed that over half of

Oregonians supported a $15 minimum wage when the movement arrived in Oregon (Zimmerly-Beck, 2015) . Despite the popularity of this policy, Oregon lawmakers and some coalition leaders caved into political pressures from the business community and settled for less ambitious goals during this period. Conversely, Seattle's then-mayor and council majority were fully on board and conducted several city halls to incorporate the public into the conversation (Rolf, 2016) . City-level campaigns such as Seattle's 15 Now do typically benefit from more politically progressive government bodies and expedited policy processes. However, there are two important lessons that can be adopted on the state-level to pass a Houseable Wage bill in the following legislative session.

The first lesson is to assemble an alliance of progressive, business leaders who can serve as links between the labor movement and the business community within Oregon's state legislature. During the 15 Now movement in Seattle, then-Mayor Murray formed an Income Inequality Advisory Committee (ILAC), responsible for creating minimum wage policy for the city (Rolf, 2016). He brought on Howard Wright, CEO of the "Seattle Hospitality Group" and Nick Hanauer, a well-known American entrepreneur and venture capitalist, along with the CEO of the Seattle Chamber of Commerce at the time and an alliance of other business owners. These business perspectives were critical in strengthening the argument that higher minimum wages are pro-business (Rolf, 2016). Oregon lawmakers could replicate this advisory committee as a Houseable Wage Workgroup, perhaps proposed by a bill and initiated by the House Business and Labor Committee. The purpose of this workgroup could be to compile evidence that supports a Houseable Wage bill and to strategize political paths for the legislation. As Mayor Murray brought Wright and Hanauer onto the advisory committee, Representative Gamba could invite prominent members of Oregon's progressive business community to join the Houseable Wage

Workgroup. Bryan Steelman, founder and owner of Oregon's Mexican restaurant chain, "¿Por Qué No?," and Kim Malek, Portland-based founder and owner of the national ice cream chain, "Salt and Straw," are just a couple examples of candidates for a potential state workgroup studying minimum wage policy, given their progressive labor values and their businesses' local popularity. Voices like these can alleviate the increasing tension between Oregon's business interests and labor goals. Ultimately, they can bolster the argument for a Houseable Wage in Oregon from a pro-business angle.

For my policy recommendation, the second lesson that Oregon can take from Seattle's 15 Now campaign is to use a potential ballot measure as political leverage (Rolf, 2016) and stay committed to the same central message. Jamie Partridge, the chief petitioner for the Oregonians for 15 ballot initiative campaign, refused to cheapen any of their coalition's wage demands, following a similar style as Kshama Sawant (Rolf, 2016), the Seattle equivalent. Despite Partridge's resistance, labor lobbyists settled for the Oregon Democrats' $13.50 demand in 2015 (Zimmerly-Beck, 2015), which won major unions over and largely weakened the ongoing $15 efforts, leading both efforts to failure when the 2016 tiered system legislation was passed into law. In the next legislative session, the Houseable Wage coalition needs to sustain one central message throughout. Unite Oregon provides effective language for potential messaging in their one-pager (see Appendix O) of House Bill 2962: "Housing costs have outpaced wages" or "Working families deserve homes".

In Seattle, many business leaders agreed to participate in the negotiations process for the 15 Now bill because they feared the alternative outcome (Rolf, 2016), which was Sawant's ballot measure - a policy that would likely be more radical and free from any business influence. Similarly to 15 Now activists in Seattle, Oregon's Houseable Wage coalition needs to use a

potential ballot measure as a tool of political leverage throughout the next legislative session to pressure opponents into working with the movement and not against it. A Houseable Wage Workgroup can work to garner votes from legislators and political support from Oregon Business and Industries (OBI) throughout the 2026 legislative session while the organizational members of the Houseable Wage coalition build grassroots power among labor and the public, with an overarching goal of passing Houseable Wage legislation that ties the minimum wage to local rent prices and an alternate goal of getting a Houseable Wage initiative on the November ballot. Similarly to the Houseable Wage bill that was introduced by Representative Gamba this legislative session, the next iteration of the bill should also include provisions for tax credits or subsidies to help small businesses adjust. These two features should be highly pronounced in committee meetings and in media circulation.

Conclusion

My findings reveal that the current minimum wages have been significantly outpaced by the local costs of housing in every county across the state, leading to a substantial number of working families being cost burdened by their rental or mortgage payments. My key policy recommendation is for Oregon to pass a future iteration of the Houseable Wage bill, using updated findings from the National Low Income Housing Coalition to account for rural and urban disparities. The legislation should be drafted and sponsored by the Office of Oregon State Representative Mark Gamba, with the language and backing of the Houseable Wage coalition. Additionally, Oregon lawmakers should consider forming a Houseable Wage Workgroup to strategize a path for legislation and avoid the mistakes made from the minimum wage increase efforts of 2015 and 2016. The workgroup and grassroots efforts should both mirror those of the successful 15 Now campaign in Seattle, Washington. Additionally, Representative Gamba and

other proponents of the bill should employ the perspectives and representation of prominent business leaders in Oregon for their cause, as well as use the potential of a ballot measure initiative as an alternative strategy.

Oregon is known for leading the national policy charges on several progressive fronts, from comprehensive paid family leave to innovative climate solutions. However, we lag behind the national average in almost every housing metric. As Franklin D. Roosevelt said when he signed the National Labor Relations Act in 1933, living wages are “more than a bare subsistence level” (Roosevelt, 1933). Currently, the National Low Income Housing Coalition reports thousands of working families across the state living at or below the bare subsistence level. Oregonians deserve to live in homes that do not cost most of their paychecks. We can no longer accept the state’s housing crisis as the status quo. All of my findings point to one solution: tie workers’ wages to the costs of housing so working Oregonians can afford to rent and buy homes. The houseable wage is urgently needed and the time for this structural change is now.

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Appendix

- **Appendix A**

  Transcript of Interview with Eli Matthews, President and CEO, Chamber of Medford and Jackson County

  (Conducted by Author, April 18, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1g_m98ISKFdF-yYfiEiJjBHCcNPtTBbBX2u4qXTHyzzk/edit?usp=sharing

- **Appendix B**

  Transcript of Interview with Sarah Kowaleski, Coalition Organizer, Jobs with Justice

  (Conducted by Author, April 23, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1Q9-FrNnrZJVev8QxKvQkNmJ1ZzJMQl4R_CTx7JjdxqI/edit?usp=sharing

- **Appendix C**

  Transcript of Interview with Daniel Morris, Policy Research Consultant, Daniel Morris Research

  (Conducted by Author, April 2, 2025)

Full Transcript:

https://docs.google.com/document/d/1XOW4kSCRY6FrSK3ABXDZlUmu-rdA7T7eIOSDvcOpvF4/edit?usp=sharing

- **Appendix D**

  Transcript of Interview with Daniel Hauser, Deputy Director, Oregon Center for Public Policy

  (Conducted by Author, April 16, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1k26anvKzDNNxiy34F69UH4BLCdIshUecbL8GzmJYmII/edit?usp=sharing

- **Appendix E**

  Transcript of Interview with Gail Krumenauer, Employment Economist, Oregon Employment Department

  (Conducted by Author, April 10, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1z1H7w1R6VmAqR2hE29GlqHht_sftZtOaNaAolXsUEEU/edit?usp=sharing

  Table E1

Oregon - Number of Jobs by Hourly Wage Level and Broad Industry - 3rd Quarter 2023*

See table below:

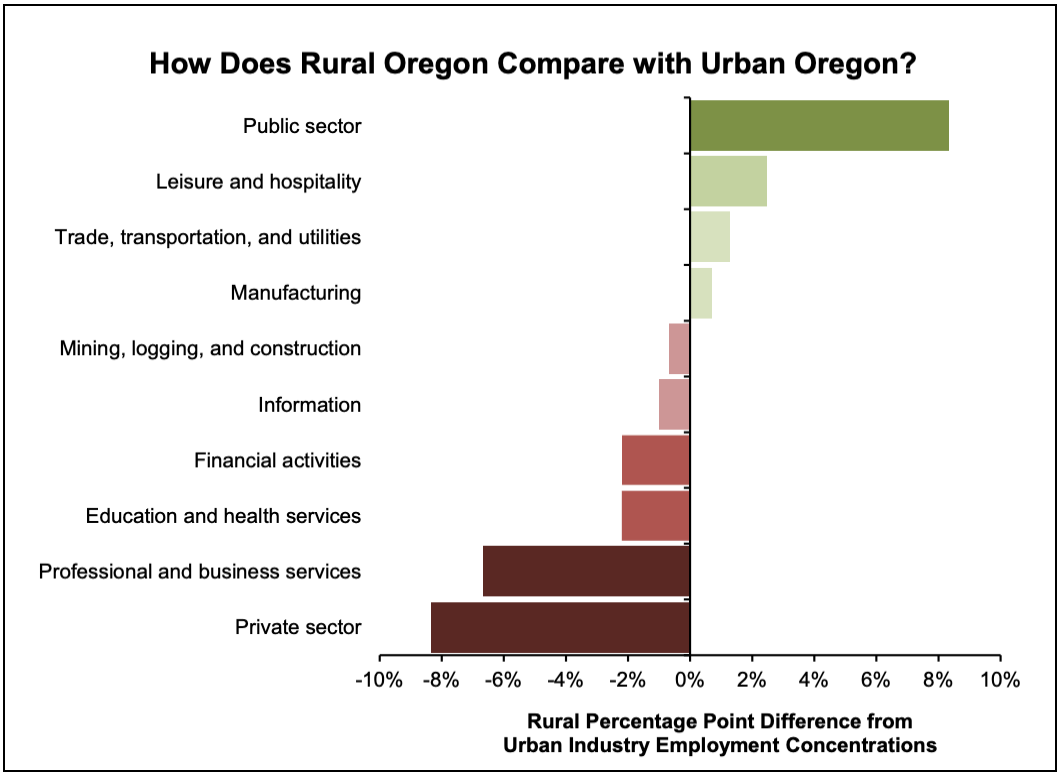
Oregon - Number of Jobs* by Hourly Wage Level and Broad Industry - 3rd Quarter 2023

	Under $15.00	$15.00 - $19.99	$20.00 - $29.99	$30.00 - $39.99	$40.00 - $49.99	$50.00 - $59.99	$60.00 or more	Total
Natural Resources and Mining	12,407	43,042	32,015	8,731	2,791	1,110	1,999	102,095
Construction	2,390	13,473	41,373	27,745	20,383	14,223	16,928	136,515
Manufacturing	4,094	29,807	69,248	36,329	20,146	11,859	31,490	202,973
Wholesale Trade	1,672	10,241	25,611	14,950	8,011	4,663	12,516	77,664
Retail Trade	26,232	92,378	63,498	18,959	7,340	3,783	10,190	222,380
Transportation, Warehousing, and Utilities	3,741	14,197	34,495	14,543	6,418	4,024	8,519	85,937
Information	894	2,986	5,921	5,323	4,208	3,404	13,183	35,919
Financial Activities	2,321	9,938	26,756	15,513	9,071	6,019	15,284	84,902
Professional and Business Services	9,992	58,979	77,158	38,837	25,352	17,475	59,643	287,436
Private Educational Services	2,276	7,745	10,442	5,666	3,272	1,903	3,343	34,647
Health Care & Social Assistance	7,815	59,786	98,931	38,742	21,591	17,767	52,132	296,764
Leisure and Hospitality	34,298	106,975	79,103	24,409	8,674	3,035	4,408	260,902
Other Services	6,264	19,858	22,450	10,772	5,257	2,935	5,830	73,366
State Government**	-	-	-	-	-	-	-	45,639
Local Government	8,296	24,232	46,694	40,693	28,309	19,650	50,566	218,440
Non-classifiable ***	1,898	7,347	11,359	7,394	5,517	3,798	13,239	50,552
All Industries	124,590	500,984	645,054	308,606	176,340	115,648	299,270	2,216,131

(Source: Gail Krumenauer, Employment Economist, Oregon Employment Department)

- **Appendix F**

Chart F1



From Powerpoint Presentation: The Employment Landscape of Rural Oregon

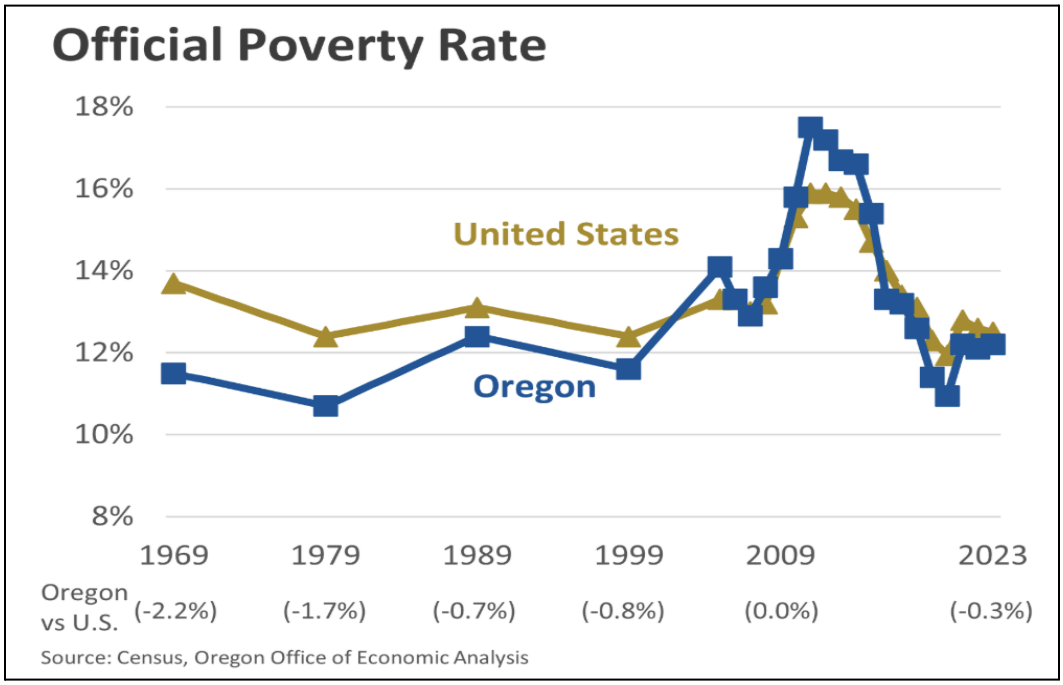
(Source: Damon Runberg, Regional Economist, Oregon Employment Department)

Full Presentation:

https://www.oregon.gov/das/Facilities/Documents/Sust-Equity-RuralOregon.pdf

- **Appendix G**

Table G1



From Report: Oregon Progress and Poverty, 2023 Edition

(Source: Josh Lehner, Oregon Office of Economic Analysis)

Full Report:

https://oregoneconomicanalysis.com/2024/09/12/oregon-progress-and-poverty-2023-edition/

- **Appendix H**

Powerpoint Presentation: Small Business and The Minimum Wage

(Source: Jesse Wursten and Michael Reich, LED Partners Workshop, University of California, Berkeley)

Full Presentation:

https://lehd.ces.census.gov/doc/workshop/2023/Reich%20and%20Wursten%20-%20LED%20workshop%20March%2029,%202023.pdf

- **Appendix I**

  Transcript of Interview with Bruce Weber, Former Director, Professor and Research for Oregon State University and OSU's Rural Studies Program

  (Conducted by Author, April 9, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1fm390oM0X57zqDcaS6cf-yIS8-7Co1MHtKvatsb_dxI/edit?usp=sharing

- **Appendix J**

  Transcript of Interview with Mark Edwards, Professor at Oregon State University and Director of the OSU Policy Analysis Laboratory

  (Conducted by Author, April 29, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1w87MKuimlrzECUkv867I3rYbTIFmbtGc4KnY6niLsqs/edit?usp=sharing

- **Appendix K**

Transcript of Interview with Stephen Green, Executive Director of Better Portland

(Conducted by Author, April 29, 2025)

Full Transcript:

https://docs.google.com/document/d/1oqNahZDN2UwyXnS2R89p2NjdIM8LPJxRQWIDU-diwDg/edit?usp=sharing

- **Appendix L**

Table L1

State of Oregon
Employment Department

Anna Johnson
Senior Economic Analyst
Phone: (503) 991-2110
Anna.L.Johnson@employ.oregon.go

Year	Quarter	Oregon Minimum Wage	Number of Minimum Wage Jobs	Total Jobs	Min. Wage Jobs as % of Total
2000	1	$6.50	94,470	1,712,926	5.5%
2001	1	$6.50	79,655	1,714,932	4.6%
2002	1	$6.50	67,299	1,681,463	4.0%
2003	1	$6.90	85,154	1,678,589	5.1%
2004	1	$7.05	90,414	1,666,454	5.4%
2005	1	$7.25	99,828	1,734,779	5.8%
2006	1	$7.50	113,114	1,802,250	6.3%
2007	1	$7.80	115,622	1,836,837	6.3%
2008	1	$7.95	92,031	1,813,921	5.1%
2009	1	$8.40	103,451	1,690,162	6.1%
2010	1	$8.40	78,554	1,655,339	4.7%
2011	1	$8.50	86,370	1,687,933	5.1%
2012	1	$8.80	101,847	1,718,085	5.9%
2013	1	$8.95	97,620	1,754,317	5.6%
2014	1	$9.10	103,406	1,813,676	5.7%
2015	1	$9.25	100,182	1,885,927	5.3%
2016	1	$9.25	75,696	1,926,986	3.9%
2017	3	$10.25	160,274	2,160,991	7.4%
2018	3	$10.75	161,964	2,215,057	7.3%
2019	3	$11.25	146,303	2,204,802	6.6%
2020	3	$12.00	123,187	2,007,676	6.1%
2021	3	$12.75	108,399	2,142,380	5.1%
2022	3	$13.50	91,611	2,213,040	4.1%
2023	3	$14.20	91,039	2,216,131	4.1%

(Source: Anna Johnson, Senior Economic Analyst, Oregon Employment Department)

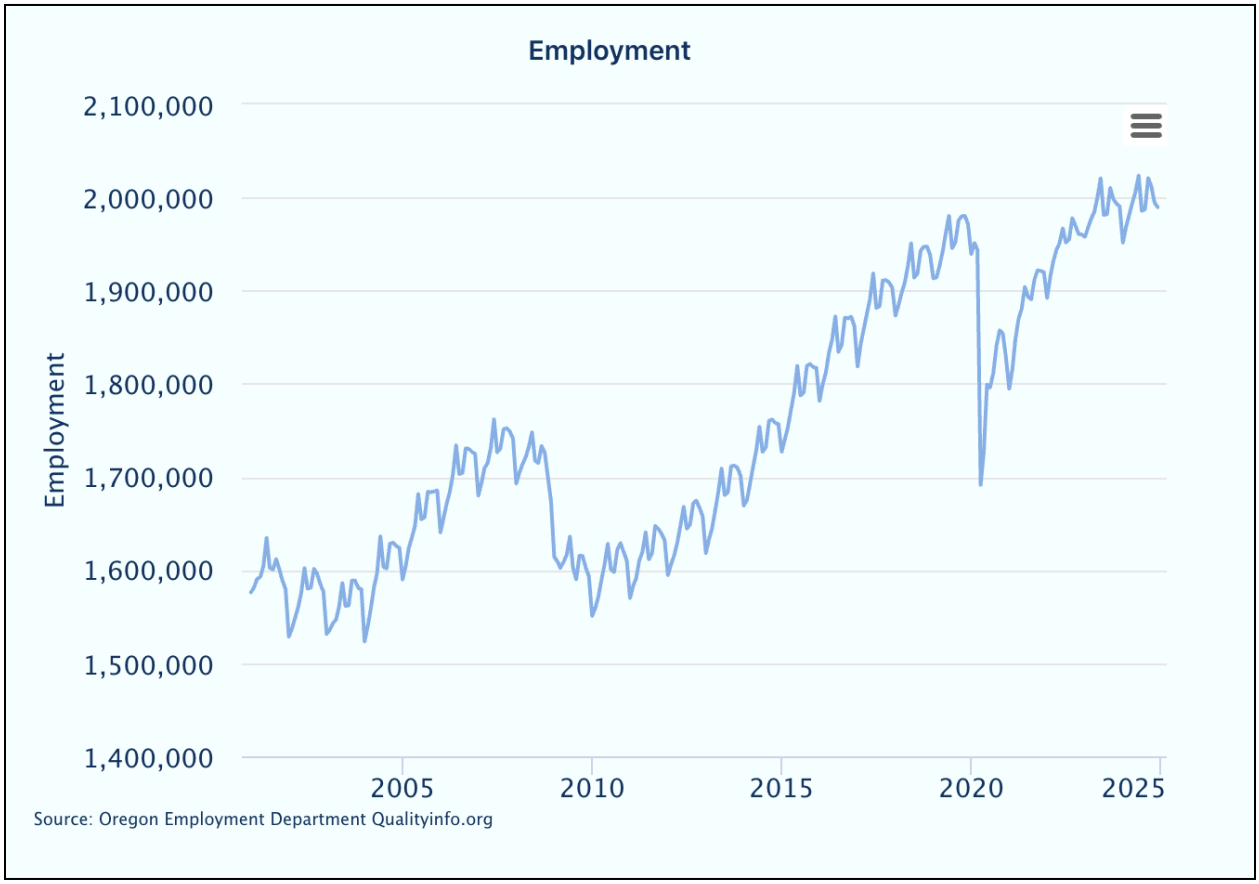
- **Appendix M**

The following time series graphs of employment are sourced from the Oregon Employment Department

(https://www.qualityinfo.org/ewind?rt=0&qcewOwnership=00&qcewIndustrySuperSector=0000&qcewIndustrySector=&qcewIndustryLvl=0&qcewIndustry=00000&qcewPeriodyear=2024&qcewPeriod=00&qcewArea=4101000000)

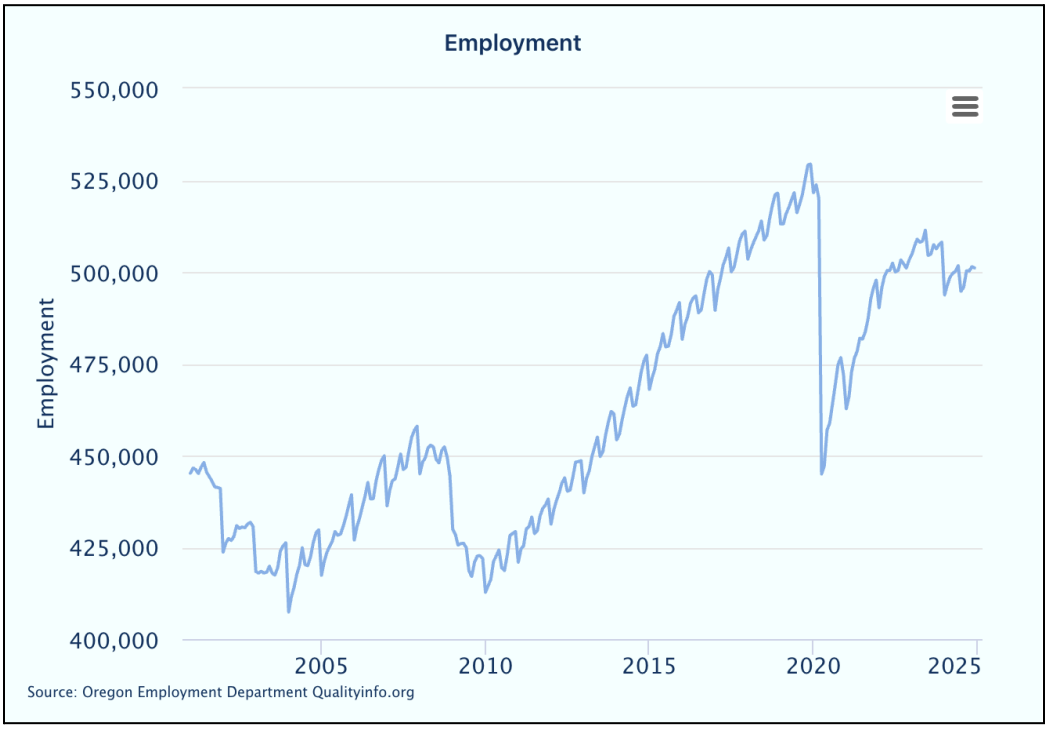
Graph M1

Time series graph of employment - Oregon



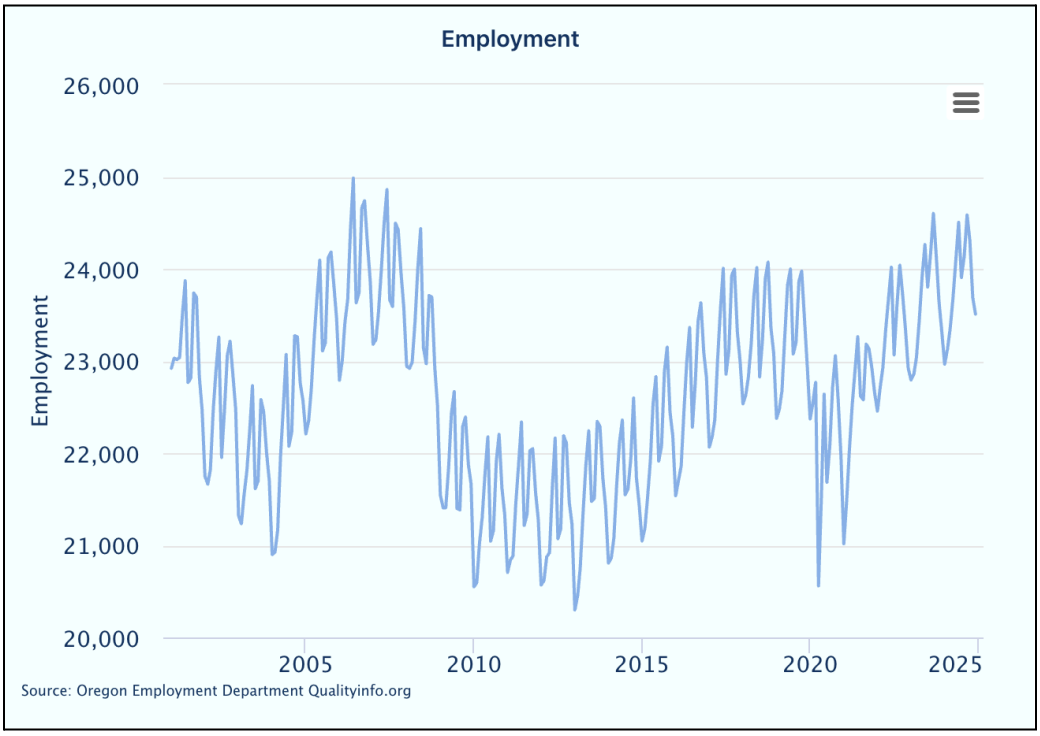
Graph M2

Time series graph of employment - Multnomah County, Oregon



Graph M3

Time series graph of employment - Klamath County, Oregon



- **Appendix N**

  Report Fact-Sheet: Oregon (2024)

  (Source: National Low Income Housing Coalition)

  Full Report:

  https://nlihc.org/sites/default/files/oor/2024_OOR-oregon.pdf

- **Appendix O**

  FAQ: Houseable Wage [HB 2962] and Its Impact

  (Source: Unite Oregon)

  Full FAQ Sheet:

  https://docs.google.com/document/d/129MPcNTm6j5jBA-3l7dccFBtBe42dVFAy5QCeb3zfxw/edit?usp=sharing

- **Appendix P**

  Transcript of Interview with Mary King, Professor of Economics, Portland State University

  (Conducted by Author, April 29, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1qDfQ0GNrsNWTOlNPgck2rAinP463Qmzml1VUAyZsIjM/edit?usp=sharing

- **Appendix Q**

  Transcript of Interview with Barbara Dudley, Founder and Senior Policy Advisor for the Working Families Party

  (Conducted by Author, April 18, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1XMrKgWVPFy2hVzUsvLa9RcpDP0mHL76IAYu9VP4N2yc/edit?usp=sharing

- **Appendix R**

  Transcript of Interview with Bob Bussel, Director of the Labor Education Research Council and Labor Historian

  (Conducted by Author, April 10, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1rPjR7J2Att4-5KbsT_DsFxJlaREB_EAEjzjHuQ6N_5g/edit?usp=sharing

- **Appendix S**

  Transcript of Interview with Amanda Orozco, Policy Coordinator for Unite Oregon

  (Conducted by Author, April 16, 2025)

  Full Transcript:

https://docs.google.com/document/d/1FIo4aKJV7G0Kt0f-aqYd9d_HfESz0iaymvItZixxZRM/edit?usp=sharing

- **Appendix T**

  Transcript of Interview with Jeff Stone, Executive Director and CEO of Oregon Association of Nurseries

  (Conducted by Author, May 21, 2025)

  Full Transcript:

  https://docs.google.com/document/d/1Q4Tc-xD7_s8da0hVmuSHCS9Mx-wa3BgDbuzJ3SNEgjo/edit?usp=sharing

- **Appendix U**

  Powerpoint Presentation: Oregon's Per Capita Personal Income Statewide and by County

  (Source: Molly Hendrickson, Employment Economist, Oregon Employment Department)

  Full Presentation:

  https://qualityinfo.org/documents/d/guest/052324-oregon-s-per-capita-personal-income-statewide-and-by-county?download=true