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Effects of the 1998-1999 Oregon Minimum Wage Increase

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May 1998

Executive Summary

Based upon an analysis of Labor Department data, Dr. David Macpherson finds the 1998-1999 Oregon minimum wage hike from $5.50 to $6.50 will cause more than 5,400 workers to lose job opportunities. As a consequence, Oregon workers will lose approximately $50 million in annual income. At the same time, minimum wage employers will see their labor costs rise by $162 million per year in order to provide minimum wage workers an increase in average family income of only 3.8%.

On February 12, 1998, President Clinton proposed raising the federal minimum wage in two annual 50-cent increments, from $5.15 to $5.65 and then to $6.15 per hour. In support of this proposal, the President and others claim that minimum wage increases of such magnitudes do not cost jobs, and that the benefits of these increases accrue primarily to poor adults trying to raise families. With this legislative proposal on the table, it is instructive to read Dr. David Macpherson's new study of expected effects from Oregon's statewide increase in its minimum wage from $5.50 to $6.50, the final increase being effective January 1, 1999.

A Snapshot of the Workers Affected by 1998-1999 Oregon Minimum Wage Increase

	Affected Workers
Age 16-24	49.9%
Living with parents	29.5%
Average family income	$30,916
Without a High School Diploma	40.6%
Never married	51.6%
Work part-time	47.5%
Average hours worked per week	30.5

Who will be affected?

Dr. Macpherson finds that fewer than one in seven of the workers who will be affected by the minimum wage increase is the sole breadwinner in a family with children. The average family income of affected workers is more than $30,000 per year, and in some localities such as Portland, exceeds $38,000. These income figures indicate that most minimum wage workers are members of families with multiple workers. Less than one-quarter of affected workers lives in a family with income of less than $10,000.

Of affected workers, many are very young; 28.8% are teens aged 16-19 and an additional 21% are young adults age 20-24; 29.5% are living with a parent or parents. More than half of affected workers have never been married.

How will they be affected?

More than 40% of the 5,451 layoffs will hit workers with annual family incomes less than $20,000 while more than half of the job loss will be confined to workers under age 25. Moreover, 45% of the lost jobs will be in the retail sector, and another third will be in the service sector. More than 40% of the lost jobs and income will be in the Portland area.

Dr. Macpherson estimates that the $162 million in additional labor costs associated with the Oregon minimum wage increase will fall disproportionately on retail employers ($67 million) and service-sector employers ($52 million), and especially on employers in the Portland area ($67 million).

Of the total income gains generated by the wage hike, less than one dollar in four will go to workers living in families with incomes of less than $10,000. Hence, the wage hike appears to be a very inefficient tool for raising low-income workers out of poverty. The average increase in family income of affected workers will be a very modest 3.8%.

Conclusion

This study demonstrates that increases in the minimum wage entail real consequences and costs. A $1.00 (or eighteen percent) increase can cause significant job loss and impose substantial costs on employers. At the same time, such an increase does little to combat poverty, even among those that don't lose their jobs. In Oregon the expected consequences of such an increase in the minimum wage are more than 5,400 lost jobs, $50 million in lost wages, and $162 million in additional labor costs.

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1. Introduction

"Living wage" campaigns have emerged in nearly three dozen states and cities.[1] According to proponents, a living wage is approximately one-half of the average local or state wage. In an attempt to increase the wages of low-income workers to meet this goal, living wage supporters propose that states and municipalities mandate minimum wage rates greater than the federal minimum wage rate, which is $5.15 as of September 1, 1997.

This study examines in a variety of dimensions the effects of one such law. In Oregon, the minimum wage rose from $4.75 to $5.50 in January 1997 and to $6.00 in January 1998. It will rise again in January 1999 to $6.50. The study reaches several conclusions regarding this minimum wage increase. First, the workers affected by this increase tend to be much younger and less educated than the average Oregon worker. Second, fewer than one in seven of the affected workers is the sole earner for a family supporting one or more children. Third, the impact on family income will be modest—the average increase in the family income of these workers will be a very modest 3.8%. Fourth, the minimum wage increase is projected to cause 5,451 workers to lose their jobs with nearly one-half of the job losses in the retail trade industry. In total, these workers will lose $50 million in annual income. Fifth, the cost to employers will be substantial—estimated at $162 million per year in additional labor costs.

The study is organized as follows. The data employed to calculate some of the consequences of a higher minimum wage are described in section 2, and a statistical portrait of the workers affected by the minimum wage increase is provided in section 3. The impact of the increase on the distribution of family income is discussed in section 4. An analysis of the employment effects of the minimum wage increase is presented in section 5, and an investigation of the cost of the wage hike to employers as well as the income loss to laid-off workers is reported in section 6. Lastly, section 7 provides a summary and conclusions.

2. The Data

To analyze the effects of the 1999 Oregon minimum wage increase, data are drawn from the January 1995 through October 1997 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The CPS ORG has the important advantage of being a large and representative sample of the population.

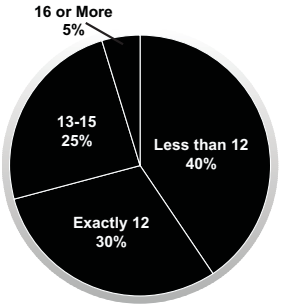
The main sub-sample of the CPS ORG data employed here includes wage and salary workers who are residents of Oregon, 16 years of age or older, and whose hourly wage is between $5.50 and $6.50 in January 1999 dollars.[2] Observations missing the data necessary to compute the hourly wage, family income, or other relevant variables are deleted from the sample. The data appendix describes the calculation of the hourly wage variable and other data issues.

3. Who will be Affected by the Minimum Wage Increase?

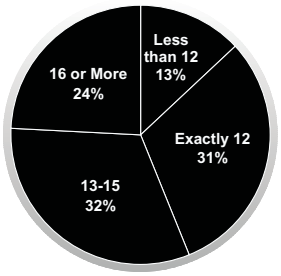
A vivid statistical portrait of the workers affected by the minimum wage increase (i.e., earning $5.50-$6.50 in January 1999 dollars) emerges from Table 1 which presents for such workers the

means of demographic variables as well as the population size. For comparison purposes, means for all Oregon workers and residents who are 16 years of age and older are also included. The results reveal that a large fraction of workers affected by the higher minimum wage are young. In fact, 28.8% of affected workers are between 16 and 19 years of age, and an additional 21.1% are between 20 and 24 years of age. Thus, 49.9% of affected workers are 24 or younger. This amounts to 81,306 of the affected workers.

Workers Affected by Oregon's 1999 Minimum Wage Hike:
Years of Schooling



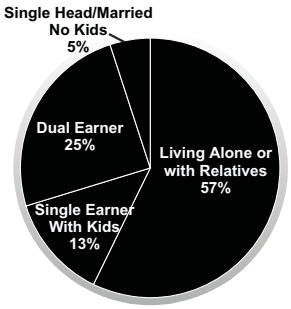
All Oregon Workers:
Years of Schooling



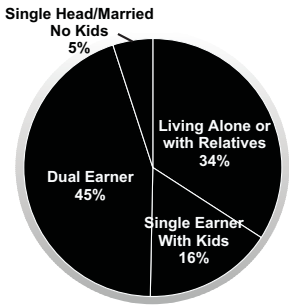
The family income of the affected worker is somewhat lower than the average Oregon resident ($30,916 versus $40,110). However, less than 24% of minimum wage workers are in families with incomes less than $10,000 and these workers are eligible for the Earned Income Tax Credit. In fact, more than 56% are in families with an income of $20,000 or more.

The affected workers differ from the average Oregon resident on several other demographic characteristics. The affected workers are substantially less educated than the average Oregonian as over two-fifths (66,248 workers) have not graduated from high school. Also, they are much more likely to be never-married (51.6%).

Workers Affected by Oregon's 1999 Minimum Wage Hike:
Family Status



All Oregon Workers:
Family Status

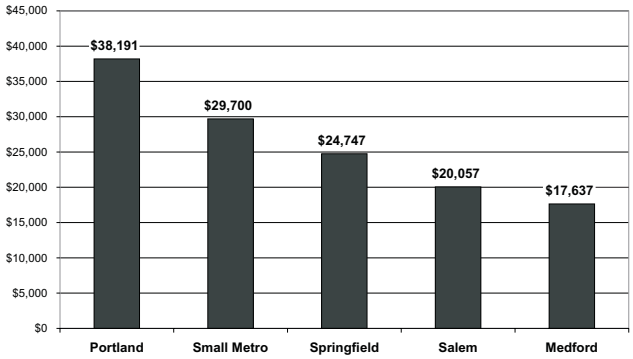


The affected workers are less involved in the labor market than the average Oregon worker. More than 47% of the affected workers are employed part-time, while only 18% of all Oregon employees work part-time. In addition, the affected workers are employed nearly 2 fewer weeks per year than the typical worker.

Workers impacted by the minimum wage increase are less likely to be supporting a family than the typical Oregon worker. For example, 29.5% of the workers (48,104) are living with their parent or parents, while only 8.6% of all Oregon workers are in this category. Also, they are much less likely to be a dual earner in a married couple (24.9% versus 44.8%) than the typical Oregon worker. Lastly, less than one-seventh are a single head or a single earner in a married couple supporting a family with children.

The location of the affected workers differs from the typical Oregon resident and worker. The affected workers are less likely to live in the Portland area (42.7%) than the average Oregon worker (48.2%) or resident (46.0%). On the other hand, they are slightly more likely to live in the non-metro/small metro areas (29.6%) than the average Oregon worker (27%) or resident (29.3%).

Workers Affected by Oregon's 1999 Minimum Wage Hike:
Average Family Income by Locality



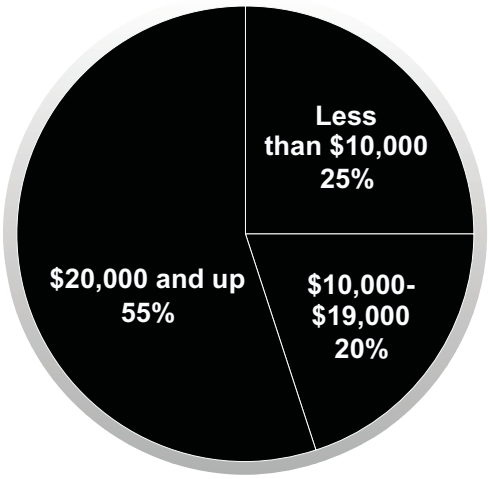
As shown in Table 2, the family income of the affected workers varies substantially depending on the location in the state. Affected workers in Portland have much higher family incomes than their counterparts in other Oregon areas. For example, workers living in Portland have a mean family income of more than $38,000, while the corresponding figure for those living in Medford is $17,637.

4. What will be the Impact on the Distribution of Family Income?

Table 3 provides calculations of the annual income increases for workers affected by the minimum wage increase as well as the resulting impact on family income. The top row shows the mean increase in annual income will be only $1,185. Since the average family income of the affected workers is $30,916 per year, the resulting increase in average family income will be a modest 3.8%.[3] The increase in median family income for these workers is 5.3%.

Column 5 of Table 3 presents the percentage share of the total income gains resulting from the minimum wage increase that accrue to workers in various family income groupings. The gains are roughly proportional to the percentages of affected workers in each grouping. For example, 23.4% of the affected workers live in families with incomes of less than $10,000, a rough approximation of the poverty threshold for the typical family affected by the Oregon minimum wage hike.[4] The share of total income gains going to these workers is only 24.9%. In other words, three-quarters of the total income gains will go to workers in families living above the poverty level.

Share of Gains From Oregon's 1999 Minimum Wage Hike:
Distribution by Family Income



5. How Many Workers will be Laid Off?

An important effect of the minimum wage increase is that some workers will lose their jobs because firms will no longer be able to profitably employ them. To estimate the job loss, the following procedure was used: First, the fractional wage gain due to the minimum wage increase is computed for each affected worker and then averaged across the sample. Second, the estimated

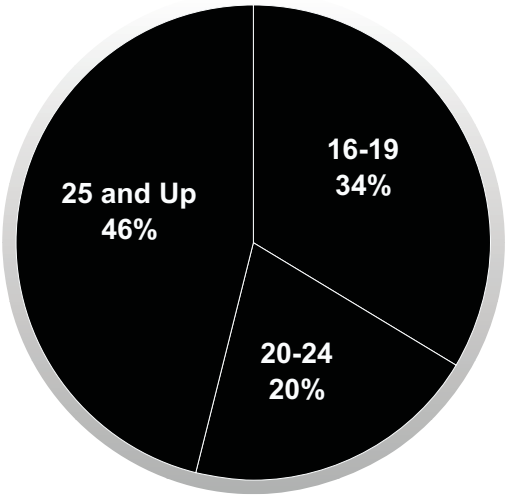
fractional wage gain is used in the following formula to calculate the employment loss:

(1) Employment Loss = Fractional Wage Gain * Affected Worker Employment * Labor Demand Elasticity

This study uses an estimate of labor demand elasticity (-0.22) for minimum wage workers reported by Neumark and Wascher (1997). An elasticity of –0.22 implies that a 10% increase in wages results in a 2.2% decrease in employment of the affected group[5].

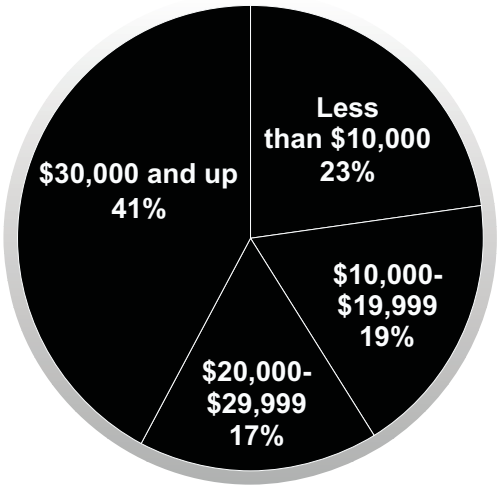
Table 4 presents the results of these calculations for all of the affected workers as well as subgroups of workers. Overall, the analysis indicates that 5,451 workers are projected to lose their job due to the minimum wage increase. The job-loss breakdowns by demographic groups and location are not surprising: 42.7% have not finished high school; 53.9% are under age 25; and 41.2% have a family income below $20,000. Slightly more than two-fifths of the job losses (2,267) will occur in the Portland region and another 29.8% will occur in the non-metropolitan or small metropolitan areas.

5,451 Jobs Destroyed by Oregon's 1999 Minimum Wage Hike:
Distribution by Workers Age



The results by industry indicate that nearly one-half of the job losses are projected to occur in the retail trade industry (2,457 jobs). This is not surprising since over one-quarter of the workers in retail trade will be affected by this increase. Another 1,768 jobs, or 32% of the losses, are projected to occur for workers in the service industries.

5,451 Jobs Destroyed by Oregon's 1999 Minimum Wage Hike:
Distribution by Workers Family Income

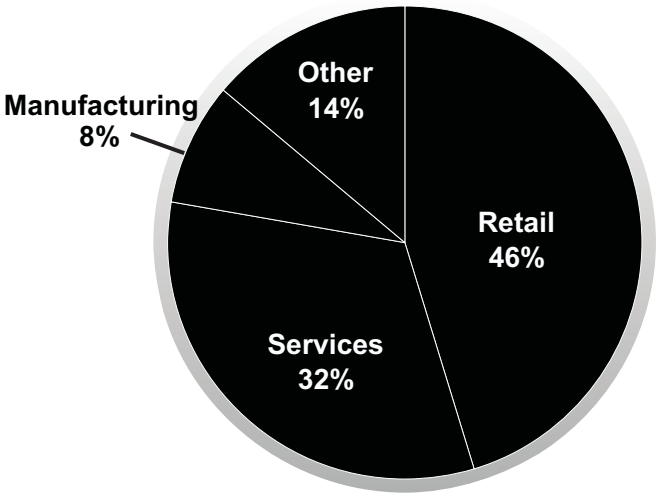


The findings by occupation show that more than one-half of the losses are predicted to be for those in sales and service occupations. Another 21.7% will occur for those in blue-collar jobs.

6. What will be the Cost to Employers and the Income Loss to Laid-off Workers?

Another critical issue is the cost to employers of the minimum wage increase. These higher costs will either be passed on to consumers

5,451 Jobs Destroyed by Oregon's 1999 Minimum Wage Hike:
Distribution by Industry



through higher prices or profits will be reduced for firms. Also, an important cost to workers is the loss in income due to the layoffs caused by the minimum wage increase.

These costs are calculated in the following manner. First, the increase in labor cost that would occur if no workers are laid off is calculated. This figure is estimated by multiplying the annual increase in wages due to the minimum wage increase times the number of affected workers. Second, the lost income to workers (and thus reduction in labor cost) due to the layoffs is estimated.[6] This number is calculated by multiplying the number of workers who are projected to lose their jobs times their average wage before the minimum wage increase. Third, the net increase in labor costs to employers is calculated by taking the difference between the costs to employers if no layoffs occurred and the reduction in costs due to the layoffs of employees.

Table 5 presents the results of these calculations. The first row of the table indicates that if no layoffs occurred then the cost of labor to employers would rise by $212 million. The projected layoff of 5,451 workers will cause $50 million of worker income to be lost. The net rise in the cost of labor to employers is estimated to be $162 million.

The results by industry and location indicate these costs are clearly concentrated in certain industries and locations. In the retail trade industry, net labor costs will rise by $67 million and the income of laid-off workers will be reduced by $21 million. For the service industry, the net employer cost will rise by $52 million and the income loss to displaced workers will be $16 million. The net labor cost to employers in the Portland area will rise by $67 million while laid-off workers are projected to have a $21 million reduction in income.

7. Summary and Conclusions

This paper examines in a variety of dimensions the effects of the rise in the Oregon minimum wage to $6.50 starting in January 1999. The study reaches several conclusions regarding this minimum wage increase. First, the workers affected by this increase tend to be much younger and less educated than the average Oregon worker. Nearly one-half of the impacted workers are under the age of 25 and two-fifths don't have a high school degree. Second, only one in seven of the affected workers is the sole earner for a family supporting one or more children. Third, the impact on family income will be minimal, raising the average family income of a minimum wage worker by a modest 3.8%. Fourth, the minimum wage increase is projected to cause 5,451 workers to lose their jobs, with nearly one-half of the job losses in the retail trade industry. This will cause a total annual income loss to Oregon minimum wage workers of $50 million. Fifth, the cost to employers will be quite substantial. It will raise their labor costs by $162 million per year with increased costs being concentrated in the retail and service industries.

Endnotes

[1] *The Minimum Wage Debate: Questions and Answers*, 3rd ed. (Washington, D.C.: Employment Policies Institute, 1997) 13-17.

[2] Hourly wages are adjusted for changes in the minimum wage and inflation and other data issues. See the data appendix for a more detailed explanation.

[3] These calculations are based on the assumption that all affected workers increase their wage to the new minimum wage of $6.50 per hour. Hence, we are not allowing for noncompliance or exemptions from the law.

[4] The Earned Income Tax Credit (EITC) would bring a single worker supporting two children slightly above the poverty level for such a family.

[5] The average elasticity reported by a survey of labor economists at leading universities is -0.21. See Fuchs, Krueger and Poterba (1997).

[6] Workers may reduce this income loss if they are able to obtain employment in a job not covered by the minimum wage.

References

Employment Policies Institute. *The Minimum Wage Debate: Questions and Answers,* 3rd ed. Washington, D.C.: Employment Policies Institute, 1997.

Fuchs, Victor R., Alan B. Krueger, and James M. Poterba. "Why Do Economists Disagree About Policy? The Roles of Beliefs About Parameters and Values." NBER Working Paper No. 6151, August 1997.

Hirsch, Barry T., and David A. Macpherson. *Union Membership and Earnings Data Book: Compilations from the Current Population Survey* (1997 edition). Washington, D.C.: Bureau of National Affairs, 1997.

Neumark, David and William Wascher. "The New Jersey-Pennsylvania Minimum Wage Experiment: A Re-Evaluation Using Payroll Records." Econometrics and Economic Theory Papers, Michigan State University, January 1998.

Data Appendix

Hourly Wage

This study uses data from the January 1995 through October 1997 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The main sub-sample of the CPS data employed here includes wage and salary workers who are residents of Oregon, 16 years of age or older, and whose hourly wage is between $5.50 and $6.50 in January 1999 dollars.

The hourly wage is constructed to account for problems caused by workers with variable hours, "top coded" or "capped" earnings, tips, commissions and overtime, inflation and changes in the minimum wage.

The first step is to assign a wage for workers who don't have these difficulties. Non-top coded workers who are paid by the hour and receive tips, commissions, or overtime are assigned their reported hourly earnings. For all non-hourly workers, the hourly wage is constructed by dividing usual weekly earnings (which includes tips, commissions and overtime pay) by usual hours worked per week.

The second step is to estimate usual weekly earnings for workers whose weekly earnings are top coded or capped at a maximum value. The CPS ORG files have a topcode of $1,923 per week or about $100,000 per year for year-round workers. If the earnings of topcoded workers were not adjusted, average earnings would be understated. To estimate the mean earnings of topcoded workers it is assumed that the upper tail of weekly earnings distribution follows a Pareto distribution. These estimated mean values for the CPS ORG files using this approach are presented in Hirsch and Macpherson (1997) by gender and year and are used in this study. The reported 1996 values are assigned for 1997 observations (the values change little from year to year).

The third step is to estimate usual weekly hours for workers who indicate their weekly hours are variable. This is calculated by using the results of a regression model based on a sample of workers that have non-missing data on usual hours worked. The model is estimated by gender and year and includes controls for hours worked in the prior week, full-time status, marital status, years of schooling, age, race and ethnic status, broad occupation, and broad occupation interacted with full-time status. The parameters from this regression model are then used to estimate the usual hours for those whose weekly hours are variable.

The next step is to assign a wage for hourly workers who receive tips, commissions, or overtime pay or are topcoded workers. In this case, their hourly wage is constructed by dividing usual weekly earnings (adjusted for topcodes) by usual hours worked (or estimated usual hours if usual hours are missing).

The last step is to adjust the wages of workers for inflation and changes in the minimum wage. Wages of workers are adjusted for inflation to January 1999 using the CPI-U (a 3% percent annual inflation rate is assumed for the period between October 1997 and January 1999. For workers whose inflation-adjusted wage is less than $5.50 in January 1997 dollars (the start date for the Oregon minimum wage), a wage of $5.50 in January 1999 dollars is assigned. Workers whose wage at the time of the survey was less than the legal minimum wage were deleted from the sample. The minimum wage for Oregon workers was $4.25 between January 1995 and October 1996; $4.75 between October 1996 and December 1996; and $5.50 between January 1997 and October 1997. For workers earning $5.50 in January 1999 dollars, the wage gain for the minimum wage increase to $6.50 was calculated as the actual gain plus $0.293 (the average gain for workers affected by the January 1997 increase). More precisely, the gain is calculated as the wage increase attributable to increasing the minimum wage from

$5.15 (the federal minimum wage) to $5.50. The sample for this analysis is Oregon workers earning between $4.75 and $5.50 for the period of October-December 1996 (workers earning less than $5.15 are assigned a wage of $5.15).

Family Income

Family income is reported as categorical variable in the CPS ORG and includes all sources of money income received in the prior 12 months. The income ranges are less than $5,000; $5,000-$7,499; $7,500-$9,999; $10,000-$12,499; $12,500-14,999; $15,000-$17,499; $17,500-$19,999; $20,000-$24,999; $25,000-$29,999; $30,000-$34,999; $35,000-$39,999; $40,000-$49,999; $50,000-$74,999; and $75,000 and up. To assign a dollar value to these categories, mean values of family income for persons in each income range were calculated from a sample of Oregon residents in the March 1995 and 1996 CPS (which reports family income received in the prior year as a continuous variable). Very similar results occurred when a national rather than an Oregon-based sample was employed to generate the mean income values. The 1995 values are used for the 1995 observations, and the 1996 values for the 1996 and 1997 observations.

Annual Income

Though the CPS ORG provides measures of hourly earnings and hours worked, it does not indicate the number of weeks worked per year. Thus, to generate annual income estimates for workers affected by the higher minimum wage, an alternative data source must be used and merged with the CPS ORG. Fortunately, the April 1993 CPS provides such a measure and the mean usual weeks worked was calculated for all workers earning $5.50-$6.50 per hour in January 1999 dollars.

Location

The CPS ORG used 1983 Census metropolitan area identifiers for January 1995-May 1995 to provide substate location information. For the period of June 1995-August 1995, no metropolitan identifiers were provided. Since September 1995, the CPS ORG has used the 1993 Census metropolitan area identifiers. The location identifiers were made as time consistent as possible and the resulting measurement error is quite modest.

Since the months of June 1995-August 1995 contained no location information, these months were deleted from the sample when the substate analysis was conducted and the sample weights were adjusted accordingly. As a result, the total employment counts slightly differ for the substate and state-level analysis.

Table 1: Means for Selected Variables

Variable	Affected Oregon Workers		All Oregon Workers	Oregon Residents Age 16+
	Percent	Population		
Age:				
16 to 19	28.8%	46,918	6.0%	7.0%
20 to 24	21.1%	34,388	10.4%	8.5%
25 to 29	11.9%	19,437	13.5%	10.2%
30 to 39	14.4%	23,483	26.1%	20.5%
40 to 64	20.4%	33,260	42.5%	37.3%
65 to 99	3.5%	5,663	1.5%	16.5%
Average	**30.2**		**37.8**	**43.9**
Years of Schooling:				
0 to 8	11.0%	17,974	4.0%	5.5%
9 to 11	29.6%	48,274	9.1%	12.0%
12	30.1%	49,103	30.8%	32.1%
13 to 15	24.6%	40,163	31.9%	29.8%
16 or more	4.6%	7,635	24.3%	20.7%
Average	**11.3**		**13.2**	**12.9**
Race:				
White	91.9%	149,873	93.8%	94.1%
Black	1.3%	2,124	2.0%	1.9%
Asian	3.6%	5,935	2.8%	2.7%
Other Race	3.2%	5,217	1.4%	1.3%
Ethnic Status:				
Hispanic	16.0%	26,032	7.0%	5.7%
Non-Hispanic	84.0%	137,117	93.0%	94.3%
Gender:				
Female	57.5%	93,863	46.9%	50.6%
Male	42.5%	69,286	53.1%	49.4%
Marital Status:				
Married, Spouse Present	32.9%	53,617	57.0%	57.5%
Divorced, Separated, Widowed	15.5%	25,332	18.2%	20.5%
Never Married	51.6%	84,200	24.8%	22.0%
Family Status:				
Single Individual	24.0%	39,103	23.6%	NA
Single Head	10.0%	16,373	8.9%	NA
Single Head with no children	1.7%	2,775	1.0%	NA
Single Head with 1 child	3.3%	5,336	2.9%	NA
Single Head with 2 children	1.6%	2,536	2.3%	NA
Single Head with 3+ children	3.5%	5,726	2.7%	NA

Table 1, Continued

Variable	Affected Oregon Workers Percent	Affected Oregon Workers Population	All Oregon Workers	Oregon Residents Age 16+
Single Earner in Married Couple	7.9%	12,940	12.2%	NA
Single Earner with no children	3.2%	5,282	4.0%	NA
Single Earner with 1 child	1.5%	2,414	1.6%	NA
Single Earner with 2 children	1.3%	2,182	2.5%	NA
Single Earner with 3+ children	1.9%	3,062	4.2%	NA
Dual Earner in Married Couple	24.9%	40,677	44.8%	NA
Dual Earner with no children	8.3%	13,498	14.6%	NA
Dual Earner with 1 child	4.6%	7,533	8.1%	NA
Dual Earner with 2 children	4.6%	7,474	9.5%	NA
Dual Earner with 3+ children	7.5%	12,172	12.7%	NA
Living with Parents	29.5%	48,104	8.6%	NA
Other Relative	3.6%	5,952	1.8%	NA
Family Income:				
< $10,000	23.4%	38,245	7.5%	10.4%
$10,000-$19,999	20.4%	33,221	13.7%	16.6%
$20,000-$29,999	16.5%	26,941	17.3%	18.6%
$30,000-$39,999	15.0%	24,511	17.8%	17.0%
$40,000-$49,999	7.8%	12,726	12.7%	10.9%
$50,000-$59,999	4.7%	7,678	9.9%	8.2%
$60,000-$74,999	4.3%	6,991	8.9%	6.9%
$75,000 or more	7.9%	12,836	12.2%	11.3%
Mean	$ 30,916		$ 43,619	$ 40,110
Median	$ 22,455		$ 37,207	$ 32,311
Location:				
Non-Metro/Small Metro Areas	29.6%	48,136	27.0%	29.3%
Portland CMSA	42.7%	69,297	48.2%	46.0%
Eugene-Springfield MSA	10.2%	16,512	9.0%	8.9%
Salem MSA	9.3%	15,134	10.1%	10.1%
Medford MSA	8.2%	13,360	5.6%	5.7%
Hours Per Week	**30.5**		**38.3**	**NA**
Full-time	**52.5%**	**85,653**	**81.2%**	**NA**
Weeks Worked Per Year	**48.3**		**50.0**	**NA**
Population		**163,149**	**1,352,721**	**2,479,056**
Sample Size		**618**	**5,223**	**9,715**

Note: Data source is the January 1995-October 1997 CPS ORG. Affected workers are defined as those persons earning $5.50-$6.50 per hour in January 1999 dollars. All workers are defined as all wage and salary workers. Weeks worked based on a sample of workers derived from April 1993 CPS. All means are calculated using CPS sample weights.

Table 2: Family Income of Affected Oregon Workers by Location

Family Income	Non-Metro-Small Metro	Eugene-Portland	Springfield	Salem	Medford
< $10,000	19.4%	16.5%	27.8%	37.7%	47.8%
$10,000-$19,999	24.9%	21.4%	15.0%	19.8%	14.2%
$20,000-$29,999	18.5%	15.2%	21.1%	12.3%	15.1%
$30,000-$39,999	15.7%	13.8%	21.7%	11.6%	14.7%
$40,000-$49,999	5.2%	9.0%	3.6%	16.6%	3.2%
$50,000-$59,999	5.9%	5.7%	6.8%	0.0%	0.0%
$60,000-$74,999	4.2%	4.8%	2.2%	1.9%	5.1%
$75,000 or more	6.2%	13.7%	1.8%	0.0%	0.0%
Mean	$ 29,700	$ 38,191	$ 24,747	$ 20,057	$ 17,637
Median	$ 22,356	$ 27,229	$ 22,356	$ 16,931	$ 11,217

Table 3: Income Increases for Oregon Workers Affected by Minimum Wage Increase

Group	% in Class Before Increase	Annual Income Increase	% Increase In Family Income	% Share of Total Income Increase
All	**100**	**$ 1,185**	**3.8%**	**100%**
Family Income:				
< $10,000	23.4%	$ 1,217	24.2%	24.9%
$10,000-$19,999	20.4%	$ 1,120	8.0%	20.0%
$20,000-$29,999	16.5%	$ 1,197	4.9%	17.2%
$30,000-$39,999	15.0%	$ 1,124	3.3%	14.7%
$40,000-$49,999	7.8%	$ 1,242	2.8%	8.5%
$50,000-$59,999	4.7%	$ 1,255	2.3%	5.2%
$60,000-$74,999	4.3%	$ 969	1.5%	3.6%
$75,000 or more	7.9%	$ 860	0.8%	5.9%

Note: Data source is the January 1995-October 1997 CPS ORG. Affected workers are defined as those persons earning $5.50-$6.50 per hour in January 1999 dollars. All means are calculated using CPS sample weights.

Table 4: Employment Levels and Job Losses by Sector

Group	Employment			Percent of all Job Loss
	All Workers	Affected Workers	Projected Job Loss	
All	**1,352,721**	**163,149**	**5,451**	**100.0%**
Age:				
16-19	81,751	46,918	1,834	33.6%
20-24	140,313	34,388	1,107	20.3%
25-29	182,784	19,437	607	11.1%
30-39	352,868	23,483	703	12.9%
40-64	574,245	33,260	1,034	19.0%
65-99	20,760	5,663	167	3.1%
Family Income:				
< $10,000	101,971	38,245	1,235	22.7%
$10,000-$19,999	185,139	33,221	1,010	18.5%
$20,000-$29,999	233,870	26,941	898	16.5%
$30,000-$39,999	240,181	24,511	901	16.5%
$40,000-$49,999	171,214	12,726	483	8.9%
$50,000-$59,999	133,861	7,678	324	5.9%
$60,000-$74,999	120,986	6,991	214	3.9%
$75,000 or more	165,499	12,836	387	7.1%
Gender:				
Male	718,771	69,286	2,334	42.8%
Female	633,950	93,863	3,117	57.2%
Race:				
White	1,268,435	149,873	4,970	91.2%
Black	26,461	2,124	79	1.4%
Asian	38,457	5,935	206	3.8%
Other Race	19,368	5,217	196	3.6%
Ethnic Status:				
Hispanic	94,162	26,032	815	15.0%
Non-Hispanic	1,258,559	137,117	4,636	85.0%
Years of Schooling:				
0 to 8	53,526	17,974	566	10.4%
9 to 11	122,929	48,274	1,760	32.3%
12	416,708	49,103	1,589	29.2%
13 to 15	431,167	40,163	1,329	24.4%
16 or more	328,391	7,635	207	3.8%

Table 4, Continued

Group	Employment			Percent of all Job Loss
	All Workers	Affected Workers	Projected Job Loss	
Location:				
Non-Metro/Small Metro Areas	364,027	48,136	1,627	29.8%
Portland CMSA	651,185	69,297	2,267	41.6%
Eugene-Springfield MSA	122,074	16,512	556	10.2%
Salem MSA	136,885	15,134	469	8.6%
Medford MSA	75,444	13,360	444	8.1%
Industry:				
Agriculture	40,591	10,436	361	6.6%
Mining	2,328	256	5	0.1%
Construction	82,533	2,797	108	2.0%
Durable Manufacturing	157,661	3,525	116	2.1%
Nondurable Manufacturing	94,530	10,653	346	6.3%
Transportation, Communication, and Utilities	86,880	2,291	51	0.9%
Wholesale Trade	59,334	4,347	106	1.9%
Retail Trade	251,682	71,852	2,457	45.1%
Finance, Insurance, and Real Estate	71,533	4,353	132	2.4%
Business and Repair Services	86,289	10,392	371	6.8%
Personal Services	41,959	11,538	336	6.2%
Entertainment and Recreation Services	20,061	6,937	252	4.6%
Other Professional Services	286,531	23,220	809	14.8%
Public Administration	70,809	552	2	0.0%
Occupation:				
Executives, Administrators, and Managers	176,186	3,959	136	2.5%
Professionals	183,785	7,034	222	4.1%
Technicians	36,694	521	2	0.0%
Sales Occupations	148,098	26,860	887	16.3%
Administrative Support Occupations	210,800	20,419	647	11.9%
Service Occupations	182,261	57,751	2,036	37.4%
Farming, Forestry, and Fishing Occupations	35,042	9,767	340	6.2%
Precision Production, Craft, and Repair Occupations	145,257	4,619	158	2.9%
Machine Operators, Assemblers, and Inspectors	98,205	10,700	335	6.1%
Transportation and Material Moving Occupations	64,012	3,016	66	1.2%
Handlers, Equipment Cleaners, Laborers	72,381	18,503	622	11.4%

Table 5: Cost to Employers and Lost Income to Workers from Minimum Wage Increase

Group	Rise in Labor Cost if no Layoffs of Workers	Lost Income due to Layoffs	Net Rise in Cost of Labor to Employers
All	**$ 212,475,912**	**$ 50,256,300**	**$ 162,219,612**
Industry:			
Agriculture	$ 18,526,374	$ 4,320,422	$ 14,205,952
Mining	$ 255,762	$ 56,268	$ 199,494
Construction	$ 5,927,792	$ 1,395,696	$ 4,532,096
Durable Manufacturing	$ 4,917,966	$ 1,177,322	$ 3,740,644
Nondurable Manufacturing	$ 15,238,308	$ 3,689,577	$ 11,548,731
Transportation, Communication, and Utilities	$ 2,520,401	$ 560,411	$ 1,959,990
Wholesale Trade	$ 4,512,752	$ 951,189	$ 3,561,563
Retail Trade	$ 87,936,587	$ 21,022,017	$ 66,914,570
Finance, Insurance, and Real Estate	$ 4,591,668	$ 1,286,578	$ 3,305,090
Business and Repair Services	$ 16,334,077	$ 3,435,774	$ 12,898,303
Personal Services	$ 14,489,366	$ 3,364,050	$ 11,125,316
Entertainment and Recreation Services	$ 8,493,409	$ 2,198,460	$ 6,294,949
Other Professional Services	$ 28,634,189	$ 6,679,047	$ 21,955,142
Public Administration	$ 97,262	$ 21,398	$ 75,864
Location:			
Non-Metro/Small Metro Areas	$ 59,277,496	$ 14,160,106	$ 45,117,390
Portland CMSA	$ 88,765,702	$ 21,321,662	$ 67,444,040
Eugene-Springfield MSA	$ 20,831,621	$ 4,844,969	$ 15,986,652
Salem MSA	$ 19,295,644	$ 4,356,101	$ 14,939,543
Medford MSA	$ 17,487,649	$ 4,086,167	$ 13,401,482