

My name is Raahi Reddy and I am a faculty member at The Labor Education and Research Center of the University of Oregon. Our Center delivers education programming and conducts applied research on vital social issues related to work and employment. We are excited to be with you today to share the findings of our latest research “The High Cost of Low Wages in Oregon.”

We began this research project in earnest in 2014. Like many of you, we too wanted to understand how this economy is developing and in particular wanted to understand the rise of the low wage sector. The office of the state economist published a sobering report in 2013 studying 30 years of job growth in the state and confirmed what we believed to be true, that middle wage jobs are disappearing and the jobs replacing them are low wage jobs that cannot support a family the way middle wage employment had done in decades past. In the state’s job analysis, “low wage” jobs were defined as those that earn less than \$25,000 a year for a full time worker. This translates into hourly rate of \$12 an hour or less. In our estimates over 400,000 Oregonians earn these low wages.

For the sake of consistency our report uses the state’s definition of low wage, though we believe it yields conservative estimates of the number of Oregonians earning low wages. As you will hear today, many low wage workers are unable to find regular, full time work—making it difficult to even make these annual earnings even at \$12/hour. And as the costs of basic necessities continually rise, yearly earnings of \$25,000 still does not afford families the economic security they need to make ends meet and avert financial disaster.

The national discussion we have been having about the rise of income inequality and its impact on our nation was also compelling to us as we conceptualized our study. There is a growing consensus among economists and policy makers, everyday Americans, and even our nation’s millionaires that income inequality is limiting our nation’s economic progress. But again, we come back to the Oregon picture, what

does low wage work and the growing prevalence of it in our state mean for every day Oregonians.

Our study examines what low wage work is in Oregon, including what industries have the greatest reliance on low wage workers. We also go deeper and ask the question of what the true costs of the growing low wage sector are—to the workers who are employed in these jobs and their families and to the state that provides programs that help these workers remain housed and avoid hunger. Are there costs to all Oregonians when workers earn wages that fall below what is needed to afford basic needs like housing, food, childcare, and a small savings cushion to avoid financial disaster?

Our colleagues at the University of California Berkeley, the University of Wisconsin and University of Illinois had produced state studies exploring the costs to states for providing public assistance to working adults when their wages were so low that they qualified for these programs. We wanted to understand that picture as well in Oregon.

Our report is unique compared to other state studies. We developed our analysis first from available state and national data on low wage employment in Oregon and we complete the picture with findings from a series of interviews we conducted with low wage working Oregonians. These interviews give us a window into the daily struggles of everyday Oregonians trying to survive on low wages and unstable employment. We have been able to weave together a more comprehensive picture of low wage work lived on the ground as well as seen in economic trends.

We know that our report is the beginning of a conversation, there is much more to explore. But we know that it is imperative we get a full understanding of the problems of low wage work—the urgency of tackling this issue is now. Low wage occupations are some of the fastest growing jobs in the state—making the need to understand these issues even more urgent. We also know that if we do not

understand the many true costs of low wage work to workers, their families and to the state –then it is difficult to develop the kind of robust solutions we need to help Oregonians move forward. We look forward to a dialogue with you.