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Study: Minimum wage not enough to pay the bills

Living wage report looks at ways work force group can aid regional workers

BY JIM REDDEN

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When it comes to getting by in the Portland region, not all counties are created equal, according to a recent cost of living study.

For example, the study by the Center for Women's Welfare at the University of Washington's School of Social Work found that it costs less to make ends meet in Multnomah County than either of its neighbors, Clackamas and Washington counties.

According to the study, basic living costs for one adult with a schoolage child range from \$25,617 in Multnomah County to \$35,924 in Clackamas County and \$37,681 in Washington County. The spread is similar as family sizes increase.

But despite the differences, the state's minimum wage of \$7.95 an hour is not enough to meet basic living expenses in any of the counties. It only pays \$16,790 a year.

The study was commissioned by the WorkSystems Inc., a nonprofit organization that helps distribute federal work force training funds in Multnomah and Washington counties. As defined by the study, basic costs include housing, food, taxes, transportation, child care and health care.

The study was presented to the monthly meeting of the Workforce Investment Board that advises the organization on Friday.

Commissioner Sam Adams, who serves on the board and pushed for the study, called the findings the first serious attempt to determine how much it costs to live in the region. He said the results are especially important for agencies, like WSI, that work to raise the living standards of the poor.

"It couldn't come at a better time, not only because the economy is going through a rough patch, but because changes in the global economy are creating both problems and opportunities we need to take advantage of," Adams told the board meeting.

The study, "The Self-Sufficiency Standard for Oregon 2008," was conducted by Diana Pearce, Ph.D., director of the Center for Women's Welfare at the University of Washington's School of Social Work.

WSI commissioned the study largely to help its clients understand how much money they need to earn to be self-sufficient. The findings will be used in a computer-based program called the Prosperity Planner that can be customized to reflect residences, family types and sizes.

Pearce has already conducted similar studies in 35 other states. Speaking at the meeting, she said they all showed that existing federal poverty guidelines underestimate how much money it takes to make ends meet.

"The [federal] poverty line is way too low," said Pearce. "It's way out of date."

For example, the federal poverty line for a family with one adult, one preschooler and one schoolage child is \$17,600 a year. But according to the study, such a family must earn \$47,244 a year in Multnomah County to be self-sufficient – nearly three times the official poverty level.

The amount is even higher in Washington County – \$58,915 a year to pay all basic living costs.

According to Pearce, there are several reasons why it costs less to live in Multnomah County than either of its neighbors, including better transit service.

"You can actually get where you need to go on transit in Multnomah County," said Pearce, "In the other

two counties, you have to own a car.”

Adams said that knowing such facts will help WSI clients understand what they need to do to become self-sufficient. Examples discussed at the meeting included “Brenda,” a hypothetical 34-year-old single parent with two children, one nine and the other 12. In the example, she will never be able to make ends meet working full-time as a grocery clerk earning \$10 an hour. But, she can become self-sufficient by training to become an assistant physical therapist, a job that pays \$14.50 an hour.

“The key is to turn the study into a tool to move people from poverty to self-sufficiency,” said Adams.

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