



ISSUE BRIEF

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Minimum Wage

Federal Minimum Wage. In 1938 President Roosevelt signed into law the Fair Labor Standards Act, which set a national minimum wage (25 cents per hour) and a maximum work week (40 hours). Since then the federal minimum wage has increased 17 times. The federal minimum wage applies to “employees engaged in commerce or in the production of goods for commerce” (with some exceptions for persons living in Puerto Rico and American Samoa, for agricultural workers, and a few other occupations). The most recent change in the federal minimum wage was an increase from \$4.25 to \$5.15 (HR 3448; passed August 1996).

The federal minimum wage is the default wage for all states, unless they choose to set a minimum wage above the federal rate. States may set a different minimum wage rate for those occupations not falling under the "engaged in commerce" definition.

Oregon Minimum Wage. The Oregon minimum wage law was statutorily set in 1967 for occupations not covered by the federal wage. In 1989 the Oregon minimum wage was set above the federal rate and was applied to all occupations. There are some exemptions to this law, listed in ORS 653.020, including salaried administrative or professional workers, taxi cab drivers, and volunteer firefighters.

In November 1996 Oregonians approved a ballot measure to further increase the minimum wage from \$4.75 to \$6.50 over a three-year period. As of January 1, 1999, the rate is \$6.50 per hour.

Other Minimum Wages. At \$6.50, Oregon currently has one of the highest state minimum wages in the nation. Washington State’s minimum wage is \$6.50 and in subsequent years will be indexed to the rate of inflation. Several municipalities have set “living wages” for persons working on some city service contracts. For example, San Jose has a minimum hourly wage for city service contract workers of \$10.75 (\$9.50 if health benefits are provided). The City of Portland has an ordinance that requires firms with certain formal service contracts pay their employees at least \$8.00 per hour and also provide benefits.

Who Earns the Minimum Wage? Nationwide, a typical minimum wage earner is female (61%), young (50% are aged 16 - 24), and works part time (61%). In 1999, about 836,000 Oregonians aged 16 and older were paid on an hourly basis. Roughly 130,000 (16%) of those hourly Oregon workers earned the minimum wage of \$6.50 per hour.

For More Information.

- State Labor Economist, Oregon Employment Department, 503-947-1268, <http://www.emp.state.or.us>
- Bureau of Labor and Industries (to report violations), 503-731-4200, <http://www.boli.state.or.us>