UP IS DOWN

How the Oregonian stretched the facts to argue that a massive minimum wage increase wouldn't help workers

By Don McIntosh
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On Jan. 8, University of Oregon published a report contending that low-wage employers are being subsidized by taxpayers — because their workers qualify for public assistance programs. And the UO Labor Education and Research Center (LERC) report used that as an argument in favor of raising the minimum wage.

But two weeks later, the Oregonian newspaper turned that same argument upside down, based on a state study requested by Republican state Rep. Julie Parrish of West Linn. The front-page Jan. 23 article was accompanied by a 200-point-type "screamer" headline, and ran with a graph purporting to show that raising the minimum to $15 an hour doesn't help workers much, because every dollar they gain reduces their food stamps, earned income text credit, and childcare benefits.

Published the day before a state Capitol rally to raise the minimum wage, the article came off as a provocation aimed at a growing labor-backed campaign to raise wages for Oregon's lowest-paid. Lawmakers have introduced bills for phased-in minimum wage increases to $15 an hour and to $12.20.

"It's shameful what The Oregonian did," said Oregon AFL-CIO President Tom Chamberlain, a point person for the coalition pushing a big minimum wage increase.

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> — Oregon AFL-CIO president Tom Chamberlain

Raahi Reddy and Ellen Scott, authors of the LERC study, say the Oregonian analysis appears to break down the closer you look at it. For one thing, it's clear that Parrish cherry-picked the sample: She asked the Legislative Revenue Office to estimate the impact on a single parent with two children. The Oregonian had access to the report, but didn't make it publicly available for others to check its methodology and accuracy. The Oregonian article does reveal (on paragraph 11 after a jump to Page 10) that the figures were based on just one theoretical family with a single parent with two young children who works full-time at minimum wage.

But it appears that for the Oregonian's numbers to pan out, the single parent would have to be one of the lucky few getting benefits in the underfunded state-administered Employment Related Day Care subsidy program. Oregon State University public health researcher Bobbie Weber says few people even know about that program, which serves less than 20 percent of those eligible — fewer than 10,000 families. For them, the "benefit cliff" is real, in that raises can cause them to lose the day care benefit — under current rules, which have a hard income limit. But nothing stops the state from changing eligibility rules to gradually taper off benefits instead. That would render moot the Oregonian's hypothetical case of the worker who lost income thanks to a minimum wage increase.

The bigger flaw is that the Oregonian article says nothing about the impact a $3 to $5 an hour increase would have on the rest of the 400,000 Oregonians who LERC estimated earn poverty-level wages at or below $12 an hour. Yes, workers on food stamps would lose some benefit for every wage increase they get, but they'd still come out substantially ahead. Same goes for the Earned Income Tax Credit, which was specifically designed to reward work by tapering off gradually. Plus, the Earned Income Tax Credit may a hugely successful anti-poverty program, but delivers its benefits but once a year at tax time with a big refund. A minimum wage increase, on the other hand, would be felt within a week of taking effect.

"The thing that disturbed me the most in that article is the implication that we ought to maintain the status quo of low wages subsidized by tax dollars," said OSU researcher Scott, who did in-depth interviews with 44 low-wage single mothers for the LERC report. "We shouldn't be arguing for that. These families repeatedly told us they don't want to rely on public assistance. They want to be self sufficient. And on $9 or $10 an hour they can't."

"The business lobby, The Oregonian and elected politicians all talk about good middle class jobs, but when it comes right down to it, their music doesn't back up their dancing," said Chamberlain, the AFL-CIO president. "They're out of step with what's going on in the country. If you look at the data, 25 percent of the workforce make poverty wages and 49 percent of all new jobs make less than $12 an hour. You can't talk about a vibrant economy unless you address that. So yes, we support 15 Now. We think it's the government's responsibility to make work pay a livable wage."

Oregon ranks No. 7 nationally in union density

Unions in the United States added 48,000 new members to their ranks in 2014, according to a Jan. 23 report from the Bureau of Labor Statistics (BLS). Employment grew by about 2.3 million workers, resulting in a decline in union density. The percentage of the workforce with union membership dropped 0.2 points to 11.1 percent. That's the lowest percentage since the government began producing comparable estimates in 1983, when it was 20.1 percent.

Of the 14.6 million union members in the U.S., 7.2 million were in the public sector and 7.4 million were in the private sector.

Union membership in Oregon was estimated at 243,000 — up 35,000 from 2013. The rate of union growth was the largest in the country, taking it from 13.9 percent of the workforce in 2013, to 15.6 percent last year — seventh highest in the nation.

Washington, with an estimated 491,000 union members, ranked fourth in the proportion of its workforce that was unionized (16.8 percent). Those numbers are down from 2013, when the BLS reported 546,000 union members in the state, representing 18.9 percent of the workforce.

New York continued to have the highest union membership rate (24.6 percent), followed by Alaska (22.8 percent), Hawaii (21.8 percent), Washington, New Jersey (16.5 percent), and California (16.3 percent).

North Carolina again had the lowest rate at just 1.9 percent.

The percentage of employed women who were union members remained constant at 10.5 percent, while the rate for men dropped by 0.2 of a percentage point to 11.7 percent.

The union membership rate was highest among workers aged 55 to 64 (14.1 percent), and lowest among workers aged 16 to 24 (4.5 percent).

The most-unionized occupations were local government (41.9 percent), utilities (22.3 percent), transportation and warehousing (19.6 percent), telecommunications (14.8 percent), and construction (13.9 percent).

Agriculture (1.1 percent), finance (1.3 percent), and bars and restaurants (1.4 percent) were the least unionized.

The BLS data show that union membership boosts wages. Full-time union workers had median weekly earnings of $970 compared to $763 for nonunion workers. The difference was even bigger in some occupations: Median weekly earnings for union construction workers was $1,123, compared to $724 for nonunion.

The median wage last year for union women age16 and older was $904 — 89 percent of the $1,015 weekly for union men. The median for nonunion women was $687 — 82 percent of the $840 weekly median for nonunion men.

"The wage gap for women in unions is much smaller than for women who are nonunion workers," said Joan Entmacher, vice president for Family Economic Security at the National Women's Law Center. "But last year the rate of union membership for women was flat. To promote equal pay for women, it's time for lawmakers to stop the attacks on unions — and strengthen workers' rights to organize."

The BLS union membership report is a pretty accurate depiction of trends at the national level, but at the state level, data can be misinterpreted because minor year-to-year fluctuations — particularly in less populous states — may not be statistically significant. Oregon's percentage in the report has fluctuated in the last decade, with a low of 13.8 percent in 2006 and a high of 17.1 percent in 2011. Oregon has about 1.2 percent of the U.S. population.

(Editor's Note: Press Associates Inc. contributed to this report.)