

Earning a Living Wage

A **living wage** is the hourly rate that an individual needs to earn in order to support themselves or their family. Many states have a higher minimum wage than the federal minimum wage, which is \$7.25/hour, or about a dollar over the poverty wage.

MIT has developed a Living Wage Calculator, which compares the federal poverty wage, a state's minimum wage, and a living wage for that state. They estimate the living wage in a state or metropolitan area using typical expenses such as food, child care, transportation, and medical and housing costs; which will vary based on family size, composition, and location,

For Oregon, a living wage for one adult without children is \$16.85, which is quite higher than the state's minimum wage of \$12 and the poverty wage of \$6.13.²⁸ Expenses increase substantially when a person has a dependent to care for. For example, the Oregon living wage for one adult with one child is \$33.07, which is nearly triple the state's minimum wage. These costs are higher in urban areas, such as the Portland Metropolitan Area, and lower in smaller cities and towns. However, even in smaller towns, the income needed to support a household is more than the state and federal minimum wage.

The living wage calculator shows how families and individuals working in low-wage jobs are not paid enough to meet the minimum standard of living in their area.

Until the local or federal government raises the minimum wage or all businesses pay their employees a living wage, we can find additional ways to support ourselves and our families. For example: by attending this course, we can utilize local and state-wide resources, follow money saving tips, learn healthy credit and banking habits, stick to a budget, and create and follow personalized plans for achieving our financial goals.

To compare typical expenses and the living wage in your state based on the number of dependents and adults in your household, visit <https://livingwage.mit.edu/>

²⁸ Amy Glasmeier and MIT. "Living Wage Calculator for Oregon." *Massachusetts Institute of Technology*, 2021. <https://livingwage.mit.edu/states/41>