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Ohio Announces Increase to Minimum Wage: Raise Will Help Thousands of Workers and Strengthen the Economy

Cleveland, OH – Ohio will increase its minimum wage from \$7.40 to \$7.70 on January 1, 2012 to keep pace with the rising cost of living, as required by a state constitutional amendment approved by Ohio voters in 2006. Ohio’s minimum wage increase means an additional \$624 per year in wages for a full-time minimum wage worker.

The National Employment Law Project and Policy Matters Ohio hailed the upcoming increase as an essential move to help working families increase spending at local businesses, deal with rising prices, and contribute more to move Ohio and the U.S. toward economic recovery.

“With staggering unemployment and slow job creation combining to depress wages, these modest annual minimum wage increases are one of the few policies that counteract downward pressure on wages and prevent the lowest wage earners from falling even further behind,” said Christine Owens, executive director of the National Employment Law Project.

Ohio’s announcement comes after state legislation earlier this year attempted to roll back minimum wage protections for workers not covered by the federal minimum wage law, despite the fact that the constitutional amendment contained no such exemption. This legislative effort, which would have impacted home-care workers, certain agricultural workers, and police and firefighters, among others, was unsuccessful.

“We’ve had a lot of tough news for workers in Ohio and this is a welcome bit of good news,” said Amy Hanauer, Executive Director of Policy Matters Ohio. “Low-wage workers spend most of what they earn on necessities in local communities. A little more in their pockets will make it easier to pay the rent, stock up on groceries and replace the kids’ sneakers. That in turn will help our local economies.”

Eighteen states plus the District of Columbia have minimum wage rates above the federal level of \$7.25 per hour – or just over \$15,000 per year for a full-time minimum wage earner. Unlike the federal rate – which loses value every year it is not increased by an act of Congress - 10 states increase their minimum wage rates annually to ensure that the lowest-paid workers don’t lose ground: Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont, and Washington. Legislation to raise the minimum wage and add an annual cost of living adjustment was advanced in several states this year including California, Massachusetts, Maryland and Illinois. Additional states are considering such proposals for next year.

Strengthening the buying power of low-wage workers is especially critical in this economic climate. A [recent NELP study](#) finds that the majority of new jobs created in the wake of the

recession are in low- and mid-wage industries. And while the bastion of low-paid workers is growing, the wages for this group are declining: workers in lower-wage occupations (with median wages under \$13.52) have seen a 2.3 percent decline in real wages since the recession began. For Ohio, this poor wage growth extends to middle-wage workers as well – Ohio’s median wage declined more than that of any other state between 2000 and 2010.

A large body of research shows that raising the minimum wage is an effective way to boost the incomes of low-paid workers without reducing employment. A groundbreaking 1994 [study](#) by David Card and Alan Krueger, President Obama’s nominee to head the Council of Economic Advisers, found that an increase in New Jersey’s minimum wage did not reduce employment among fast-food restaurants. These findings have been confirmed by 15 years of economic research, including a 2010 [study](#) published in the *Review of Economics and Statistics* that analyzed data from more than 500 counties and found that minimum wage increases did not cost jobs. Another recent [study](#) published in April 2011 in the journal *Industrial Relations* found that even during times of high unemployment, minimum wage increases did not lead to job loss.

According to the Bureau of Labor Statistics, [three quarters](#) of minimum wage earners nationwide are 20 years or older, and more than [60 percent](#) are women. Most minimum wage earners are adults, and many of them support families.

The National Employment Law Project (www.nelp.org) is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers.

Policy Matters Ohio (www.policymattersohio.org) is a non-profit, non-partisan policy research institute dedicated to a more prosperous, equitable, sustainable and inclusive Ohio.

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