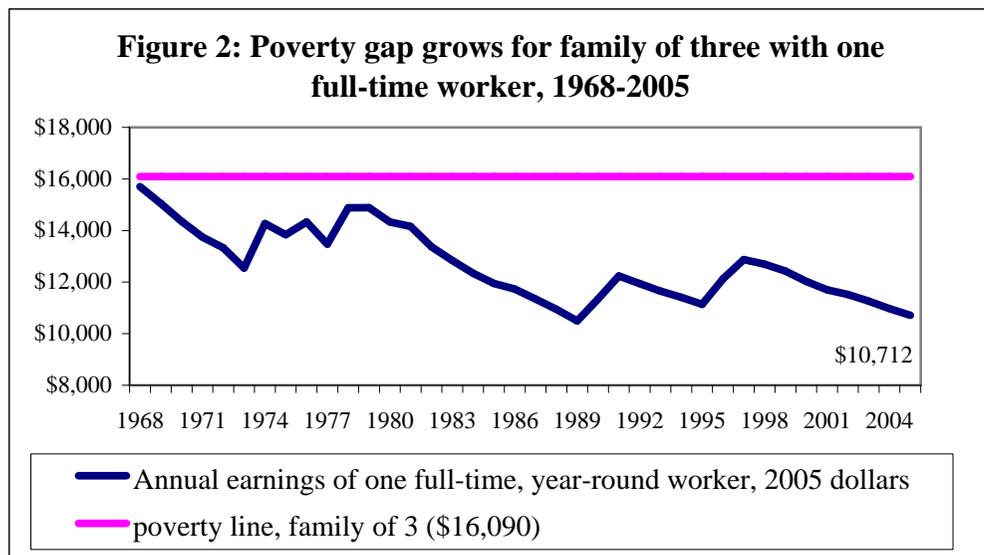


MINIMUM WAGE: OHIO IS FALLING SHORT

Ohio is one of just two states that sets its minimum wage below the federal level, although the federal level applies to most workers in Ohio. The federal minimum wage of \$5.15 an hour has less purchasing power than in all but one of the past fifty years. Today a full-time minimum wage worker brings in only \$10,712 a year, just two-thirds of the federal poverty line for a family of three.



The federal government has not raised the minimum wage since 1997 but the issue has seen intense activity in state legislatures in the past year. Thirteen states and Washington D.C. now have minimum wages above the federal level, two states have approved wages above the federal that have not yet taken effect, and in two states (Maryland and Nevada), increases might occur.

OHIO'S MINIMUM WAGE: INCREASING THE VALUE

Last legislative session, State Senator C.J. Prentiss (D-Cleveland) proposed raising the minimum wage in Ohio to \$7.15. The bill did not pass. Now activists are attempting to place a minimum wage increase before the voters in the form of a ballot initiative for November 2006.

BENEFITS FOR WORKERS

Policy Matters analyzed a minimum wage of \$7.15. The proposal has since been revised to \$6.85, but the number of beneficiaries is likely to be similar. The initial proposal would have directly affected 446,000 covered employees earning less than \$7.15 an hour.

Employees who would be directly affected have the following characteristics:

- ◆ The majority are women workers: 60% of those who would get a raise are women, even though they comprise just half of the workforce.
- ◆ More than 70% are age 20 or older.
- ◆ More than three-fourths of those affected work at least twenty hours weekly and 35% work full-time.

The wages of these workers are important to their families:

- ◆ The lowest-earning 40% of Ohio households, with just 16% of total earnings, would get 57% of the gains from the increase.
- ◆ Families with employees that would be affected rely on those workers for half of the family's earnings, on average. Over one-third rely on those family members for the entire family income.

BENEFITS FOR THE ECONOMY

There are several reasons why raising the minimum wage is helpful to the economy. Among them:

- ◆ It is a well-targeted policy that boosts the earnings of the lowest-paid workers and reduces poverty.
- ◆ It provides a stable floor for wages, and complements other government policies.
- ◆ It helps government and business keep their part of the welfare-reform bargain in which families were encouraged to rely on work for most income.
- ◆ It can provide economic stimulus during tight economic periods.

In short, an increase in the minimum wage is a crucial component of a broad-based strategy to improve the lives of Ohio's poorest workers. A fair minimum wage, along with other anti-poverty programs, will ensure that those who work full-time in low-paying sectors of the economy earn enough to cover their basic needs.

Policy Matters Ohio is a think tank dedicated to illuminating how policy decisions serve Ohio workers. We focus on work, wages, economic development, education, incarceration, budgets and taxes and we do it in a way that no other entity in Ohio has done. Our work is unified by a belief in the "high road" – that we should encourage good jobs at good wages, strong public services, and investment in people. We shine a light on policies that allow a "low road" – poor public services, low wages, inadequate education, and excessive incarceration. Learn more at www.policymattersohio.org.

2912 EUCLID AVENUE, CLEVELAND, OH 44115 ◆ WWW.POLICYMATTERSOHIO.ORG

POLICY MATTERS OHIO