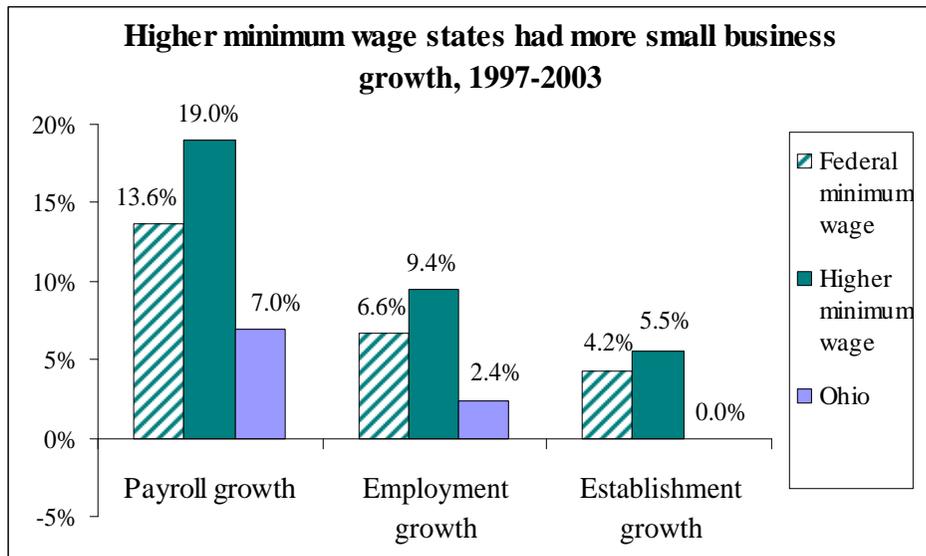


MINIMUM WAGES, JOBS & BUSINESS GROWTH

The \$5.15 an hour minimum wage leaves Ohio workers and their families deep in poverty. From Arkansas to Michigan, California to Maine, states have decided that people who work hard deserve better. Ohio may be poised to join those states.

Minimum wages improve incomes of low-wage workers and are consistent with a thriving economy. We examined effects on business establishments with under 500, under 250 or under 100 employees. Between 1997 and 2003:

- Small business payroll grew more in states with a higher minimum wage than in federal minimum wage states.
- Employment in small businesses grew more in higher minimum wage states than in federal minimum wage states.
- The number of small business establishments grew more in higher minimum wage states than in federal minimum wage states.



Source: Policy Matters Ohio calculations based on County Business Patterns Annual Reports. Weighted data.

Economists list many reasons why high minimum wage states might do better – employees turn over less, recruitment costs go down and productivity and attendance go up. A 2006 Policy Matters study, *Good for Business: Small Business Growth and State Minimum Wages* says more about how and why higher wage states seem to thrive.

Learn more about an economy that works for all:
www.policymattersohio.org

KEEPING IT REAL: OHIO NEEDS A MINIMUM WAGE INCREASE

For 68 years, the minimum wage has been an important part of an economy that works for all Americans. The federal government has let the minimum wage deteriorate in real value to its lowest point in more than 50 years. Although Congress hasn't raised the minimum wage since 1997, 20 states and the District of Columbia now have minimum wages above the \$5.15 federal level. In Ohio, a grassroots coalition seeks to put an initiative on the November 2006 ballot to raise Ohio's minimum wage to \$6.85 an hour.

The proposal will raise wages for about 14% of Ohio's workforce, 719,000 workers. Directly affected are 297,000 workers who currently earn less than \$6.85. Another 423,000 are indirectly affected – already earning at least \$6.85 but likely to still get a modest increase as employers adjust pay scales.

We estimate, on average, that those earning under \$6.85 will get an 80 cent raise, and those earning more than \$6.85 will get a 26 cent raise. The workers who would benefit are diverse - single and married, young and old, with and without kids -- but all now have to work well over half a day to earn enough to fill their car with gas. A minimum wage increase won't make anyone rich, but it would mean a lot to people working at these wages. Some details about who would gain:

- More than 250,000 Ohio children have a parent who will benefit.
- Families with workers who will get a raise rely on those workers for more than half of family weekly earnings, on average.
- In 38% of affected families, these workers provide the entire family weekly earnings.
- More than half of affected workers live in households with total weekly earnings less than \$737.
- Most (78%) work at least 20 hours a week; 43% work full time.
- About three quarters (74%) are age 20 or older.

Restoring a more adequate minimum wage will generate raises for 719,000 Ohio workers and help our state again value work and workers. The federal government has let the minimum wage erode to its lowest level in more than fifty years. Joining the many states that have set a higher standard will help put Ohio back on the economic high road.

Policy Matters Ohio is a nonprofit, nonpartisan research institute dedicated to researching an economy that will work better for all in Ohio. Learn more at: www.policymattersohio.org.