

EXECUTIVE SUMMARY

For 68 years the minimum wage has been an important feature of American policy. It is part of the public structure we need for a successful economy that works for all of us—an economy that values work and protects those who play by the rules. In recent years, however, the minimum wage has been allowed to wither.

The federal minimum wage of \$5.15 an hour has less purchasing power than at any time in more than fifty years. Since 1968, the value of a minimum wage paycheck has plunged more than thirty percent. A full-time minimum wage worker earns only \$10,712 a year, less than two-thirds of the federal 3-person poverty line (\$16,600 per year in 2006).

The federal government has not raised the minimum wage since 1997 but twenty states have raised their minimum wages,¹ coalitions are pushing ballot initiatives in seven states, and legislation has been introduced in many others.

Although most Ohio workers have always been protected by the federal minimum wage, Ohio has, until recently, been in the unusual situation of having a minimum wage *below* the federal level. Legislators recently voted to increase the state minimum wage to correspond to the federal level, although it has not yet been signed into law. For the narrow slice of workers not protected by the federal minimum wage, this change could provide some modest relief.

To address the broader problem of the declining value of the minimum wage that applies to most workers, a coalition of labor unions, community organizations and other citizens is seeking to put an initiative on the November 2006 ballot. The measure would raise the Ohio minimum wage to \$6.85 an hour by 2007 with annual cost-of-living-adjustments thereafter.

That proposal would raise wages for about 719,000 Ohio workers—14 percent of the state's workforce. Directly affected are 297,000 workers who currently earn less than \$6.85. An additional 423,000 are indirectly affected – already earning at least \$6.85 but likely to still get a modest wage increase as employers adjust pay scales to accommodate raises for minimum wage employees.

If the wage is increased, those earning under \$6.85 prior to the increase will get an average estimated 80 cent raise, and those earning more than \$6.85 will get an average estimated 26 cent raise. Other findings include:

- ◆ About three quarters of those affected (74 percent) are age 20 or older.
- ◆ Many (28 percent) are married, and about one in five is a parent. Approximately 253,000 Ohio children have a parent who would see a raise under this proposal.
- ◆ Families with workers who would see a raise rely on those workers for more than half of the families' weekly earnings, on average.

¹ Includes Michigan where the governor will soon sign an increase, and counts Washington, D.C. as a state

- ◆ In 38 percent of affected families, these workers provide the entire family weekly earnings.
- ◆ More than half of affected workers (51 percent) come from the bottom forty percent of the household earnings spectrum, living in households with total weekly earnings less than \$737. The bottom forty percent of households currently takes in less than 16 percent of worker earnings, but would get more than half of the wage increases resulting from the \$6.85 wage level.
- ◆ The vast majority (78%) work at least 20 hours a week; 43 percent work full time.
- ◆ Fifty-eight percent are women and 42 percent are men.
- ◆ Fourteen percent of all white workers and 15 percent of all black workers could expect to see a raise under the proposal.

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