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Ohio minimum wage increase will help 330,000 workers New Year's Day increase will boost consumer spending by \$38 million

On January 1st, Ohio's minimum wage will increase by ten cents to \$7.95 per hour, benefiting an estimated 330,000 Ohio workers. The minimum wage for tipped Ohio workers will also rise by 5 cents to \$3.98 per hour. The increase will raise consumer spending and boost economic growth by \$38 million, according to an [analysis](#) of Census data by the nonpartisan Economic Policy Institute.

Another 12 states – Arizona, Colorado, Connecticut, Florida, Missouri, Montana, New Jersey, New York, Oregon, Rhode Island, Vermont, and Washington – will also raise their minimum wage on New Year's Day, helping more than 2.5 million workers. Eleven total states have now adopted annual inflation indexing – Ohio, Arizona, Colorado, Florida, Montana, Missouri, Nevada, Oregon, Vermont, Washington, and, most recently, New Jersey.

“Ohio workers and the Ohio economy will both benefit from this raise for our lowest-paid neighbors,” said Amy Hanauer, executive director of Policy Matters Ohio. “The employees who benefit will turn around and spend money in our communities, stimulating growth here.”

In 2006, Ohio voters passed a ballot initiative raising the minimum wage and providing annual adjustments to keep pace with the rising cost of living. Minimum wage increases taking effect around the country on January 1st will generate over \$619 million in new economic activity and support creation of 4,600 new full-time jobs as businesses expand to meet increased consumer demand.

The real value of the federal minimum wage erodes every year unless Congress approves an increase. The [Fair Minimum Wage Act of 2013](#), supported by President Obama and introduced in both houses of Congress, would fix this by raising the federal minimum wage to \$10.10 per hour and adjusting it annually to keep pace with the rising cost of living. The Fair Minimum Wage Act would also gradually raise the national minimum wage for tipped workers from its current low rate of \$2.13 per hour, where it has been frozen since 1991, to 70 percent of the full minimum wage.

Key findings

- Ohio minimum wage will increase by ten cents to \$7.95 an hour, benefiting 330,000 low-wage workers.
- Increase will raise consumer spending and boost growth by \$38 million.
- Federal proposal would raise minimum wage to \$10.10 an hour.

As of January 1st, 2014, twenty-one states, plus the District of Columbia, will have minimum wages above the federal level of \$7.25 per hour, which translates to just over \$15,000 per year for a full-time year-round worker. Nationally, 58 percent of new jobs created since the recession have been in low-wage occupations, according to a 2012 [report](#) by the National Employment Law Project.

The most [rigorous economic research](#) over the past 20 years finds that raising the minimum wage boosts pay without causing job losses – even in regions where unemployment is high. A recent [study](#) by the Center for Economic and Policy Research reviews two decades of research and concludes that “the weight of the evidence points to little or no effect of minimum wage increases on job growth.” An April 2013 [poll](#) found that 67 percent of small business owners support raising and indexing the minimum wage.

States with minimum-wage increases, amount of increase, new wage, number of workers affected, and impact on GDP				
States with minimum wage increase	Amount of increase	New wage on Jan 1. 2014	Total affected workers	GDP impact
Arizona	\$0.10	\$7.90	75,000	\$15,828,000
Colorado	\$0.22	\$8.00	104,000	\$18,788,000
Connecticut	\$0.45	\$8.70	107,000	\$24,666,000
Florida	\$0.14	\$7.93	416,000	\$62,774,000
Missouri	\$0.15	\$7.50	104,000	\$11,865,000
Montana	\$0.10	\$7.90	13,000	\$2,516,000
New Jersey	\$1.00	\$8.25	443,000	\$173,204,000
New York	\$0.75	\$8.00	676,000	\$215,236,000
Ohio	\$0.10	\$7.95	330,000	\$38,795,000
Oregon	\$0.15	\$9.10	104,000	\$16,206,000
Rhode Island	\$0.25	\$8.00	23,000	\$3,869,000
Vermont	\$0.13	\$8.73	10,000	\$1,896,000
Washington	\$0.13	\$9.32	158,000	\$33,569,000
Total			2,563,000	\$619,212,000
Source: National Employment Law Project				

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Policy Matters Ohio is a non-partisan, non-profit policy research institute, on the web at www.policymattersohio.org. On this release, we worked closely with the National Employment Law Project, a non-partisan research organization. Learn more at www.nelp.org or www.raisetheminimumwage.org.