



## Higher wage would boost Columbus

By Michael Shields

Increasing the municipal minimum wage would reduce inequality, keep workers out of poverty, and boost consumer spending in Columbus.

Efforts are under way to raise the minimum wage at the city level for Columbus to \$12 an hour, phased in over the next four years to reach \$12 by 2021. Policy Matters Ohio examined the impact this could have on Columbus workers, and found that benefits would be substantial and widely shared.

Today, Columbus workers are covered by Ohio's minimum wage, which is \$8.10 an hour. The state minimum wage is indexed to inflation so workers don't lose purchasing power over time. While this index is a vital tool in keeping the lowest wages from losing value, the base wage itself is low and out of sync with the cost of supporting a family. And with inflation rates close to zero last year, this year's minimum wage stays the same.

While most adults in Columbus are working, not all workers are making the wages they need to get by. Columbus residents face higher rates of poverty than the state: 22.3 percent of all Columbus families and 31 percent of Columbus children were in poverty in 2014.<sup>1</sup> That compares to 15.8 percent and 22.7 percent for Ohio.

### A higher minimum wage can help

Raising the minimum wage to \$12 per hour by 2021 would boost the wages of 20.7 percent of Columbus workers, a total of more than 88,000 people, according to Policy Matters Ohio's analysis.<sup>2</sup> Among those who would get a raise, the average worker now makes \$8.42 an hour. On average, annual inflation is over 3 percent (see box on next page), so \$12 in 2021 is worth less than \$12 today. The estimated value of \$12 in 2021 is equal to \$10.68 in 2016 dollars.

**Raising the minimum wage to \$12 by 2021 would benefit Columbus**

**88,000 Columbus workers would get a raise**

**1 in 4 working women and 1 in 6 men would gain**

**Three quarters of affected workers are white, but black workers are 78 percent more likely to be affected**

**Some 67,000 Columbus children have at least one parent who would get a raise**

**Most workers who would benefit are adults who have finished high school**

<sup>1</sup> Families in poverty from Census QuickFacts, 2014 poverty share <http://www.census.gov/quickfacts/table/PST045215/3918000,39,00>. Children in poverty from Kids Count Data center, Annie E. Casey Foundation, drawn from 2014 ACS.

<sup>2</sup> Policy Matters Ohio analysis of Current Population Survey, Columbus MSA, pooled sample years 2013-2015. Scaled to Columbus City population from Census QuickFacts.

Previous reports have consistently found that minimum wage increases that boost spending power for the lowest wage workers deliver growth and job creation in their communities. We can expect similar effects from a minimum wage raise in Columbus.

### **Families have a stake**

Opponents of raising the minimum wage often argue that most minimum wage workers are teens. But our analysis found that among Columbus workers who would get a raise, 85.7 percent are adults 20 and older. More than eight in 10, have already completed high school.

Many are parents providing some or all of the monetary support for their families. Nearly one in three Columbus children have a parent who would get a raise as a result of the proposed minimum wage boost. That's a total of some 67,000 children.

### **Women are more likely to face low wage jobs**

Women workers in Columbus are more likely to face low wages than are working men. About 23.8 percent of women workers earn wages below the proposed level (\$12 in 2021, worth \$10.68 in 2016 dollars), compared to 17.5 percent of men. This means that raising the wage to \$12 an hour by 2021 would benefit one in four working women in Columbus, and one in five working men.

#### **Inflation explained**

Over the last century inflation has averaged 3.18 percent per year. That means prices double about every 20 years. Last year's lack of inflation was abnormal – only two other years have been that low or lower since 1929. That's why when your grumpy uncle tells you that he lived fine on \$11,000 in 1975, it doesn't mean that he was incredibly frugal. That year, the median house cost \$38,600, a Buick Skylark cost \$3600 and a stamp cost a dime. Your uncle's \$11,000 is worth over \$48,000 today.

### **Black workers more often face low wages, but most low-wage workers are white**

One-third of all black workers (32.1 percent) fall into the low-wage group who would see a raise if the \$12 by 2021 measure were enacted. African Americans are disproportionately faced with low wages: they are 78 percent more likely to be earning wages below \$10.68 today. Black workers who would get a raise currently earn \$8.73 per hour on average, and would see an average raise of \$1.95 in today's dollars.

Among white workers, 18.0 percent would get a raise. The average wage among these workers is \$8.57, and the typical raise would be \$2.12 in today's dollars. White workers comprise three of every four low wage workers who would benefit from a \$12 minimum wage.

### **Policy recommendation**

Ohio's \$8.10 minimum wage is out of sync with the cost of living for families in Columbus and the state. Columbus should implement its own higher minimum wage, with an inflation index to ensure low-wage workers don't lose buying power over time. Raising the wage in Columbus to \$12 per hour by 2021 would benefit more than 88,000 Columbus workers and their families.