

Work & Wages

\$15 MINIMUM WAGE WOULD IMPROVE INCOMES, INCREASE EQUITY

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Ohio’s minimum wage is too low to cover the basics. A full-time worker with a family of three earning the minimum wage falls \$3,000 short of the poverty level. A \$15 minimum wage phased in over four steps by 2023 would benefit 2 million Ohio workers. It would improve equity and drive economic growth by generating around \$8.7 billion in new wages for directly impacted workers. A bill, sponsored by Representatives Brigid Kelly and several co-sponsors is currently under review by the Legislative Services Commission.

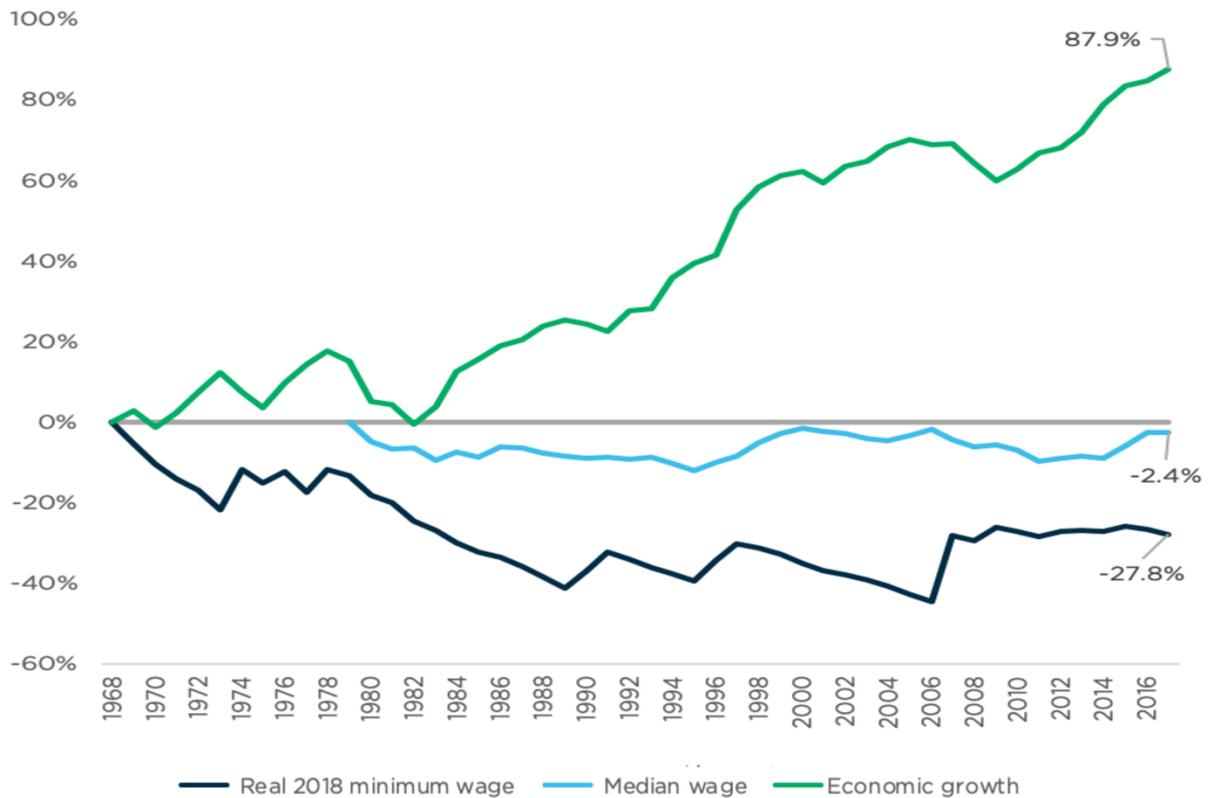
Key findings

A higher minimum wage would boost Ohio

- A \$15 minimum wage in 2023 would restore the value of real minimum wage. Ohio’s wage floor is worth 28 percent less than it would be if that level had been preserved.
- Raising the minimum to \$15 by 2023 would lift wages for 2 million Ohio workers, 37 percent of the wage-earning workforce.
 - Nearly 1.6 million directly affected workers would receive an average increase of \$2.73 in their hourly wage, in 2018 dollars, an increase of 26 percent.
 - Another 450,000 workers would benefit from a spillover effect as employers raise wages of workers making more than \$15 in order to attract and retain workers.
- Ohio minimum wage workers would take home about \$8.7 billion in additional income and inject new spending into the state’s economy.
- The workers who would receive an increase are overwhelmingly adults, most of whom work full time in regular jobs, often to support a family.
- Raising the wage would slow or reverse growth in the racial wage gap, and make pay more equal for men and women. Extending the minimum wage to tipped workers is necessary to improve both pay equity and job quality for women.
- Coupled with a raise to \$15, preserving the state’s inflation index would ensure that the passage of a living wage in Ohio is a lasting solution.

Ohio voters recognize the need for stronger wages. In 2006, they increased the state minimum wage above the federal level. Voters set Ohio’s minimum wage at \$6.85, and indexed it to inflation so it would not erode in value each year. The minimum wage has increased by \$1.70 since then (not adjusting for inflation), bringing it to \$8.55 today, \$1.30 more than the federal floor. This \$8.55 level is worth the same in 2019 as \$6.85 was worth in 2006. However, Ohio’s current minimum wage is worth less than the value of federal wage between 1961 and 1972 and at a few other points since then, even though the state and nation are wealthier than ever. **Ohio should increase its minimum wage to improve workers’ lives and enable them to take home their share of the growth in the economy.**

Ohio's minimum wage and median have diverged from economic growth



SOURCE: Median wage and economic growth figures from Economic Policy Institute analysis of Current Population Survey data. Minimum wage figures from US Department of Labor History of Federal Minimum Wage Rates through 2006, and Ohio Department of Job and Family Services Labor Market Information Ohio minimum wage starting 2007. All figures in inflation adjusted 2018 dollars.

A \$15 minimum wage by 2023 would lift wages for 2 million Ohio workers, 37 percent of the wage-earning workforce. Nearly 1.6 million directly affected workers (26 percent of the workforce) would receive an average increase of \$2.73 per hour in 2018 dollars. The average directly affected worker puts in 30.6 hours per week, and would see an earnings boost of \$4,252. Another 450,000 workers would benefit from a spillover effect as employers raise wages of those making more than \$15 in order to attract and retain their workforces.

Policy recommendations:

- Raise the minimum wage to \$15 per hour by 2023. Set the minimum wage at \$12 per hour in 2020, then increase in three equal \$1 steps to \$15.
- Eliminate the sub-minimum wage for tipped workers.
- Retain the index to inflation so the wage will not lose value over time.