



# TESTIMONY

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Michael Shields

## Pass a \$15 minimum wage that covers all workers

Testimony on SB 256 “Modify the earned income tax credit; increase the minimum wage” before the Senate Ways and Means Committee

Good morning, Chair Blessing, Vice-chair Roegner, Ranking Member Smith and members of the committee. My name is Michael Shields and I am a labor economist at Policy Matters Ohio, a nonprofit, nonpartisan research organization with the mission of creating a more vibrant, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify.

SB 256 would raise the minimum wage for most Ohio workers to \$15 per hour for most Ohio workers and expand Ohio’s Earned Income Tax Credit. My colleague, Bailey Williams, will testify (or has testified) to the merits of a refundable EITC. My testimony will focus on the wage provisions.

Everyone who works deserves to be paid a wage that recognizes the value of their work and meets the cost of living.

One of the lessons learned from the public health crisis we have just survived is how much we all rely on the work done by some of our neighbors who are among the lowest-paid workers in the state. They keep our children safe while we work; provide the care that enables our elderly and disabled loved ones to remain in their homes; and grow and process the food we feed our families — often for wages too low to feed their own without food aid.

The intent of the minimum wage has always been to ensure that every job provides the person doing the work with a decent standard of living. When President Roosevelt signed the National Industrial Recovery Act in 1933 he stated that “no business which depends for existence on paying less than living wages to its workers has any right to continue in this country.”<sup>1</sup>

The cost of living is a real cost that working people take on to live in their communities, access transportation to work, and show up ready and able to do the job. That makes it an operating cost.

A livable minimum wage is needed because Ohio working people have seen their wages stagnate or be pushed down despite becoming better at their jobs than ever before. From 1979 to 2021, productivity-per-worker rose 76% in Ohio, but the median wage rose only 4%. Since Congress passed the peak minimum wage in 1968, worth more than \$14 per hour in today’s dollars, the federal minimum wage has been cut in half by inflation and Ohio’s has been pushed down by about 28%.<sup>2</sup> This means that not only have low-paid workers shared none of the growth their work made possible, they have been pushed down at a time when Ohio workers are creating more wealth than ever before for their employers and this state. Ohio voters stopped even further losses when they indexed Ohio’s minimum wage to inflation in 2006.

<sup>1</sup> Franklin D. Roosevelt, “[Statement on N.I.R.A.](#)” June 16, 1933, The American Presidency Project

<sup>2</sup> Michael Shields, Jasmine Amoako and Bryce Springfield, “[State of Working Ohio 2023](#),” Policy Matters Ohio, September 4, 2023, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/state-of-working-ohio/state-of-working-ohio-2023>



Markets are not fixing this. The problem stems from a significant power imbalance between workers and employers when they enter into employment arrangements in the labor market. The government has a responsibility to use its power on the side of workers to restore balance.

Ohio voters know this. Voters have not rejected a measure to raise the minimum wage in any state since the 1990s.

SB 256 should be amended to cover all Ohio workers, and reach them as soon as possible, retaining as much value as possible.

**Amend the timeline:** SB 256 should be amended to take full effect and set the minimum wage to \$15 per hour on January 1, 2026. My research has shown that that measure would benefit nearly 1 million working Ohioans.<sup>3</sup> That includes 262,000 Ohio workers and their families now living in poverty. These workers need a raise now, not four years from now. Waiting to implement the \$15 wage would not only prolong the hardship of working people facing poverty despite working; it would also let inflation cut down the value of the wage before it took effect. Compared with the 2026 timeline, waiting until 2028 to make the \$15 wage take effect would mean it was worth 60 cents less under target inflation of 2% and a full dollar less if current inflation levels persist. And it would never catch up.

**Amend coverage:** SB 256 should be amended to cover workers now excluded from minimum wage protections under the bill's draft language and Ohio law. These include workers with a disability, youth workers, and workers who receive tips as part of their pay.

- Ohio should join fourteen states which have now outlawed “sheltered workshops” which enable employers to pay workers with a disability less than the minimum wage.<sup>4</sup> Workforce development focused on supporting workers who have a disability are increasingly focused on mainstreaming those workers — and providing any supports needed — to ensure that they are treated with dignity and paid a wage that covers basic needs.
- In the low-paid sectors where young people typically work (largely leisure, hospitality, wholesale, and retail), they are performing the same work as adults, with some exceptions based on federal child labor protections, and they deserve the same pay. Coupled with attempts to roll back child labor protections, paying youth less than the minimum wage exacerbates the unique vulnerabilities youth face in the workplace, including threats to academic and behavioral outcomes; risks of injury and exposure to long-term health impacts; and high rates of workplace violence and wage theft.<sup>5</sup> Ohio should cover youth workers under the minimum wage.
- Currently, employers of tipped workers can claim a portion of their tips to reduce their wages to as little as half the minimum wage. This is one reason tipped jobs make up a dozen of the 30 lowest paying occupations in Ohio. Last year waiters and waitresses were paid \$13.92 per hour at the median. It's also a reason the leisure and hospitality industry made up half the 213,000 Ohio wage theft cases I found in a 2022 study.<sup>6</sup> Like the ballot measure that Ohio voters support, SB 256 should guarantee that tipped workers receive the same minimum wage as everyone else, with tips on top.

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<sup>3</sup> Michael Shields, “Raise the wage,” Policy Matters Ohio, April 23, 2024, <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/minimum-wage/raise-the-wage>

<sup>4</sup> Rachel Gottlieb “States vote to end subminimum wage.” Route 350, April 24, 2023.

<sup>5</sup> Nina Mast, “Youth subminimum wages and why they should be eliminated,” Economic Policy Institute, January 8, 2024.

<sup>6</sup> Michael Shields, “Honest Day’s Pay,” Policy Matters Ohio, May 18, 2022 <https://www.policymattersohio.org/research-policy/fair-economy/work-wages/honest-days-pay>



Working people are doing their part on the job. They are more productive and educated than ever before. Yet across the board, and especially for low-paid workers, their wages do not reflect that. The problem stems from employers flexing more power in the employment relationship than workers can bring to bear. Low wages out of sync with Ohio's effective workforce are an economic and moral problem that requires a policy solution.

I urge you to expand SB 256 to include all Ohio workers and place it on a timetable to reach \$15 by 2026, advance it out of committee and pass it in a full vote of the legislature. Thank you.