

EXECUTIVE SUMMARY

The federal minimum wage of \$5.15 an hour has less purchasing power than in all but one of the past fifty years. Since its high point in 1968, the value of a minimum wage paycheck has fallen by more than thirty percent. Today a full-time minimum wage worker brings in only \$10,712 a year, just two-thirds of the federal poverty line for a family of three (\$16,090 per year in 2005).

The federal government has not raised the minimum wage since 1997 but the issue has seen intense activity in state legislatures in the past year. Thirteen states and Washington D.C. now have minimum wages above the federal level, two states have approved wages above the federal that have not yet taken effect, and in two states (Maryland and Nevada), increases might occur. Three states have taken steps to adjust the minimum wage annually, and one has committed to annual reassessment of the wage. Much of this state activity took place in 2004 and 2005.

Ohio is one of just two states that sets its minimum below the federal level, although the federal applies to most workers here. State Senator C.J. Prentiss (D-Cleveland) has proposed raising the minimum wage to \$7.15 by 2007 with annual cost-of-living-adjustments thereafter. If the wage is not raised legislatively, activists may attempt to place a minimum wage increase before the voters in the form of a ballot initiative.

The proposed Ohio legislation would directly affect 446,000 covered employees earning less than \$7.15 an hour, and could have spillover affects for some workers earning between \$7.15 and \$8.15. Employees who would be directly affected have the following characteristics:

- ◆ The majority are women workers – 60 percent of those who would get a raise are women, even though they comprise just half of the workforce.
- ◆ More than 70 percent are age 20 or older.
- ◆ More than three-fourths of those affected work at least twenty hours weekly and 35 percent work full-time (35 hours or more a week).

The wages of these workers are important to their families:

- ◆ The lowest-earning forty percent of Ohio households, which take in just 16 percent of total earnings, would enjoy 57 percent of the gains from the increase.
- ◆ Families with employees that would be affected rely on those workers for half of the family's earnings, on average. Over one-third (37 percent) rely on those family members for the entire family income.

In short, the federal minimum wage is at an extremely low point. Many states are acting to raise their minimum wages. If Ohio followed suit, the main beneficiaries would be from low-income households that rely heavily on these earnings.