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Federal minimum wage act would boost Ohio economy, help families

Increasing the federal minimum wage to \$12 an hour would benefit 1.5 million Ohio workers, reduce inequality, keep workers out of poverty and boost the state economy, a Policy Matters Ohio report says.

The Raise the Wage Act, proposed by U.S. Senator Patty Murray of Washington and Representative Robert C. Scott of Virginia, would set the federal wage floor at \$8 an hour next year, then raise it a dollar a year until 2020. Because of Ohio's \$8.10 state minimum wage, workers here wouldn't feel the effect next year, but by the full phase-in, Ohio's workforce and economy would get a big boost. Starting in 2021, the minimum wage would be indexed to the median wage.

For more than 30 years in Ohio, there has been a growing disconnect between worker productivity and pay. While the state economy grew by more than two-thirds between 1979 and 2013, the typical Ohio worker's wages actually dropped slightly when adjusted for inflation. Raising the federal minimum wage to \$12 would help restore the balance.

"Workers are more productive than ever before. They are also more educated than ever. Yet wages in Ohio have not kept pace," said Policy Matters researcher Michael Shields, author of the report.

Policy Matters research on a previous, similar proposal found that boosting the minimum wage to \$10.10 by 2015 would create 5,800 new Ohio jobs and circulate \$2.1 billion in the Ohio economy. While the exact numbers will differ, a \$12 minimum by 2020 would have similar results: More money in the Ohio economy, more spending in Ohio businesses and more jobs.

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Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.