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Committees:

Finance
Economic Development,
Commerce and Labor
Government Accountability
and Oversight
Aging and Long Term Care

BRIGID KELLY

State Representative

Chairman Blessing, Vice Chairman Reineke, Ranking Member Clyde, and members of the House Government Accountability and Oversight Committee, thank you for the opportunity to provide sponsor testimony on House Bill 576, legislation to modernize Ohio's minimum wage.

America is supposed to be the land of opportunity, where if you work hard, you can succeed, and you can get ahead. But too many people in Ohio know it doesn't matter how hard they work. Their families still live paycheck to paycheck.

But the good news is this is a problem that can be solved. It doesn't have to be this way. Profits and productivity can continue to go up, but wages should, too. By modernizing our minimum wage, more people can earn the opportunity for a better life.

A constitutional amendment passed in 2006 stated that Ohio's minimum wage shall increase on January 1 of each year by the rate of inflation. Thus, given the 15-cent "raise" in January, the current minimum wage in Ohio is \$8.30 an hour, with a \$4.15-per-hour minimum wage for tipped employees. After adjusting for inflation, this hourly wage has the same purchasing power it did in 1978. In real terms, hourly earnings peaked more than 45 years ago: the \$4.03/hr minimum wage in January 1973 has the same purchasing power as \$23.68 does today¹.

There is more wealth in our country than ever before, but most of it is concentrated in the hands of the few, super-rich at the top. So our economy is also as unbalanced as it has ever been. Our economy doesn't work when sky-high profits are demanded by the people at the top and come at the expense of working families and our communities. When shareholders are a higher priority than strengthening families and communities, our economy doesn't work.

House Bill 576 will gradually phase in a \$15 minimum wage by 2025, lifting pay for millions of workers and reversing decades of growing pay inequality. Beginning on January 1, 2019 the program will begin with a \$12 per hour minimum wage and increase yearly by 50 cents an hour until 2025.

Minimum wage earners aren't just young adults working over the summer. The average minimum wage worker is a 36-year-old woman with some college level coursework who works full time and more than half of minimum wage earners are adults between the ages of 25-54². They are people who want jobs where they could build a life, save for retirement, and take care of their families.

¹ <http://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/>

² <https://www.epi.org/publication/why-america-needs-a-15-minimum-wage/>

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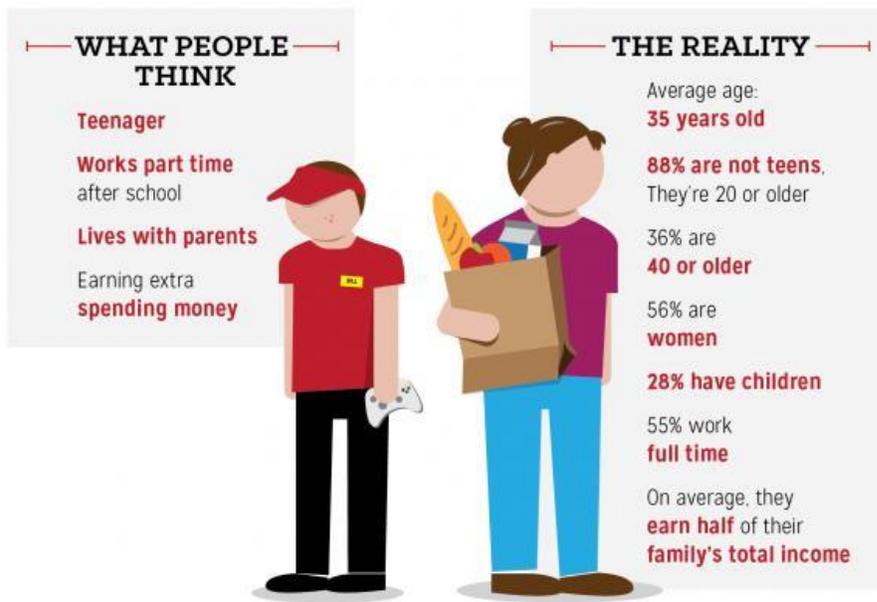
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WHO'S HELPED BY RAISING THE MINIMUM WAGE?



Note: Statistics describe civilian workers, ages 16+, that would be affected by an increase in the federal minimum wage to \$10.10 over three years, as explained in *Raising the federal minimum wage to \$10.10 would give working families, and the overall economy, a much-needed boost*. The median age of affected workers is 31 years old. Visit epi.org/issues/minimum-wage for more details.

ECONOMIC POLICY INSTITUTE

Successful businesses--large and small--have shown that good wages are good business. Showing up to work every day and working hard to contribute to your company's bottom line shouldn't mean you have to rely on food stamps or cash assistance just to get by. It shouldn't mean you have to choose between rent and reliable transportation, or between packing lunch and keeping your lights on.

A June 2014 survey found that small business owners believe that a higher minimum wage would benefit business in important ways: 58% say raising the minimum wage would increase consumer purchasing power. 56% say raising the minimum wage would help the economy. In addition, 53% agree that with a higher minimum wage, businesses would benefit from lower employee turnover, increased productivity, and customer satisfaction³.

³ Small Business Owners Favor Raising Federal Minimum Wage, July 2014
http://asbcouncil.org/sites/default/files/asbc_bfmw_poll_report_final_140709.pdf

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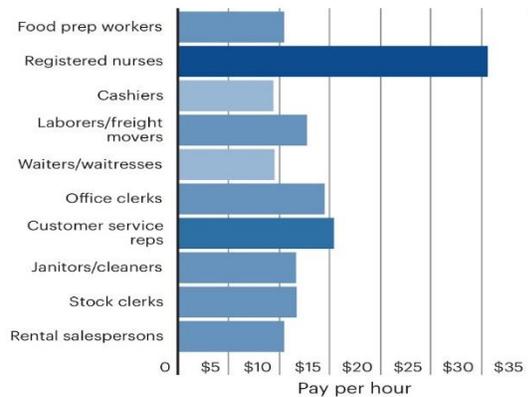
The current minimum wage leaves a full-time worker in Ohio with approximately \$17,264 dollars a year, before taxes, and about \$3,000 below the federal poverty line for a family of three. Employers that pay poverty wages are ultimately subsidized by taxpayers as their employees are forced onto federal and state safety net programs just to get by. Safety-net benefits for low-wage workers and their families make up more than half of spending on Medicaid, welfare (TANF), food stamps (SNAP), and the earned income tax credit, and cost federal and state taxpayers more than \$150 billion a year⁴.

The National Low Income Housing Coalition estimates the fair market rent for a two-bedroom apartment is \$793. In order to afford that along with utilities – and not pay more than 30 percent of their income – a household must earn \$2,644 monthly or \$31,723 annually. That's called the housing wage, and it's the federal standard for housing affordability. Ohio's housing wage this year is \$15.25, according to a separate report by the Coalition on Homelessness and Housing in Ohio. So, Ohioans earning minimum wage would have to work 74 hours per week to afford a two-bedroom apartment, according to the report⁵.

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HOUSING WAGES IN OHIO

In Ohio, the minimum wage is \$8.30 an hour and the estimated pay needed to comfortably afford housing is \$15.25 per hour. Here are the top jobs in Ohio and how much they pay.



Source: National Low Income Housing Coalition

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THE BUSINESS

1 OF 3
REMAINING

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⁴ <http://laborcenter.berkeley.edu/the-high-public-cost-of-low-wages/>

⁵ <https://www.bizjournals.com/columbus/news/2018/06/14/8-of-top-10-ohio-jobs-pay-so-little-workers-cant.html>

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Two in five Ohio households are struggling to come up with enough resources to provide basic necessities, including housing, childcare, food, transportation, and health care. In Ohio, 14% of households live in poverty, and another 26% are considered working poor. In 11 counties, at least 50% of families are in poverty or are working poor⁶. This is not how we build a strong economy or a strong state.

We can't afford to stay stuck in the past with poverty-wage jobs that don't let Ohioans live up to their full potential. Ohio's minimum wage needs an overhaul to meet the demands of today's new economy.

As home health care worker Chaundra Kidd of Cleveland said, "This is about paying my bills, this is about taking care of my family, this is about the dignity for the work that I do."

This is the single biggest thing; the most transformative thing we can do for people and families in our state is to give them a raise.

⁶ Associated Press, *United Way: 2 in 5 Ohio households struggle to afford basics*, 10/4/17