



State Senator Kent Smith
Democratic Whip
21st District

Ohio Senate
Senate Building
Columbus, OH 43215
614-466-4857

Senate Workforce and Higher Education Committee
Senate Bill 146 Sponsor Testimony
Increase the state minimum wage
September 26, 2023

Chairman Cirino, Vice Chair Rulli, Ranking Member Ingram and members of the Senate Workforce and Higher Education Committee. Thank you very much for providing us an opportunity to explain why raising the minimum wage and ending the tip worker penalty would be good public policy for Ohio.

This Senate Bill would do two things. First, under Senate Bill 146, the Ohio minimum wage would increase from \$10.10 per hour to \$12.00 per hour in 2024, which would eventually increase to \$15.00 by 2027. From that point forward, the minimum wage would annually adjust based upon the inflation rate.

Senate Bill 146 would also get rid of the tipped worker prohibition, which as you may know is \$5.05 an hour – or half of what other minimum wage workers earn.

Ohio's Minimum Wage and Housing Costs

Too many Ohioans have too little to cover the basics. MIT's living wage calculator finds that an Ohioan living without children needs \$15.33 per hour of full-time work to meet the cost of living in Ohio. That is more than what the bottom 20% of workers are currently paid in Ohio. A family with two children and two parents working full time needs an average hourly wage of \$24.53 per worker to make ends meet, meaning \$10.10 an hour simply is not enough. Raising Ohio's minimum wage would provide a much-needed assist to working Ohioans who are struggling to make ends meet.

Mr. Chairman, let me try to illustrate the need for a minimum wage increase based on the cost of housing. According to the 2023 report, "Out of Reach: The High Cost of Housing" by the National Low Income Housing Coalition, in Ohio the Fair Market Rent for a two-bedroom apartment is \$993. In order to afford this level of rent and utilities – without paying more than 30% of one's income on housing – a household must earn \$3,308 monthly or \$39,702 annually. That translates to needing to earn \$19.09 per hour. The \$19.09 amount is up two dollars from last year. Ohio's current minimum wage of \$10.10 is simply not enough.

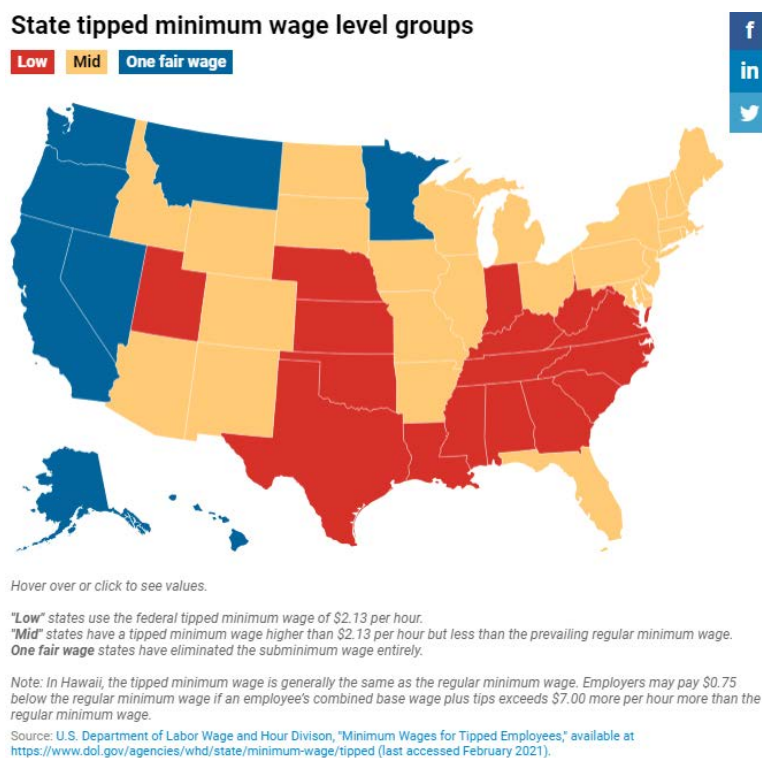
Earning \$10.10 an hour would mean that you need to work 60 hours per week to afford a 1-Bedroom rental home or 76 hours per week to afford a two-bedroom. Keep in mind, the number of rental households in Ohio is not small. This report lists that total as 1,588,226 or 33% of the households in the state.

Also, it is important to note that of the 10 occupations with the most workers in Ohio, only three – tractor-trailer truck driver, registered nurse and general operations manager – earn a median hourly wage that surpasses the \$19.09 needed to rent a two-bedroom.

Eliminating the Tipped Worker Penalty

A March 2021 Center for American Progress analysis shows that setting one standard minimum wage for all workers across Ohio will help alleviate poverty, sustainably grow the economy, and would advance gender, racial, and economic justice.

Eight states have already eliminated the tipped minimum wage entirely. Meanwhile, 16 states use the federal tipped minimum wage of \$2.13 per hour. Another 26 states, Ohio being one of them, have a tipped minimum wage higher than \$2.13 but still below the prevailing regular minimum wage.

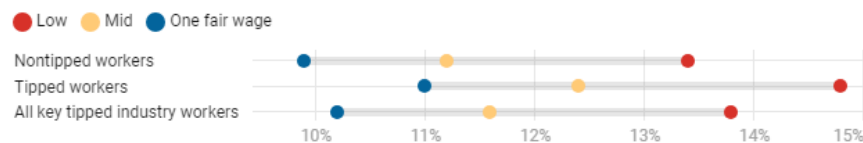


This analysis finds that in those states where there is one standard minimum wage, workers have done as well as or better than their counterparts in other states over the years since abolishing the subminimum wage.

Figure 3

One fair wage states have lower poverty rates for all workers in key tipped industries

Poverty rate for workers in key tipped industries, by state tipped minimum wage level



Hover over or click to see values.

"Low" states use the federal tipped minimum wage of \$2.13 per hour.

"Mid" states have a tipped minimum wage higher than \$2.13 per hour but less than the prevailing regular minimum wage.

One fair wage states have eliminated the subminimum wage entirely.

Source: Author's calculations based on 2016–2020 data from the Annual Social and Economic Supplement (ASEC) in Sarah Flood and others, "Integrated Public Use Microdata Series, Current Population Survey Data for Social, Economic, and Health Research: Version 8.0 (dataset)" (Minneapolis: Minnesota Population Center, 2020), available at <https://cps.ipums.org/cps/>.

The poverty rate in key tipped industries for tipped and nontipped workers alike is lower in states that have one standard minimum wage. Overall, in low states, 13.8 percent of workers in these industries are in poverty, compared with 10.2 percent in standard wage states. Tipped workers specifically see an even steeper decline, with 14.8 percent in poverty in low states compared with 11 percent in standard wage states.

Mr. Chairman, ending the tipped working penalty and creating an economy where workers do not have to work 76 hours a week to cover basic expenses is good for Ohio families. I would urge favorable consideration of Senate Bill 146 and I would be happy to answer any questions at this time.