



Minimum wage hike would cut 22k jobs in Ohio, study says

Monday, March 2, 2015

Raising Ohio’s minimum wage to $10.10 an hour would affect about 643,000 employees and result in the loss of nearly 22,000 jobs held mostly by women, new research from two labor economists shows.

Professors William Even of Miami University and David Macpherson of Trinity University in San Antonio, Texas, said their study followed the methodology used by the non-partisan Congressional Budget Office, which last year estimated that a half-million jobs would be lost nationwide should a $10.10 minimum wage take effect as proposed by President Barack Obama.

Ohio Sen. Kenny Yuko-D, Cleveland has introduced legislation that would raise the state’s minimum wage, currently $8.10 an hour, to $10.10 an hour with future adjustments for inflation.

According to the professors’ research, roughly 58 percent of the jobs lost in Ohio as a result of the proposed wage hike would belong to women, who comprise the majority of workers earning between the current minimum wage the proposed minimum wage of $10.10.

“It’s pretty clear that when you raise the minimum wage, there are both good and bad outcomes,” Even said, acknowledging that those who keep their jobs would be better off.

Numerous studies support the theory that raising wages, and thus the cost of labor, results in less demand for workers.

But another camp of economists believes raising the minimum wage will actually stimulate labor demand and economic growth by driving consumption, which accounts for about two-thirds of U.S. economic growth.

“If low-wage workers who are currently stymied in what they can spend had more money in their pockets, they’d be able to purchase things that somebody would have to make and somebody would have to sell,” said Amy Hanauer, founding executive director of Policy Matters Ohio, a policy research institute that studies labor market issues. “Raising the minimum wage unambiguously brings more money into the pockets of low-income workers and low-income families.”

According to a 2013 Policy Matters study, raising the minimum wage to $10.10 an hour would give raises to more than 1 million Ohio workers, generate $2.1 billion in extra income circulating through the economy and create 5,800 new jobs.

Regardless of whether the proposed wage hike would cost or create jobs, the question remains whether the wage gains would have a significant impact on poverty.

Even and Macpherson found little evidence that raising wages reduced financial hardships for families in 28 states that raised their minimum between 2003 and 2007 with little reduction in poverty.

Even said raising the minimum wage hasn’t helped to reduce poverty because many minimum wage earners live in households where they are either the second or third wage-earner. In Ohio, over 60 percent workers who would be affected by a wage hike either live with family, or are secondary earners where both spouses work.

“When you raise the minimum wage, some of that increased income is going to the teenage children of middle- and high-income families,” Even said, noting the average income for households that would be impacted by the proposed $10.10 wage hike is $55,935.

Still, Hanauer was quick to point out that of the 24 million Americans who would get a raise in the CBO study, 80 percent were adults. And many of those adults living in multiple-wage households would move out on their own if they were paid a higher wage.

”The goal (of a wage hike) should be to make sure that work pays and that working people share in the growth of our economy,” she said. “It’s clear that our economy is growing and our economy is prosperous, but it’s also clear that working people have been left out of that growing prosperity.”