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Increasing the Minimum Wage in Kentucky

Minimum wage increase to \$10.10 an hour would benefit 1 in 4 Kentucky workers and 22% of the state's children.

Those who would benefit are primarily adults (particularly women), full-time workers and families that rely on the income to make ends meet, not teenagers.

- 88% of those who benefit are at least 20 years old.
- 51% are at least 30 years old.
- More are over 55 years old (11.7%) than are teenagers (11.3%).
- 54% work full time (at least 35 hours).
- Average affected worker earns 55% of family income; average affected parent earns 64%.

The value of the minimum wage has eroded over time and not kept up with growth in economic productivity.

- If minimum wage had kept up with inflation since the 1960s, it would be over \$10/hour rather than \$7.25.
- If minimum wage had kept up with the growth in productivity, it would be \$18.30/hour.
- Minimum wage is not enough to keep a family of two with one full-time worker out of poverty.

Real wages for Kentucky workers at the bottom have been declining for the last decade.

- The share of Kentucky workers making wages below the poverty line for a family of four grew from 26% to 33% between 2001 and 2012.
- 46% of Kentucky's fast food workers are paid so poorly that they are eligible for public assistance programs.

Studies show minimum wage does not harm employment, and in the current economy can provide a modest economic boost.

- Employers have multiple channels of adjustment to respond--not just eliminating jobs, including:
 - Cost savings from lower employee turnover.
 - Improvements in organizational efficiency.
 - Reductions in wages of higher earners.
- In current labor market conditions, raising minimum wage could have net positive impact; Economic Policy Institute study estimates increase to \$10.10 would create 1,400 jobs at full realization in Kentucky and add \$421 million in GDP over 3 years it is being implemented.

21 states have a higher minimum wage than the federal minimum, including Missouri and Ohio.

The Kentucky Center for Economic Policy is a non-partisan initiative that conducts research, analysis and education on important policy issues facing the Commonwealth. Launched in 2011, the Center is a project of the Mountain Association for Community Economic Development (MACED) and is a member of the Working Poor Families Project, a national initiative funded by the Annie E. Casey, Ford, Joyce and Kresge foundations that advances state policies in the areas of education and skills training for adults; economic development; and income and work supports. For more information, please visit KCEP's website at www.kypolicy.org.

Sources: David Cooper, "Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost," Economic Policy Institute, <http://www.epi.org/publication/raising-federal-minimum-wage-to-1010/>; John Schmitt, "Why Does the Minimum Wage Have No Discernible Effect on Employment?" Center for Economic and Policy Research, <http://www.cepr.net/documents/publications/min-wage-2013-02.pdf>; Kentucky Center for Economic Policy, "Another Bad Year for Kentucky Wages," <http://www.kypolicy.us/another-bad-year-kentucky-workers-wages>; Sylvia Allegretto, et al., "Fast Food, Poverty Wages," University of California-Berkeley, University of Illinois, Urbana-Champaign, http://laborcenter.berkeley.edu/publiccosts/fast_food_poverty_wages.pdf.