



## Testimony in Support of Bill Relating to Minimum Wage: S508 Senate Labor Committee March 13, 2019

The Economic Progress Institute supports raising the minimum wage. We believe Rhode Island should implement a **\$15 minimum wage** as quickly as possible for the reasons listed below. Raising the minimum wage by a lower amount or raising it to \$15 for specific groups of workers would still make for valuable progress, but our goal must be a statewide \$15 minimum wage, so that working Rhode Islanders across the entire state can benefit.

### Rhode Island Workers Need a Higher Wage:

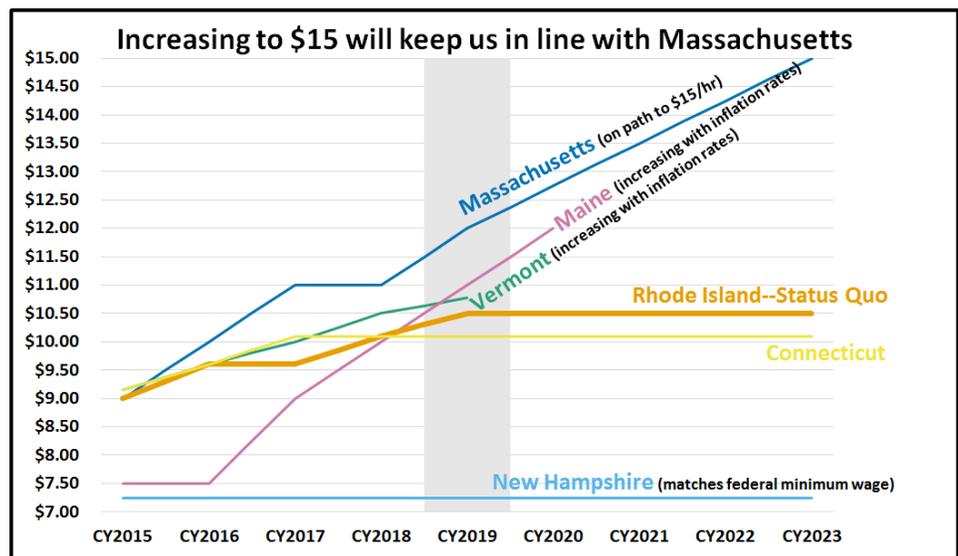
Minimum wage earners are not able to meet their basic needs. According to the recent [2018 Rhode Island Standard of Need](#),<sup>1</sup> a study that documents the cost of living in the Ocean State, a minimum wage earner – working 40 hours a week, year-round – would earn \$21,842 at Rhode Island’s current minimum wage of \$10.50/hour, just over \$5,200 a year less than the Rhode Island Standard of Need amount for a single adult, as shown in the chart. The thousands of Rhode Island families that have a bread-winner earning the minimum wage face an even more formidable gap between their earnings and the cost of basic needs in Rhode Island.



### Rhode Island Needs to Increase the Minimum Wage to Retain our Workforce:

If the Rhode Island minimum wage remains unchanged at \$10.50/hour, we will lose workers to our neighbor to the north.

Massachusetts is on a path to \$15 by 2024, and both Maine and Vermont are also increasing steadily.



<sup>1</sup> Economic Progress Institute, *2018 Rhode Island Standard of Need*, [www.economicprogressri.org/RISN](http://www.economicprogressri.org/RISN)

### Minimum Wage Supports a Diverse Population of Workers:

The many thousands of Rhode Island workers who stand to benefit from a minimum wage increase are a diverse population and do not fit the stereotypes of low-wage workers. Well over half are women, and most low-wage workers are not teenagers. Historical experience indicates that more than half of low-wage workers are employed full-time, and that more than 40% of low-wage workers have at least some college education. In addition, increasing the minimum wage helps reverse wage disparities for workers of color – nearly half of all Black and Latino workers would benefit from an increase.



### Research Proves the Minimum Wage is Not a Job Killer:

Critics of minimum wage increases will tell you that raising the minimum wage will result in job loss. Numerous academic studies and reviews have failed to identify the feared disaster of increases in the minimum wage. One recent and path-breaking study, from the Centre for Economic Performance and the National Bureau of Economic Research, examined 138 cases of minimum wage increases in the United States between 1979 and 2016, looking at the before and after in each situation and focusing on jobs paying around the minimum wage. The study compared “the number of excess jobs paying at or slightly above the new minimum wage to the missing jobs paying below it” and concluded that there was “no evidence of disemployment when we consider higher levels of minimum wages.”<sup>2</sup>

John Schmitt, now with the Center for Equitable Growth, undertook a meta-analysis that looked at dozens of academic papers considering this question. The title of his paper speaks volumes: [Why Does the Minimum Wage Have No Discernible Effect on Employment?](#)<sup>3</sup> In short, he demonstrates that although there are some outlier studies showing either modest job gain or modest job loss, the vast preponderance of research clusters around zero, showing essentially no aggregate impact on employment levels.

### Research Shows Higher Minimum Wages Help Improve a Wide Range of Family and Community Health and Living Standards:<sup>4</sup>

Evidence is mounting that increasing wages has wide-ranging, positive impacts on health and well-being, and not just on the economic circumstances of individuals and families. A higher wage has been tied to improved infant health outcomes, improved adult mental health, and reduced teen births.

### Local Economic Boost:

Individuals and families depending upon the current minimum wage cannot afford the basic necessities of living in Rhode Island. When we increase the minimum wage to more reasonable levels, most of the additional wages get recycled back into the local economy, producing ripple effects not generated by tax cuts for those who are already quite wealthy. Increasing the minimum wage is a win-win for Rhode Island, moving tens of thousands of Rhode Island families towards economic stability while boosting the Rhode Island economy.

<sup>2</sup> Doruk Cengiz, Arindrajit Dube, Attilio Lindner, and Ben Zipperer, 2018. *The Effect of Minimum Wages on Low-Wage Jobs: Evidence from the United States Using a Bunching Estimator*, Centre for Economic Performance Discussion Paper No 1531.

<sup>3</sup> John Schmitt, 2013. *Why Does the Minimum Wage Have No Discernible Effect on Employment?*, Center for Economic and Policy Research; see: <http://cepr.net/documents/publications/min-wage-2013-02.pdf>.

<sup>4</sup> See discussion in “The Case for a \$15 Minimum Wage in Rhode Island,” May 2017, NELP.