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California will phase in \$15 minimum wage

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California's new statewide minimum hourly wage target of \$15 — the highest in the country — could have implications in Ohio, where more than a quarter of all jobs are in low-wage occupations, federal data shows.

Last year, the state minimum wage increased 15 cents to \$8.10 an hour, and the minimum wage for tipped workers increased 7 cents to \$4.05 an hour.

But the minimum wage in Ohio, which is tied to inflation, did not increase this year because inflation has been low, fueling calls for state lawmakers to raise the base rate on par with other cities and states that are planning or recently approved minimum wage hikes.

California Gov. Jerry Brown signed into law Monday a bill that will raise the state's minimum hourly wage to \$15 by 2022. Meanwhile, New York's state budget includes gradually raising its \$9 minimum wage to \$15, starting in New York City in three years.

Oregon officials plan to increase the minimum to \$14.75 an hour in cities and \$12.50 in rural areas by 2022. Los Angeles and Seattle already have approved \$15 hourly minimum wages.

Good or bad?

In Ohio, a labor-backed group is working to put the "Ohio Fair Wage Amendment" on the November ballot. That would raise the minimum wage to \$10 in 2017, with a 50-cent increase in subsequent years, reaching \$12 an hour by 2021.

But Republican lawmakers, business groups and labor market researchers have warned that such a move could cost thousands of jobs.

Raising Ohio's current minimum wage from \$8.10 to \$12 would lower the state's overall employment rate sharply, according to Greg Lawson, a policy analyst with The Buckeye Institute for Public Policy Solutions.

Citing research from the right-leaning CATO Institute, Lawson wrote in a brief last month that a 10 percent increase in the minimum wage would lead to half a percentage point reduction in the

employment growth rate. A raise in the base rate to \$12 an hour in Ohio would be equal to a 50 percent raise and the potential loss of nearly 200,000 jobs by 2020, according to Lawson.

“Ohio can ill-afford a job growth slowdown, having only partially climbed out of the economic depths of the last recession,” he wrote. “Those advocating for such change need to explain exactly how Ohio will be better off with fewer jobs.”

But Amy Hanauer, executive director of Policy Matters Ohio, a liberal research organization, said its most recent study found just the opposite: Raising the minimum wage would stimulate job growth by driving consumption, which accounts for about two-thirds of U.S. economic growth.

“Our analysis shows that raising the minimum wage would actually create more jobs than it would cost jobs ... and it would make working people a lot better off,” Hanauer said.

Base on Policy Matters’ analysis, raising the base rate to \$12 would give 1.5 million Ohio workers a raise, and help improve the lives of 630,000 Ohio children who have a parent that would benefit.

In terms of job creation, an earlier study by Policy Matters found that raising Ohio’s minimum wage to \$10.10 by 2015 would have created 5,800 new jobs and circulated \$2.1 billion in the state’s economy.

While the exact numbers will differ, a \$12 minimum by 2020 would have similar results, according to Hanauer.

Some wages up

While the impact of a minimum wage hike continues to be debated, the state’s largest employer has already taken action.

In January, Walmart started paying all workers hired before the first of the year at least \$10 an hour. And entry-level workers hired after Jan. 1 will start at \$9 an hour and can make \$10 after they complete a retail skills and training program.

But a statewide boost in the base rate is unlikely to materialize in Ohio the same way it did in California. Gov. Brown signed the bill after the state legislature, controlled by Democrats, approved the legislation Thursday, with no Republican support.

In Ohio, the statehouse is controlled by Republicans who oppose a minimum wage hike and have already defeated proposed legislation to raise the state minimum to \$10.10 an hour.

The California bill will bump the state’s \$10 hourly minimum by 50 cents next year and to \$11 in 2018. Hourly \$1 raises will then come every January until 2022, unless the governor imposes

a delay during an economic recession. Businesses with 25 or fewer employees have an extra year to comply.

Wages will rise with inflation each year thereafter.

The Associated Press contributed to this story.