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Two New Reports Highlight Merits of Raising the Minimum Wage Studies Refute Notion that Increase Would Cost Jobs

The Economic Policy Institute, a Washington, DC-based think tank, has released two new reports about the importance and impact of raising the minimum wage. ***No Longer Getting By: An Increase in the Minimum Wage is Long Overdue***, details the inadequacy of the current federal minimum wage of \$5.15 per hour, and makes the case for raising it to a more reasonable level. ***Minimum Wages and Employment: From Recent State Labor Market Trends*** debunks the myth that increasing the minimum wage results in the loss of jobs.

In ***No Longer Getting By***, author Amy Chasanov, notes that at the minimum wage, a full-time, year-round worker earns only \$10,712 annually, not enough to lift even a family of two above the federal poverty line. She also notes that, contrary to the claims of many opponents of a minimum wage hike, most of the workers who would benefit from an increase are adults, many of whom are supporting young children.

“It takes an income far above the federal poverty line to make ends meet in our communities,” said Charity Eleson, executive director of the Wisconsin Council on Children and Families. “The fact that so many full-time workers are falling short of earning a living sufficient to support their families is a disgrace. It’s bad for our communities, and it’s bad for children.”

In ***Minimum Wages and Employment***, author Jeff Chapman examines the argument that changing the minimum wage has an effect on unemployment. Chapman examines data from several states and finds that increasing the minimum wage not only does not cause unemployment; but there is little evidence of any correlation between the minimum wage and unemployment. For example, in the state of Washington--often cited as an example of a higher minimum wage causing greater unemployment--Chapman finds the elimination of higher-paying manufacturing jobs to be the true culprit; the minimum wage played virtually no role in that state’s labor market woes.

The information in these reports is particularly relevant in Wisconsin, as one of several states currently considering a minimum wage increase. An advisory council appointed by Gov. Doyle recently voted 16 to 2 to raise the state’s minimum wage to \$5.70 in 2004 and \$6.50 in 2005. The Wisconsin Department of Workforce Development (DWD) has estimated that this increase would benefit 101,000 workers the first year and 150,000 in the second year.

“Wisconsin’s low-income families desperately need this raise,” Eleson said. “A large share of the people who would benefit are families with children. These reports show that the negative impact on jobs would be negligible. Meanwhile, the positive impact on family stability and on kids’ futures will be tremendous.”

The reports are available on the Economic Policy Institute’s website at <http://www.epinet.org>.