



## Raising the Minimum Wage Boosts Working Families AND the Rhode Island Economy

Putting more money in the pockets of Rhode Island workers not only helps those families, it also puts more money in the cash registers of local businesses, and creates jobs in Rhode Island.

Minimum wage earners are not able to meet their basic needs. According to the most recent [Rhode Island Standard of Need](#), a study that documents the cost of living in the Ocean State, a two-parent family of four needs to earn \$5,675/month, while a single adult needs to earn \$2,146/month, just to meet their basic expenses.



Working 40 hours a week, year-round, a minimum wage earner would earn \$19,968 at Rhode Island’s current minimum wage of \$9.60/hour, nearly \$6,000 a year less than the RISN amount for a single adult. The Rhode Island minimum wage would need to be \$12.38/hour to meet basic needs. 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.

Our neighbors see the value of a higher minimum wage			
	MA	CT	RI
Minimum Wage in 2015	\$9.00	\$9.15	\$9.00
Minimum Wage in 2016	\$10.00	\$9.60	\$9.60
Minimum Wage in 2017	\$11.00	\$10.10	?

On January 1, 2017, 19 states, including four of our New England neighbors, increased their minimum wages. In Massachusetts 291,000 workers saw their wages increase to the new minimum of \$11.00/hour, putting \$367 million into their pockets. In Connecticut, 119,000 workers’ wages were increased to \$10.10/hour. In Rhode

Island, the minimum wage remains at \$9.60/hour, jeopardizing recent progress closing the low-wage gap with our neighboring states.

Increasing Rhode Island’s minimum wage to \$10.50 in 2017, as called for in House Bill 5057 (and recommended by the Governor), would have the following impacts:

- Raising the minimum wage to \$10.50 would directly or indirectly lift wages for 93,000 Rhode Island workers, nearly 1/5th of the Ocean State workforce.
- Workers affected by the increase would receive \$65.2 million in increased wages.

The workers who would receive a pay increase do not fit the stereotypes of low-wage workers. Rhode Island workers affected by increasing to \$10.50/hour have the following characteristics:

- A larger number of workers affected are **age 55 and older** (14,000) as are teens (12,000). Nearly two-thirds (65 percent) of affected workers are 25 years old or older.
- The **majority of affected workers (61 percent) are women**. This is particularly important given the persistent gender pay gap in Rhode Island, highlighted in a report we recently completed for the Women's Fund of Rhode Island, [The Status of Working Women in Rhode Island](#).
- **Workers of color** would disproportionately be affected. A third of Hispanic workers would receive a raise (though White non-Hispanic workers account for two-thirds of those affected).
- Of workers who would receive a raise, **more than half (53 percent) work full time**, a third (33 percent) work mid-time (between 20-34 hours a week), nearly half (44.1 percent) have at least some college experience, and a quarter (25.8 percent) have children.
- While there are minimum wage workers in most employment sectors, **some sectors would benefit more than others**. Of those affected by increasing the minimum wage to \$10.50/hour, more than a quarter (27 percent) are retail workers, one in five (20 percent) are in leisure and hospitality, and nearly one-fifth (19 percent) are in the education and health sector.
- Minimum wage earners are **more highly educated** than is often thought. Just one in five (20 percent) lack a high school diploma, and four in ten (44 percent) have some college or are college graduates.
- **45,000 Rhode Island children**—more than one in five (21 percent)—have a parent who would benefit from raising the minimum wage to \$10.50.
- More than a third (37.1 percent) of **single parents who work** would receive higher pay.

Critics of minimum wage increases will tell you that raising the minimum wage will result in job loss. The best research undertaken at some of the finest universities shows that this is in fact not the case. John Schmitt, now with the Center for Equitable Growth undertook a meta-analysis that looked at dozens of academic papers looking at this question. The title of his paper speaks volumes: [Why Does the Minimum Wage Have No Discernible Effect on Employment?](#)<sup>1</sup>In short, he shows that although there are some outlier papers 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.

Increasing the minimum wage is a win-win for Rhode Island, moving thousands of Rhode Island families towards economic stability while boosting the Rhode Island economy.

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<sup>1</sup> John Schmitt, 2013. *Why Does the Minimum Wage Have No Discernible Effect on Employment?*, Center for Economic and Policy Research. <http://cepr.net/documents/publications/min-wage-2013-02.pdf>