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## STUDY UNDERSCORES POSITIVE ROLE OF MINIMUM WAGE INCREASES FOR FAMILIES AND THE ECONOMY

### Analysis of Two Decades of Evidence Finds Raising Wage Floor Boosts Family Economic Security Without Slowing Job Creation

New York—As legislation to raise the minimum wage is being considered in several states, a [new study](#) published this month provides the latest evidence that raising wages for America’s lowest-paid workers will help, rather than hinder, economic recovery for America’s families. The study examines every minimum wage increase over the past two decades—including increases that took place during protracted periods of high unemployment, such as the Great Recession of 2007 to 2009—and finds that raising the wage floor boosts incomes without reducing employment or slowing job creation.

The National Employment Law Project noted that the new study reinforces more than 15 years of rigorous economic research showing that minimum wage hikes increase incomes without slowing job growth. With family incomes falling and the [majority of new jobs being created in low-wage sectors](#), strengthening the minimum wage is now more important than ever.

“This comprehensive new study provides the latest evidence that raising the minimum wage is an effective way to help families and our economy recover,” said **Christine Owens, executive director of the National Employment Law Project**. “As policymakers work to accelerate a weak recovery that’s been largely confined to low-wage industries, raising the minimum wage makes sense—as yet another study shows.”

Authored by Sylvia A. Allegretto and Michael Reich of the University of California and Arindrajit Dube of the University of Massachusetts and published this month in the peer-reviewed journal [Industrial Relations](#), [the study](#) directly refutes research frequently relied on by critics who argue that minimum wage increases force job cuts and slow hiring. By replicating the methods used by those researchers—David Neumark, William Washer, David Macpherson, and others—but accounting for a more robust set of economic variables, the study shows that minimum wage increases in fact have no negative effect on employment levels. This study follows [another groundbreaking paper](#) published last fall in the prestigious *Review of Economics and Statistics* that examined the economic impact of minimum wage increases at the county level between 1990 and 2006 and found no evidence of reduced employment.

“In good times and bad, corporate lobbyists and CEOs argue that minimum wage increases kill jobs. It’s time to put those arguments to rest,” said Owens. “Boosting the earnings of low-paid workers reduces turnover and absenteeism, increases morale and productivity, improves efficiency for employers, and does not kill jobs—even in hard economic times.”

Legislators in Maryland, Illinois, California, Maine, and Massachusetts have introduced bills this year to raise their wage floors to help families recover from the economic downturn and restore the value of the minimum wage, which has been deeply eroded over the years by inflation and failures to enact regular increases in the

standard. Raising wages for the lowest-paid workers also acts a stimulus by putting money into the pockets of low-income families who spend it immediately in their local communities.

Meanwhile, lawmakers and policymakers in several states have sought to ignore, dilute, or repeal minimum wage laws in an effort to reverse core labor protections around the nation. In Florida, the state failed to raise its minimum wage this year as required by Florida's constitution, prompting NELP and worker advocates to sue. In Missouri and Nevada, corporate lobbyists are trying to freeze the minimum wage rate through their effort to repeal the indexing provisions of those states' minimum wage laws, which were overwhelmingly approved by voters in ballot initiatives. In Maine, the governor and legislators are pushing legislation that would significantly reduce the minimum wage for workers under 20. Proponents of these minimum wage rollbacks claim they will speed job creation, despite abundant research and experience indicating that minimum wage rates have not had a negative impact on employment or job creation.

Seventeen states have raised their minimum wages higher than the federal level of \$7.25 per hour, which pays a full-time worker just \$15,000 per year. If the federal minimum wage had kept pace with the rising cost of living over the past 40 years, it would be more than \$10 an hour today. Ten states have enacted measures to annually adjust their minimum wage to keep pace with the rising cost of living.

“Regular increases in the minimum wage help workers keep up with rising costs and pump money into state economies—which is desperately needed right now,” said Owens. “Small increases mean that thousands of minimum wage earners, such as health aides, child care workers, restaurant workers, and retail clerks, are better able to put food on the table, provide for their children, and keep a roof over their heads. Congress and other states should follow the lead of states that have raised and indexed their minimum wage. The record shows that these increases help families and the economy.”

Follow these links for NELP summaries of the [new study published this month](#) and the [companion study](#) published last fall.

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