

2004 Children's Agenda -- Action Step Fact Sheet



Economic Security Priority: Raise the minimum wage

Raising the minimum wage in NH in 2004.

History/background of issue

The minimum wage in New Hampshire remains stuck at the federal minimum wage, \$5.15 an hour. There has been no minimum wage increase for over 6 years. According to a new analysis from the Economic Policy Institute, a Washington, DC-based think tank, a minimum wage increase would directly impact 21,785 workers in our state (Rasell, Bernstein, and Boushey, 2001).

New Hampshire is not an inexpensive state in which to live. In 2000, the Josiah Bartlett Center for Public Policy found that a full-time year-round worker earning minimum wage had income well below what it costs to live in this state. They estimated a livable wage for a single person around \$9.00 an hour. That rises to more than \$15.00 an hour for a single person and a child. The cost of housing, in particular, has been widely recognized in New Hampshire.

New Hampshire is now the only state in New England that has not raised the minimum wage above the federal minimum. In the last few years, Massachusetts, Maine, Vermont, Rhode Island, and Connecticut have all raised their minimum wage well over \$6.00 an hour. On this issue, New Hampshire is now the backwater of New England.

Since the onset of welfare reform in the mid-90's, society has sent a strong message to low-wage workers: you must work. Less attention has been paid to the actual wages earned by low-wage workers. In this context, we should remember the old commandment from the labor movement: "A fair day's work for a fair day's pay".

As a society, we have become dulled to exploitation of workers. There should be outrage that we allow workers to earn far less than is required to minimally survive in our state. These workers are often subject to arbitrary discipline and oppressive control. Far more attention has been paid to increasing the productivity of workers than improving their wages.

More often than not, poor workers are a forgotten group languishing in dead end jobs. There is considerable evidence that low wage jobs do not allow much upward mobility. Low-wage workers often lack the educational or vocational credentials required to move up to higher wage jobs. They typically lack health insurance and other benefits. They have less union protection than other workers.

Raising the minimum wage would be an important anti-poverty step. Low-wage workers live close to the edge financially. One adverse event, a personal injury, an illness or a divorce can push a worker over the financial edge. Raising the minimum wage would enable more workers to meet basic living costs like more money for groceries, the higher cost of gas for transportation or a rent increase.

This will be the third time in recent years there has been a legislative effort to raise the minimum wage. The bill came very close to passing last time, passing the House. The bill gained

support from liberals and conservatives. There is no reason to think that we cannot build broad bipartisan support.

Proposed solution

Raising the minimum wage is an issue of importance to far more than 20,000 low-wage workers and their families in New Hampshire. If there were an increase, there would be a positive ripple effect affecting other poor workers who make money above the currently defined minimum. Employers would feel pressure to raise the pay of other workers near the bottom of the pay scale (Kenyon, 2000).

Raising the minimum wage is a tangible step that would put more money in the pockets of poor families. Such an increase would mitigate against economic disasters like evictions, foreclosures, and homelessness. The good news is that there is a realistic chance to pass minimum wage legislation in this legislative session. New legislation has been introduced in the House. HB 1278-FN-Local proposes to increase the minimum wage in NH from \$5.15/hr to \$5.65/hr. The sponsors are Rep. Keans, Rep. Norelli, Rep. Lasky, Rep. Seldin, Rep. Quandt, Sen. Estabrook, Sen. Foster, Sen. D'Allesandro, and Sen. Larsen.

Data and facts that support the need for change and your solution

There is no evidence of job loss from the last minimum wage increase in 1996-1997. Opponents of such a raise frequently raise the spectre of job loss, but there is no credible evidence that any job loss occurred as a result of a minimum wage increase.

It is worth mentioning that according to national statistics, 71% of minimum wage workers are adults and 60% are women. Half work full-time and one-third work 20-34 hours per week (Rasell, Bernstein, and Boushey, 2001). Minimum wage jobs are concentrated in retail sales, cashier jobs and food preparation (Bernstein, Hartmann and Schmitt, 1999; Economic and Labor Market Information Bureau, 2000). These low-wage jobs are among the jobs projected to add the most new jobs in New Hampshire over the next 5 years (Economic and Labor Market Information Bureau, 1998).

What is the role of NH CAN?

NH CAN could have a material impact on passage of minimum wage legislation. Advocacy could make a critical difference in making a raise in the minimum wage happen.

Sources

Bernstein, Jared, Heidi Hartmann and John Schmitt (September 1999), "Minimum Wage Increase: A Working Woman's Issue," Economic Policy Institute, Issue Brief #133.

Economic and Labor Market Information Bureau, NH Dept of Employment Security (June 1998), "NH Employment Projects by Industry and Occupation, 1996-2006."

Economic and Labor Market Information Bureau, NH Dept of Employment Security (April 2000) "Economic Conditions in NH."

Kenyon, Daphne A. "New Hampshire Basic Needs and A Livable Wage," Josiah Bartlett Center for Public Policy, June 2000. p.2

Rasell, Edith, Jared Bernstein, and Heather Boushey (February 2001), "Step Up, Not Out: The Case for Raising the Federal Minimum Wage for Workers in Every State," Economic Policy Institute, Issue Brief #149. Online at http://www.epinet.org/content.cfm/issuebriefs_ib149