

Raising Michigan's Minimum Wage Will Help Many Workers and Their Families

THE MINIMUM WAGE JUST ROSE TO \$9.25 IN JANUARY 2018. WHY DO WE NEED TO RAISE IT AGAIN?


The minimum wage rose to \$9.25 as the final step in a legislated increase that began in 2014, but a cost of living increase is needed for future years. If the minimum wage stays at \$9.25 moving forward, it will decrease in value each year due to inflation. When Michigan's minimum wage becomes stagnant, such as it did for most of the 1980s and several times since then, workers' wages lose value and are able to purchase less than what they could purchase with a regular, annual adjustment (see chart). To avoid this, the proposal to raise the minimum wage to \$12 by 2022 also includes an annual increase each year after that for inflation.


When We Don't Raise the Minimum Wage, Its Value Decreases and Workers Suffer



Source: Calculated using the Bureau of Labor Statistics Consumer Price Index Inflation Calculator

WORKERS RAISING CHILDREN HAVE A DIFFICULT TIME IF THEY EARN MINIMUM WAGE.

 Fair Market Rent for a Two-Bedroom Dwelling in Selected Metro Areas (As a percent of current minimum wage for a full-time, year-round worker—\$19,240)	
Ann Arbor: 69%	Grand Rapids-Wyoming: 55%
Barry County: 49%	Holland-Grand Haven: 52%
Cass County: 50%	Jackson: 48%
Detroit-Warren-Livonia: 59%	Kalamazoo-Portage: 51%
Flint: 49%	Lansing-East Lansing: 53%

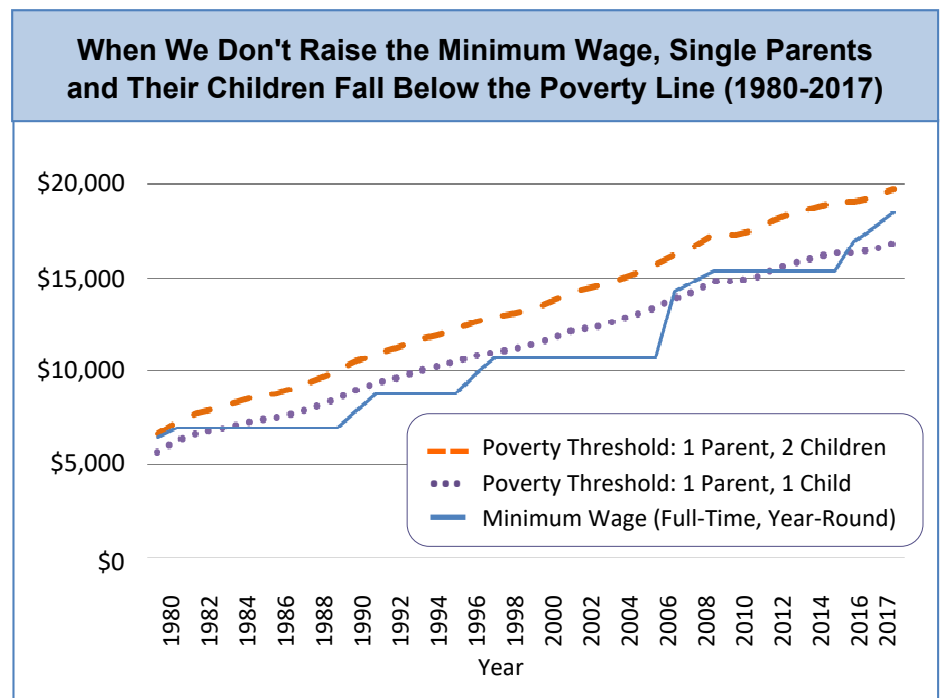


Nearly 1/4 of workers (246,800) who would benefit from the proposed increase are parents raising children.

The minimum wage proposal includes an annual increase each year to keep up with the cost of living and prevent minimum wage earners from falling far below the poverty line.

When we do not raise the minimum wage regularly, people whose earnings are at or just barely above the federal poverty line have a difficult time getting out of poverty. The poverty threshold (the amount of annual income needed in order to not be considered officially poor) rises each year with inflation. When the minimum wage remains flat, single-parent families (and two-parent families with only one working parent) living on that wage fall further into poverty each year.

- ▶ Working full-time at minimum wage has not brought a single parent with two children or a married-couple family with one working parent out of poverty since before the 1980s. The proposed minimum wage will lift such families out of poverty, and its annual increase will keep them out of poverty.
- ▶ The 2006-2008 minimum wage increase kept a single parent with one child out of poverty for four years, but failed to do so in subsequent years because it was not annually increased for inflation. The most recent increase once again brought such families out of poverty, but will need to be raised every year for inflation to continue doing so—and the proposed increase will do that.



Sources: U.S. Census Bureau (Poverty Thresholds); U.S. Department of Housing and Urban Development (2018 Fair Market Rents), Economic Policy Institute analysis of Current Population Survey outgoing rotation group microdata (Parent Facts)