

Raising Nebraska's Minimum Wage

The Economic Benefits and Demographic Impact of Increasing Nebraska's Minimum Wage to \$9.00 Per Hour

Introduction

Raising Nebraska's minimum wage would put much-needed money in the pockets of the state's lowest-paid workers, stimulating consumer spending and fueling economic growth in the state. Initiative 425, on the ballot in Nebraska this November, would raise the state's minimum wage from its current rate of \$7.25 per hour to \$9.00 per hour by 2016. The data show that this proposal would improve the well-being of working families in the state while injecting over \$73 million dollars into the state's economy.

This report examines the economic benefits and demographic impact of raising Nebraska's minimum wage to \$9.00 per hour. Through an analysis of U.S. Census Bureau data, we find:

- An estimated 143,000 low-paid workers in Nebraska – nearly one out of every six workers in the state – would receive a raise if the minimum wage were increased to \$9.00 per hour.
- Raising Nebraska's minimum wage to \$9.00 per hour would spur new consumer spending, generating more than \$73.9 million in new economic activity and supporting the creation of over 400 new full-time jobs as businesses expand to meet increased consumer demand.
- Adults 20 years of age or older comprise 78.3 percent of all workers who would benefit from raising the minimum wage \$9.00 per hour; 75.5 percent of affected workers work more than 20 hours per week; and 43 percent of affected workers have at least some college education.
- Over 64,300 children in the state have a parent who would receive a raise if the minimum wage were increased to \$9.00 per hour in Nebraska.

I. Raising Nebraska’s Minimum Wage Will Boost Consumer Spending and Generate New Economic Growth

Consumer spending remains the main driver of economic growth in the U.S. economy – and increased consumer demand is precisely what small business owners need in order to begin hiring at faster rates. A raise for the lowest-paid workers in Nebraska will go right back into the state’s economy as workers fill their gas tanks, feed their families, and pay for a roof over their head. Raising the minimum wage will ultimately support a faster economic recovery in Nebraska while helping working families make ends meet.

How Raising the Minimum Wage to \$9.00 per Hour Would Benefit Nebraska’s Economy	
<i>2-Step increase from \$7.25 to \$9.00 per hour, effective January 1, 2016</i>	
Total Increased Wages for All Affected Workers	\$116,770,000
GDP Impact	\$73,915,000
New Full-Time Jobs	400

Source: Economic Policy Institute analysis of 2013 Current Population Survey

II. Over 143,000 Low-Paid Workers – Primarily Skilled Adults Working More than Part-Time – Would Benefit From Raising Nebraska’s Minimum Wage

Roughly 143,000 workers in Nebraska – nearly one out of every six workers in the state – would benefit from raising the minimum wage to \$9.00 per hour. This total includes 94,600 workers who are currently making less than \$9.00 per hour, in addition to 47,800 more workers who are making slightly above \$9.00 per hour and would receive a raise as businesses adjust pay scales upward. And despite common misperception, the vast majority of workers who would benefit from raising the minimum wage are adults working more than 20 hours per week, many with at least some college education. Over 64,300 children in the state have a parent who would receive a raise if the minimum wage were increase to \$9.00 per hour.

Which Workers Would Benefit from Raising Nebraska’s Minimum Wage to \$9.00 per Hour?	
<i>2-Step increase from \$7.25 to \$9.00 per hour, effective January 1, 2016</i>	
Total Affected Workers	143,000
Directly Affected	94,600
Indirectly Affected	47,800
Age	
Over 20 years old	78.3%
Under 20 years old	21.7%
Gender	
Female	61.9%
Male	38.1%
Work Hours	
20+ Hours Per Week	75.5%
Less Than 20 Hours Per Week	24.5%
Education	
Less Than High School	26.7%
High School	30.0%
At Least Some College	43.3%

Source: Economic Policy Institute analysis of 2013 Current Population Survey