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Florida Announces Increase to Minimum Wage

Raise Will Help Thousands of Workers and Strengthen the Economy

Miami, FL – Florida will increase its minimum wage from \$7.31 to \$7.67 on January 1, 2012 to keep pace with the rising cost of living, as required by a state constitutional amendment approved by 72% of Florida's voters in 2004. The minimum wage for tipped workers will also rise by 36 cents, from \$4.29 to \$4.65 per hour. Florida joins Arizona, Colorado, Montana, Ohio, Oregon and Washington, which announced similar increases for 2012 under their state minimum wage laws with similar cost of living provisions.

The National Employment Law Project hailed the upcoming increases as an essential move to help working families that face stagnant wages and rising prices, increase consumer spending at local businesses, and promote the kind of good jobs that will be critical to the nation's economic recovery.

"With staggering unemployment and slow job creation combining to depress wages, these modest annual minimum wage increases are one of the few policies that counteract downward pressure on wages and prevent the lowest wage earners from falling even further behind," said **Christine Owens, executive director of the National Employment Law Project**.

Florida's announcement also comes after the state was sued by minimum wage workers earlier this year for failing to raise its minimum wage on January 1, 2011 to reflect an increase in the cost of living the preceding year. The workers, represented by NELP and Florida Legal Services, charged that the state had been using an erroneous method for calculating annual adjustments to the minimum wage, one that factored in a brief dip in the cost of living during 2009 and one that would have artificially depressed future minimum wage increases. A state Circuit Court judge agreed, ordering a 6 cent increase in the minimum wage on June 1st of this year. Additionally, because of this ruling, Florida's minimum wage for 2012 will be 15 cents higher than it would have been under the state's erroneous method for calculating annual adjustments to the minimum wage.

"These annual increases to keep up with inflation don't just mean that Florida's lowest wage workers have some measure of protection from higher prices eroding their earnings," said **Owens**. "By putting more money into the pockets of these workers, who spend every penny they earn on basic necessities in their local businesses, raising wages for the lowest-paid workers will help sustain consumer spending and spur economic recovery."

Eighteen states plus the District of Columbia have minimum wage rates above the federal level of \$7.25 per hour – or just over \$15,000 per year for a full-time minimum wage earner. Unlike the

federal rate – which loses value every year it is not increased by an act of Congress - 10 states increase their minimum wage rates annually to ensure that the lowest paid workers don't lose ground. (In addition to the states that recently announced increases, Nevada and Missouri also index their state minimum wage to keep up with inflation.) Legislation to raise the minimum wage and add an annual cost of living adjustment was advanced in several states this year including California, Massachusetts, Maryland and Illinois. Additional states are considering such proposals for next year.

Strengthening the buying power of low-wage workers is especially critical in the current economic climate. A [recent NELP study](#) finds that the majority of new jobs created in the wake of the recession are in low- and mid-wage industries. And while the bastion of low-paid workers is growing, the wages for this group are declining: workers in lower-wage occupations (with median wages under \$13.52) have seen a 2.3 percent decline in real wages since the recession began.

A large body of research shows that raising the minimum wage is an effective way to boost the incomes of low-paid workers without reducing employment. A groundbreaking 1994 [study](#) by David Card and Alan Krueger, President Obama's nominee to head the Council of Economic Advisers, found an increase in New Jersey's minimum wage did not reduce employment among fast-food restaurants. These findings have been confirmed by 15 years of economic research, including a 2010 [study](#) published in the *Review of Economics and Statistics* that analyzed data from more than 500 counties and found that minimum wage increases did not cost jobs. Another recent [study](#) published in April 2011 in the journal *Industrial Relations* found that even during times of high unemployment, minimum wage increases did not lead to job loss.

According to the Bureau of Labor Statistics, [three quarters](#) of minimum wage earners nationwide are 20 years or older, and more than [60 percent](#) are women. Most minimum wage earners are adults, and many of them support families.

The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research and advocates on issues affecting low-wage and unemployed workers.

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