

## **National Employment Law Project**

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### **NELP Praises President Obama's Call for Raising the Federal Minimum Wage**

*As the core of the U.S. economy shifts toward low-wage work, raising the minimum wage will help strengthen economic security of country's lowest-paid workers*

**Washington, DC** – President Obama called for raising the federal minimum wage and indexing it to rise automatically each year with the cost of living during his State of the Union address this evening.

"The president said he was putting jobs and the economy front and center tonight – and that's exactly what he did by calling for a minimum wage increase," said **Christine L. Owens, executive director of the National Employment Law Project**. "President Obama's remarks tonight show he understands that a higher minimum wage is key to getting the economy back on track for working people and the middle class. The President's remarks also cement the growing consensus on the left and right that one of the best ways to get the economy going again is to put money in the pockets of people who work, who will spend it at small businesses in their communities. A minimum wage increase will stimulate consumer demand and help drive economic growth for the people who most need it in America – workers."

Polling consistently reveals broad public support for raising the minimum wage: A [national poll](#) conducted in 2012 found that nearly three in four likely voters (73 percent) support increasing the minimum wage to \$10 per hour and indexing it to inflation. The same poll showed 50 percent of Republicans and 74 percent of Independents favoring an increase in the minimum wage.

A record number of business voices have endorsed raising and indexing the federal minimum wage. Nearly 1,000 business leaders, including Costco, U.S. Women's Chamber of Commerce CEO Margot Dorfman, Addus Health Care CEO Mark Heaney, Credo Mobile President Michael Kieschnick, ABC Home CEO Paulette Cole, and small business owners from all 50 states, [signed a statement](#) supporting the last increase in the federal minimum wage.

President Obama also called for indexing the federal minimum wage to rise automatically with the cost of living – a key policy reform that 10 states have already adopted. In January of 2012, Republican presidential nominee Governor Mitt Romney expressed support for indexing the minimum wage to rise with inflation, [stating](#), "My view has been to allow the minimum wage to rise with the CPI [Consumer Price Index] or with another index so that it adjusts automatically over time.... I already indicated that when I was governor of Massachusetts and that's my view."

The President's support for an increase in the minimum wage demonstrates an understanding of the growing role of the minimum wage in today's service-based economy. An August NELP [study](#) showed that while the majority of jobs lost during the recession were in middle-wage occupations, 58 percent of those created in the post-recession recovery have been low-wage occupations. That shift towards low-wage jobs is a 30-year trend that is only accelerating, according to a recent [report](#) by the Center for Economic and Policy Research.

19 states have already established minimum wage rates higher than the current federal rate of \$7.25. Congress last voted to raise the federal minimum wage in 2007, approving legislation that raised the minimum wage in three steps from \$5.15 per hour to the current rate of \$7.25 by July 2009. If the federal minimum wage had kept pace with the rising cost of living since 1968, it would equal \$10.56 today; instead, decades of Congressional inaction have allowed the minimum wage to lose 30 percent of its purchasing power.

The [Fair Minimum Wage Act of 2012](#), introduced in July of last year, called for raising the federal minimum wage to \$9.80 per hour by 2014, boosting the tipped minimum wage to 70 percent of the full minimum wage, and indexing the minimum wage to rise automatically with the cost of living. According to an [analysis](#) by the nonpartisan Economic Policy Institute, this proposal would have boosted the incomes of 28 million low-paid workers in the U.S., generating \$25 billion in new consumer spending and supporting the creation of over 100,000 full-time jobs.

In November 2012, voters in Albuquerque, San Jose, and Long Beach [approved ballot measures](#) by overwhelming margins to raise the wages of the lowest-paid workers in each city. Citywide minimum wage increases passed in Albuquerque, with 66 percent support, and in San Jose, with 59 percent support, while 63 percent of Long Beach voters approved an ordinance establishing a higher minimum wage for hotel workers in the city.

The most [rigorous economic research](#) over the past 20 years shows that raising the minimum wage boosts worker pay without causing job losses – even in regions where the economy is weak or unemployment is high. As Bloomberg News recently [summarized](#), “[A] wave of new economic research is disproving those arguments about job losses and youth employment. Previous studies tended not to control for regional economic trends that were already affecting employment levels, such as a manufacturing-dependent state that was shedding jobs. The new research looks at micro-level employment patterns for a more accurate employment picture. The studies find minimum-wage increases even provide an economic boost, albeit a small one, as strapped workers immediately spend their raises.”

*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. For more about NELP, visit [www.nelp.org](http://www.nelp.org) or [www.raisetheminimumwage.org](http://www.raisetheminimumwage.org).*