

Workers Benefiting from the Proposed Minimum Wage Increase¹

33%
Of all Maine workers

90%
Are over the age of 20

50%
Are between age 20-39

64% and 60%
Of workers who live in
or near poverty

One in Four
Supports a child

62%
Works full-time

59%
Have education beyond
high school

15.7%
Have a college degree

49% and 51%
Men and women
workers benefit equally

**Of Affected
Workers**

Seniors
1 in 3 will get a raise

Minority Workers
1 in 3 will get a raise

Restoring the Value of Work

A \$12 minimum wage will strengthen Maine's economy and enable working Mainers to make ends meet

This November, Maine voters will consider a ballot question that would raise the state minimum wage incrementally to \$12 an hour by 2020 and gradually increase the sub-minimum wage for tipped workers until it equals the minimum wage for non-tipped workers by 2026. The Maine Center for Economic Policy analyzed the potential immediate and long-term impacts of this ballot initiative and concludes that raising Maine's minimum wage will have positive net impacts for workers, businesses, and Maine families.

Maine's minimum wage ballot initiative will increase wages for one in three Maine workers by nearly \$3,500 and boost Maine's economy.

Key Findings

1 in 3 Maine Workers Will Get a Raise

By 2020, 181,000 Maine workers will receive a wage increase and can expect approximately \$3,485 more in annual earnings. This includes tipped workers, who will reach the \$12 minimum wage by 2026. It also includes workers who make slightly higher than the new minimum wage as employers adjust pay ladders to maintain competitive wage structures.² In total, 32.8 percent of Maine workers will receive a raise.

Raising the Minimum Wage Will Boost Maine's Economy

Maine workers whose pay rises because of the minimum wage increase will cumulatively earn \$630 million more a year. These are the same households most likely to spend their additional earnings in the local economy, increasing demand for goods and services and increasing sales for local businesses.

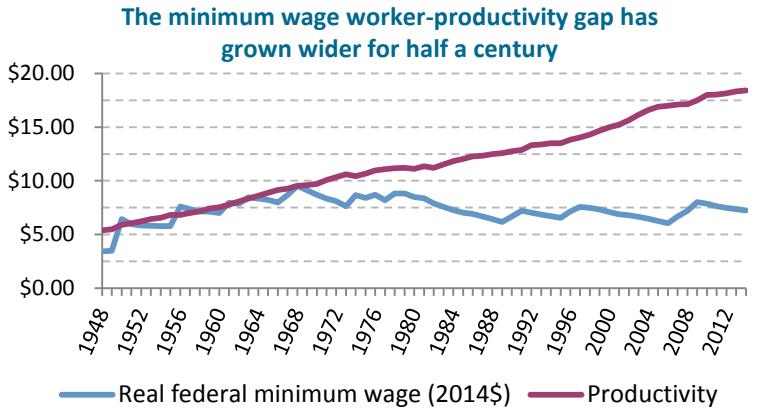
Raising the Minimum Wage Will Improve Productivity and Offsets Increased Labor Costs

Higher wages increase worker performance, morale, health, and customer service and reduce employee absenteeism and worker grievances.^{3,4} These lead to higher productivity, increased workplace efficiency, greater customer satisfaction, and lower operational and labor costs. This improved productivity offsets increased minimum wage costs and as a result Maine is unlikely to experience a net loss of jobs from the minimum wage increase.⁵

Maine's minimum wage today has less purchasing power than it did in 1968.⁶

Raising the Minimum Wage Will Be Transformative for Maine Children

Research shows that a \$3,000 increase in income for households earning less than \$25,000 a year with a child in the home age five or under results in a 17 percent increase in that child's lifetime earnings on average.⁷ By boosting the earnings of families with young children, raising the minimum wage will have a transformative effect on future generations of Mainers.



Source: Economic Policy Institute

Raising the Minimum Wage Will Reduce Need for Public Assistance

Raising the minimum wage decreases the proportion of working Mainers who receiving public assistance by 6.9 percentage points.⁸ This will allow the state to target limited resources toward transitioning more Mainers into full-time work, better serving Mainers and their families who are unable to work, and saving taxpayer funds.

Cumulative Impacts on Affected Maine Workers and Earnings

Maine's Minimum Wage Ballot Initiative Will Give 181,000 Mainers a Raise by the End of the Decade ⁹				
	2017	2018	2019	2020
Total Affected Workers	103,000	130,000	153,000	181,000
Average Cumulative Annual Earnings Increase	\$1,303	\$2,416	\$3,127	\$3,485

Source: MECEP/EPI analysis of American Community Survey microdata, 2014

Note: dollar amounts in 2020 dollars

The Maine Center for Economic Policy is a non-partisan, non-profit policy research organization committed to advancing economic justice and prosperity for all Maine people. Visit MECEP's web site for a copy of our full report, Restoring the Value of Hard Work.

² Wicks-Lim, Jeannette. (2006). "Mandated Wage Floors and the Wage Structure: New Estimates of the Ripple Effects of Minimum Wage Laws". Political Economy Research Institute, University of Massachusetts-Amherst. Available at:

http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1092&context=peri_workingpapers

¹ EPI analysis of American Community Survey microdata, 2014.

³ Reich, Michael, Sylvia Allegretto, Ken Jacobs, and Claire Montialoux. (2016). "The Effects of a \$15 Minimum Wage in New York State". Center on Wage and Employment Dynamics, Institute for Research on Labor and Employment, UC Berkeley, Berkeley, CA. Available at:

<http://www.irle.berkeley.edu/cwed/briefs/2016-01.pdf>.

⁴ Weinick, Robin M., Sepheen C. Byron, and Arlene S. Bierman. (2005). "Who Can't Pay for Health Care?" *Journal of General Internal Medicine*, Volume 20, Issue 6. Available at: <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1490134/>.

⁵ Schmitt, John. (2013). "Why Does the Minimum Wage Have No Discernible Effect on Employment". Center for Economic and Policy Research. Available at: <http://cepr.net/documents/publications/min-wage-2013-02.pdf>.

⁶ MECEP analysis of U.S. Bureau of Labor Statistics and Maine Department of Labor data in *State of Working Maine 2013*, November 2013. Available at: http://www.mecep.org/wp-content/uploads/2013/11/State_of_Working_Maine_2013_full_report_11-25-2013_Joel_FINAL-3.pdf.

⁷ Duncan, G., Ziol-Guest, K., and Kalil, A. (2010). "Early childhood poverty and adult attainment, behavior and health". *Child Development*, 81(1), 306-325. Available at: http://media.eurekalert.org/aaasnewsroom/2010/FIL_000000001525/Duncan%20Ziol%20Guest%20Kalil%20CD%20pdf.pdf.

⁸ MECEP analysis, extrapolation of data in study by Cooper, David. (2016). "Balancing Paychecks and Public Assistance". Economic Policy Institute. Available at: <http://www.epi.org/publication/wages-and-transfers/>. Low-wage worker is defined as a worker earning below \$12.41 per hour.

⁹ MECEP/EPI analysis of American Community Survey microdata, 2015. Dollar amounts in 2015 dollars.