

Improve the Economy? Find Ways to Get Money in People's Pockets

Written by Kathleen Vinehout, State Senator 31st District

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Senator Kathleen Vinehout writes about **raising the minimum wage**. At nearly every event she attends, someone mentions the need to increase the minimum wage similar to action taken by Minnesota. Legislation to increase Wisconsin's minimum wage was introduced but failed on a partisan vote. Other states have taken action to increase their minimum wage and found it benefited not only the workers but also the economy.

ALMA - "If there is one thing you could do to help it would be to raise the minimum wage." A worker told me. She worked the last 8 years for a company that barely paid her \$8.00 an hour.

"I'm the only breadwinner in my family. We can't survive on my salary." At \$8 an hour the Eau Claire woman makes a little too much to be eligible for BadgerCare. She would gladly buy health insurance if she could afford it. But most of her money goes for basic living expenses: food, rent and fuel. Even car upkeep is a luxury.

A mom from Eau Claire's south side told me about her daughter who is a teacher. "She doesn't make enough. She works so hard and really cares for the kids. But she was driving on bald tires because she didn't have enough money. I worried every time she got into the car." Tears streamed down the mom's face.

This summer I've heard more about low wages than ever before. Across Wisconsin wages have stagnated. A June/July 2014 report released by Wisconsin Taxpayers Alliance confirms Wisconsin wages trail the nation:

Average wages here have trailed the nation's for years, but the gap has widened in recent years. Average wages in Wisconsin were 14% below the US average in 2013 compared to 10.8% below in 2003.

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As with income and wages, employment growth here has also lagged. During 2000-13 job growth nationwide averaged 0.8% per year, vs. 0.3% here.

In a separate publication dated late July, the Taxpayers Alliance reports personal income, while improving compared to the US, still trails the nation's average:

Part of the reason for lagging personal income is average earnings, which at \$48,681 were 10.4% below US levels (\$54,681) in 2012. Wisconsin earnings were also below the averages in Michigan, Minnesota, and especially Illinois, but still led Iowa by a slight margin.

Raising the minimum wage is a topic of much discussion among local people this summer. At nearly every gathering I've attended voters brought up the topic and asked me to support something similar to Minnesota's law.

Last April, Minnesota lawmakers reached agreement on raising the state's minimum wage. Starting this month, Minnesota's minimum wage will increase over a 3-year period to \$9.50 for large employers and \$7.75 for small employers. The new law provides that by 2018, Minnesota's minimum wage will be adjusted for inflation. Should the recession return, the law gives Minnesota an option to suspend the indexed increase in the minimum wage.

The new phased-in minimum wage increase has Minnesota leading the region. This spring Connecticut and 8 other states joined Minnesota in raising their minimum wage. Connecticut used a phased-in process similar to Minnesota's: beginning at \$8.70 and ending January 2017 at \$10.10.

USA Today quoted Connecticut Governor Dannel Malloy as he signed the new law: "Increasing the minimum wage is not just good for workers; it's also good for business. This modest increase will give working families a boost, and it will contribute to our economy by getting just a little more money into the pockets of people who will spend it in their communities."

According to the National Council of State Legislatures, as of August 2014, 23 states and Washington, D.C., have minimum wages above the federal minimum wage of \$7.25 per hour.

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Wisconsin joined 37 other states in introducing legislation to raise the minimum wage. I joined my colleagues in supporting the bill, which was defeated in a partisan vote last January. Federal efforts to raise the minimum wage have also been unsuccessful.

Increasing the minimum wage would help many struggling families. The Center on Budget and Policy Priorities reports federal efforts to raise the minimum wage to \$10.10 would benefit 17 million workers, largely women. Just under half - 47% - work full-time. The average minimum wage worker brings home half of the family's earnings.

If we really want to help people in poverty and reward them for hard work, I suggest we raise the minimum wage – in phases – to \$10.60. According to the Bureau of Labor Statistics \$10.60 an hour would take us back in real dollars to the minimum wage of 1968!

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