

**FOR IMMEDIATE RELEASE, Tuesday, August 14, 2012**

**PRESS RELEASE**

**CONTACT:** Derek Thomas, Policy Analyst, 317-638-4232 or [dthomas@incap.org](mailto:dthomas@incap.org)

## **Increasing the Federal Minimum Wage More Jobs, Higher Wages & Increased GDP in Indiana**

**Indianapolis, IN**— Due to fleeting jobs and a changing economy in the past few decades, it is no surprise that Indiana (along with many states in the rust belt) saw large losses in family incomes. Because families and workers were *not* to blame for the changing economy—but continue to face increasing gaps in wealth inequality—support for increases in the federal minimum wage is growing. Currently, the minimum wage is set at \$7.25 per hour, over \$3.00 shy of the 1968 minimum—when adjusted for inflation<sup>1</sup>. The following data represents the status of Hoosier workers, and is the impetus for the Institute’s support of an increase in the federal minimum wage<sup>2</sup>:

- Earning \$0.85 on the U.S. dollar, Indiana ranks 41<sup>st</sup> in the nation.
- From 2000 through 2010, Hoosier families saw the 2<sup>nd</sup> largest decrease in Median Household Income in the U.S.—only trailing Michigan.
- Over 71 percent of jobs in Indiana do not pay wages required for self-sufficiency (when compared to neighboring states—including Wisconsin—only Kentucky has a higher percentage of low wage jobs).

In March of 2009, Sen. Tom Harkin (D) introduced the Rebuild America Act<sup>3</sup>. If passed, the federal minimum wage would be increased incrementally by \$0.85 until it reaches \$9.80 in 2014 and would then be indexed for inflation. In addition, tipped workers would see the same increment of raises until their wages reach 70 percent of the minimum wage. According to a new report by the Economic Policy Institute (EPI), the federal increase would raise the wages of about 28 million workers in the U.S., receiving nearly \$40 billion in additional wages, thereby increasing the national GDP by approximately \$25 billion, and ultimately creating over 100,000 new jobs. According to EPI, this legislation would have the following impact on Indiana workers:

- Over 600,000 Hoosiers would receive an annual salary increase of nearly \$614 per person, for a grand total of \$900 million in additional wages.
- During the two-year phase in period, Indiana GDP would increase by over \$570 million, resulting in the creation of over 2,000 jobs through increased demand and consumer purchasing power.
- Wage distribution data defies conventional wisdom: 57 percent of those who would benefit are women; 86 percent are non-Hispanic whites; 87 percent are over the age of 20; and nearly 30 percent are families.

To see EPI’s report, please visit: <http://www.epi.org/publication/ib341-raising-federal-minimum-wage/>

---

<sup>1</sup> When comparing the value of the minimum wage today with the minimum wage in 1968, and inflate to its 2011 dollars, the 1968 minimum wage would equate to \$10.34.

<sup>2</sup> 17 states have minimum wages above the federal minimum; 10 of the 17 have indexed the minimum wage to keep up with inflation and; nine of the 17 guarantee tipped workers 60 to 70 percent of the state minimum wage.

<sup>3</sup> Rebuild America Act: <http://www.govtrack.us/congress/bills/112/hr5727>

###

## **ABOUT THE INDIANA INSTITUTE FOR WORKING FAMILIES**

The Indiana Institute for Working Families (Institute) is a program of the Indiana Community Action Association, Inc. (IN-CAA). The Institute was founded in 2004 and conducts research and promotes public policies to help Hoosier families achieve and maintain economic self-sufficiency. The Institute is the only statewide program in Indiana that combines research and policy analysis on federal and state legislation, public policies, and programs impacting low-income working families with education and outreach. The Institute achieves its work by focusing its activities in the following areas: Public Policy: Research and Analysis; Education and Outreach; and National, Statewide, and Community Partnerships. To learn more about the Institute, please visit: [www.incap.org/iwvf.html](http://www.incap.org/iwvf.html)

## **ABOUT THE INDIANA COMMUNITY ACTION ASSOCIATION (IN-CAA)**

The Indiana Community Action Association, Inc. (IN-CAA) is a statewide not-for-profit membership corporation, incorporated in the State of Indiana in 1970. IN-CAA's members are comprised of Indiana's 23 Community Action Agencies (CAAs), which serve all of Indiana's 92 counties. IN-CAA envisions a state with limited or no poverty, where its residents have decent, safe, and sanitary living conditions, and where resources are available to help low-income individuals attain self-sufficiency. IN-CAA serves as an advocate and facilitator of policy, planning and programs to create solutions and share responsibility as leaders in the War Against Poverty. IN-CAA's mission is to help the state's CAAs address the conditions of poverty through: training and technical assistance; developing models for service delivery; and providing resources to help increase network capacity. For more information about IN-CAA, please visit: [www.incap.org](http://www.incap.org)

## **ABOUT THE ECONOMIC POLICY INSTITUTE (EPI)**

The Economic Policy Institute (EPI), a non-profit, non-partisan think tank, was created in 1986 to broaden discussions about economic policy to include the needs of low- and middle-income workers. EPI believes every working person deserves a good job with fair pay, affordable health care, and retirement security. To achieve this goal, EPI conducts research and analysis on the economic status of working America. EPI proposes public policies that protect and improve the economic conditions of low- and middle-income workers and assesses policies with respect to how they affect those workers. For more information about EPI, please visit: [www.epi.org](http://www.epi.org)