



Public Testimony
Senate Labor Committee
Re: Increasing the Minimum Wage
Senate Bill 287, Senate Bill 507, Senate Bill 510, Budget Article 20
May 17, 2017

Submitted by The Rhode Island Interfaith Coalition to Reduce Poverty

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Good afternoon. My name is Emily Jones. I'm speaking on behalf of the Rhode Island Interfaith Coalition to Reduce Poverty, a coalition of diverse religious communities and advocacy partners throughout the state who have come together to fight poverty.

I am testifying today to voice our organization's strong support for an increase to the state's minimum wage.

Specifically, to the point of today's legislation, **we support:**

- **Senate Bill 510, which would increase the minimum wage gradually, reaching \$15 on January 1, 2022, while simultaneously increased the tipped minimum wage;**
- **Senate Bill 287, which would increase the minimum wage to \$10.50, effective July 1, 2017;**
- **Senate Bill 507, which would increase the subminimum (tipped minimum) wage each year, reaching \$4.50 on January 1, 2018 and \$9.00 on January 1, 2021; and**
- **Budget Article 20 (House Bill 5175), which would increase the minimum wage to \$10.50, effective October 1, 2017.**

If we are to fully support the well-being of families living in poverty and at its edge here in our state, we need to move the minimum wage significantly, and we need to do so as quickly as possible, with a long-term strategy to achieve a living wage for all Rhode Islanders.

Our current minimum wage, \$9.60/hour, **falls far short of the earnings needed to support yourself and your family in our state.** With both parents working forty hours/week, cost-of-living estimates for a two-child family in Rhode Island suggest that at least \$16.37/hour is needed.¹ When we focus more specifically on the outsized cost of rental housing in the state and single-earner families, the problem is even more immense. For an individual **to sustainably afford the average**

¹ Economic Progress Institute, The 2016 Rhode Island Standard of Need, http://economicprogressri.org/wp-content/uploads/2016/12/2016RISNVFinal_digital.pdf

rent for a RI 2-bedroom unit, RI's minimum wage would need to nearly triple. A minimum wage-earner can sustainably afford \$432/month (30% of income), but the average 2-bedroom rents for \$1,238/month.²

An increase to our minimum wage would align us more appropriately with our region. **Our minimum wage currently falls far below the standards of our neighboring states:** Connecticut's minimum wage is currently \$10.10/hour and Massachusetts' minimum wage now stands at \$11.00/hour.

There has been some anxiety expressed in regards to increasing the minimum wage. Will an increase to the minimum wage negatively impact job creation in our state, harming those it is meant to help? In fact, the answer seems to be no. Analysis conducted by the National Employment Law Project found that the “bulk of rigorous researching examining hundreds of case studies of minimum wage increases at the state and local levels finds that *raising the minimum wage boosts incomes for low-paid workers without reducing overall employment or job growth* to any significant degree.”³ A joint statement issued in 2014 by over 600 economists similarly notes: “In recent years there have been important developments in the academic literature on the effect of increases in the minimum wage on employment, with the weight of evidence now showing that increases in the minimum wage have had little or no negative effect on the employment of minimum-wage workers, even during times of weakness in the labor market.”⁴

We are also testifying in support of an increase to the subminimum wage. As we seek to ensure that all Rhode Islanders have access to good work with decent wages, it is imperative that we don't let any sector fall behind. While, in theory, tips and employer contributions are required to make up the difference between the tipped minimum wage and the standard minimum wage, research conducted by the Restaurant Opportunities Center, federally, suggests that **this does not always happen as it should.**⁵ Further, an earlier report by the Economic Policy Institute and the Center on Wage and Employment Dynamics, found that **“tipped workers are more than twice as likely (and waiters almost three times as likely) to fall under the federal poverty line.”**⁶ We hope that the General Assembly considers the needs of tipped workers, as well as standard wage workers. As Rhode Island seeks to reduce poverty, we must pay careful attention to assuring decent wages in *every* sector of the economy.

Thank you to the Senate Labor Committee for your time considering this important matter and for your public service to Rhode Island.

² HousingWorksRI, 2016 Housing Fact Book,

<http://housingworksri.org/sites/default/files/FACT%20BOOK%20LR.pdf>

³ The National Employment Law Project, “Employment and Business Effects of Minimum Wage Increases,” September 2015, <http://www.nelp.org/content/uploads/Minimum-Wage-Basics-Business-Effects.pdf>

⁴ “Over 600 Economists Sign Letter in Support of \$10.10 Minimum Wage: Economic Statement on the Federal Minimum Wage,” Jointly submitted, January 2015, available at <http://www.epi.org/minimum-wage-statement/>

⁵ Restaurant Opportunities Center United, et al, “Tipped Over the Edge: Gender Inequity in the Restaurant Industry,” February 2012, http://rocunited.org/wp-content/uploads/2012/02/ROC_GenderInequity_ES.pdf

⁶ Economic Policy Institute and the Center on Wage and Employment Dynamics, “Waiting for Change: The \$2.13 Federal Subminimum Wage,” February 2011, <http://www.epi.org/files/page/-/BriefingPaper297.pdf>