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Raise the Illinois Minimum Wage Now

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Raising the Illinois Minimum Wage from its current $8.25 to $10.65 over four years as proposed in Illinois Senate Bill 1565, would:

- Give more 1.1 million of the lowest-paid workers in Illinois (more than a sixth of the roughly 6 million total employed workers in Illinois) a 29.1 percent hourly raise providing more than $3.8 billion of increased wages for affected workers. [1]
- Generate approximately 20,000 new jobs and a $2.5 billion increase in economic activity in Illinois. Increasing the state minimum wage is in fact one of the few "budget neutral" ways for states to expand the state economy and increase job growth. [2]
- Not cause job loss. Multiple studies, including two recent papers, the most comprehensive and thorough ever done on the topic, from the Institute of Research on Labor and Employment at the University of California at Berkeley,[3] confirm earlier peer reviewed research specific to Illinois that came to the same conclusion.[4]
- Largely impact adult and low-income workers. The Economic Policy Institute study finds that 84.2 percent of the workers who would be impacted by this increase are at least 20 years old. Only 6.6 percent are teenagers who work less than 20 hours a week and nearly two-thirds have total family incomes of less than $45,000.[5]
- Provide a major increase in support for children and disproportionately help women and minority workers. More than one quarter (28.7 percent) of these workers are parents supporting at least one child, and a minimum wage increase would disproportionately benefit women and minority workers. [6]
- Reduce economic inequality. The failure of the minimum wage to keep up with labor productivity has been a major cause of increasing inequality during the 1980s. If the 1973 Illinois minimum wage of $1.60 (equal to $8.27 in 2012 dollars) were adjusted for the almost 100% increase in worker productivity during this period, it would be over $16 an hour.[7]
- Require the largest (and generally most profitable) retail employers to raise their wages. The retail sector is the second largest (after Eating and Drinking Establishments) employer of minimum wage workers and most retail workers are employed by large firms with 500 or more employees. Even relative to other retail sector firms, these large firms pay very low wages. A 2003 University of Illinois at Chicago study showed that five of the top seven for-profit industries employing large numbers and large shares (27 to 39 percent of all employees) of minimum and near minimum wage workers were in the retail service sector. [8] Figure 1 below shows that, among retail businesses*, the largest firms (those with 500 or more employees) pay the lowest*

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average annual average wages of all retail firms that have more than four employees and that 61 percent of all retail workers work for these large firms. The largest retail firms with 500 or more employees pay an average annual wage of $21,388, 18.5% *less* than firms with 499 or fewer employees ($26,247).

Figure 1
Illinois Retail Sector, Firms with Paid Employees

Number of Employees	Average Annual Pay	Number of Firms	%Share of Firms	%Market Share ($ sales)	%Employee Share
1 to 4	$19,193	12,860	50.62%	4.16%	4.37%
5 to 9	$22,059	5,728	22.54%	4.52%	5.86%
10 to 19	$23,322	3,341	13.15%	4.89%	6.66%
20 to 49	$26,578	1,754	6.90%	7.29%	7.83%
50 to 99	$35,271	620	2.44%	7.81%	5.67%
100 to 499	$28,795	537	2.11%	11.27%	8.29%
499 and under	$26,247	24,840	97.77%	40.10%	38.69%
500 or more	$21,388	567	2.23%	59.90%	61.31%
Total	$23,268	25,407	100.00%	100.00%	100.00%

Source: CTBA Calculations from the U.S. Census Bureau, 2007 Survey of Business Owners

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ENDNOTES

[1] "The Benefits of Raising the Illinois Minimum Wage," Mary Gable and Douglas Hall, Economic Policy Institute (EPI), Washington, D.C., December, 2011.

[2] Op. cit.

[3] Dube, Arindrajit, William Lester, and Michael Reich. 2010a. "Do Frictions Matter in the Labor Market? Accessions, Separations and Minimum Wage Effects." Institute for Research on Labor and Employment Working Paper 222-10. Berkeley, Calif.: University of California. http://www.irle.berkeley.edu/workingpapers/222-10.pdf.
And Dube, Arindrajit, William Lester, and Michael Reich. 2010b. "Minimum Wage Effects across State Borders: Estimating Using Contiguous Counties." Institute for Research on Labor and Employment Working Paper 157-07. Berkeley, Calif.: University of California. www.irle.berkeley.edu/workingpapers/157-07.pdf.

[4] "Do State Minimum Wage Laws Reduce Employment? Mixed Messages from Fast Food Outlets in Illinois and Indiana," Joseph Persky and Ron Baiman, *The Journal of Regional Analysis & Policy*, 40(2) 2010. See p. 141, "Our reading of these data suggests that a more accurate conclusion is the impact of the recent Illinois state minimum wage increase on fast food outlets was not statistically different from zero."

[5] EPI study, op. cit.

[6] EPI study, op. cit.

[7] Based on the consumer price index (CPI-U) from the BLS.

[8] "Raising and Maintaining the Value of the State Minimum Wage: An Economic Impact Study of Illinois," Baiman, Doussard, Mastracci, Persky, and Theodore, Center for Urban Economic Development, University of Illinois at Chicago, March, 2003, Table 9, p. 13.