RAISING THE MINIMUM WAGE

What is the Johnson County Impact of a $10.10 Minimum Wage?

At least 10,000 low-wage workers stand to get a pay raise by the time the Johnson County minimum wage is increased to $10.10 in 2017. That would translate into millions in additional annual income. Much of that would be spent in Johnson County at local retail and service businesses, which in turn would need more work hours to handle the increased business.

About 40,000 wage-earners in Johnson County work in the private sector, including nonprofits. About 10,100 of those workers, or 25 percent, would stand to benefit directly from a minimum wage rising to $10.10 by 2017.¹ This is a conservative estimate; due to uncertainty that the local wage would apply to state or federal employees, our analysis does not include public employees.

Many workers not covered by the minimum wage would also benefit, in two ways. Employers may increase the wages of those earning a little above the new minimum wage in order to maintain wage parity within the firm, or to successfully compete in the labor market. Second, wages of public-sector workers not covered by the local minimum wage law may be raised to keep and attract such workers in competition with private sector employers. The percentages below should be taken as a minimum effect.

Women are disproportionately represented in lower-wage jobs, so it is no surprise that nearly 56 percent of those benefiting from the county minimum wage would be women. More surprising, perhaps, is that nearly a fifth would be over the age of 40, while only 22 percent would be under age 20. Only about 1 in 5 of the beneficiaries work fewer than 20 hours per week; 42 percent work full time (35+ hours per week). Over 1 in 5 beneficiaries (22 percent) are parents; almost 1 in 4 are persons of color.

¹ Estimates based on American Community Survey wage data for 2010-2012; workers benefiting are assumed to be earning a wage less than $10.10 per hour by 2017 if their wages rise by inflation rates projected by the Congressional Budget Office. A local minimum wage would affect all those working in Johnson County, regardless of residency, but estimates predict 94 percent would be Johnson residents.