

## Fact Sheet: Increasing the Minimum Wage

The League of Women Voters believes that social policy in the United States should promote self-sufficiency for individuals and families and that the most effective social programs are those designed to prevent or reduce poverty. Promoting a minimum wage of \$12/hour will advance self-sufficiency for individuals and families.

### Overview

- **Minimum wage** refers to the lowest amount an employer can pay an employee that is set and regulated by the government. In Missouri, the minimum wage is \$7.85.
- The **federal poverty threshold** is an indicator used by the government to determine eligibility for federal assistance programs which only covers basic necessities, such as food... not childcare, not transportation. The threshold excludes costs for life buffers such as health insurance and savings. Missouri's current minimum wage is based on this threshold.
- The federal poverty threshold methodology has not been updated since 1963. Federal minimum wage has not been adjusted for inflation since 2009 and has lost more than 9% of its purchasing power since then.
- A **living wage** is the amount an individual must earn to provide for the basic needs of his or her family; this includes food, housing, medical, childcare, transportation, and tax costs.
- In 2006, Missouri voters passed an initiative to make an annual Missouri minimum wage adjustment based on the Consumer Price Index. This is why MO's minimum is at \$7.85 when the current federal minimum is at \$7.25.
- In 2015, St. Louis City passed legislation to gradually raise the minimum wage to \$11/hr by 2018.
- In 2017, Kansas City voters approved an initiative to increase the minimum wage to \$15/hr by 2022.
- Later that year, the Missouri state legislature passed legislation that disallows municipalities from making their minimum wage greater than the state minimum wage.

### Proposition B - Raise Up Missouri

- The Raise Up Missouri initiative on the November 2018 ballot would increase Missouri's minimum wage to \$12/hour by 2023. Scheduled increases would raise the minimum wage by 85 cents each year until 2023. The proposal exempts government employers from the increase and increases the penalty for paying employees less than the minimum wage.
- Minimum wage workers are primarily adult women working fulltime, and many have children.
- Raising the minimum wage at this slow rate does NOT result in significant job loss.
- There is no evidence that raising the minimum wage leads to notable price increases, or to a decrease in product demand due to product price.
- Increasing wages for low-wage workers provides a boost for local economies.
- Small businesses grew faster with a higher minimum wage and owners support raising it.
- Minimum wage increases boost worker retention, reducing training costs.

