



Lake Snell Perry Mermin Meadow Gotoff Ulibarri

Celinda Lake
President

Alysia Snell
Partner

Michael Perry
Partner

David Mermin
Partner

Robert G. Meadow, Ph.D.
Partner

Daniel R. Gotoff
Partner

Joshua E. Ulibarri
Partner

Rick A. Johnson
Managing Director

Tresa Udem
Vice President

Robert X. Hillman
Chief Financial Officer

MEMORANDUM

To: Interested Parties

From: Celinda Lake, Daniel Gotoff, and Matt Price
Lake Research Partners

Subject: The Economic Power of and Popular Support for Raising the Minimum Wage

Date: June 7, 2011

While some elected leaders may be unsure whether the time is right to raise the minimum wage again, public opinion shows no such uncertainty. The public overwhelmingly supports raising the minimum wage and that support is reinforced in the current weak recovery. The public intuitively understands the minimum wage and consistently strongly approves of efforts to raise it by large margins. That support is noticeably deep and broad; in an era where many issues are highly polarized and vigorously debated by different demographic and partisan contingents, raising the minimum wage stands out as one of the most broadly embraced economic policies, with high levels of support across all partisan and demographic groups, bridging the gaps of age, race, education, and income.

Specifically, recent opinion research shows that:

- The public supports a new round of minimum wage increases by lopsided margins. This is consistent with the high level of support for raising the minimum wage that we typically see when the economy is stronger.
- The public decisively believes that raising the minimum wage now will help the economy, and not hurt it.
- Such support crosses all demographic groups, income levels and even partisan affiliations.

At this pivotal time in our nation's history, with the public (especially the working and middle classes) struggling to regain their footing amidst high

1726 M Street, NW | Suite 1100 | Washington, DC 20036 | T 202.776.9066 | F 202.776.9074

WASHINGTON, DC | BERKELEY, CA | NEW YORK, NY | LOS ANGELES, CA | RICHMOND, VA

www.lakeresearch.com

unemployment and stagnating wages, the time is right for a renewed push to raise the minimum wage. The bipartisan popularity of raising the minimum wage suggests that it is one of the relatively few proactive economic reforms that could gain traction in our current, polarized political environment. With the latest economic research showing the benefits of raising the minimum wage in the current economic climate, new action to raise the minimum wage—both legislatively at the federal and state levels, and through the ballot initiative process in the states with that mechanism—could play a key role in ushering in a broad economic recovery for America’s working families.

Economic Research Supports Raising the Minimum Wage

The minimum wage is exceptionally popular, even in (or, more accurately, especially in) these tough economic times, with proponents vastly outnumbering opponents in both overall reach and intensity. However, beyond the public’s widespread support for efforts to increase the minimum wage, it is important to note the strong endorsements that such measures typically enjoy from experts in the field of economics.

The minimum wage has repeatedly been highlighted by top economists as sound economic strategy, particularly as the jobs that are being created in this economy tend to pay much less than the jobs lost. Additionally, there is a stimulative effect: the Economic Policy Institute projected that the most recent federal minimum wage increase in 2009 would inject \$5.5 billion worth of extra spending into the economy within a year by way of getting additional money in the pockets of low-wage workers. Moreover, economists at the Federal Reserve Bank of Chicago recently noted that every \$1.00 increase in the minimum wage translates to an increase in spending by a low-wage worker’s household by \$2,800 over the following year. Economists point out that this is stimulus in the truest form, because these are mostly workers who are in the midst of economic struggles and will put any extra cash they receive directly back into the economy.

For these and other reasons, the idea of raising the minimum wage has won critical endorsements from top economists in the past decade. In 2006—a year in which multiple states successfully enacted minimum wage raises via the ballot initiative process—five Nobel Laureates and six past presidents of the American Economic Association joined hundreds of other economists in supporting the last federal minimum wage increase, concluding that a higher minimum wage “can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed.” Although opponents often suggest that the minimum wage is a job-killer, this is a canard that has repeatedly been disproven, most recently when economists at the University of California and University of Massachusetts published research showing that minimum wage increases during times of high unemployment – which includes our current recession — did not and do not cause job loss or slow rehiring. Additionally, research shows that the minimum wage does not just pertain to teenagers working summer jobs, but instead to a significant and increasing percentage of the adult workforce in this economy. In July of 2009, the Economic Policy Institute noted that contrary to stereotypes, the overwhelming majority of low-wage workers are adults, not teens, with 76% of the workers earning wages that are at or near \$7.25 an hour at least 20 years of age.

It is true that the last round of federal minimum wage increases from \$5.15 to \$7.25 during 2007-2009 was just a few years ago. However, economists point out that these increases were the first in ten years and should be viewed as just a first step towards restoring the minimum wage to its historical level. They note that the federal minimum wage would, in fact, be more than \$10 per hour if it had kept pace with inflation over the past forty years.

Raising the Minimum Wage Is Broadly Supported by the Public

While the endorsements of prominent economists of the salutary effect of raising the minimum wage provide a sound economic basis for taking action, the public has in large part already decided its support for this issue. Noticeably, the breadth and depth of public support is especially impressive in today's polarized environment. Raising the minimum wage is one of the most intuitive and widely appealing policies out there. People understand it immediately, without complicated framing or messaging. When the question was put to Americans in a national poll in 2006 conducted by CNN, fully 86% supported increasing the minimum wage. More recently, in a fall 2010 nationwide poll, 67% supported raising the minimum wage to the critical threshold of \$10 an hour. These are numbers that few public policy issues achieve, precisely because support traverses typical demographic and partisan divides.

These nationwide findings are bolstered by strong support for raising the minimum wage in individual states where the issue has been polled during this election cycle. In Maryland, a state where almost two-thirds of voters (62%) say the economy is not in good shape, voters favor increasing the minimum wage to \$8.25 this year and then to \$10 by the year 2013 by a four to one margin (79% favor, 20% oppose). They overwhelmingly believe such a policy would help Maryland's economy, with 56% saying it would help, just 18% saying it would hurt, and 24% believing it would make no impact. Looking at another state, Illinois voters are even more negative on their state's economy, with 90% saying the state's economy is either in "not-so-good" shape (30%) or poor shape (60%). These voters want action on the minimum wage as well, supporting an increase by a count of 71% to 28%. These voters believe such a policy would help Illinois' state economy by 14 points. There is solid support in both states among nearly all demographic and partisan groups. Fully 70% of Illinois independents and 75% of Maryland independents support the proposals.

These current levels of support are quite consistent with those we have generally seen over the past decade – for example, in states where voters have been asked whether to raise the minimum wage through ballot initiatives. In 2006, minimum wage initiatives passed in Arizona, Colorado, Missouri, Montana, Nevada and Ohio. The coalitions that contributed to the electoral success of these initiatives were broad. In Missouri, where the initiative passed by more than a three-to-one margin (76% favor, 24% oppose), exit polling reveals a strong majority of every key demographic group supporting the increase, including 58% of Republicans, 79% of independents, and 93% of Democrats. The initiative passed by a 14-point margin of victory in Ohio, where exit polling shows nearly every key demographic group, save Republicans and white men (who were split 49% to 51%), supporting the initiative.

Minimum Wage Ballot Initiatives Motivate the Public

From the vantage points of both economists and the public at large, increasing the minimum wage is a winner. Additionally, past ballot initiative campaigns have shown that this issue captures the imagination of the public and frequently motivates a greater share of the public to participate in elections. We have found that low-turnout members of the public are far more likely to participate in an election when they have a chance to "vote themselves a raise." These initiatives can raise the participation level for certain drop-off demographic groups that do not vote in all elections, such as African Americans (especially men) and unmarried women, indicating how much these groups respond to and feel personally affected by a minimum wage increase. Minimum wage ballot measures typically raise both their interest levels and motivation to vote. Additionally, minimum wage initiatives can help broaden political participation with their inherently positive tone. In our often polarized and adversarial political environment, giving the public something positive to vote

for can be especially beneficial in motivating the public to participate when the tone of an election is otherwise exceedingly negative. Finally, we've seen cohorts that are often in the middle of the road ideologically, such as independents, non-college educated Americans, and seniors support the minimum wage, often with marked enthusiasm.

Message Principles for Raising the Minimum Wage

During the 2006 cycle, we tested messages in Maine, Arizona and Michigan. The top messages ultimately focused on the need to value work and opportunity, work over welfare, and helping people make ends meet and rise out of poverty. Throughout the course of this work and other work, we have found that creating effective messages around the minimum wage begins with articulating simple principles with which most people agree. Some of these principles include:

- No one who works full-time should live in poverty.
- Minimum wage workers make under \$300 a week, the overwhelming majority of them adults and many of them parents trying to raise children and make ends meet.
- Raising the minimum wage shows that we value hard work over welfare and will save taxpayers money.
- A populist theme juxtaposing the minimum wage with CEO salaries is also strong. (Recently, in Illinois, the top-testing message for voters to support an increase in the minimum wage was centered around this disconnect between CEOs and the rest of us, stating, "Corporate executives and Wall Street bankers give themselves bigger and bigger bonuses every year, but then turn around and say we can't afford to increase the minimum wage. After all the corporate bonuses and bailouts, it's time that Illinois' low-paid hard-working families get a long-overdue raise." Fully 52% of Illinois voters said this information made them *much* more inclined to support a minimum wage increase, and 66% were either much more or somewhat more inclined.)

Additionally, personal stories can be a powerful way to contextualize this issue and relate it to values of hard work and family.

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Raising the minimum wage is one of our most broadly and deeply popular economic policies. With the public continuing to support a minimum wage increase at high levels amidst this tough economy, and with economic evidence illustrating the benefits of this policy, the time is ripe for action.