



RHODE ISLAND KIDS COUNT
ONE UNION STATION
PROVIDENCE, RHODE ISLAND 02903
401/351-9400 • 401/351-1758 (FAX)

Testimony Re: House Bill 5130 Re: Minimum Wage
House Committee on Labor
February 24, 2021
Paige Clausius-Parks, Senior Policy Analyst

Madam Chair and members of the Committee, thank you for the opportunity to provide testimony today. In 2020, the General Assembly approved an increase in the minimum wage from \$10.50 per hour to \$11.50 per hour, effective October 1, 2020. Rhode Island KIDS COUNT would like to voice its support for House Bill 5130 that would continue this momentum by incrementally increasing the minimum wage to \$15.00 per hour by July 1, 2024.

At the current minimum wage of \$11.50 per hour, a parent who works 40 hours per week for all 52 weeks in the year with no time off would earn \$23,920 per year, slightly above the poverty level for a family of three which is \$21,960 in 2021 and far below the poverty level for a family of four which is \$26,500.

$$\mathbf{\$11.50 \times 40 \text{ hours} \times 52 \text{ weeks} = \$23,920}$$

Families with incomes this low cannot meet their basic needs, such as rent, food, clothing, health care, and child care and cannot provide their children with the opportunities they need to thrive. As an example of the gap between the current minimum wage and the cost of living, in 2019, the average rent for a two-bedroom apartment, including utilities, in Rhode Island was \$1,621 per month. A worker would have to earn more than \$30 per hour and work 40 hours a week year-round to be able to afford this rent without a cost burden. **This hourly wage is almost three times the current minimum wage of \$11.50 and double the proposed increased wage of \$15.00.**

The current minimum wage in Massachusetts is \$13.50 per hour and will increase by 75 cents each year until it reaches \$15.00 per hour in 2023. Together with an increase in the state's Earned Income Tax Credit (EITC), which we also support, an increase in the minimum wage can help hardworking families meet their basic needs and put more money into the local economy.

As of January 2021, 29 states and the District of Columbia have minimum wages that were higher than the federal wage, to account for higher costs of living, and many of these states also index their minimum wage to inflation or are working toward a goal of a \$15 per hour minimum wage.

Increases in the minimum wage are needed now more than ever. Black and Hispanic households are projected to face the greatest increase in poverty during the COVID-19 pandemic. Black and Hispanic workers are often underpaid and lack crucial financial safety nets. Racial and ethnic disparities in child poverty may be exacerbated if people of color face greater employment disadvantages due to systemic racism and occupational segregation.

Thank you for the leadership the General Assembly has shown in the past and in this session in considering and passing legislation that helps working families make ends meet now and helps them build their economic stability for the future. And thank you for the opportunity to submit testimony today.

Who benefits from a higher minimum wage?

— WHAT PEOPLE THINK —

Teenager

Works part time
after school

Lives with parents

Earning extra
spending money



— THE REALITY —

Average age:
35 years old

90% are not teens,
they're 20 or older

59% are
women

28% have children

54% work
full time

Essential and front-line
workers make up a
majority of those who
would benefit.



Statistics describe civilian workers, ages 16+, who would be affected by an increase in the federal minimum wage to \$15.00 by 2025.

More at epi.org/raisethewage

**Economic
Policy
Institute**