



News Release

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IMPACT OF MINIMUM WAGE INCREASE MUCH GREATER THAN EXPECTED

The Increase Plus Health Care Costs Will Further Stifle Economic Growth

Dallas, TX (July 23, 2009) – Tomorrow’s increase in the minimum wage will discourage employment growth even more than expected mainly because of the impact of health care costs, according to a new NCPA analysis. Employers will not only have to increase wages by a staggering 10.7 percent, but the impact could be even higher when the cost of the Administration’s health care bill is considered.

“If the proposed health care bill passes and employers are forced to pay a penalty if they don’t provide health insurance, it will adversely impact employment growth,” said NCPA Senior Policy Analyst, Pamela Villarreal. “If employers are required to pay a higher minimum wage *and* required to pay for health insurance, they will be less likely to hire anybody.”

If the proposed health care bill passes, lower income workers and those with fixed incomes would be hurt the most. When the minimum wage increases, the first thing that employers do is cut benefits or raise prices, said Villarreal.

“Small business owners are struggling to keep their doors open in this economy,” said NCPA Distinguished Fellow, Terry Neese. “When the federal minimum wage rises tomorrow, small business owners will be paying 40.8 percent more per hour than they were paying in January 2007. Unemployment was 4.6 percent then, today it is 9.5 percent and the health care bill will make it go even higher.”

In addition, the NCPA analysis shows that the new minimum wage translates into a much lower wage when adjusted for the cost of living, according to the NCPA analysis. In New York City for example, a worker is only earning \$3.30 an hour when adjusted for the cost of living. In Los Angeles, a worker’s wage would only be \$5.46. And in Miami the new wage would only translate to \$6.29 when adjusted for the cost of living. For a complete list of cities, see the chart below.

To schedule an interview with Pamela Villarreal or Terry Neese, please contact Leah Gipson.

Adjusted Wages in 50 Metropolitan Areas

<u>City</u>	<u>Minimum wage (nominal)</u>	<u>Minimum wage (adjusted for Cost of Living)</u>
Omaha, NE	\$7.25	\$8.30
Memphis, TN	\$7.25	\$8.27
Tulsa, OK	\$7.25	\$8.25
Oklahoma City, OK	\$7.25	\$8.17
Fort Worth, TX	\$7.25	\$8.10
St. Louis, MO-IL	\$7.25	\$8.07
Arlington, TX	\$7.25	\$8.06
Houston, TX	\$7.25	\$8.03
Indianapolis, IN	\$7.25	\$7.98
Wichita, KS	\$7.25	\$7.93
Nashville, TN	\$7.25	\$7.90
El Paso, TX	\$7.25	\$7.89
Louisville, KY	\$7.25	\$7.87
Dallas, TX	\$7.25	\$7.86
Colorado Springs, CO	\$7.28	\$7.86
Pittsburgh, PA	\$7.25	\$7.83
Albuquerque, NM	\$7.50	\$7.75
Charlotte, NC	\$7.25	\$7.75
Columbus, OH	\$7.30	\$7.66
San Antonio, TX	\$7.25	\$7.63
Austin, TX	\$7.25	\$7.60
Cleveland, OH	\$7.30	\$7.53
Kansas City, MO-KS	\$7.25	\$7.52
Jacksonville, FL	\$7.25	\$7.51
Atlanta, GA	\$7.25	\$7.51
Detroit, MI	\$7.40	\$7.41
Tucson, AZ	\$7.25	\$7.33
Portland, OR	\$8.40	\$7.22
Phoenix/Mesa, AZ	\$7.25	\$7.17
Milwaukee-Waukesha, WI	\$7.25	\$7.16
Chicago, IL	\$8.00	\$7.10
Las Vegas, NV	\$7.55	\$7.02
Denver, CO	\$7.28	\$6.98
Seattle, WA	\$8.55	\$6.92
New Orleans, LA	\$7.25	\$6.83
Sacramento, CA	\$8.00	\$6.77
Virginia Beach, VA	\$7.25	\$6.66
Fresno, CA	\$8.00	\$6.66
Miami-Dade County, FL	\$7.25	\$6.29
Boston, MA	\$8.00	\$6.03
Washington, DC	\$8.25	\$5.99
Baltimore, MD	\$7.25	\$5.95
Philadelphia, PA	\$7.25	\$5.87
San Francisco, CA	\$9.79	\$5.74
Oakland, CA	\$8.00	\$5.50
Los Angeles, CA	\$8.00	\$5.46
Santa Ana-Irvine, CA	\$8.00	\$5.33

San Jose, CA	\$8.00	\$5.11
Honolulu, HI	\$7.25	\$4.44
New York City, NY	\$7.25	\$3.30

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NCPA's goal is to educate the public and provide free-market solutions to health care reform. To sign the petition, go to www.freeourhealthcarenow.com.