



The Independent Voice for Kentucky's Children

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ADVOCATES

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Increasing the Minimum Wage Rate: A Net Benefit in Kentucky

Louisville, KY – The minimum wage is set to increase to \$7.25 on July 1st, meaning larger paychecks for approximately 100,000 workers currently making the minimum wage in Kentucky. Today, Kentucky Youth Advocates released a policy brief analyzing the expected impacts on Kentuckians, finding that the wage increase will help working families by increasing their incomes and benefit Kentucky's economy by increasing spending.

“While it’s no magic bullet, the minimum wage increase will help low-wage individuals and families help themselves and this is an important step toward greater financial self-sufficiency,” says Terry Brooks, executive director of Kentucky Youth Advocates.

Due to the minimum wage increase, full-time Kentucky workers currently earning \$6.55 an hour can expect to receive an increase of \$1,400 dollars a year. As these workers move towards greater financial self-sufficiency, communities across the state are also positively affected. Low-income families are the most likely to spend the additional income they receive on everyday needs resulting in boosts to local economies.

Private employers are expected to react to the increase in a variety of ways, including: decreasing workers hours, adjusting benefits, and increasing prices for goods and services to compensate for the increased cost of labor. However, while critics of the increase warn that large-scale layoffs will occur, multiple studies have shown that the demand for low-wage jobs is driven by the state of the economy and not the minimum wage rate.

“It is likely the demand for low-wage employment has already adjusted in response to the economy and that job losses associated with the increase in the minimum wage will be relatively small. As a result, Kentucky’s families and the economy are expected to benefit as families spend the additional money in their paychecks on things like gasoline, groceries, and back-to-school haircuts” said Brigitte Blom Ramsey of Kentucky Youth Advocates.

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***Kentucky Youth Advocates** is a non-partisan, non-profit, children's advocacy organization. KYA represents a voice for Kentucky's most precious asset – its youth. We believe that Kentucky's youth deserve the opportunities and resources necessary to ensure their productive development and health.*