

Why Rauner should veto a \$15 minimum wage

By Ed Rensi

Rather than deal with the dire issues facing the state, Illinois lawmakers seem to be looking to add to its woes by passing \$15 minimum wage legislation, now sitting on Gov. Bruce Rauner's desk.

Meanwhile, the state is on the verge of having its debt downgraded to junk and entering a third year without a budget. It has \$14.6 billion in unpaid bills and an estimated \$250 billion of unfunded pension liabilities. For three consecutive years it has lost more residents on net than any other state. And it currently can't even pay some of its doctors and hospitals.

A \$15 minimum wage would only make things worse by reducing entry-level job opportunities and earnings. Gov. Rauner should veto it.

Don't take my word for it. That's the implication from a blockbuster new University of Washington study that found Seattle's incoming \$15 minimum wage has reduced jobs, job opportunities, hours and earnings for entry-level employees. In fact, researchers found entry-level employees in the city are earning \$125 less a month because their hours have fallen as the minimum wage has risen.

In short, the \$15 minimum wage has been a disaster. Or, in the words of study co-author, Joseph Vigdor, it is "removing the bottom rung of the career ladder." While minimum wage studies come and go, this one should be required reading for policymakers because it was conducted by unbiased economists and incorporated a wide breadth of data beyond what's publicly available.

Because Illinois' median wage is 22 percent less than Seattle's, it's reasonable to expect that a \$15 minimum wage in the Land of Lincoln would be significantly more detrimental because it would impact many more vulnerable employees.

And these aren't jobs and earnings that Illinois can afford to lose. Less than half of Illinois' young residents aged 16 to 24 currently hold any type of job, according to U.S. Census Bureau data. In some of Chicago's South Side neighborhoods, that number falls to less than one in four. "It's right there in your face, you don't need statistics,"

testified 24-year-old Johnathan Allen last year, encouraging lawmakers to simply walk the streets to see how joblessness destroys neighborhoods.

Chicago, which passed a \$13 minimum wage in 2014, has already felt some of these negative effects. Restaurants like Cantina 1910 and a Panera Bread have closed partially because of the hike. Home Run Inn pizza cited the wage hike for its decision to cancel the opening of a new location in the city, and Original Rainbow Cone ice cream has had to cut student summer employees by half. Other employees in the city have seen their hours reduced in response to the wage hike.

Gov. Rauner would be in good company with a minimum wage veto. More than 70 Chicago suburbs have recently opted-out of Cook County's incoming \$13 minimum wage, pointing to the consequences it would have on local small businesses and jobseekers. And Baltimore's Democratic Mayor vetoed \$15 legislation earlier this year, citing concerns to city small businesses like her own. (She would have had to close the consignment store she owns an extra day each week in an effort to absorb the mandate.)

This isn't to say that Illinois' entry-level employees don't need help. But the best way to help them is by protecting entry-level jobs that teach basic skills like punctuality and customer service necessary to quickly get better paying careers. Multiple academic studies show that the vast majority of entry-level wage employees get a raise within their first few months on the job.

Rather than the counterproductive fight for \$15, Illinois legislators should unite behind a fight for \$50 – as in the fight for \$50,000 a year careers, which would allow residents to live fulfilling lives beyond a paycheck-to-paycheck existence. But for that to occur state legislators must avoid counterproductive distractions like a \$15 minimum wage and fix the real issues facing the state.

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