

## MINIMUM WAGE

**Minnesota's minimum wage is \$5.15 per hour, the same as the federal minimum wage. The minimum wage in Minnesota has not increased since 1997.**

### **Won't raising the minimum wage result in the loss of jobs?**

A growing number of new studies on the impact of a minimum-wage increase have found that in contemporary labor markets moderate minimum wage hikes have a very small or no adverse affect on employment. The unemployment rate fell to its lowest level in almost 30 years following the last increase while the fraction of the population working reached an all-time record high level in each of the two years following the raise.

In the year immediately following the last minimum wage increase, unemployment rates of African-Americans, Hispanics, and 16-24 year olds (who are likely to be low-earners) all declined to 30-year lows.

Raising the minimum wage — which stands near a 40-year low in terms of buying power — would provide much needed help to our most disadvantaged workers and their families.

### **Aren't raises in the minimum wage wasted on middle-income teenagers?**

The typical minimum wage worker is an adult woman, not a teenager. Two out of three minimum wage workers are adults. The benefits of a minimum wage increase flow mostly to workers with family incomes well below the average. While women make up just under half the total workforce, two out of three minimum wage workers are women.

Data from the last increase reveal that 35% of the increase in wages went to working families in the bottom 20% of the income distribution (average income, \$15,728). Combining the first two income fifths (average income, \$24,137), we find that 58% of the benefits went to these low-income working families.

### **Won't raising the minimum wage make Minnesota firms vulnerable to competition?**

Created in 1938, the minimum wage built a floor under market wages to discourage businesses from undercutting each other by lowering wages. Competitive industries are created by investing in human and physical capital and not by relying on low wages. A minimum wage increase pays for itself through improved worker retention, reduced turnover, savings in recruitment and training costs, and higher worker productivity.

### **Are there any states with a minimum wage higher than \$5.15?**

Twelve states and the District of Columbia have a higher minimum wage than Minnesota.

## 2002 Minnesota State Survey Results

Late last year JOBS NOW commissioned a series of questions on the minimum wage for the Minnesota State Survey. Here are the major findings:

- When asked if the current minimum wage of \$5.15 is too high, about right, or too low, 81 percent of all Minnesotans say it is too low—a view shared by 69 percent of Republicans. Only 1 percent of respondents thinks the current minimum wage of \$5.15 is too high.
- Less than 1 out of 10 Minnesotans (8.6 percent) know that the state's current minimum wage is only \$5.15 per hour.
- Eighty percent of Minnesotans believe that the state's current minimum wage is higher than it actually is. Nearly one of every four respondents (24 percent) think it is over \$6.00 per hour.
- When asked whether the minimum wage law should be changed to adjust for inflation, 84 percent of all Minnesotans favor changing the law. This view was shared by 77 percent of Republicans.

### **Source:**

JOBS NOW Commissioned Questions from "2002 Minnesota State Survey," Minnesota Center for Survey Research, University of Minnesota, pp. 30-31, Appendix B-2, B-3. MFS 2002 Crosstabs.

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## Who are Minimum Wage Workers in Minnesota?

According to the "Minimum Wage Workers in Minnesota, 2002" report published by the Minnesota Department of Labor and Industry in April 2003, there are an estimated 56,000 minimum wage workers in Minnesota. Thirty-nine percent of those workers were between the ages of 25 and 54. According to the report, these workers are more likely to be supporting a family and their earnings are less likely to be supplemented by retirement income than older workers.

The same report found that "the percentage of minimum-wage workers who are children living with their parents fell from 35% in 1989 to 25% in 2001." The report also estimated that 117,000 Minnesota workers earned \$6.15 per hour or less.

## Putting the Minimum Wage in Perspective

Twelve states and the District of Columbia have a higher minimum wage, while Minnesota's has remained the same as the federal minimum. Alaska has the highest at \$7.15; Washington State is next at \$7.01. Some states have incorporated annual cost-of-living adjustments to protect the wages of their lowest paid workers.

At its current level of \$5.15 per hour, the minimum wage has lost more than a third of its value since the late 1960s. If its value had kept pace with inflation, it would now be \$8.44 per hour. In 2001, over half a million workers in Minnesota made less than the inflation-adjusted minimum wage of \$8.44 per hour. In Greater Minnesota, more than one of every four workers (27%) earned less than the inflation-adjusted minimum wage.

## Raise the Profile of the Minimum Wage

According to a poll done in the fall of 2002 by the Minnesota Center for Survey Research, 85 percent of Minnesotans believe the current minimum wage of \$5.15 is too low.

**JOBS NOW** urges Minnesotans to contact their elected representatives and tell them to take action. They have prepared a Q & A about the minimum wage that is useful in understanding the debate. View JOBSNOW web site at [www.jobsnowcoalition.org](http://www.jobsnowcoalition.org) for the full "Cost of Living in Minnesota" report.

There are minimum wage bills pending in the state legislature

**Senate File 3—**

Chief Author, Sen. Ellen Anderson—DFL

**St. Paul & Companion House File 102—**

Chief Author, Rep. Tom Rukavina, DFL-Virginia, as well as in Congress (**S224**-Sen. Edward Kennedy, D, Massachusetts, and others).

**To find your state Representative, state Senator or congressperson, go to:**

<http://www.commissions.leg.state.mn.us/gis/html/gismaps.html>

**or, search by city or zip code at**

<http://www.commissions.leg.state.mn.us/gis/html/gismaps.html>

## Minnesota's U. S. Senators are

**Senator Norm Coleman:** (202) 224-5641 (Washington D.C.) or  
(651) 645-0302 (St. Paul)

**Senator Mark Dayton:** (202) 224-3244 (Washington D.C.) or  
(612) 727-5220 (Fort Snelling)