



Wisconsin Minimum Wage Facts

Minimum Wage \$6.50/hour as of June 1

On June 1, 2006, Wisconsin's minimum wage rose to \$6.50 an hour. This was the second of a two-step increase that began on June 1, 2005, when the state minimum wage was increased from the federal minimum of \$5.15 an hour to \$5.70 an hour.

250,000 workers expected to see increases.

According to an analysis by the Wisconsin Department of Workforce Development, the two minimum wage changes directly affect 100,000 workers in the state. Another 150,000 workers with wages just above the minimum will gain from a positive ripple effect.

Who stands to gain?

Minimum wage increases help some of the neediest workers in our economy. Of the 250,000 workers that gain directly and indirectly from Wisconsin's wage increase:

- 80 percent are adults and more than one-third are heads-of-household, responsible for making ends meet for their families.
- Women, African-American, and Hispanic workers, who are most concentrated in low-wage jobs, are most likely to benefit from the increase.
- Most are employed in the service sector, especially eating and drinking establishments.

Job growth remains steady since the increase in Wisconsin.

Some argue that minimum wage increases are "job killers"; however there is little national evidence to support this view, and the most recent data from Wisconsin refutes it as well. Wisconsin's economy continues to grow, with some of the strongest growth posted by the eating and drinking industry which is most affected by the wage increases.

To look at the impact of raising the minimum wage on jobs, the Center on Wisconsin Strategy (COWS) used employment data since the wage increase averaged from June 2005 to April 2006 and compared that to data from the corresponding period just before the wage increase. Since the increase, Wisconsin averaged 30,000 more jobs, or an increase of just over one percent. Eating and drinking establishments posted growth three times faster than the overall economy adding three percent or 3,000 jobs since the increase.

Wisconsin Jobs, Before and After the June 2005 Minimum Wage Increase

	June '04 to April '05	June '05 to April '06	Percentage Change
Average Nonfarm Jobs	2,820,555	2,851,482	1.1%
Average Eating and Drinking Jobs	187,036	192,809	3.1%

Source: Current Employment Statistics

Center on Wisconsin Strategy

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States lead the way: more than half the U.S. population covered by higher minimum wages.

Wisconsin is one of 20 states that have set minimum wages above the federal minimum. (Michigan and Arkansas' minimum wage increases go into effect in October 2006.) By November 2006, more than half of the U.S. population will live in states with minimum wages above the federal value. Of the 20 states with minimum wages above the federal value, wage rates range from \$7.63 in Washington State to \$6.15 in Maryland, Delaware, and Minnesota. With a \$6.50 value, Wisconsin is behind 12 states with minimum wages of \$6.75 and up.

Federal inaction erodes the value of the minimum wage.

So many states are taking action because the federal minimum wage has been stuck at \$5.15 for more than eight years, and its purchasing power has fallen precipitously. Only during the 1980s did the federal minimum so languish. In terms of purchasing power, the federal minimum is now at its lowest value since 1955, with the exception of 1989 (when it fell to the current equivalent of \$5.08 per hour). At its present federal value, a minimum wage worker, working full time and full year, would earn just over \$10,000 per year, barely enough to get by let alone support a family.

In terms of productivity, these trends are even more striking. Since the establishment of the federal minimum wage, productivity has grown substantially in both Wisconsin and the United States. Output per worker hour has more than doubled since 1968. If the minimum wage had kept pace with productivity growth, today it would be over \$15 per hour. The fruits of productivity increases have been reaped by those at the top of the income distribution, not by those at the bottom, who clean our homes and offices, change our hospital sheets, serve us food, take care of our children and grandparents, and work in retail stores.

Indexing the minimum keeps up with inflation.

Unfortunately, if the minimum wage does not keep up with inflation, our lowest wage workers will lose ground. Four states – Washington, Oregon, Florida, and Vermont – index their minimum wage to the cost of living, so that it rises to keep up with inflation. Another four states are considering indexing theirs as well. The recent surge in gas prices makes it clear how critical such indexing can be to the lowest wage earners in the state.

For more information on minimum wages in Wisconsin and nationally contact:

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STATE	MINIMUM WAGE
Washington	\$7.63
Oregon	\$7.50
Connecticut	\$7.40
Vermont	\$7.25
New Jersey	\$7.15
Alaska	\$7.15
Rhode Island	\$7.10
Michigan*	\$6.95
New York	\$6.75
Massachusetts	\$6.75
Hawaii	\$6.75
California	\$6.75
Wisconsin	\$6.50
Maine	\$6.50
Illinois	\$6.50
Florida	\$6.40
Arkansas*	\$6.25
Minnesota	\$6.15
Maryland	\$6.15
Delaware	\$6.15
Federal	\$5.15
<i>*min wage goes into effect October 2006</i>	