



Give Wisconsin a Raise

Governor's Proposal to Increase Minimum Wage Would Increase Pay for a Broad Range of Workers

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In his budget proposal, Governor Evers has proposed gradually raising Wisconsin's minimum wage to \$10.50 an hour, from its current level of \$7.25. Here's how the increase would work:

- The minimum would be raised to \$8.25 an hour when the budget is passed, then to \$9.00 at the beginning of 2021, to \$9.75 at the beginning of 2022, and \$10.50 at the beginning of 2023.
- Beginning in 2024, the minimum wage would be automatically adjusted to keep pace with increases in the cost of living.
- A committee would study options to achieve a \$15 per hour minimum wage and report back to the governor in 2020.

Wisconsin's Minimum Wage is Falling Behind Other States'

- Most states have minimum wages that exceed the federal minimum: 29 states have minimums that exceed the federal minimum wage of \$7.25 an hour, including states with Republican-dominated state government such as Arizona, Nebraska, and Missouri.
- An additional 44 counties and cities across the country have set their own minimum wage laws, a course of action that lawmakers have prohibited in Wisconsin.
- Almost 1/3 of workers live in states – California, Massachusetts, Maryland, New Jersey, Illinois, and the District of Columbia – that have approved raising their minimum wages to \$15 an hour.

A diverse group of workers would benefit from raising Wisconsin's minimum wage

- Increasing the minimum wage to \$10.50 would raise the pay of 464,000 workers in Wisconsin, or nearly 1 out of every 6 workers (16%).
- Full-time workers who get a raise would earn an additional \$800 a year – enough to pay for a major car repair, or a month's groceries for a family.
- The vast majority of workers – 75% – who would get a raise are age 20 or older, with teenagers making up only one-quarter of affected workers. Sixty-one percent of the workers who would get a raise are women. Twenty percent of affected workers are parents, with the average worker with a child providing 55% of their family's total income.

Raising the minimum wage would lift wages for workers of color

More than one quarter (28%) of Black workers and nearly a third (31%) of Hispanic workers would get a raise if Wisconsin's minimum wage were increased to \$10.50. Still, the large majority of workers who would get a raise (74%) are white.

Workers in a broad range of industries would benefit from a higher minimum wage

- Nearly three-quarters (72%) of restaurant and food service workers and about half (48%) of hotel and accommodation workers would get a pay increase.
- Workers in skilled jobs could get a raise as well. More than 110,000 workers in manufacturing, education, and healthcare would see a raise – about a quarter (24%) of all workers who would benefit.

Wisconsin's economy can afford to increase the minimum wage

- Wisconsin's minimum wage was last increased a decade ago. Since then, it has lost about 16% of its purchasing power from inflation.
- The increase in the minimum wage would generate \$387 million more in wages for low-paid workers, who would spend their additional resources at local businesses, buying basic necessities for themselves and their families.
- An enormous body of research¹ examining the real-world effects of minimum wage hikes finds that raising the minimum wage has little, if any, impact on employment levels²: job growth holds steady while workers earn more.
- Increasing the minimum wage can improve productivity and cut down on employee turnover costs.

Raising the minimum wage would have broader positive effects on Wisconsin communities

- Beyond simply lifting pay, researchers have found that higher minimum wages have led to clear improvements in the welfare of families and communities. Higher minimum wages significantly reduce the number of families below the poverty line.³
- Researchers at the U.S. Census Bureau studying the minimum wage found that after an increase, family incomes not only grew, but that growth accelerated in subsequent years.⁴
- Higher minimum wages have been shown to reduce rates of smoking and are associated with a slate of other improved measures of public health.⁵
- Researchers at Rutgers University and Clemson University found that higher minimum wages reduced recidivism and may reduce property crimes.⁶

Source: Economic Policy Institute Minimum Wage Simulation Model

¹ Paul Wolfson and Dale Belman, 15 Years of Research on U.S. Employment and the Minimum Wage (December 10, 2016). Tuck School of Business Working Paper No. 2705499.

² Doruk Cengiz, Arindrajit Dube, Attila Lindner, and Ben Zipperer, The Effect of Minimum Wages on Low-Wage Jobs: Evidence from the United States Using a Bunching Estimator (January 2019). NBER Working Paper No. 25434.

³ Arindrajit Dube, Minimum Wages and the Distribution of Family Incomes (November 2018). NBER Working Paper No. 24240.

⁴ Kevin Rinz and John Voorheis, The Distributional Effects of Minimum Wages: Evidence from Linked Survey and Administrative Data (March 2018). CARRA Working Paper 2018-02.

⁵ J. Paul Leigh, Wesley Leigh, Juan Du, Minimum Wages and Public Health: A Literature Reviews (February 2018).

⁶ Amanda Y. Agan and Michael Makowsky, The Minimum Wage, EITC, and Criminal Recidivism (September 25, 2018).