



WISCONSIN COUNCIL ON

**children
& families**

Raising Voices to Make Every Kid Count

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Senate Panel Approves Bill Indexing Minimum Wage to Inflation WCCF Applauds Action and Urges Passage by Full Legislature

The Wisconsin Council on Children and Families lauded today's decision by a key committee of the State Senate to recommend passage of a bill that would index the state's minimum wage to inflation. In an executive session today, the Senate Committee on Labor, Elections and Urban Affairs voted to approve Senate Bill 130, which would require the Wisconsin Department of Workforce Development to adjust the state minimum wage annually based on changes in the Consumer Price Index.

"SB 130 would represent a significant improvement in living conditions for Wisconsin's most vulnerable families," said WCCF Acting Director Jill Jacklitz. "Indexing the minimum wage to inflation would make a huge difference for families trying to eke out a living at or near the bottom of the income distribution, and that would be reflected in better outcomes across the board for children living in low-income households."

Wisconsin's minimum wage was increased from \$5.15 per hour to \$5.70 in 2005 and to \$6.50 in 2006. Prior to those increases, the minimum wage had not risen since 1997, and had lost about 20 percent of its value over that span. The increases of 2005 and 2006 helped about a quarter of a million workers in Wisconsin, one-third of whom were heads of households. However, the impact of inflation has already begun to eat away at the buying power of the new wage.

"It makes little sense to allow the minimum wage to stagnate for years and then raise it abruptly, as has been the historical pattern," said John Keckhaver, a research analyst at WCCF. "Indexing to inflation would both benefit workers and make increases less jarring for employers."

Ten states currently have minimum wages indexed to inflation. In addition, many taxes, tax credits and benefit programs are already indexed to inflation, including state income tax brackets, the standard income tax deduction, and the state and federal Earned Income Tax Credit.

The bill now moves to the full Senate. SB 130 provides a clear opportunity to end the steady erosion of the buying power of the minimum wage that always takes place in the years between increases enacted by Congress or the State Legislature.

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“We urge the full Senate and Legislature to make a strong statement for children and families by accepting the Committee’s recommendation to pass SB 130,” Jacklitz said. “It’s the right thing to do for kids, for businesses, and for all of Wisconsin.”

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