



Q & A on the Minimum Wage

Senate Bill 130 would raise Wisconsin's minimum wage to \$7.25 per hour from the current \$6.50. The wage is scheduled to increase to \$7.25 in June of 2009 due to federal law, this bill would speed up that increase by about a year. The bill would also index the state's minimum wage to inflation, ensuring annual increases in the wage. When reading the bill, keep these facts in mind, and don't fall for the many myths surrounding the minimum wage.

Q: How many people earn the minimum wage in Wisconsin?

A: The two recent increases to Wisconsin's minimum wage (to \$5.70 in 2005 and \$6.50 in 2006) **raised the wages of 250,000 workers**. That's a group of Wisconsin workers equal to the combined populations of Green Bay, Wausau and Eau Claire.

Source: Analysis by the Wisconsin Department of Workforce Development.

Q: Who earns the minimum wage in Wisconsin besides teenagers?

A: Of the 250,000 Wisconsinites who benefited from the last two increases, **80 percent were adults, and more than one-third were heads-of-household**. Nationally, of those that will be impacted by the federal increase to \$7.25, **82 percent work 35 hours or more per week**.

Sources: Analysis by the Wisconsin Department of Workforce Development and the Economic Policy Institute.

Q: Will raising the minimum wage hurt small businesses?

A: Numerous studies indicate that **minimum wage increases do not result in significant job loss, even in the industries most impacted**. In fact, recent research conducted by the Center on Wisconsin Strategy shows that after Wisconsin raised its minimum wage from \$5.15 per hour, job growth at eating and drinking establishments grew at *three times* the rate of job growth in the overall economy.

Source: Center on Wisconsin Strategy.

Q: Wasn't the minimum wage just raised?

A: Inflation immediately begins to erode the purchasing power of the minimum wage. For instance, in the recent 10-year period between federal minimum wage increases, the wage lost 20 percent of its value due to inflation and was at a 50-year inflation-adjusted low. **Indexing the wage to inflation ensures regular, reasonable increases** and is the smartest way to maintain its purchasing power for the thousands of Wisconsin families that depend on it.

Source: Economic Policy Institute.

Q: Is the minimum wage a state issue?

A: Individual states have taken the lead on minimum wage policy. Wisconsin joined 28 other states in the nation in raising its wage above the federal level in recent years – before the federal government acted just this past summer. Also, 10 states, including Ohio, Missouri and Washington, already index their wages to inflation.