

# Minimum Wage in Minnesota: Context for the 2014 Legislative Debate

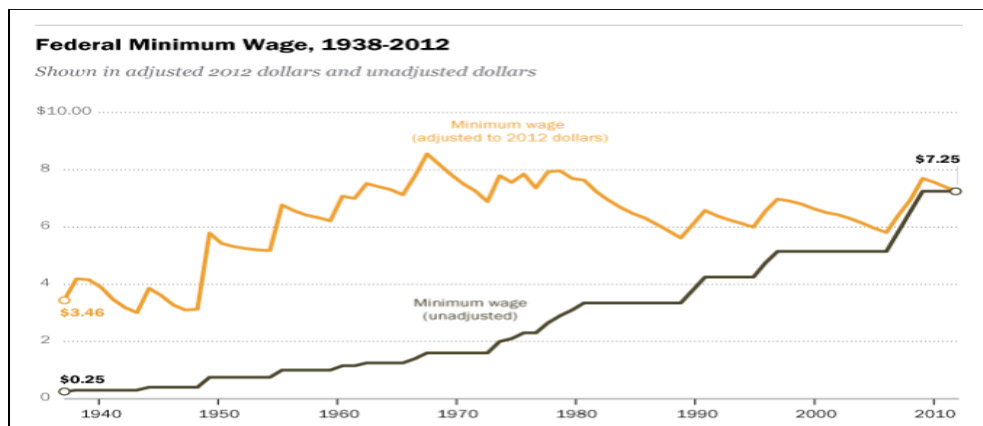
The Minnesota Public Health Association supports an increase in the state minimum wage as it will improve the health of all Minnesotans, especially those on the lower end of the income scale (see Minimum Wage Fact Sheet here). The Minnesota Department of Health released a White Paper on Income and Health on March 3, 2014 (see report [here](#)).

## Current Minimum Wage in Minnesota:

Large employers (enterprises with annual income of greater than \$625,000) are required to pay employees \$6.15 per hour, while small employers (enterprises with annual receipts less than \$625,000) are required to pay employees \$5.25 per hour. Assuming that a Minnesota resident is working full-time, a person working for a small enterprise would earn \$10,920 per year (before taxes), while a person employed at a large enterprise would receive \$12,792<sup>i</sup>. On average from 2008 - 2012, 11.2% of Minnesota's population was living below the Federal Poverty Line<sup>ii</sup>. According to state figures, at least 70,000 Minnesotans earn \$7.25, the federal minimum, or less an hour. If the minimum wage increased to \$9.50 an hour, about 350,000 working Minnesotans would see an increase in wages.

## Legislative Analysis:

The state of Minnesota has not raised the Minimum wage since 2010. Conversely, federal minimum wage has increased consistently. Even with the steady increases, the inflation-adjusted federal minimum wage peaked in the late 1960's. In 2013, the House and Senate did not come to agreement on a minimum wage increase. As of March 12, 2014 the Senate appears poised to accept a \$9.50 minimum wage proposed by House leaders and Governor Dayton. The question yet to be determined is will the minimum wage be tied to inflation. At present, Minnesota is 1 of 4 states with a minimum wage lower than that set at the federal level. Indexing would help to prevent Minnesota's minimum wage from falling so low in the future.



Federal minimum wage by year (adjusted and unadjusted), 1938-2012  
(<http://www.penresearch.org/fact-tank/2013/07/19/who-makes-minimum-wage/>)

## Opponents of the minimum wage argue that:

- *Job loss/slowed job growth* - any increase in minimum wage could deter new hires by enterprises with limited budgets, including non-profit organizations.
- *Increased consumer prices* – businesses will raise prices to offset the additional labor costs

## Proponents of the minimum wage argue that:

- Generally the costs cited above either have not borne out in other minimum wage increases, or the benefits (see MPHA Wage and Health Fact Sheet) have outweighed the costs

<sup>i</sup> *Minimum Wage Laws in the States*. Department of Labor (01-Jan-2014). Web. Accessed 2/7/14 from <http://www.dol.gov/whd/minwage/america.htm#footnote>.

<sup>ii</sup> State and County Quickfacts. United States Census Bureau (06-Jan-2014). Web. Accessed 2/5/14 from <http://quickfacts.census.gov/qfd/states/27000.html>.