



POLICY Rx: Raise the Minimum Wage

2019

The Issue

The current minimum wage in Wisconsin is \$7.25 per hour. The federal minimum wage (also \$7.25 per hour) was first enacted in 1938, but it has not been adequately adjusted to keep up with the rising costs of basic goods and services due to inflation. To put in perspective how far the minimum wage has fallen behind the real costs of living, the [inflation adjusted minimum wage](#) in 2017 would've been \$11.62.

Wisconsin law prohibits local units of government from enacting an ordinance that establishes a general minimum or "living" wage that is [different](#) than state law. In addition, a [2018 law](#) now prohibits local governments from establishing living wage ordinances that apply to employees working under contracts with local governments or working on projects that are funded by local governments, which has eliminated the progress made by several Wisconsin counties and cities to ensure that such workers are paid a living wage.

Raising the minimum wage would benefit more than just the workers who would see a direct raise from the increase. Other low-wage workers who make slightly more than the amount to which the minimum wage is raised would also benefit from the positive "[ripple effect](#)" of raising the wage floor.

A significant portion of workers are employed in low-wage occupations that do not allow them to pay for their basic expenses. For example, in 2013, [approximately 700,000 Wisconsin workers](#) (approximately one-quarter of the workforce) earned wages below the federal poverty level for a family of four, which at the time was \$11.36 per hour for a full-time worker. A raise in the minimum wage combined with the positive "ripple effect" for other low wage workers would greatly improve the quality of life of these workers and their families.

Why is Raising the Minimum Wage Important to Women?

- Women, especially women of color, would greatly benefit from raising the minimum wage because of their overrepresentation in low-wage occupations. For instance, according to the National Women's Law Center, [thirty percent of working women—and 37 percent of working women of color—would get a raise if the minimum wage increased to \\$12.00 per hour by 2020](#).
- Women represent almost [60 percent](#) of "poverty wage" workers in Wisconsin.
- Increasing the minimum wage would also help working moms who provide for their families. About [one-third of Wisconsin single-moms](#) would get a raise if the federal minimum wage was raised to \$12 per hour by 2020.
- Raising the minimum wage can also help reduce the gender wage gap. According to the National Women's Law Council, the wage gap in states that have a minimum wage of \$8 or above is [22% smaller](#) than the average wage gap in states that have a minimum wage of \$7.25, which is the federally mandated minimum wage.

What Wisconsin Can Do

Despite Congress' continued failure to raise the minimum wage, a wide range of [states](#) have enacted minimum wage increases in recent years. New York, Washington D.C., Massachusetts, and California have all enacted \$15 per hour minimum wages that will gradually raise their minimum wages until they reach \$15 per hour in 2018, 2021, 2023, and 2023 respectively. Oregon passed a minimum wage increase that will vary by region and will be fully implemented in 2023, after which minimum wage increases will be indexed to inflation. Voters in [Missouri and Arkansas](#) overwhelmingly passed increases to their state minimum wages via ballot initiative in 2018. In all, 29 states have a higher minimum wage than the federal minimum wage and 11 states index their minimum wages to inflation. Wisconsin is not among



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these states, which makes raising our state minimum wage even more critical for lower-wage workers.

Legislation that would [raise Wisconsin's minimum wage](#) was introduced during the 2017-2018 legislative session. If enacted, this bill would have done the following:

- Gradually increase the state minimum wage to \$15 per hour over a period of five years;
- Adjust the minimum wage for inflation based on the Consumer Price Index;
- Repeal the separate minimum wage for "tipped workers"; and
- Eliminate the current prohibition against local governments enacting their own minimum wages that are higher than the state minimum wage.

Effective and exciting advocacy for raising the minimum wage is also taking place in our communities. Organizations like [Fight for \\$15 Wisconsin](#) have helped organize lower-wage workers and their allies across the state of Wisconsin

to participate in rallies and protests urging state lawmakers to raise the state's minimum wage, local units of government to pass living wage ordinances that are allowable under current state law, and also individual businesses in traditionally low-wage employment sectors to voluntarily raise their employees' wage.

How Can I Help Make a Higher Minimum Wage a Reality in Wisconsin?

- Call or email you [state legislators](#) to urge them to support legislation that would increase the minimum wage
- Connect with organizations in Wisconsin already working on increasing the state's minimum wage and organizing low-wage workers and their allies to urge individual businesses to increase their employee's wage:
 - [Fight for \\$15 Wisconsin](#)

Resources:

- [Center on Wisconsin Strategy and Economic Policy Institute: *Raise the Floor Wisconsin*](#)
- [National Women's Law Center: *Minimum Wage*](#)
- [National Women's Law Center: *Fair Pay for Women Requires a Fair Minimum Wage*](#)