



Minimum Wage Issue Memorandum

August 6, 2020

Background

Wisconsin adopted its first minimum wage act in 1919 when it set a wage floor of 22 cents per hour. Over the last 100 years, the minimum wage has risen to its current rate of \$7.25 per hour. This rate has been in place since July 24, 2009. The Wisconsin minimum wage rate mirrors the federal minimum wage. The Wisconsin Department of Workforce Development set minimum wage rates through the rulemaking process until the legislature eliminated that authority in 2015. Current state law prohibits a city, village, town, or county from enacting and administering an ordinance establishing its own minimum wage rate.

The Rock County Board of Supervisors will consider resolution number 20-6B-038 on Thursday, August 13. This resolution calls for support of Wisconsin bill LRB 3342-1, a bill to raise Wisconsin's minimum wage to \$15 per hour. Even though the county board's resolution is non-binding and would not change current law, this issue merits a thorough examination.

Minimum Wage Statistics

Poverty and income inequality is a significant concern in Janesville, Rock County, and across the state. According to the [United Way of Wisconsin's July 27 ALICE Report](#), 34 percent of Wisconsin's 2.4 million households are struggling to afford basic necessities like housing, child care, food, transportation, and internet access. Further, the percentage of students in the Janesville School District who receive free and reduced lunch is over 50 percent. The coronavirus pandemic will only intensify the income challenges experienced by many area families.

Here are some minimum wage statistics from the Janesville – Beloit Metropolitan Statistical Area (MSA):

- In the most recent data available (May 2019), workers in the Janesville-Beloit MSA had an average (mean) hourly wage of \$22.69.
- There are four occupational groups with an average hourly wage below the \$15 per hour threshold:

Food preparation and serving related (\$11.57 per hour)
Personal care and service (\$12.07 per hour)
Building and grounds cleaning and maintenance (\$12.42 per hour)
Health care support (\$14.62 per hour)

- Workers in these groups make up 17.5 percent of our total workforce:

Food preparation and serving: 9 percent of the area workforce; 6,050 total workers
Personal care and service: 1.9 percent; 1,260 workers
Building and grounds cleaning and maintenance: 2.7 percent; 1,800 workers
Health care support: 3.9 percent; 2,590 workers

- There are many notable occupations in the Janesville-Beloit MSA with an average hourly wage of less than \$15 per hour:

Amusement and Recreation Attendants (50 total workers): \$9.47 per hour
Hosts and Hostesses, Restaurant & Lounge (190 total workers): \$9.61 per hour
Dishwashers (210 total workers): \$9.68 per hour
Cashiers (1,870 total workers): \$10.30 per hour
Bartenders (540 total workers): \$10.51 per hour
Fast Food and Counter Workers (2,060 total workers): \$10.55 per hour
Maids and Housekeepers (340 total workers): \$10.80 per hour
Home Health and Personal Care Aides (960 total workers): \$11.05 per hour
Hotel, Motel, and Resort Desk Clerks (130 total workers): \$11.15 per hour
Animal Caretakers: \$11.23 per hour
Waiters and Waitresses (1,140 total workers): \$11.24 per hour
Childcare Workers (270 total workers): \$11.69 per hour
Exercise Trainers and Fitness Instructors (120 total workers): \$11.86 per hour
Preschool Teachers, Except Special Ed (200 total workers): \$12.02 per hour
Cooks, Restaurant (490 total workers): \$12.04 per hour
Retail Salespersons (2,360 total workers): \$12.10 per hour
Helpers – Installation & Maintenance Workers (30 total workers): \$12.39 per hour
Hairdressers, Stylists, and Cosmetologists (280 total workers): \$12.48 per hour
Stockers and Order Fillers (930 total workers): \$12.75 per hour
Cooks, Short Order (140 total workers): \$12.98 per hour
Food Preparation Workers (270 total workers): \$13.40
Packers and Packagers, Hand (470 total workers): \$14.08 per hour
Landscaping and Groundskeeping Workers (390 total workers): \$14.13 per hour
Cleaners of Vehicles and Equipment (230 total workers): \$14.15 per hour
Receptionists and Information Clerks (880 total workers): \$14.22 per hour
Automotive, Watercraft Service Attendants (40 total workers): \$14.23 per hour
Telecom Line Installers and Repairers (40 total workers): \$14.44 per hour

Tellers (290 total workers): \$14.45 per hour

Bakers (70 total workers): \$14.48 per hour

Nursing Assistants (820 total workers): \$14.53 per hour

Economic Situation and Minimum Wage Facts

Our state is facing a financial crisis on many fronts. The coronavirus pandemic has sent our economy into the deepest recession since the Great Depression. Many businesses in Rock County and across the state are struggling to keep their doors open. Industries that generally pay their workers the least have been particularly hard hit by the coronavirus pandemic. [According to a recent survey by Yelp](#), as many as 35 percent of American shopping and retail establishments have closed permanently, and the numbers are even worse for restaurants.

A government mandated wage hike during these historically challenging times could be ruinous for our economy. A minimum wage increase would force businesses to eliminate jobs and cut employee hours, which is the opposite of the measure's intended effect. [A 2019 report by the non-partisan Congressional Budget Office \(CBO\)](#) suggests that a national \$15 per hour minimum wage would cause 1.3 million workers to lose their jobs.

Studies have also suggested that a higher minimum wage not only reduces employment for the least-skilled, but has little to no effect on poverty rates. [According to a report from the bipartisan Bureau of Labor Statistics](#), "minimum wage workers tend to be young. Although workers under age 25 represented only about one-fifth of hourly paid workers, they made up about two-fifths of those paid the federal minimum wage or less." Many of these minimum wage earners do not live in poverty—they are teenagers who work part time while living at home.

Conclusions and Recommendations

- Forward Janesville opposes Rock County Board Resolution number 20-6B-038. Now is the wrong time to be considering a minimum wage increase, however symbolic the resolution might be. Area businesses are already facing the challenge of a lifetime, and the timing of the resolution alone is enough to warrant opposition.
- The statistics contained in the United Way's ALICE Report are alarming. We must find ways to support income-challenged individuals in our community.
- We encourage state leaders to consider bipartisan alternatives to help those suffering from financial hardship such as the Earned Income Tax Credit (EITC), an income boost that operates through the tax code instead of through a mandate on employers. An EITC increase wouldn't have the same negative employment consequences as a minimum wage increase. According to [a survey of US economists by the Employment Policies Institute](#), 64 percent of economists surveyed

think that the EITC is a very efficient way to address the needs of poor families.

- The Rock County Board of Supervisors might instead consider a resolution asking the state and federal government to consider other ways to support low income families, such as boosting the Earned Income Tax Credit.
- We strongly encourage the board to continue to support work that targets jobs and industries that will raise the area's average wages, keep good jobs in our area and attract starts ups and entrepreneurs. In addition, quality of life initiatives that promote Rock County as a great place to live, work and play are vital.