

FACT SHEET | Raising the Minimum Wage to \$9.50

Working for a Better Minnesota

For the first time in nearly a decade, Governor Mark Dayton and the Legislature this year raised Minnesota's minimum wage – bringing the new rate to \$9.50 per hour by 2016, and indexing it to inflation. The Governor strongly believes people who are working full-time should be able to support their families, gain access to additional training, and earn the promise of the American Dream. Our state's previous minimum wage of \$6.15 made Minnesota one of only four states in the country with a minimum wage lower than the national rate of \$7.25. By raising the minimum wage, the Governor and Legislature are making work pay in Minnesota.

Raising the Minimum Wage, Making Work Pay

- **Raising the Wage for More Than 325,000 Minnesotans.** Minimum wage workers have not seen a raise in nearly a decade. By increasing the minimum wage to \$9.50 per hour, hundreds of thousands of Minnesota workers will see an increase in their pay for the first time since 2005.
- **\$472 Million in New Wages.** Raising the minimum wage will put hundreds of millions of dollars in the pockets of minimum wage workers. Economists say an increase in the minimum wage is likely to be spent on basic necessities, goods, and services. An increase in consumer spending will help local businesses and boost Minnesota's growing economy.
- **Making Work Pay.** Increasing the minimum wage will raise the incomes of hundreds of thousands of Minnesotans. The Department of Human Services estimates that thousands of families enrolled in the Minnesota Family Investment Program earn less than \$9.50 an hour. Increasing the minimum wage will help these low-income families achieve greater financial independence.
- **Competing with Neighboring States.** Minnesota's previous minimum wage of \$6.15 was lower than Wisconsin, Iowa, North Dakota, and South Dakota. Only Minnesota, Arkansas, Georgia, and Wyoming had minimum wages lower than the federal minimum wage of \$7.25.
- **Lifting People Out of Poverty.** A single parent with two children working full-time for the previous minimum wage of \$6.15 per hour earned an annual salary of \$12,792. That is nearly \$7,000 below the poverty line. Raising the minimum wage to \$9.50 per hour will put another \$6,970 in that parent's pocket – helping them earn more to provide for their children.

By the Numbers

\$9.50	The minimum wage will rise to \$9.50 by 2016, and be indexed to inflation
325,000	Minnesotans who will receive a pay increase with a \$9.50 minimum wage
\$472 Million	Increase in wages earned by Minnesotans with a \$9.50 minimum wage
\$12,792	Annual income from working full-time at \$6.15 per hour

How It Works

2016	Minnesota's minimum wage increase for large employers will be phased-in over two years, rising to \$9.50 per hour by August 1, 2016
\$7.75	Small business employees, young workers earning a 90-day training wage, and workers under age 18, will earn at least \$7.75 per hour by August 1, 2016
2018	Minnesota's minimum wage will be indexed to inflation, starting in 2018

How the Law Works – Raising the Minimum Wage

The bill that will be signed into law by Governor Dayton on Monday phases-in new increases in the minimum wage over the next several years. To help small businesses, the bill also establishes lower minimum wage requirements for small employers and young workers. The following chart provides more details and a timeline describing how the new law will be implemented over the next several years.

Provision	Previous Law	New Minimum Wage Law
Large Employer Wage	\$6.15/hour	\$8.00/hour on August 1, 2014 \$9.00/hour on August 1, 2015 \$9.50/hour on August 1, 2016
Small Employer Wage	\$5.25/hour	\$6.50/hour on August 1, 2014 \$7.25/hour on August 1, 2015 \$7.75/hour on August 1, 2016
90-Day Training Wage (18 and 19 years old)	\$4.90/hour	\$6.50/hour on August 1, 2014 \$7.25/hour on August 1, 2015 \$7.75/hour on August 1, 2016
Youth Wage (Under 18 years old)	No youth wage	\$6.50/hour on August 1, 2014 \$7.25/hour on August 1, 2015 \$7.75/hour on August 1, 2016
Indexed to Inflation	No inflationary increases	Indexing begins January 1, 2018