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Minimum Wage Increases Lead to Employment Losses in Minnesota

MADISON, Wisconsin, June 20, 2018 – The Center for Research on the Wisconsin Economy (CROWE) released a [report](#) today analyzing the effects of minimum wage increases in Minnesota. The report compares data from Minnesota to Wisconsin, a state that has not increased the minimum wage since 2010.

Authored by CROWE Director Noah Williams, the policy brief illustrates that while the wage increases led to higher wages for some workers, the wage hikes were followed by lower employment among young and low-skilled workers who make up the majority of minimum wage workers. Further, employers passed on some of the higher wage costs to consumers through higher prices.

Williams explains that youth employment in Minnesota fell by 9 percent following the minimum wage increases. In Wisconsin however, youth employment increased by 10.6 percent over the same period. Youth employment losses are just one result of the minimum wage increases that Williams notes, along with a relative decline in employment at fast food restaurants, a key low wage industry, and higher prices for the products of low-skilled labor such as restaurant food.

Williams concludes that while some benefits of the increased wages are evident, “the negative impacts, affecting precisely the low-wage workers that the policy is designed to benefit, should give policymakers pause before they consider further minimum wage increases.”

[“Evidence on the Effects of Minnesota’s Minimum Wage Increases”](#) is CROWE’s fourth publication of 2018, and is available online at www.crowe.wisc.edu.

The Center for Research on the Wisconsin Economy is dedicated to supporting and disseminating economic policy research in Wisconsin and beyond. For more information about this report or CROWE, please contact Molly LaBoda at mlaboda@wisc.edu or 608-263-0741.