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# The Massachusetts Minimum Wage: Past, Present and Future

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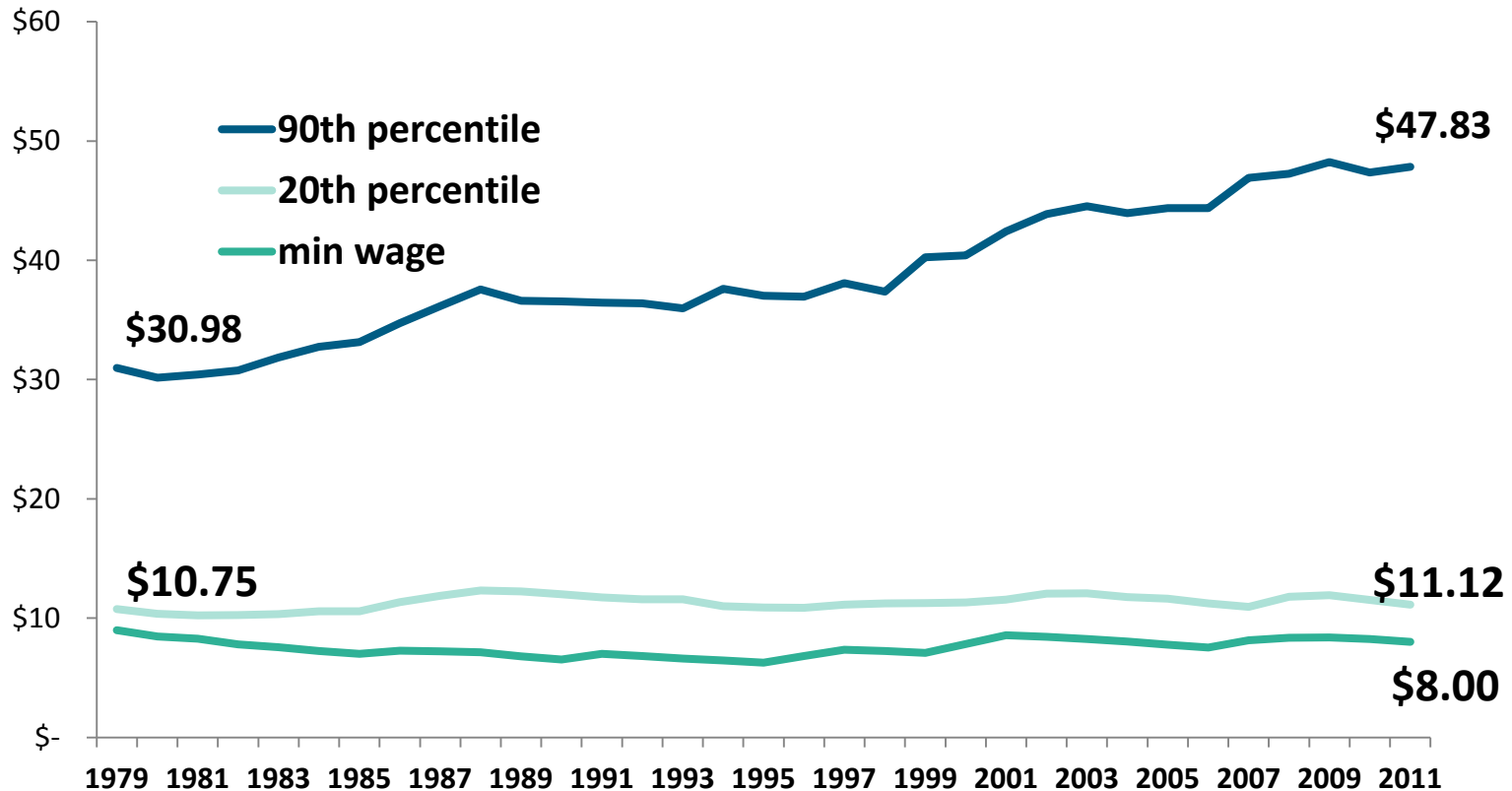
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# In 1912 Massachusetts Passed the First Minimum Wage Law in the U.S.

- March 1912: Workers in Lawrence, MA go on strike and win higher wages.
- June, 1912: Chapter 706 of the Acts of 1912 requires new wage boards in Massachusetts to set wage rates sufficient “to supply the necessary cost of living and to maintain the workers in health.”
- 1938: President Roosevelt signs the Fair Labor Standards Act establishing a national minimum wage and guaranteeing basic rights to workers.

# Wage Inequality Has Grown in Recent Decades in Massachusetts

Real Value of Hourly Wages at 20<sup>th</sup> and 90<sup>th</sup> Percentiles; Real Value of Minimum Wage (2011\$)



Source: U.S. Department of Labor; Economic Policy Institute analysis of Current Population Survey data.

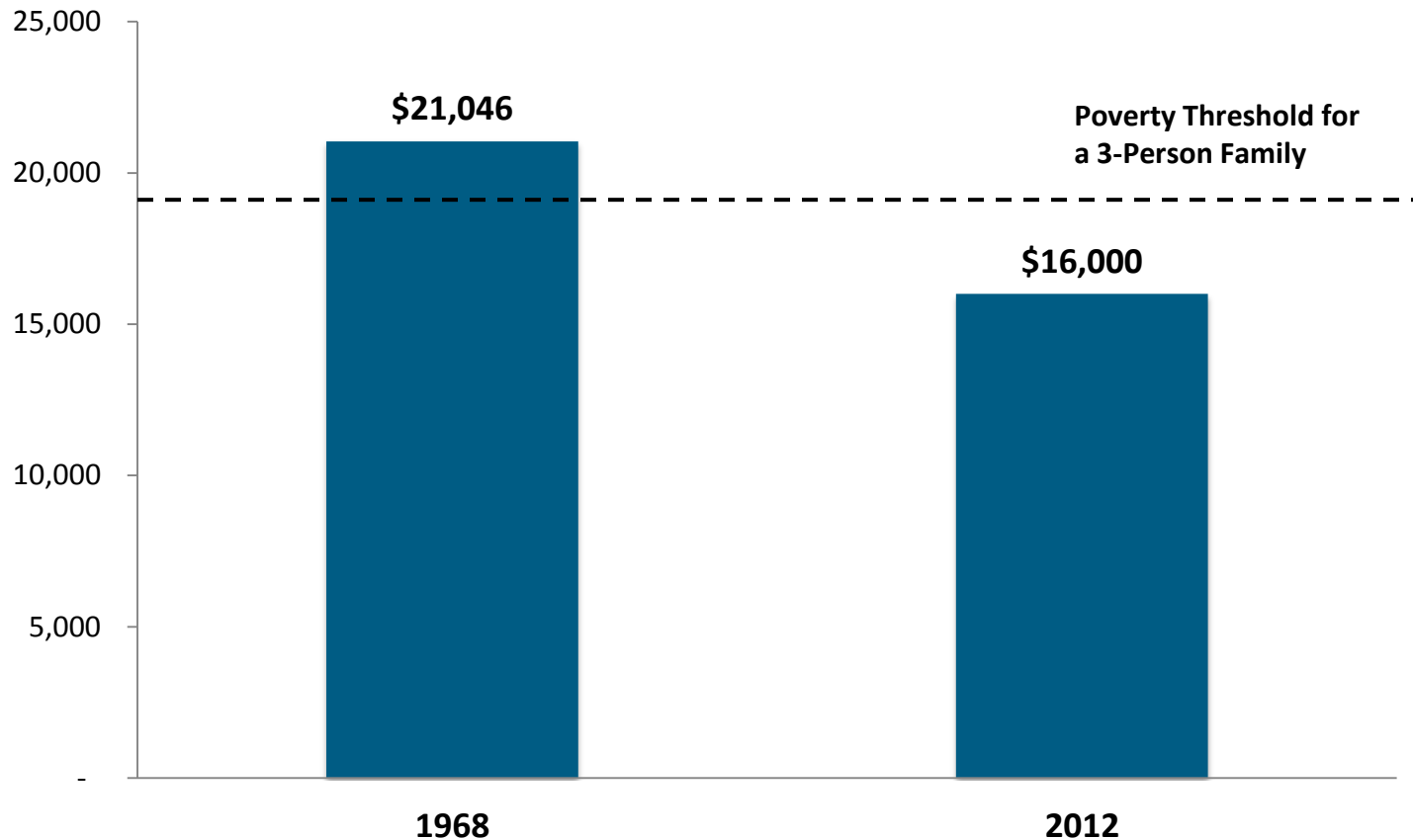
# The Real Value of the Minimum Wage Has Dropped 24 Percent Since 1968



Source: U.S. Department of Labor; Bureau of Labor Statistics. Real value calculated using the Consumer Price Index for all Urban Consumers (CPI-U); 2012-2020 values based on Congressional Budget Office projections for the CPI-U.

# A Full-Time Minimum Wage Worker Earns \$5,000 Less Today Compared to 1968

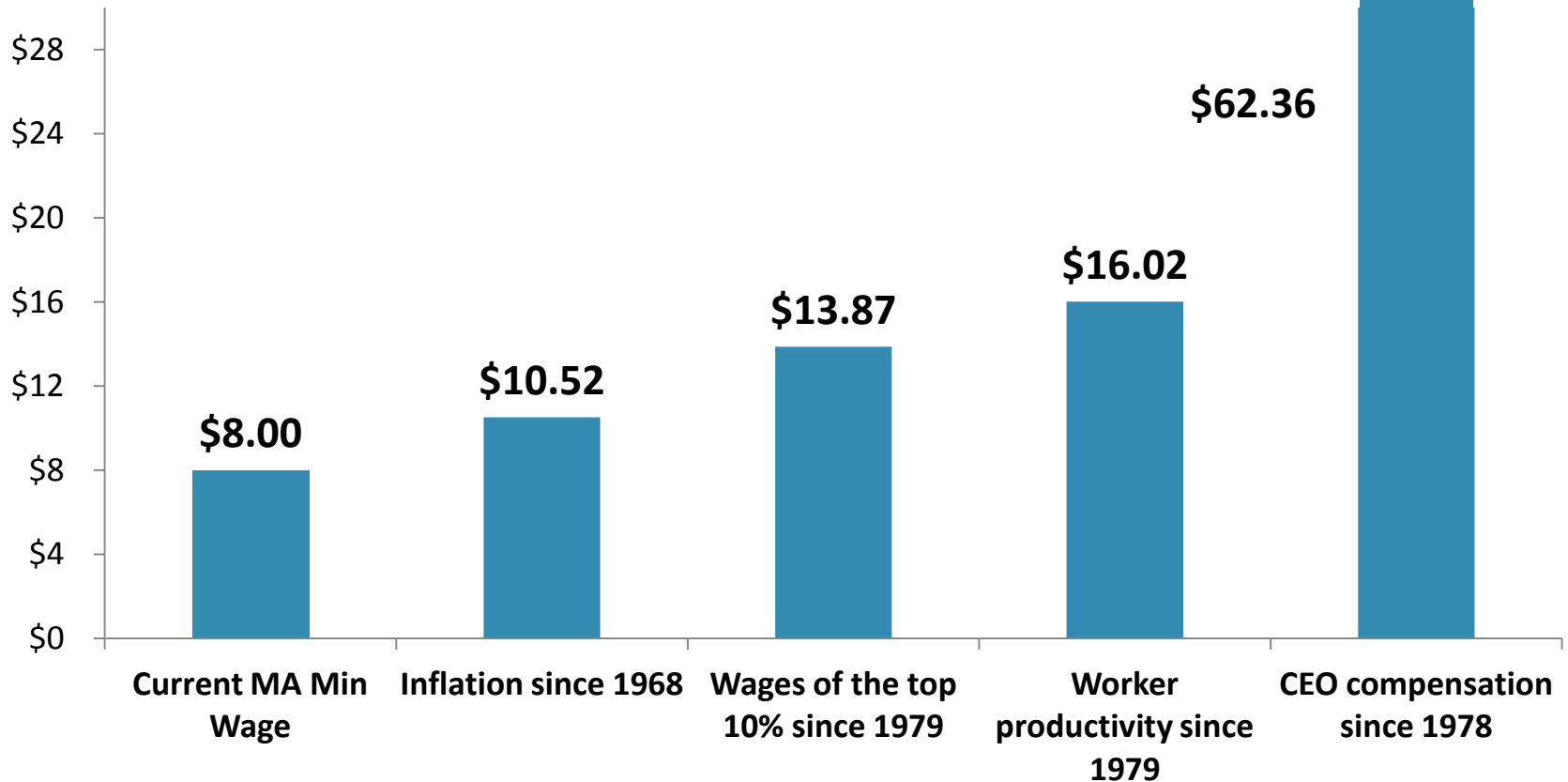
Real Value of Minimum Wage for a Full-Time Worker (2000 Hours per Year), 2012 \$



Source: U.S. Department of Labor; U.S. Census Bureau

# Minimum Wage Today if it Had Grown at the Same Rate as...

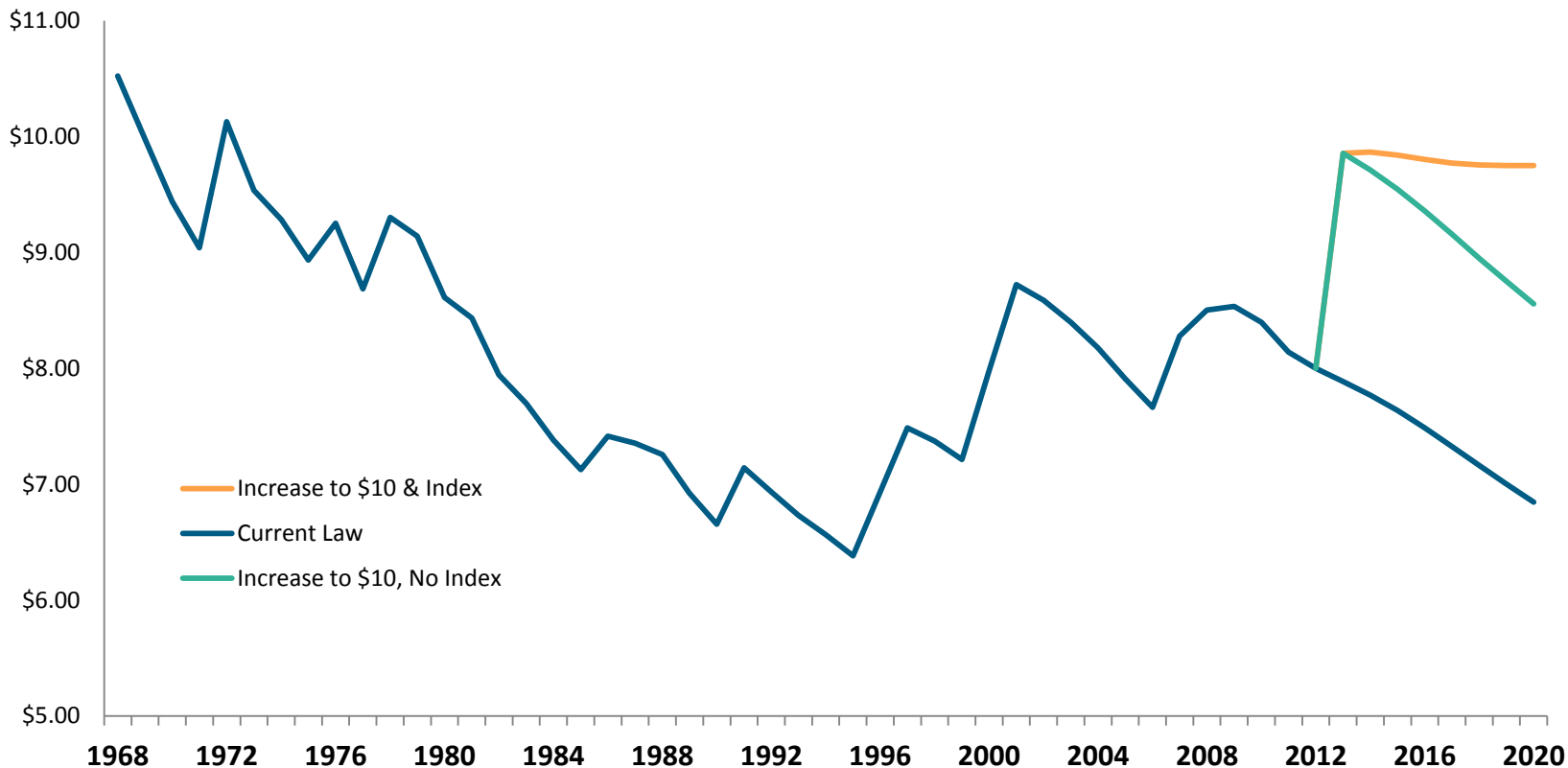
Projected 2012 Minimum Wage Using Selected Indices



Source: Bureau of Labor Statistics; Economic Policy Institute analysis of Current Population Survey and BLS data.

# Raising the Minimum Wage to \$10 Per Hour Would Help Restore its Value

Real Value of the Massachusetts Minimum Wage (actual 1968-2011; projected 2012-2020)



Source: U.S. Department of Labor; MassBudget calculations for 2012-2020 based on Congressional Budget Office projections for

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# Minimum Wage Increases Have Two Effects

- **Direct Effect:**

Workers who earn below the new minimum wage will receive an automatic raise when the increase takes effect.

- **Indirect Effect:**

Workers who earn slightly above the new minimum wage will receive pay increases as the wage floor adjusts upward.



# Increasing the Minimum Wage to \$10 Will Affect One in Five MA Workers

- 325,000 Directly Affected
- \$2,078 Average Increase
- 256,000 Indirectly Affected
- \$580 Average Increase



Source: Economic Policy Institute projections based on 2010 Current Population Survey data

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# More than Half the Workers Affected by a Minimum Wage Increase Are Women

## **Directly Affected by Increase to \$10:**

- 186,000 women
- \$2,021 average per year

## **Indirectly Affected by Increase to \$10:**

- 141,000 women
- \$527 average per year

Source: Economic Policy Institute analysis of Current Population Survey

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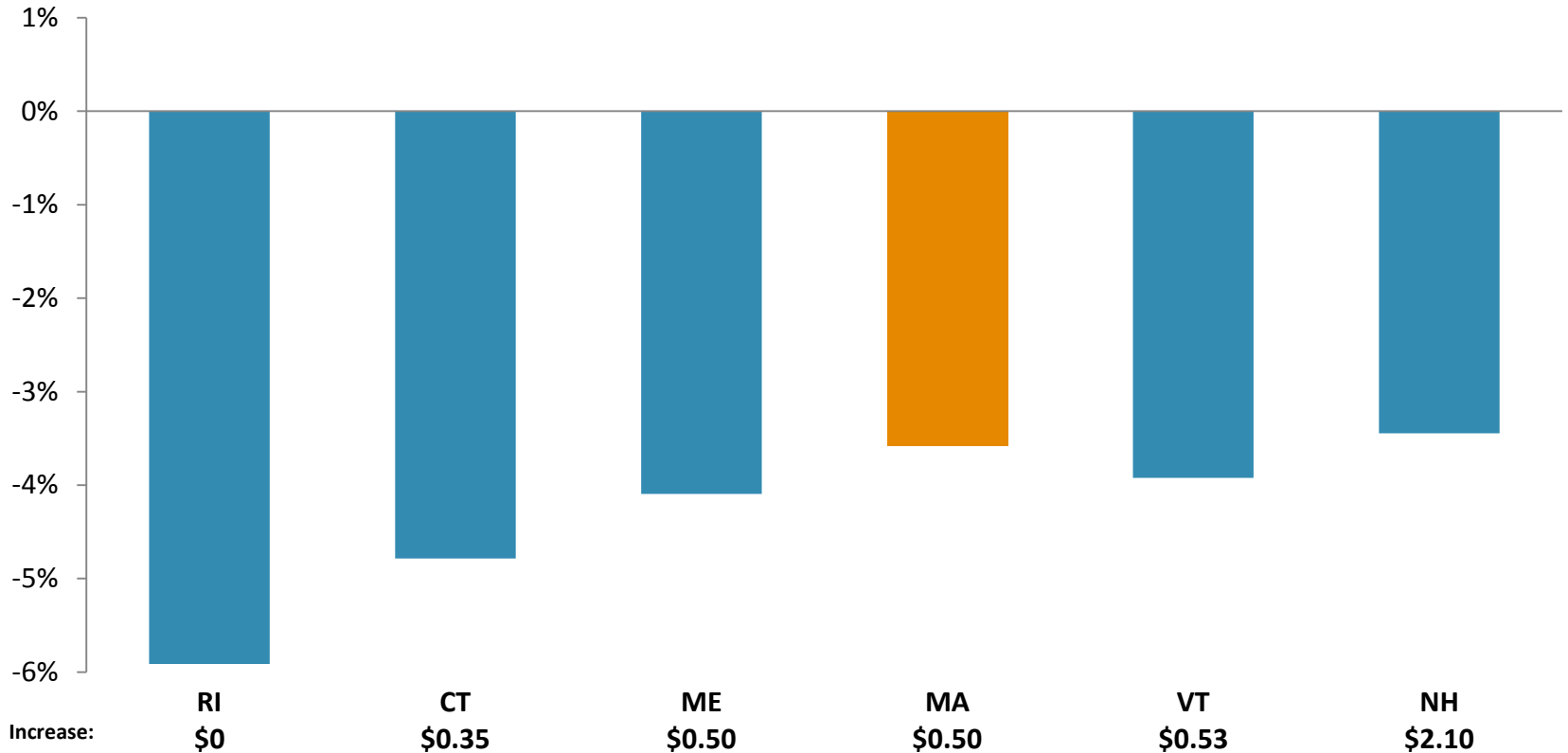
# One in Four Workers Who Will Receive a Pay Increase Has Children

- About 277,000 children have a parent who will be affected by a minimum wage increase.
- About 46,000 children affected by a minimum wage increase live in households below the poverty threshold.

Source: Economic Policy Institute analysis of Current Population Survey

# Size of Wage Increase Did Not Determine Job Loss in Recent Recession

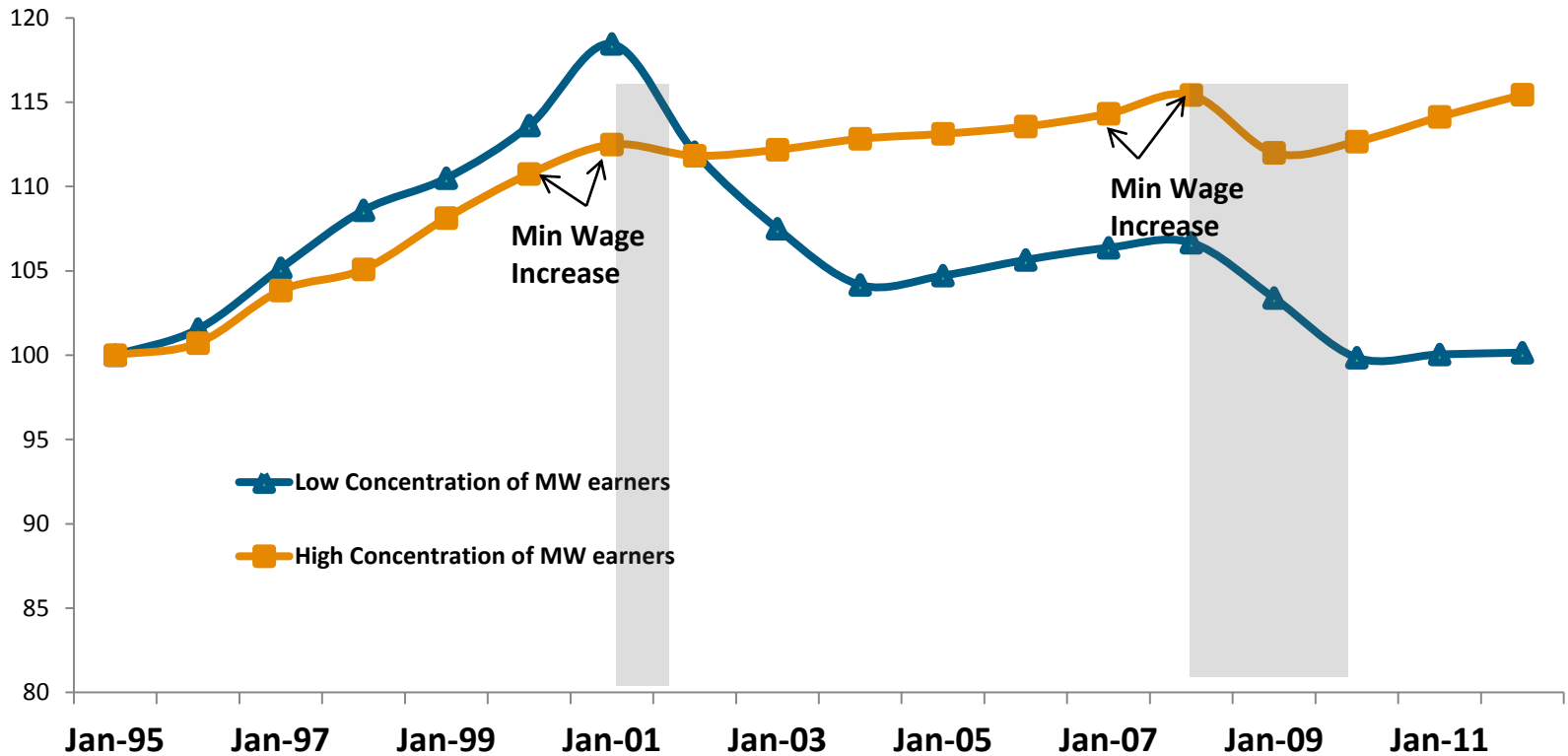
Change in non-farm employment December, 2007-June, 2009, ranked by size of minimum wage increase



Source: EPI analysis of Bureau of Labor Statistics data; Department of Labor data on minimum wage levels; increase in state minimum wage between January, 2007 and January, 2009.

# Low Wage Jobs Have Grown Faster than High-Wage Jobs

Index of change in employment level by industry type as of each January, 1995-2012 (January 1995 = 100); shaded areas denote recession



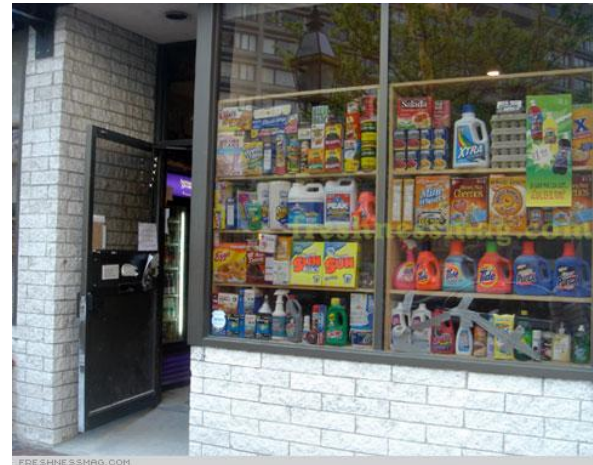
Source: Economic Policy Institute Analysis of Current Employment Statistics survey data. High concentration industries include Retail Trade, Leisure and Hospitality and Other Services; Low concentration industries include Manufacturing, Construction, Transportation & Utilities, Information, Financial Activities, Professional & Business

# Economic Policy Institute Model Projects Stimulus Effect

- 581,000 workers earn higher wages

Additional spending  
=  
More demand for local  
goods and services

More demand leads =  
New hiring



- Result: ~4,500 new jobs in Massachusetts

Source: "A Massachusetts minimum-wage increase would help working families and generate jobs" (Economic Policy Institute, August, 2012)

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# Big Businesses Employ the Majority of Low-Wage Workers

- Two-thirds of low wage workers in the U.S. work for a corporation with over 100 employees.
- In Massachusetts only 17 percent of workers at all wage levels are employed in a business with 20 or fewer employees.
- Compensation for executives at 50 largest low-wage employers in the U.S. averaged \$9.4 million last year.

Source: National Employment Law Project; MassBudget analysis of Census data

"At Costco, we know good wages are good business. We keep our overhead low while still paying a starting wage of \$11 an hour. Our employees are a big reason why our sales per square foot is almost double that of our nearest competitor. Instead of minimizing wages, we know it's a lot more profitable for the long term to minimize employee turnover and maximize employee productivity and commitment, product value, customer service and company reputation."

-Costco Senior Vice President Jeff Long

Statement Urging Passage of New York Minimum Wage Increase, May 24, 2012

<http://www.businessforsharedprosperity.org/content/costco-greater-ny-chamber-eileen-fisher-hopstop-small-business-owners-urge-minimum-wage-incr>