

Newsroom

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Minnesota's Minimum Wage Increases Today

August 1, 2016

Increase to \$9.50 an hour is the final annual increase under 2014 law

Beginning in 2018, state minimum wage will adjust with inflation to ensure incomes adjust to the cost of living

ST. PAUL, MN – More than 287,000 of Minnesota's lowest-wage workers will get a raise today, when the state's large employer minimum-wage rises to \$9.50 an hour on August 1, 2016. In April 2014, Governor Mark Dayton signed a bill into law raising Minnesota's minimum wage for the first time in a decade, increasing incomes for hardworking families across Minnesota. This is the state's final of three annual minimum wage increases under the 2014 law. The legislation also indexes the minimum wage to inflation beginning January 2018, to ensure Minnesotans' incomes keep up with the cost of living.

"In 2014, I worked with the Legislature to raise the minimum wage in Minnesota. This year, that law takes full effect, improving the lives of more than 287,000 Minnesotans and their families," said Governor Dayton. **"All Minnesotans who work full time should earn enough to lift their families out of poverty and lead full lives."**

"Today, nearly 300,000 hardworking Minnesotans will see their incomes increase, putting more money in the pockets of families paying for child care, groceries and a roof over their heads," said Lt. Governor Tina Smith. **"But we have more work to do to build an economy that works for all Minnesotans, everywhere in our state, not just those already at the top. More than half of minimum-wage workers are women; raising the minimum wage improves the lives of thousands of Minnesota families."**

Before the legislation took effect, Minnesota had one of the lowest minimum wages in the nation – lower than neighboring Wisconsin, Iowa, North Dakota, and South Dakota. In fact, Minnesota's minimum wage, at \$6.15 per hour, was one of only four states in the country with a minimum wage below the national rate of \$7.25 per hour.

Raising the state's minimum wage is expected to help lift many Minnesotans out of poverty. Under the previous minimum wage of \$6.15 per hour, a single parent with two children working full-time earned an annual salary of just \$12,792. That is \$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 family.

"This is good news for Minnesota's lowest-wage workers and will help them earn more to provide for their families," said Ken Peterson, commissioner, Minnesota Department of Labor and Industry.

Raising the minimum wage to \$9.50 per hour will put an estimated \$472 million in additional wages in the pockets of Minnesota's lowest-wage workers each year. Many economists agree that when minimum wage workers get a raise, they often spend those new wages on basic necessities, goods, and services. That increase in consumer spending is expected to help local businesses in communities across our state, and provide another boost to Minnesota's growing economy.

How the Law Works – Raising the Minimum Wage

The bill signed into law by Governor Dayton in 2014 phases-in new increases in the minimum wage over several years. To help small businesses, the bill also established 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. Starting in 2018, Minnesota's minimum wage will be indexed to inflation to help ensure Minnesotans' wages keep up with the cost of living. For more information, visit [the Department of Labor and Industry website \(http://www.dli.mn.gov/MinWage\)](http://www.dli.mn.gov/MinWage).

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

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