

## South Dakota Increased Minimum Wage, Initiated Measure 18 (2014)



The **South Dakota Increased Minimum Wage, Initiated Measure 18** was on the November 4, 2014 ballot in South Dakota as an initiated state statute, where it was **approved**.<sup>[1]</sup>

The measure increased the minimum wage from \$7.25 per hour to \$8.50 per hour beginning January 1, 2015, and it guaranteed an increase in the minimum wage each year after to account for inflation. Additionally, the measure set tipped employees' wage at half that of the minimum wage, raising their hourly pay from \$2.13 to \$4.25.

The measure was sponsored by the South Dakota Democratic Party, as well as some labor unions.<sup>[2]</sup>

### Election results

Below are the official, certified election results:

South Dakota Measure 18		
Result	Votes	Percentage
<span style="color: green;">✔</span> <b>Yes</b>	<b>150,819</b>	<b>55.05%</b>
No	123,167	44.95%

Election results via: South Dakota Secretary of State Office

### Text of measure

#### Ballot title

The ballot title was as follows:<sup>[3]</sup>

“ An initiated measure to increase the state minimum wage.  
[4] ”

#### Ballot summary

The ballot summary was as follows:<sup>[3]</sup>

“ The initiated measure amends state law to raise South Dakota's hourly minimum wage for non-tipped employees from \$7.25 to \$8.50 per hour, effective January 1, 2015. Thereafter, this minimum wage will be annually adjusted by any increase in the cost of living. The cost of living increase is measured by the change in the Consumer Price Index published by the U.S. Department of Labor. In no case may the minimum wage be decreased.

In addition, the hourly minimum wage for tipped employees will be half the minimum wage for non-tipped employees as adjusted by any cost of living increase described above.

These increases would apply to all employers in South Dakota, with limited exceptions. [4]

#### Full text

The full text of the measure was as follows:<sup>[3]</sup>

“ FOR AN ACT ENTITLED, "An Act to increase the state minimum wage and to provide for future cost of living increases."

BE IT ENACTED BY THE PEOPLE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 60-11-3 be amended to read as follows:

60-11-3. Every employer shall pay to each employee wages at a rate of not less than ~~seven eight~~ **eight** dollars and ~~twenty five fifty~~ **twenty five** cents an hour. Violation of this section is a Class 2 misdemeanor.

#### Initiated Measure 18



**Type** initiated state statute

**Origin** Citizens

**Topic** Minimum wage

**Status** Approved ✔

#### 2014 measures



#### November 4

Initiated Measure 17 ✔

Initiated Measure 18 ✔

Amendment Q ✔

#### Polls

The provisions of this section do not apply to certain employees being paid an opportunity wage pursuant to § 60-11-4.1, babysitters, or outside salespersons. The provisions of this section also do not apply to employees employed by an amusement or recreational establishment, and organized camp, or a religious or nonprofit educational conference center if one of the following apply:

- (1) The establishment, camp, or center does not operate for more than seven months in any calendar year; or
- (2) During the preceding calendar year, the average receipts of the establishment, camp, or center for any six months of the calendar year were not more than thirty-three and one-third percent of its average receipts for the other six months of the year.

Section 2. That § 60-11-3.1 be amended to read as follows:

60-11-3.1. Any employer of a tipped employee shall pay a cash wage of not less than ~~two dollars and thirteen cents an hour~~ fifty percent of the minimum wage provided by § 60-11-3 if the employer claims a tip credit against the employer's minimum wage obligation. If an employee's tips combined with the employer's cash wage of not less than ~~two dollars and thirteen cents an hour~~ fifty percent of the minimum wage provided by § 60-11-3 do not equal the minimum ~~hourly~~ wage, the employer shall make up the difference as additional wages for each regular pay period of the employer.

A tipped employee is one engaged in an occupation in which the employee customarily and regularly receives more than thirty-five dollars a month in tips or other considerations.

This section does not apply to babysitters or outside salespersons. This section also does not apply to employees employed by an amusement or recreational establishment, an organized camp, or a religious or nonprofit educational conference center if one of the following apply:

- (1) The establishment, camp, or center does not operate for more than seven months in any calendar year; or
- (2) During the preceding calendar year, the average receipts of the establishment, camp, or center for any six months of the calendar year were not more than thirty-three and one-third percent of its average receipts for the other six months of the year.

Section 3. That chapter 60-11 be amended by adding thereto a NEW SECTION to read as follows:

Beginning January 1, 2016, and again on January 1 of each year thereafter, the minimum wage provided by § 60-11-3 shall be adjusted by the increase, if any, in the cost of living. The increase in the cost of living shall be measured by the percentage increase as of August of the immediately preceding year over the level as measured as of August of the previous year of the Consumer Price Index (all urban consumers, U.S. city average for all items) or its successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase, if any, rounded up to the nearest five cents. In no case shall the minimum wage be decreased. The Secretary of the South Dakota Department of Labor and Regulation or its designee shall publish the adjusted minimum wage rate for the forthcoming year on its internet home page by October 15 of each year, and it shall become effective on January 1 of the forthcoming year.

Section 4. The provisions of Section 1 and Section 2 of this Act are effective January 1, 2015. <sup>[4]</sup>

## Background

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Prior to Measure 18's approval, the hourly minimum wage in South Dakota was \$7.25, the same as the federal minimum wage. In the past, the state's minimum wage had been raised in congruence with that at the federal level. The legislature traditionally opposed raising the minimum wage above the federal one.<sup>[5][2]</sup>

### 2014 minimum wages

Below is a chart detailing the minimum wage in all fifty states, plus the District of Columbia, as of 2014:

State	2014 Minimum wage	State	2014 Minimum wage
Alabama	\$7.25 <sup>[6]</sup>	Nebraska	\$7.25
Alaska	\$7.75	Nevada	\$8.25
Arizona	\$7.90	New Hampshire	\$7.25
Arkansas	\$6.25 <sup>[7]</sup>	New Jersey	\$8.25
California	\$9.00	New Mexico	\$7.50
Colorado	\$8.00	New York	\$8.00
Connecticut	\$8.70	North Carolina	\$7.25
Delaware	\$7.75	North Dakota	\$7.25
Florida	\$7.93	Ohio	\$7.95
Georgia	\$5.15 <sup>[7]</sup>	Oklahoma	\$7.25
Hawaii	\$7.25	Oregon	\$9.10
Idaho	\$7.25	Pennsylvania	\$7.25
Illinois	\$8.25	Rhode Island	\$8.00
Indiana	\$7.25	South Carolina	\$7.25 <sup>[6]</sup>
Iowa	\$7.25	South Dakota	\$7.25
Kansas	\$7.25	Tennessee	\$7.25 <sup>[6]</sup>
Kentucky	\$7.25	Texas	\$7.25
Louisiana	\$7.25 <sup>[6]</sup>	Utah	\$7.25
Maine	\$7.50	Vermont	\$8.73
Maryland	\$7.25	Virginia	\$7.25
Massachusetts	\$8.00	Washington	\$9.32
Michigan	\$7.40	West Virginia	\$7.25
Minnesota	\$8.00	Wisconsin	\$7.25
Mississippi	\$7.25 <sup>[6]</sup>	Wyoming	\$5.15 <sup>[7]</sup>
Missouri	\$7.50	Washington, D.C.	\$9.50
Montana	\$7.90		

## 2014 ballot measures

Voters in four states - Alaska, Arkansas, Nebraska and South Dakota - voted to raise their state's minimum wage at the November 4, 2014, general election. All four were approved. The following table shows what minimum wage rates were implemented in these states.

State	Measure	2014 Wage	2015 Increase	2016 Increase	2017 Increase
Alaska	Alaska Ballot Measure 3	\$7.75	\$8.75	\$9.75	N/A
Arkansas	Arkansas Issue 5	\$6.25	\$7.50	\$8.00	\$8.50
Nebraska	Nebraska Initiative 425	\$7.25	\$8.00	\$9.00	N/A
South Dakota	South Dakota Initiated Measure 18	\$7.25	\$8.50	Based on inflation	N/A

## Support

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### Supporters

- South Dakota Democratic Party<sup>[8]</sup>
- AFL-CIO

### Arguments

- Mark Anderson, President of the South Dakota AFL-CIO, argued, "South Dakota's one of the lowest-wage states in the country. We've made every attempt we could possibly do to make it friendly for businesses. Now I think it's time we make it friendly for workers. And this is a good start."<sup>[8]</sup>
- The South Dakota Democratic Party's Executive Director, Zach Crago, stated, "It's common knowledge that people with more money in their pockets will spend that at businesses across South Dakota. That's money that will ripple through our economy and create opportunities for all people."

The following arguments were submitted in favor of Measure 18:<sup>[9]</sup>

“ Here’s why voters should say YES on Initiated Measure 18 on Tuesday, November 4th, 2014: Raising the minimum wage means South Dakota is...

**Valuing hard work.** South Dakotans show up, work hard, and never quit until the job is done. But many South Dakotans aren’t getting paid a fair wage for their unflinching work ethic. It’s time to reward hard work with an honest wage. **Putting money in the pockets of hard working people who grow our economy.** Workers with more money will spend it on the things their families need everyday. That boosts demand at small businesses and grows the economy. And a lot of those workers will be lifted out of poverty and off government assistance too. **Promoting economic fairness.** At a time when wages have stagnated and CEO pay is 331 times higher than the average American worker, South Dakotans want an economy that works for everyone.

Initiated Measure 18 is going to make a huge difference for working South Dakotans. According to an analysis of the 2012 Current Population Survey,

- **62,000** South Dakotans will earn more if voters pass Initiated Measure 18.
- **78%** of those folks are over the age of 20, often with a family to support.
- **56%** of those who benefit are women.

Raising the minimum wage helps working families without negative impacts on employment. The most comprehensive research shows that raising the minimum wage has no adverse impact on employment. In fact, states that raised the minimum wage in 2014 actually saw faster job growth. With the soaring cost of food, gas, and housing since the last minimum wage increase five years ago, South Dakota families are working harder and harder just to make ends meet. But this year, voters can do something about it. Please vote YES on Initiated Measure 18 to raise the minimum wage. [4]

—Mike Anderson, Chair of the Raise South Dakota ballot question<sup>[9]</sup>

## Campaign contributions

As of December 1, 2014, campaign contributions in support of the initiative totaled:<sup>[10]</sup>

### PAC info:

PAC	Amount raised	Amount spent
Raise South Dakota	\$85,550.00	\$52,397.55
Give South Dakota a Raise	\$0.00	\$0.00
<b>Total</b>	<b>\$85,550.00</b>	<b>\$52,397.55</b>

### Top contributors:

Donor	Amount
Tim Johnson for South Dakota	\$30,000
Carol Goldberg Brown	\$25,000
Henry Goldberg	\$25,000
SDEA/NEA	\$5,000

## Opposition

### Opponents

- Gov. Dennis Daugaard (R)<sup>[8]</sup>
- South Dakota Chamber of Commerce and Industry
- Rapid City Area Chamber of Commerce<sup>[11]</sup>

### Arguments

- Gov. Dennis Daugaard (R) said, “This issue should be based on economics, not politics. There needs to be an analysis of how many jobs would be lost.”<sup>[8]</sup>

The following arguments were submitted in opposition to Measure 18:<sup>[9]</sup>

“ Initiated Measure 18 goes too far.

It mandates a 17% hike in January, making South Dakota’s minimum wage higher than 43 other states. But it doesn’t end there. IM18 mandates another increase every single year, forever, based on economies in other states, even if South Dakota’s economy doesn’t do well.

The unintended consequences of a mandated minimum wage increase every single year would hurt the workers and families it proposes to help.

- Experienced workers may not get the raises they deserve as employers are forced to pay entry level and unskilled workers more each year.
- Many employers would be forced to eliminate part-time jobs and combine those duties with those of higher skilled workers.
- Worker benefits at all levels could be reduced.
- Young and unskilled workers will have a harder time getting jobs - and lose the chance to gain valuable work experience.
- Prices will go up for goods and services - including essentials such as food and clothing - on all families, including unskilled entry level workers.

This mandate would hit small towns the hardest. As prices go up to cover increased operating costs, it drives customers elsewhere.

Employers who can afford it are already paying more than the minimum wage to attract and keep employees in a competitive market.

Initiated Measure goes too far and would hurt those it proposes to help.

Vote NO to another "forever" government mandate! <sup>[4]</sup>

—Shawn Lyons, South Dakota Retailers Association and Michael Held, South Dakota Farm Bureau<sup>[9]</sup>

## Reports and analyses

*See also: Minimum wage reports and analyses*

The following studies are only a small sample of available research on the minimum wage. A broader overview of each study below is available here.

### Neutral findings

- **Congressional Budget Office:** In a February 2014 report, the CBO concluded that unemployment would rise, but the poverty rate would fall if the federal minimum wage were raised to \$9.00 or \$10.10. A \$9 minimum wage would reduce employment by 100,000 or 0.06 percent, but 7.6 million workers would see their wages increase. A \$10.10 minimum wage would reduce employment by 500,000 or 0.3 percent, but 16.5 million workers would see their wages increase.<sup>[12]</sup>
- **South Dakota Budget and Policy Institute:** In a September 2014 report, the nonpartisan organization, SDBPI concluded that roughly one out of six (17.3%) employed South Dakotans would see wage increases, the majority of whom have completed high school or college. The report showed that one out of seven (13.8%) children in South Dakota will have at least one parent who is affected by the increase, and that among affected workers with children, their wages are the sole source of income 24% of the time. Of the affected workers, two-thirds lived in households with incomes below the state's median household income. The study estimated that workers in service occupations, particularly in the retail, hospitality and healthcare industries, will be most affected by the increase. The report also concluded that South Dakota could lose 357 jobs due to the increase.<sup>[13][14]</sup>

### Findings in support

- **Economic Policy Institute:** In *Raising America's Pay: Why It's Our Central Economic Policy Challenge*, EPI economists concluded that despite increasing economic productivity, wages for most workers had stagnated or declined since 1979. They said this had occurred for four reasons: (1) Policies that reduced the bargaining power of workers and boosted the bargaining powers of "capital owners and corporate managers;" (2) the globalizing influence of free trade agreements; (3) "[T]he dramatic drop in top tax rates since the late 1970s;" and (4) the Federal Reserve Board's emphasis on decreasing inflation, rather than decreasing unemployment. The study called for both redistribution and predistribution in attempts to increase wages. By "redistribution," the authors meant "taxes and transfers," and by "predistribution," they meant "policies that impact the wages workers receive in the labor market," such as the minimum wage.<sup>[15]</sup>
- **Institute for Research and Labor Employment:** The study looked at minimum wage differences between contiguous counties located in different states. These counties represented good control groups, according to the authors, since there was a difference in base wages between them, but many similar characteristics as well. By looking at counties across a 15 year timespan, the authors concluded that "these estimates suggest no detectable employment losses from the kind of minimum wage increases we have seen in the United States."<sup>[16]</sup>



### Findings in opposition

- **Employment Policies Institute:** Economist Bradley R. Schiller examined "employment and family income of minimum wage workers between the ages of 33 and 50, in the years between 1998 and 2006 when the federal minimum wage was unchanged at \$5.15 an hour." He found that "concern about the ability of minimum wage employment to provide income support for families is exaggerated. Few adult minimum wage workers have families to support. And those adult minimum wage workers who do have families get substantial income from spousal employment."<sup>[17]</sup>
- **National Bureau of Economic Research:** *Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research* was a review of the literature on minimum wage. David Neumark and William Wascher, the authors, concluded that a "sizable majority" of studies "give a relatively consistent (although not always statistically significant) indication of negative employment effects of minimum wages." Neumark and Wascher expressed particular concern with disemployment effects on low-skilled workers. They said when research focused on this group, "evidence for disemployment effects seems especially strong."<sup>[18]</sup>

## Media editorial positions

See also: *Endorsements of South Dakota ballot measures, 2014*

### Opposition

- The **Rapid City Journal** said,

“ While in our hearts we'd like most workers to be paid more, especially those close to the minimum wage, we don't feel that wage and salary issues should be dictated by voters. Of course, there is already a federal minimum wage to protect against outright exploitation of workers. And in general, the free market tends to do a good job of managing who gets paid what. Further, forcing employers to pay more to their lowest-skilled employees could lead to less overall hiring, which isn't good for anyone. We urge a "no" vote on IM 18.<sup>[4]</sup>

—*Rapid City Journal*<sup>[19]</sup>

- The **Argus Leader** said,

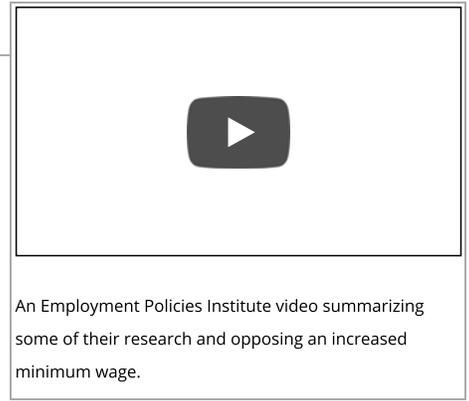
“ It is easy to see that a pay hike of any kind would benefit workers now living near the poverty line. Paying more to those workers is the right thing to do, and employers should look at those rates annually.

But there is a better way to achieve a raise in the minimum wage. The state's leaders need to tackle this problem. We urge legislators and the governor to act to raise the minimum wage as soon as possible.

Initiated Measure 18 is a well-intended proposal, but as written, it is not the right solution to the problem.

For that reason, we recommend a No vote on Initiative 18.<sup>[4]</sup>

—*Argus Leader*<sup>[20]</sup>



## Polls

See also: *Polls, 2014 ballot measures*

South Dakota Initiated Measure 18 (2014)						[hide]
Poll	Support	Oppose	Undecided	Margin of Error	Sample Size	
SurveyUSA 10/21/2014-10/26/2014	60%	28%	13%	+/-4	611	

*Note: A "0%" finding means the candidate was not a part of the poll. The polls above may not reflect all polls that have been conducted in this race. Those displayed are a random sampling chosen by Ballotpedia staff. If you would like to nominate another poll for inclusion in the table, send an email to editor@ballotpedia.org.*

## Path to the ballot

See also: *Laws governing the initiative process in South Dakota*

Supporters were required to collect a minimum of 15,854 valid signatures by November 4, 2013, for the measure to appear on the November 2014 ballot, as planned.<sup>[2]</sup> Enough signatures were successfully collected and submitted; therefore, the measure appeared on the 2014 ballot.

## Similar measures

The following measures related to minimum wage increases were proposed for the general election ballot in November:

- Alaska Minimum Wage Increase, Ballot Measure 3 (2014) ✔
- Arkansas Minimum Wage Initiative (2014) ✔
- California Minimum Wage Increase Initiative (2014) ✘
- Idaho Minimum Wage Initiative (2014) ✘
- Illinois Minimum Wage Increase Question (2014) ✔
- Louisiana State Minimum Wage Amendment (2014) ✘
- Massachusetts Minimum Wage Increase Initiative (2014) ✘
- Michigan Minimum Wage Initiative (2014) ✘
- Minnesota Inflation Adjusted Minimum Wage Amendment (2014) ✘
- Missouri Minimum Wage Initiative (2014) ✘
- Nebraska Minimum Wage Increase, Initiative 425 (2014) ✔
- New Mexico Minimum Wage Amendment (2014) ✘
- South Dakota Increased Minimum Wage, Initiated Measure 18 (2014) ✔
- Washington Uniform Minimum Wage Measure, Initiative 1358 (2014) ✘
- Washington D.C. Minimum Wage Initiative (2014) ✘

## See also

- South Dakota 2014 ballot measures



- 2014 ballot measures

## Footnotes

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1. *Sioux Falls Business Journal*, "Petitions submitted to let voters decide on wages," November 4, 2013
2. *The Kansas City Star*, "SD Demos plan ballot measure to boost minimum wage," July 17, 2013 (*dead link*)
3. *South Dakota Secretary of State*, "Initiated Measure Attorney General's Statement," accessed September 26, 2014
4. *Note: This text is quoted verbatim from the original source. Any inconsistencies are attributed to the original source.*
5. *Minimum-wage.org*, "South Dakota Minimum Wage 2012, 2013," accessed July 23, 2013
6. *Alabama, Louisiana, Mississippi, South Carolina and Tennessee do not have a state minimum wage requirement, so the federal wage of \$7.25 is applied.*
7. *Arkansas, Georgia and Wyoming all have state minimum wages that are less than the federal minimum wage. When state minimum wage is less than the current federal wage of \$7.25, the federal rate supersedes the state wage.*
8. *Argus Leader*, "Voters might have chance to boost South Dakota's minimum wage," July 17, 2013
9. *South Dakota Secretary of State*, "2014 Ballot Questions," accessed October 24, 2014
10. *South Dakota Secretary of State*, "Ballot Question Finance Reports," accessed October 22, 2014
11. *KEVN*, "Initiated Measure 18, a closer look at raising minimum wage," October 23, 2014

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