

**COWS** | High Road  
Strategy Center

# CAN'T SURVIVE ON \$7.25

Higher Minimum Wages for Working Wisconsin



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## Acknowledgments

**CAN'T SURVIVE ON \$7.25** is a product of “EARN in the Midwest” project in Wisconsin. The Wisconsin project brings together COWS | High Road Strategy Center, Milwaukee Area Service and Hospitality Workers Organization (MASH), and Kids Forward to build worker leadership and develop policy resources and analysis for the city of Milwaukee and the state at large. Wisconsin’s EARN in the Midwest is part of a broader project supported by the EARN Network at the Economic Policy Institute and funded by the Robert Wood Johnson Foundation.

This report is also a product of the Worker-Centered Policies for an Equitable Recovery (WCPER) grant project in Wisconsin. This project is headed by Kids Forward, an anti-racist statewide policy center that advocates for the well-being of children and families living in Wisconsin. The project brings together partner organizations across the state to develop a community-reflective, anti-austerity state policy agenda that reflects the needs of communities of color and low-income workers. The Wisconsin WCPER grant project is part of a broader project supported by the EARN Network at the Economic Policy Institute.

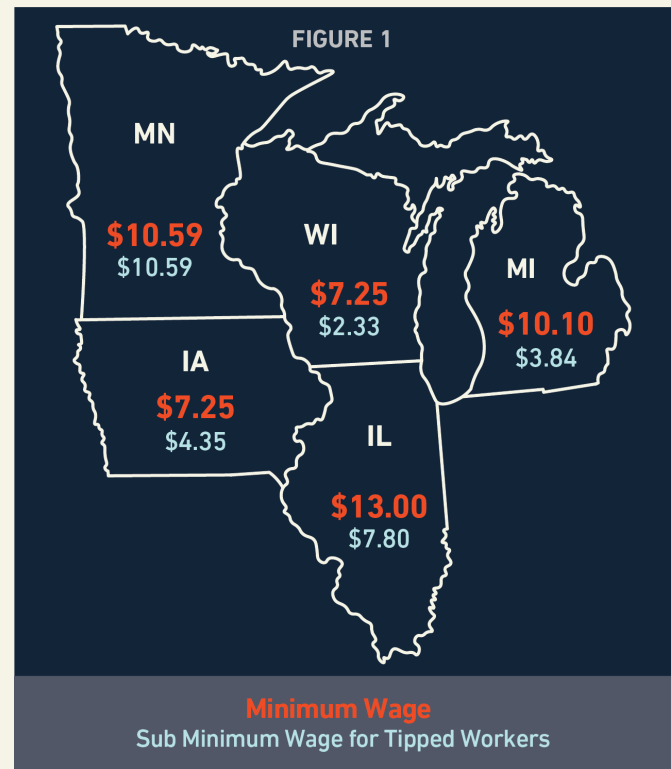
## Introduction

For 15 years, Wisconsin's minimum wage has been stuck at the federal minimum level of \$7.25, which has not been raised since 2009. Every year, inflation eats away at its value. This paltry standard is becoming less relevant as a labor market floor and has no credibility as a living wage. Recent evidence of high corporate profits of low-wage employers adds insult to the injury.

Though Wisconsin has failed to raise the wage floor, raising the minimum wage consistently proves to be a popular economic policy. This is true in conservative states as well as liberal ones. Currently, 28 states – including all of Wisconsin's neighbors except Iowa – have raised their minimum wages above the federal floor. Even in conservative states, higher minimum wages win on the ballot. This was evident in 2020, when both Donald Trump and a \$15 minimum wage won a majority of votes in Florida.

Because of Wisconsin's failure to raise the wage floor, low-wage workers are falling behind. Figure 1 provides current minimum wages for all states surrounding Wisconsin and shows that Wisconsin's minimum wages are the lowest. The minimum wage is \$13.00 in Illinois and above \$10 in both Minnesota and Michigan. Of all states that Wisconsin shares a border with, only Iowa has the \$7.25 minimum wage. And for workers who are tipped, Wisconsin has the lowest wage of all at just \$2.33 per hour.

Despite strong popular support for higher wages, Wisconsin's lowest wage workers are still being left behind by state policy makers. The minimum wage, and its enforcement, are essential to strong standards in labor markets. Unfortunately, some Wisconsin policy makers are more interested in eliminating labor standards. This year, Wisconsin has attracted national media attention for proposals to weaken child labor protections and



*EPI Minimum Wage Tracker*

the legislature continues to reduce workers' access to Wisconsin's Unemployment Insurance system.

Strong and enforced labor standards are especially important to level the playing field **between employers**. Many are already paying higher wages, but some employers are on the low-road, ignoring or avoiding labor regulation and violating workers' rights. These employers may misrepresent schedules, chronically undercount hours of work, or commit other forms of wage theft (denying payment for hours worked), or misclassify workers as "independent contractors," thus exempting them from the right to the hourly minimum at all. Raising and enforcing the wage floor signals to all – employers and workers alike – that work is valued and that standards for employment will be upheld by the state. A higher and well enforced minimum wage helps build a floor that allows workers, employers, and our communities to thrive.

In this report, we offer a picture of who wins in Wisconsin with higher minimum wages and some reasons to support higher labor standards for the state. We seek to reduce confusion and expose some false ideas that have held back the minimum wage for too long. As we have consistently argued, stronger labor wage floors are important for the workers who see raises and for all of us as well.

To continue to push the conversation on what is truly possible in Wisconsin, we provide data on two scenarios. First, we analyze the impact of raising the floor to \$15 over the next five years. We also provide data on raising the floor to \$20 on the same timeline.

Some may find the suggestion and analysis of a \$20 minimum wage for Wisconsin – a level nearly three times our current minimum – absurd or even offensive. Respectfully, we disagree. We hope that this analysis supports and encourages a more forward looking conversation. In the last ten years, the Fight for \$15 has

### Data Source: EPI Minimum Wage Simulation Model

In this report, we present the analyses from our partners at the Economic Policy Institute (EPI), in Washington DC. EPI is a leading national resource on the economics of key labor policies including minimum wages. For the information reported here, we show results of their minimum wage model utilizing American Community Survey (ACS) and Current Population Survey (CPS) data, focusing on raising the wage in the state on a five year timeline. As noted, they provided analyses of raising the state wage to \$15 and to \$20 per hour. For details on methodology, refer to [this](#).



altered public thinking around minimum wages and what is possible in our economy, especially for the workers in this nation's low paying jobs. (See an analysis of the impact of the Fight for \$15 [here](#).) The movement of low-wage workers put \$15 as the goal long before the pandemic shut-downs, before the increasing understanding of the "essential" nature of these jobs, and before the dramatic inflation of 2022. All of this means we should continue to challenge the notion of what the minimum can and should be. To move our floor to a standard that workers can actually afford a decent life requires consideration of \$20 per hour.

A stronger floor is necessary and possible in Wisconsin. Workers can't survive on \$7.25. It is time to raise the floor.

## Raising the Minimum Wage Would Reach Hundreds of Thousands of Wisconsin Workers

Throughout this report, we provide information on what workers win with an increase to both \$15 per hour and an increase to \$20 per hour. In both cases, our estimates assume a five year phase in – starting in 2024 and reaching either \$15 or \$20 per hour in 2028.

Figure 2 shows just how many Wisconsin workers would win with a higher wage floor. Overall, 14.5% of workers (more than 375,000 people) would earn higher wages if the state's minimum goes to \$15 per hour. More than twice as many workers would earn higher wages if the minimum was raised to \$20 per hour. Raising the wage to \$20 would increase wages for one-third of Wisconsin's workers, nearly 900,000 people.

These totals are made up of two groups of workers: those who are directly affected by the increase and those who are indirectly affected. In the case of \$15 per hour, workers are directly affected when they earn less than the new proposed minimum of \$15 per hour. These workers would see their wages go up. Workers are indirectly affected when they earn just above the new proposed minimum and would get raises as pay scales adjust upwards. Just under 9% of Wisconsin workers would be directly affected by an

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increase to \$15 per hour and an additional 5.6% who earn just above the new minimum would also see wages up. With a \$20 per hour minimum wage, 23.4% of Wisconsin workers would see direct increases to their wage, and another 10.4% who earn just above \$20 per hour would see their wages rise as wages scales increased.

**FIGURE 2**  
**Wisconsin Workers with Wages up if the Minimum Wage Increased over the Next Five Years**

	Increase to \$15		Increase to \$20	
	% of workforce	# of workers	% of workforce	# of workers
Directly Affected	8.9%	232,800	23.4%	610,000
Indirectly Affected	5.6%	146,500	10.4%	271,700
Total	14.5%	379,300	33.8%	881,700

EPI Analysis of ACS and CPS data

Who Stands to Gain?

Raising the Floor Helps Close Racial and Ethnic Wage Gaps

We can take a closer look at both the demographics and industries of workers who would get a boost with a higher minimum. These are both important explorations because opportunity and wages are not evenly distributed by demographics or industry. Wisconsin’s labor market shows deep disparity. Wages are higher for white men and lower for white women and for Black and Brown men and women. Increasing the minimum wage disproportionately increases wages at the bottom of the labor market and can close those gaps. Further, the state’s lowest wage jobs are concentrated in specific industries. Increasing the minimum wage brings workers in those industries closer to the median as well. In this section, we consider all workers affected by the minimum wage increases (which combines the directly and indirectly affected workers).

Figure 3 shows that increasing the minimum wage is much more meaningful to specific groups of workers. Women are much more likely than men to see wages rise. For an increase to \$15 per hour, 18%, or nearly one-in-five women workers, would get a raise, compared to just 11% of men. **One in four of workers identifying as Black or Hispanic would see wages increase if the minimum**

On Racial and Ethnic Categories

In our presentation of data on demographics in Figure 3 we use the racial and ethnic categories in the data. The Census bureau asks about ethnicity and race in separate questions and EPI uses those to create the race/ethnicity categorization in the table. The table uses the descriptions used on the census forms. See the footnote below Figure 3 for a more technical discussion.

**was raised to \$15 per hour.** That's twice the share getting raises compared to workers who identify as white. Additionally, nearly 200,000 workers living below or near poverty would get a raise with a minimum wage increase to \$15 per hour.

**FIGURE 3**

**Demographics of all Wisconsin Workers with Wages Up if the Minimum Wage Increased over the Next Five Years**  
(includes all workers directly and indirectly affected)

	Increase to \$15		Increase to \$20	
	% of workforce	# of workers	% of workforce	# of workers
<b>All workers</b>	14.5%	379,300	33.8%	881,700
<b>Men</b>	11.1%	147,500	26.4%	349,700
<b>Women</b>	18.0%	231,800	41.4%	532,000
<b>Race and Ethnicity *</b>				
<b>White (non-Hispanic)</b>	12.4%	264,700	29.9%	636,800
<b>Black (non-Hispanic)</b>	25.6%	36,200	53.9%	76,200
<b>Hispanic, any Race</b>	26.6%	50,200	57.6%	108,600
<b>Asian (non-Hispanic)</b>	15.3%	13,300	35.2%	30,600
<b>Other race/ethnicity</b>	24.3%	14,900	47.9%	29,500
<b>Age</b>				
<b>Teenager</b>	79.8%	105,700	94.3%	124,900
<b>Age 20 or older</b>	11.0%	273,600	30.5%	756,800
<b>Income</b>				
<b>In Poverty</b>	62.3%	110,200	89.9%	158,400
<b>100-199% Poverty</b>	27.7%	87,200	70.9%	222,800

*EPI Analysis of ACS and CPS data*

\*The EPI analysis uses the US Census Bureau categories for race and ethnicity and combines groups in order to help simplify presentation. The categorization happens in two parts. Workers are asked to select their identity from 1 of 6 race categories: White; Black or African American; American Indian or Alaskan Native; Asian; Native Hawaiian or Other Pacific Islander; and Some other race. Respondents are also asked to answer questions of ethnicity which shows those who identify as Hispanic or not. From these two questions, then, the analysis creates race/ethnicity groups which put together all who identify as Hispanic in the "Hispanic" category. Among those who do not identify as Hispanic, the racial category is used as their identity.

Figure 3 also shows how important raising the minimum wage is for teenage workers. Raising the minimum wage to \$15 would raise the wage of four of every five teenage workers – more than 100,000 teenage workers would see wages go up. Recent research on increasing minimum wages in California shows that as wages go up for teenagers, they work less and have more time to devote to schooling. And while it is true that most teenagers would see raises, equally important nearly three out of four of the workers who would see raises are 20 years old or more. More than 60% of Wisconsin families living in poverty would see their incomes go up with an increase in the state minimum wage to \$15. And nearly 30% of families near poverty (with income between 100-199% of the federal poverty line) would also get a boost from the wage increase.

**The final two columns of Figure 3 make it clear that more than twice as many workers would gain from an increase in the minimum wage to \$20 per hour in Wisconsin.** As with \$15, the raise to \$20 disproportionately serves to pull up the wages of workers who are more likely to hold lower wage jobs.

### **Raising the Minimum Wage Helps Service Sector Workers**

Figure 4 provides insight into the state's industries, offering information on how many workers and what share of workers in each industry would get a raise from an increase in the minimum wage. The table includes all industries and is arranged according to the number of workers affected by an increase to \$15, with the industry with the largest number at the top. **More than half of all Wisconsin workers that win with a \$15 minimum wage are employed in just two sectors: Restaurants and Retail.** With an increase to \$15 per hour, 2 of every 3 restaurant workers – some 106,600 workers across the state – would see a raise. A minimum wage increase would also bring higher wages to more than one in four retail workers and account for wage increases for 82,100 workers. Together, restaurant and retail workers account for fully half of the workers in the state who would see raises with a minimum wage of \$15 per hour (188,700 of the state's total 379,300 workers who would see a raise are in these two sectors).

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**FIGURE 4**

**Industry of Employment for Wisconsin Workers with Wages Up if the Minimum Wage Increased over the Next Five Years**

Major Industry	Increase to \$15		Increase to \$20	
	% of workforce	# of workers	% of workforce	# of workers
Restaurants	66.6%	106,600	85.7%	137,100
Retail trade	27.4%	82,100	58.0%	174,000
Healthcare, social assistance	12.1%	48,500	35.6%	142,400
Manufacturing	4.8%	24,500	22.0%	111,600
Educational services	8.6%	20,600	22.6%	54,300
Other services	19.8%	18,000	44.3%	40,300
Arts, entertain., rec. services	35.7%	16,300	62.5%	28,500
Admin., support, waste services	18.4%	14,800	48.3%	38,800
Ag., fishing, forestry, mining	28.4%	10,200	56.8%	20,500
Accommodation	40.9%	9,400	68.3%	15,600
Wholesale trade	7.8%	5,500	24.9%	17,600
Transport, warehousing, utilities	4.6%	5,400	21.8%	25,800
Finance, insurance, real estate	3.2%	5,000	15.6%	24,300
Construction	3.6%	4,500	16.8%	21,200
Information	6.4%	2,700	19.5%	8,300
Pro., science, mgmt. services	2.2%	2,600	10.1%	11,900
Public administration	2.6%	2,500	9.9%	9,500

*EPI Analysis of ACS and CPS data*

Another two sectors stand out not because they have particularly low-wages, but because they are so large that even with low shares of workers who would see raises, the total numbers of workers are considerable. The Health Care sector provides higher wages than restaurants and retail – just 12 percent of workers would see wages go up as a result of a minimum wage increase to \$15 per hour. Given the sector's large size, however, a raise would reach 48,500 health care workers. Manufacturing is another example of a sector with relatively high wages – just 4.8% of workers would see wages go up with an increase to \$15. But the sector is so large, that 4.8% accounts for 24,500 workers.

There are five sectors that stand out for the share of the workforce that would see raises in Wisconsin. In each of these sectors, more than one in four workers would see wages go up with an increase to \$15. This ranges from a high of 67% in restaurants, to 41% in accommodation, 36% in arts, entertainment and recreation services; 28% in agriculture, forestry, fishing, and mining; and 27% in retail trade.

We've included all industries in Figure 4 which shows the sectors where very few workers would see changes in wages due to these possible minimum wages.



# Eliminating the Tipped Minimum Wage Would Bring Relief to Wisconsin’s Tipped Workers

In Wisconsin, the minimum wage for tipped workers is just \$2.33 per hour. This is the cash wage that the employer of a tipped worker must pay. (Workers have the right to earn the minimum of \$7.25 considering both the cash wage and tips.) Across every border of our state, tipped workers have a higher minimum wage. Tipped minimum wages range from \$3.84 in Michigan and \$4.35 in Iowa at the lower end, to \$7.80 in Illinois. Minnesota has eliminated the tipped minimum wage. A tipped worker there earns at least the minimum wage of \$10.59 per hour (and gets to take home tips). A higher tipped minimum wage increases the income of tipped workers and provides workers with more predictable income.

Tipped workers in Wisconsin need to be covered by any increase in the minimum wage. Like Minnesota, Wisconsin could eliminate the tipped minimum wage and establish one wage floor for all workers. As Figure 5 shows, **all of the state’s 50,800 tipped workers would see raises** under this model, because the minimum wage policy that this model estimates includes elimination of the tipped minimum wage.

**FIGURE 5**  
**By Tip Status, Wisconsin Workers with Wages Up if the Minimum Wage Increased Over the Next Five Years**  
(includes all workers directly and indirectly affected)

Tipped occupations	Increase to \$15		Increase to \$20	
	% of workforce	# of workers	% of workforce	# of workers
Not tipped	12.8%	328,500	32.5%	830,900
Tipped worker	100.0%	50,800	100.0%	50,800

EPI Analysis of ACS and CPS data

## Gains from Raising the Minimum Wage

With a minimum wage of just \$7.25 per hour, Wisconsin is one of just 20 states that has stuck with the federal minimum since 2009. Thirty states and the District of Columbia have all raised their minimum wages above the federal minimum. Nineteen states index their minimum wage to inflation so that workers can keep up rising prices.

Research in states that are raising the minimum wage shows strong employment growth, even in small businesses. In a recent [interview](#), Michael Reich at UC Berkeley's Center on Wage and Employment Dynamics summarizes the results this way:

A minimum wage increase doesn't kill jobs. It kills job vacancies, not jobs. The higher wage makes it easier to recruit workers and retain them. Turnover rates go down. Other research shows that those workers are likely to be a little more productive, as well.

The research he is referring to [analyzes](#) the impact of minimum wage increases across California with special attention to employment at small businesses (such as restaurants, small grocery stores and retail outlets). The work shows no impact on jobs, and some small impact on consumer prices.

An [analysis](#) of state differences in minimum wages also finds strong job growth in states with higher minimum wages. Researchers at the Center for American Progress found that states with minimum wages higher than \$12 per hour saw 25 percent employment growth in the Leisure and Hospitality industry in 2021 compared to only 7 percent in states with the federal minimum wage of \$7.25 per hour.

Raising the floor under wages for Wisconsin would provide stability and predictability for workers who have made gains over the last three years. As we have demonstrated in *The State of Working Wisconsin*, low-wage workers have made the strongest gains in recent years. Doubling the wage floor would support and sustain these gains. When first demanded by workers in 2012, \$15 per hour was often dismissed by policy makers and economists. But workers knew they couldn't survive in jobs with low-wages, volatile and insufficient hours, and no paid time off. Their demands are changing the bottom of the labor market.

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**— Michael Reich, UC Berkeley's Center on Wage and Employment Dynamics**

A solid, state-wide wage floor secures the foundation for labor market standards. Many who work at or near the wage floor face issues such as wage theft, unfair scheduling, and other violations of basic workplace standards. In addition, many of these workers are Black, Brown, immigrants, and/or undocumented. Like their peers across the state, these workers are taking matters into their own hands and taking action to improve their job quality (see [here](#) for an example of immigrant workers fighting wage theft in Madison). A higher minimum wage strengthens the floor especially for these workers, and is a further step towards fairly improving job quality in this state, especially for Black and Brown workers.

At the federal level, the Raise the Wage Act has just been introduced and would raise the national minimum wage to \$17 per hour by 2028. An [analysis](#) of this act points out, “Increased wages would make a tremendous difference in the life of a cashier, home health aide, or fast-food worker getting paid the minimum wage. These workers today often struggle to cover the basics, like food and rent, on less than \$35,000 a year.”

These are the very workers in the state of Wisconsin who are struggling. Dramatically raising the state's minimum wage is popular with voters and critical for workers. A raise is long overdue.



## EARN in the Midwest Collaboration

The Milwaukee Service and Hospitality Workers Organization (MASH), COWS High Road Strategy Center, and Kids Forward are working to transform service work across Wisconsin. The following series of reports address ongoing economic issues throughout the state, from Community Benefit Agreements to unions.

### **The Crisis in Milwaukee's Service Industry**

Even before the COVID-19 pandemic, service work in Milwaukee was characterized by low wages, inadequate and often unpredictable hours, and weak benefit packages. This report calls on the City of Milwaukee to lead efforts in strengthening job quality, raising labor standards, and support and build a high-road approach to service work.

### **Playing with Public Money in Milwaukee: Data, Context, and Questions on Soccer Stadiums**

In May 2022, Kenosha-based Bear Development and Kacmarcik Enterprises released a development plan for an "Iron District" on the southwestern end of downtown Milwaukee. This paper provides Milwaukee residents and political leaders background information and additional context as this proposal is considered, offering an overview of relevant research on the economic impact of sports arenas and information on recent public investment in soccer stadiums in five other cities.

### **Worker Power Levels the Playing Field: Community Benefits for Public Subsidies in the Iron District**

In May 2022, Kenosha-based Bear Development and Kacmarcik Enterprises released a development plan for an "Iron District" on the southwestern end of downtown Milwaukee. In *Playing with Public Money in Milwaukee*, we took a closer look at the economic impacts of sports arenas subsidized with public funds in cities across the country. Now, in this second entry in our work surrounding the Iron District development, we look into Community Benefits Agreements (CBAs) – their history, what makes them effective, and their key role in securing true economic returns from large-scale private developments to the working people of Milwaukee.

### **Facts from the Frontline: Getting By in Milwaukee's Abundant Low Wage Service Jobs**

In the past 40 years, the union, manufacturing jobs that abounded in Milwaukee have been replaced by low-wage, non-union service jobs, exacerbating racial and economic disparity. Properly addressing the intertwined issues of declining manufacturing jobs and unions, and growing racial disparity starts with restructuring the city's service sector. In this report, we take a deep look into the city's service jobs across multiple industries and occupations. We also hear from workers themselves what is empowering them, and what remains unaddressed, on the city's economic frontlines.

## **About COWS | High Road Strategy Center**

COWS | High Road Strategy Center is a nonprofit think-and-do tank, based at the University of Wisconsin-Madison, that promotes “high road” solutions to social problems. These treat shared growth and opportunity, environmental sustainability, and resilient democratic institutions as necessary and achievable complements in human development. Through our various projects, we work with cities around the country to promote innovation and the implementation of high road policy. COWS is nonpartisan but values-based. We seek a world of equal opportunity and security for all.



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