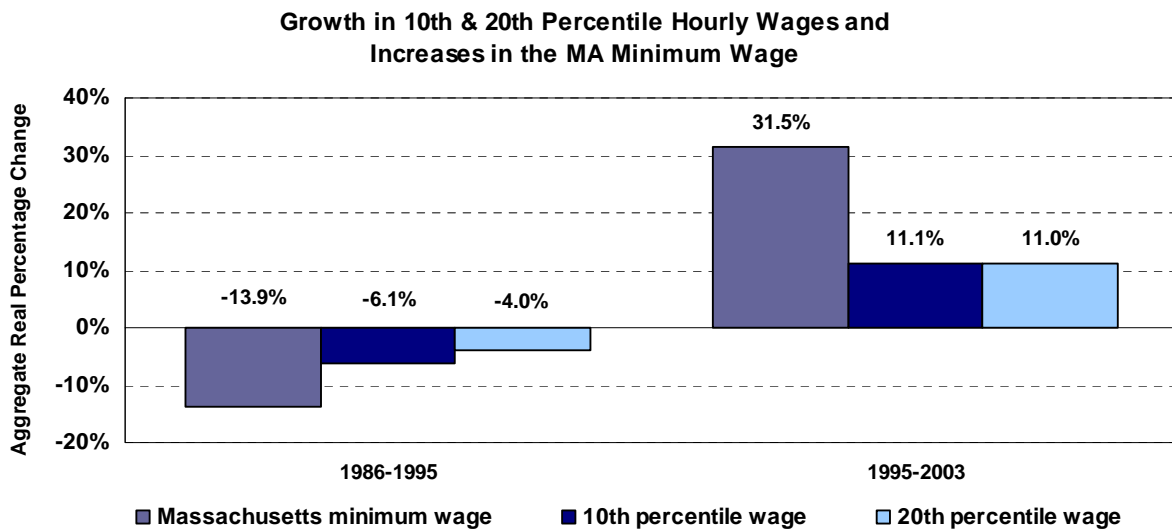




FACTS AT A GLANCE

The Effects of Prior Minimum Wage Increases on Wages, Poverty, and Employment

- Minimum wage increases can help to push up wages for other low-paid workers.** Beginning in 1995, the minimum wage in Massachusetts rose 31.5 percent in real terms, climbing from \$5.13 to \$6.75 per hour. These gains, in turn, appear to have helped to push up wages for workers at the lowest end of the economic spectrum. During that same 1995-2003 period, wages for workers at the 10th percentile of wage distribution in Massachusetts grew from \$7.11 to \$7.90 per hour, an increase of 11 percent. Wages for workers at the 20th percentile grew by roughly the same proportion, rising from \$8.91 to \$9.89 per hour.



- Minimum wage increases can help to reduce poverty rates.** A number of economic studies have found that increases in the minimum wage can help to reduce poverty rates. Events in Massachusetts over the past few years are broadly consistent with those findings; since increases in the minimum wage were implemented in 2000 and 2001, the Massachusetts poverty rate has fallen, dropping from 10.8 percent for the 1999-2000 period to 9.4 percent for 2000-2001 and holding steady thereafter. One must be careful not to equate correlation with causation, but the sustained decline in the poverty rate in Massachusetts is still somewhat remarkable, especially given the Commonwealth’s recent economic woes.
- Minimum wage increases have not led to widespread job losses.** Following minimum wage increases in 1995, 1996, and 2000, total employment in Massachusetts grew, including in areas such as leisure and hospitality where minimum wage workers are found in disproportionate numbers. The last increase in the minimum wage, in January 2001, largely coincided with the onset of the national recession. Massachusetts has witnessed sharper job losses than most states since then, but those losses have been concentrated in the manufacturing and information sectors, neither of which rely on minimum wage workers to any large degree. In contrast, since 2001, employment in leisure and hospitality has not only grown more quickly than employment elsewhere in Massachusetts, but has expanded more rapidly here than throughout the nation as a whole.