



Reality Check: Montana's Minimum Wage August 2013

In Montana, minimum wage workers currently earn \$7.80 an hour, which includes a \$0.15 cost of living increase from 2012.¹ While seemingly small, this cost of living increase will actually raise many Montanans' wages by slightly over \$300 in 2013. With current federal minimum wage at \$7.25, Montana provides \$0.55 more per hour than the nationally mandated pay. Minimum wage workers play a vital role in Montana's economy, but who they are and what they do is often misunderstood.²

Who Earns Minimum Wage in Montana?

- In 2011, 18,000 Montanans worked for \$7.80 or less.³
- The vast majority of minimum wage earners are adults above 20 years old, and more than half work full-time.⁴
- Two-thirds of minimum wage workers are female, and one-quarter have children.^{5,6}

Occupation	Percentage of Minimum Wage Workforce
Accommodations, Food Services	33.2%
Retail Trade	21%
Health Care, Social Assistance	9.4%
Educational Services	6.8%
Arts, Entertainment, Recreation	5.4%
Other	24.15%

Source: Montana Department of Labor and Industry⁶

Higher Minimum Wage Helps Workers and the Economy

- The minimum wage helps all workers meet their families' basic needs, such as food, housing, and transportation.
- Studies show a higher minimum wage reduces employee turnover and increases worker productivity.⁷
- When the minimum wage is increased, workers spend more, helping to stimulate the economy. For every dollar increase in the minimum wage, families spend an addition \$2,800 a year.
- A New England study found states with higher state minimum wages had smaller decreases in employment during the 2007-2009 recession than states with lower minimum wages.⁸
- Between 2005-2006, job growth was significantly greater in the five states that had minimum wages higher than the national average.⁹
- Employment in small businesses in states with higher minimum wages grew faster than those with the federal minimum wage, according to a 2006 study.¹⁰

Minimum Wage Facts

- **The minimum wage does not reduce employment.** A study comparing counties that shared borders with other states, including Montana, which has a state minimum wage higher than the federal rate, found that workers in these states **earned more**, without any evidence of higher unemployment.¹¹
- **Teenage unemployment does not increase** with higher minimum wages. Instead, earnings do increase. The decrease in the teenage work force in recent years is due to higher academic standards, more students attending summer school, and the recent recession.¹²
- A 30 year study found **no relationship between minimum wage increases and business failures.**¹³

Minimum wage workers are vital to Montana's success. They support our tourism industry, schools, retail shops, and countless other businesses across the state. By providing a minimum wage higher than the national mandate, Montana boosts both workers and our economy.

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- ¹ Montana Department of Labor and Industry - Research and Analysis Bureau, "Minimum Wage Facts At a Glance," http://www.ourfactyourfuture.org/admin/uploadedPublications/4651_min-wage.pdf, 2012.
- ² Montana Department of Labor and Industry - Research and Analysis Bureau, "Minimum Wage Facts At a Glance," http://www.ourfactyourfuture.org/admin/uploadedPublications/4651_min-wage.pdf, 2012.
- ³ Montana Department of Labor and Industry - Research and Analysis Bureau, "Minimum Wage Facts At a Glance," http://www.ourfactyourfuture.org/admin/uploadedPublications/4651_min-wage.pdf, 2012.
- ⁴ Doug Hall and David Cooper, "How Raising the Federal Minimum Wage Would Help Working Families and Give the Economy a Boost," <http://www.epi.org/publication/ib341-raising-federal-minimum-wage/>, August 14, 2012.
- ⁵ National Women's Law Center, "Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage," <http://www.nwlc.org/resource/fair-pay-women-requires-increasing-minimum-wage-and-tipped-minimum-wage>, November 30, 2012.
- ⁶ Montana Department of Labor and Industry - Research and Analysis Bureau, "Minimum Wage Facts At a Glance," http://www.ourfactyourfuture.org/admin/uploadedPublications/4651_min-wage.pdf, 2012.
- ⁷ National Women's Law Center, "Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage," <http://www.nwlc.org/resource/fair-pay-women-requires-increasing-minimum-wage-and-tipped-minimum-wage>, November 30, 2012.
- ⁸ Massachusetts Budget and Policy Center, "The Minimum Wage and Job Creation," http://massbudget.org/report_window.php?loc=minimum_wage_job_creation.html&utm_source=cc&utm_medium=email&utm_campaign=min_wage&utm_source=twitter&utm_medium=social&utm_campaign=min_wage, August 15, 2012.
- ⁹ Liana Fox, "Minimum Wage Trends: Understanding Past and Contemporary Research," <http://www.epi.org/publication/bp178/>, October 24, 2006.
- ¹⁰ John Alexander Burton and Amy Hanauer, "Good for Business," <http://www.americanprogress.org/issues/regulation/report/2006/05/10/1960/good-for-business/>, May 10, 2006.
- ¹¹ Arindrajit Dube, T. William Lester, and Michael Reich, "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties," *The Review of Economics and Statistics*, <http://www.irle.berkeley.edu/workingpapers/157-07.pdf>, November 10, 2010.
- ¹² Teresa Morisi, "The Early 2000s: A Period of Declining Teen Summer Employment Rates," Bureau of Labor Statistics, *Monthly Labor Review*, <http://www.bls.gov/opub/mlr/2010/05/art2full.pdf>, May 2010.
- ¹³ Liana Fox, "Minimum Wage Trends: Understanding Past and Contemporary Research," <http://www.epi.org/publication/bp178/>, October 24, 2006.