



State of Wisconsin  
Department of Workforce Development

**EQUAL RIGHTS DIVISION  
LABOR STANDARDS BUREAU**

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# **Minimum Wage Advisory Council of Wisconsin**

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Report and Recommendations of the  
Minimum Wage Advisory Council

To

Governor Jim Doyle

Secretary Roberta Gassman

Wisconsin State Legislature

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May 2004

Jim Doyle  
Governor

Roberta Gassman  
Secretary

Micabil Diaz-Martinez, Esq.  
Division Administrator



State of Wisconsin  
Department of Workforce Development

**EQUAL RIGHTS DIVISION**  
201 E. Washington Ave., Room A300  
P.O. Box 8928  
Madison, WI 53708-8928  
Telephone: (608) 266-6860  
Fax: (608) 267-4592  
TTY: (608) 264-8752  
<http://www.dwd.state.wi.us/>  
e-mail: [dwd@state.wi.us](mailto:dwd@state.wi.us)

May 1, 2004

Secretary Roberta Gassman  
Department of Workforce Development  
201 E. Washington Avenue  
Madison, WI 53708

Dear Secretary Gassman:

I am pleased to provide you with the enclosed Minimum Wage Advisory Council Report.

As you know, the Council was charged with collecting, reviewing and analyzing data to understand the current minimum wage structure in Wisconsin. During the past four months, the Council took time from their busy schedules to help the department determine appropriate adjustments. The minimum wage rates recommended in this report will help many families to make ends meet. Additionally, the proposed changes will be a real stimulus for our local economies, as individuals statewide will have more capacity to support themselves and their families.

This report is a testament to the efforts and dedication of the members of the Minimum Wage Advisory Council and DWD employees who have worked hard addressing this issue on behalf of the people of Wisconsin.

Sincerely,

A handwritten signature in black ink, appearing to read 'Micabil Diaz-Martinez'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Micabil Diaz-Martinez  
Attorney at Law  
Equal Rights Division Administrator  
Chair

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# TABLE OF CONTENTS

I.	<b>EXECUTIVE SUMMARY</b> .....	1
II.	<b>INTRODUCTION</b> .....	4
	Wisconsin needs a minimum wage increase.....	4
III.	<b>HISTORY OF THE MINIMUM WAGE IN WISCONSIN</b> .....	5
IV.	<b>FINDINGS</b> .....	30
	Minimum wages and Wisconsin.....	30
	Effect of minimum wage increases on Wisconsin's economy.....	32
	Fiscal effect on state and local government.....	33
V.	<b>RECOMMENDATIONS</b> .....	34
VI.	<b>CONCLUSIONS</b> .....	37

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## **I. EXECUTIVE SUMMARY**

Section 104.04, Wisconsin Statutes, directs the Department of Workforce Development to determine the state's minimum wage taking into consideration the effect of the wage on the economy of the state, including employment opportunities for low-wage workers and regional economic conditions within the state.

Governor Jim Doyle and the Department of Workforce Development (DWD) convened a Minimum Wage Advisory Council on December 16, 2003, to assist with determining whether there should be an increase in Wisconsin's minimum wage. The Council included leaders from the business community, labor organizations, the university system, and both houses of the Legislature. The members of the 2004 Minimum Wage Advisory Council were:

- Deborah Blanks, Milwaukee, Chief Executive Officer, Social Development Commission of Milwaukee
- James Buchen, Madison, Vice President of Government Relations, Wisconsin Manufacturers and Commerce
- Sheila Cochran, Milwaukee, Secretary-Treasurer, Milwaukee Labor Council
- Craig Culver, Prairie du Sac, Co-founder of Culver's Restaurants
- Laura Dresser, Madison, Research Director, Center on Wisconsin Strategies at the University of Wisconsin-Madison
- Ed Lump, Madison, President and CEO, Wisconsin Restaurant Association
- Ann McNeery, Sun Prairie, Chair of the Standing Committee on Community Services of the AFL-CIO, Communications Workers of America Local-4671
- Phil Neuenfeldt, Milwaukee, Secretary-Treasurer, Wisconsin State AFL-CIO
- Dian Palmer, Madison, President, Service Employees International Union
- Brandon Scholz, Madison, President and CEO, Wisconsin Grocers Association
- Bill Smith, Madison, State Director, Wisconsin Chapter of the National Federation of Independent Business
- Dan Welch, Milwaukee, President of Local 1444, United Food and Commercial Workers
- State Representative Stephen Nass (R-Assembly District 31), Palmyra, Assembly Labor Committee

Department of Workforce Development

Minimum Wage Advisory Council of Wisconsin Report-May 2004

This report is available on the department's website at:  
[http://www.dwd.state.wi.us/er/equal\\_rights\\_division/initiative\\_to\\_raise\\_the\\_minimum\\_wage.htm](http://www.dwd.state.wi.us/er/equal_rights_division/initiative_to_raise_the_minimum_wage.htm)

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- State Representative Christine Sinicki (D-Assembly District 20), Milwaukee, Assembly Labor Committee
- State Senator Dave Hansen (D-Senate District 30), Green Bay, Senate Labor Committee
- State Senator Tom Reynolds, (R-Senate District 5), West Allis, Senate Labor Committee
- Chris Tackett, Madison, Wisconsin Merchant Federation
- Jim Cavanaugh, Madison, President, South Central Federation of Labor
- Attorney Micabil Diaz-Martinez, Madison, Division Administrator, Wisconsin's Department of Workforce Development, Equal Rights Division (Non-voting Chair of the Council).

In addition, the Department's Office of Economic Advisors provided the Advisory Council with data from the U.S. Census; Current Population Survey; and the U.S. Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics.

The Council was charged by DWD Secretary Roberta Gassman with the responsibility to collect, review, and analyze data relating to the issue of the State of Wisconsin's minimum wage rates; determine the adequacy of the current minimum wage rates set by the department; and make a recommendation to the department on potential adjustments to the minimum wage rates for the next three years.

The charge to the Council, in accordance with Wisconsin statutes and administrative rules, was to do the following by April 2, 2004:

- Determine whether Wisconsin's current minimum wage is sufficient to enable minimum wage earners to maintain an adequate standard of living, pursuant to Section 104.04, Wisconsin Statutes.
- Develop a recommendation for adjusting the minimum wage to enable a worker to maintain an adequate standard of living, pursuant to Section 104.05, Wisconsin Statutes.
- Review Section 104.04, Wisconsin Statutes, and Chapter DWD 272 to determine if any changes needed to be made to these rules and recommend those changes to the department.
- Study the various minimum wage sub-categories currently in Chapter DWD 272, make a recommendation as to whether to maintain those sub-categories, and, if so, recommend how any minimum wage adjustments should affect the rates currently in place in those sub-categories.

In addition, the Council recommendations were charged to consider, but not necessarily be limited to, the following issues, in accordance with section DWD 272.001 (2):

1. What level of wages would be necessary for an individual working 40 hours a week *"to maintain himself or herself living independently in minimum comfort, decency, physical and moral well being."*
2. The effect of minimum wage adjustments *"on job creation, retention and expansion as well as the availability of entry level jobs"* within the Wisconsin economy.
3. The effect of a minimum wage adjustment *"on regional economic conditions within the state."*

From January 13, 2004 to March 1, 2004, the Minimum Wage Advisory Council convened to discuss, review and analyze data to understand the minimum wage structure in Wisconsin. On March 1, 2004, the Minimum Wage Advisory Council issued their initial recommendations.

The Minimum Wage Advisory Council reached agreement on increasing the state's minimum wage to \$5.70 per hour in 2004 and to \$6.50 per hour in 2005. In addition, the council re-introduced the use of a minimum wage rate for minors, under age 18, which increases the current minimum wage rate to \$5.30 per hour. The council's proposal also includes an opportunity rate for individuals, under 20 years old, in the first 90 days of employment which would raise to the general minimum wage rate after 90 days, if the worker is an adult. In addition, the Council recommended a new minimum wage rates for golf caddies and camp counselors.

This report provides the findings and recommendations of the Minimum Wage Advisory Council.

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## II. INTRODUCTION

### *Wisconsin needs a minimum wage increase*

Creating good paying jobs and a “high end” economy is a top priority for Governor Jim Doyle’s administration. An essential focus of the Governor’s *Grow Wisconsin* economic development plan is investing in people and helping families climb the economic ladder. One of the most important initiatives in the Governor’s plan is raising the state minimum wage. Such an increase ensures that Wisconsin’s lowest wage workers will share in the benefits of economic growth as Wisconsin’s economy moves forward.

When wages are so low that workers and their families can’t afford their most basic needs, the costs that society, particularly taxpayers, must bear related to poverty are so insidious that anything that helps divert those expenses back to the consumers of the services provided by those low-wage workers is worthwhile. Educational failure, workforce failure, citizenship failure can very often be traced back to families forced to live in poverty. An adequate minimum wage supports workers, helps strengthen families and communities, and promotes the state’s overall economic and fiscal health. Family-supporting wages reduce dependence on the state and increase tax revenue from these families, decreasing the burden on Wisconsin’s taxpayers.

It is estimated that 200,000 workers will be affected by Wisconsin’s minimum wage increase. Many of these workers are adults and a larger than proportionate share are minorities. Putting more money in the hand of these low-wage workers will result in \$175 million in consumer expenditures in Wisconsin’s economy. Low-wage workers spend nearly their entire income in the local economy on basics. This spending stimulates the local economy and benefits local businesses because spending is concentrated locally on food, clothing, shelter, and transportation. Evidence of a negative effect on employment opportunities available to low-wage workers as a result of a minimum wage increase is inconclusive as both advocates and opponents are able to produce studies supporting their side of the issue.



# **III. HISTORY OF THE MINIMUM WAGE IN WISCONSIN**

## ***History***

The minimum wage story in Wisconsin and in the United States began shortly after the turn of the century during a period of social and labor unrest. Numerous studies, public and private, called the public attention to the plight of the average family.

The National Consumers' League held its annual convention in Milwaukee in March 1910 and made minimum wage legislation the leading item on their program. Professor John R. Connors of the University of Wisconsin had just completed a study of minimum wage experiences in England and Australia and the league in their campaign used his report. Professor Connors drafted a minimum wage bill for introduction in the 1911 Wisconsin Legislature, but the bill did not pass.

The distinction of being the first state to pass such a law was to go to another state – Massachusetts. After a study authorized by their 1911 Legislature, a bill was prepared, and enacted June 4, 1912.

Meanwhile, the movement for such legislation continued in several states including Wisconsin. In 1913, a year after the Massachusetts law was enacted, such legislation was approved by Wisconsin and seven other states: California, Colorado, Minnesota, Nebraska, Oregon, Utah and Washington.

The following is a chronological resume of the Wisconsin law including the creation of the Industrial Commission and its activities through the years to carry out the legislative mandate.

### **1911**

The Industrial Commission was created in 1911 by the Legislature as successor to the Bureau of Labor Statistics created in 1883, the State Board of Conciliation and Arbitration created in 1895, and the Industrial Accident Board created earlier in the 1911 session.

Two wage bills were introduced which proposed to cover men as well as women but neither bill was enacted.

## 1913

The first Wisconsin wage law was enacted in 1913 and specified that a "living wage" must be paid to women and minors. In enacting this law, the Legislature specified that "every wage paid or agreed to be paid by any employer to any female or minor employee shall be not less than a living wage." Administrative authority was given to the Industrial Commission, which was to use an advisory board equally representing employers, employees and the public in its determination of a "living wage," thereby also necessitating consideration of the cost of living.

There were several events which delayed the determination of a living wage and contributed to a 6-year lapse between the 1913 enactment of the law and issuance of the first wage orders in 1919:

- a. The First World War occurred.
- b. An extensive study by the Industrial Commission was made in 1913-1914 of the working conditions and cost of living of employed women in Wisconsin. The constitutionality of the Oregon Minimum Wage Law (which was similar in principle to the Wisconsin law) was being challenged in courts from 1914 to 1917, when a tie vote of the U.S. Supreme Court sustained the Oregon Law and thus helped clear the way for action in Wisconsin.

## 1916

The Industrial Commission created a Women's Department and assigned it the responsibility for the administration of laws concerning women and child labor, including the Minimum Wage law.

## 1919

A petition presented May 1, 1919, to the Industrial Commission by the Wisconsin Federation of Labor, the Consumers' League of Wisconsin, and the Central Council of Social Agencies of Milwaukee initiated a wage action by the Commission. As required by law, the action involved appointment of an Advisory Wage Board and consideration of their recommendations and findings, as well as those of the Commission in its 1913-1914 cost of living study. After the required public hearings were held, the commission issued Wage Orders on June 27, 1919, and named their effective date as August 1, 1919.

The 1919 Wage Board specifically and purposely mentioned that, when determining the minimum cost of living, "the Advisory Wage Board and the Commission had in mind that approximately 40% of the cost of living of

self-supporting female and minor employees is required for board. Also 20% for room rent, 22% for clothing, and 18% for other necessary expenses". This information was included in the Board's findings of fact, to facilitate future adjustment of wage rates. Also included was this sentence: "It is understood that the Industrial Commission will, at the end of each year, determine whether there has been any change in the cost of living, and will revise the rates prescribed in this order in accordance with changes in the cost of living."

Below are, the first Wisconsin Minimum Wage orders. (It should be noted that these orders did not have a differential based on population but did include differentials based on age and experience.)

Women & minors 17 years of age or over	22 cents
Learners or inexperienced employees:	
1 <sup>st</sup> 3 months	18 cents
2 <sup>nd</sup> 3 months	20 cents
Minors under 17 years of age:	
14 to 16 year olds	18 cents
16 to 17 year olds	20 cents
Except if less than 3 months experience	18 cents
Intermittent workers	
600 hours equals 3 months	
1200 hours equals 6 months	

Limitation on the number of employees paid less than the 22 cents hourly rate was set at not to exceed 25% of the total number of women and minors normally employed in any establishment.

## 1921

A new petition was presented to the Industrial Commission on November 18, 1920, by the same groups that filed the May 1, 1919, petition. This requested reconsideration of the present wage orders to establish a minimum rate of pay for women and minors "more commensurate with a proper living standard." Upon receipt of this petition, the Commission considered the matter with the Advisory Wage Board. Its findings and those of the Commission on a cost of living study were then presented at public hearings and resulted in the June 28, 1921, order of the Commission. It named August 1, 1921, as the effective date of the new Wage Orders, which introduced an additional wage differential, based on population:

<b>Women and boys 17 years of age or over:</b>	
Experienced employees in cities with a population of 5,000 or more	25 cents
Experienced employees elsewhere	22 cents
Inexperienced employees:	
1 <sup>st</sup> 3 months	16 cents

2 <sup>nd</sup> 3 months	20 cents
<b>Minors<sup>1</sup>:</b>	
16 to 17 years: if 6 or more months experience	20 cents
14 to 16 years: During 1 <sup>st</sup> year	16 cents
Thereafter	20 cents

From 1921 to 1947, a differential was recognized dividing wage rates applicable to areas with a population of 5,000 or more and areas under 5,000 population. In 1947, a third division based on population was added (see 1947). Differential based on age; experience and population existed through this entire period.

### 1923

The U.S. Supreme Court declared the Minimum Wage Law of the District of Columbia unconstitutional insofar as adult women were concerned. It declared, the law interfered with the women's freedom of contract, and, in addition, it compelled employers to pay a living wage, thereby interfering with the employer's property rights. However, the Court upheld the District of Columbia Minimum Wage Law in its application to minors.

### 1924

The above court decision affected the outcome of a Wisconsin case (Folding Furniture Works vs. Wisconsin Industrial Commission) for in 1924 the Folding Furniture Works of Stevens Point secured an injunction restraining the Industrial Commission from enforcing the Wisconsin Minimum Wage Law for adult women in its establishment.

### 1925

The 1925 Wisconsin Legislature enacted a new Wage Law for adult women. This was referred to as the "Oppressive Wage Law" and was enacted to replace and correct the 1913 Wage Law, which was the so-called "Living Wage Law. It did so " in the hope that the constitutionality of this new law would not be questioned or affected by the 1923 decision of the U.S. Supreme Court. The new Wisconsin 1925 Wage Law retained the same minimum wage provisions for minors but amended the section relating to adult women by providing that no wage paid to adult women shall be "oppressive." In administering this law, the Industrial Commission followed a policy, in the absence of proof to the contrary, that any rate

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<sup>1</sup> Limitation on number of learners was the same as in 1919.

paid to an adult woman, less than that paid to a minor for similar work, would be considered oppressive.

## 1932

After a meeting with its Advisory Wage Board in response to petitions from employer groups to lower wage rates because of the depression and the reduced cost of living, the Commission ordered a reduction of approximately 10% in the minimum wage rates for minors as listed below:

Minors 17-21 years:	
Experienced employees in cities with a population of 5,000 or more	22 1/2 cents
Experienced employees elsewhere	20 cents
Inexperienced employees:	
1 <sup>st</sup> 3 months	16 cents
2 <sup>nd</sup> 3 months	18 cents
Minors under 17 years:	
16 years – 1 <sup>st</sup> 6 months	16 cents
After 6 months	18 cents
14 & 15 years – 1 <sup>st</sup> year	
After 1 <sup>st</sup> year	16 cents
	18 cents

During the depression years, more and more persons and groups in the United States became conscious of the need of some wage regulation. As more states enacted laws, litigation and the number of test cases increased. Decisive action in 1937 by the U.S. Supreme Court enabled the Wisconsin Legislature to reconsider the state's wage laws.

## 1937

Thus it happened that the Wisconsin Oppressive Wage Law was repealed and the 1913 Minimum Wage Law was practically reenacted to reestablish the cost of living principle as the determining factor when establishing wage rates for adult women as well as for minors. (This state legislative action followed the decision made earlier that year by the U.S. Supreme Court, which, in upholding the constitutionality of a Washington State Minimum Wage Law, reversed its previous adverse decision of 1923.)

The wage rates applicable under the Oppressive Wage Law were reenacted into the new 1937 Minimum Wage legislation and were to remain in effect until such time as new rates would be determined by the Industrial Commission and its Advisory Wage Board. Thus the rates established in 1932 (the depression years) became and also remained effective until the 1946 recommendations of the Advisory Wage Board became effective in 1947.

## 1947

The effective date of these new Minimum Wage rates was February 10, 1947; they introduced three divisions based on population, as follows:<sup>2</sup>

In cities and villages with a population of 3,500 or more	45 cents
In cities and villages with a population of 1,000 and up to 3,000	40 cents
Elsewhere in the state	38 cents

As a study of budgets presented to the Board again indicated that room and board constituted 55% to 60% of the total budget when considering the cost of living principle, no new and costly general survey was deemed necessary. Instead, the Commission authorized a study limited to these two items, i.e., room and board. It was made, using the files of the Office of Price Administration, which supplied a wealth of material on rents (as the O.P.A. exercised rent and price controls), and on food prices in public eating-places.

The 1947 orders exempted, for the first time, "casual" employment of minors under 18 years of age in or about private homes if such activity was within the specified definition of casual employment.

The 1947 orders remained in effect until the spring of 1956 when the 1955-1956 recommendations of the Advisory Wage Board and Commission became effective.

## 1956

On May 1 of 1956, the wage orders adopted April 4, 1956, became effective as follows:

In cities and villages with a population of 3,500 or more	70 cents
In cities and villages with a population of 1,000 or more but less than 3,500	60 cents
Elsewhere in the state	50 cents

These rates remained effective approximately four years until June 1, 1960, when the recommendations of the 1959-1960 Advisory Wage Board and 1960 Commission Orders were adopted.

## 1960

In the summer of 1959, the Commission decided that it was necessary to review the minimum wage rates and an Advisory

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<sup>2</sup> Note: These new orders eliminated wage differentials based on age and inexperience or experience of women and/or minors.

Committee was appointed in October of that year. Two major changes made would (1) reduce the population differential to two divisions and (2) introduced a differential in rates based on age.

The rules adopted became effective June 1, 1960.

Adult women and minors 16 years of age or over:  
In cities and villages with a population of 1,000 or more 85 cents  
Elsewhere in the state 75 cents

Minors under 16 years of age:  
In cities and villages with a population of 1,000 or more 75 cents  
Elsewhere in the state 65 cents

### 1961

On August 18, 1960, the Wisconsin Farm Bureau Federation petitioned the Commission to reduce the minimum wage for minors employed in agriculture to 50 cents per hour, but on May 25, 1961, after public hearings, the commission denied the request.

### 1961

On June 24, 1961, representatives of the cherry-growing industry petitioned the Commission to establish a minimum piece rate that would fulfill the minimum wage requirements. The Commission agreed with the establishing of this new "Minimum Piece Rate" principle and, after a survey and further study, set a rate of 20 cents per 9-pound pail or 2.22 cents per pound as an adequate piece rate for picking cherries, effective for the 1961 season. On January 16, 1962, the Order was extended to remain effective until further notice.

Another request was received by the Commission, this time from representatives of the Department of Public Welfare, requesting that a lower minimum wage rate be set for unwed mothers placed in domestic service by the Department of Public Welfare or a licensed agency. The Commission agreed with the need for a lower rate and, on August 1, 1961 adopted a rate of \$12.50 per week plus room and board for such employees.

### 1962

The Commission adopted rules on April 16, 1962, authorizing the issuance of Sub-minimum Wage licenses to sheltered workshops. Such licenses would apply too more than one employee. The order also defined terms used and outlined conditions for issuance of licenses.

During the effective period of the above rates, the Commission received requests from agricultural employers, golf course operators and nonprofit colleges for consideration of special rates and piece rates. The Commissioners reviewed each request carefully and in some cases held public hearings after which the following special rates were adopted and became effective on the date indicated.

April 14, 1964 –

Strawberry Piece Rate - - 7 cents per quart

May 5, 1964 –

Caddie Rates - - \$1.40 for 9 holes and \$2.75 for 18 holes

June 9, 1964 –

Cherry Piece Rate - - 22 cents per 9-pound pail or 2.44 cents per pound

December 29, 1964 –

Nonprofit colleges and universities – 85 cents per hour to students carrying 12 or more credits working on a part time basis of not more than 15 hours per week.

## 1963

The commission called together an Advisory Committee on February 21, 1963, to review the existing rates. Further meetings were held and the board recommended an increase in two steps. After public hearings, the Commission adopted the following rates:<sup>3</sup>

Adult women and minors 16 years and over:

In cities of 1,000 or more	95 cents
Elsewhere in the state	85 cents

Minors under 16 years of age:

In cities of 1,000 or more	75 cents
Elsewhere in the state	65 cents

## 1964

The second step increase recommended by the 1963 Advisory Board and adopted by the Commission became effective September 1, 1964, with the following rates:

Adult women and minors 16 years and over:

In cities of 1,000 or more	\$1.10
Elsewhere in the state	\$1.00

<sup>3</sup> The first step became effective November 1, 1963 and established the aforementioned rates.



Minors under 16 years of age:

In cities of 1,000 or more	85 cents
Elsewhere in the state	75 cents

### May 14, 1965

Nonprofit seasonal recreational camps were extending weekly domestic rates to apply to full-time employees of such camps.

### 1966

A Minimum Wage Advisory Board was appointed by the Industrial Commission on March 17, 1966, to study the existing minimum wage rates for women and minors to determine if the rates still constituted a living wage.

The Board recommended that the 1964 rates be increased by 15 cents effective January 1, 1967, and increased again by 15 cents one year later on January 1, 1968. The Board also recommended that the age differential be raised from 16 to 18 years of age, and the population factor be dropped so one rate would apply to the entire state.

Following the public hearings, The Commission approved the Board's recommendation for the first increase and set the effective date as February 1, 1967, to coincide with the pending increase in the Federal law. The Commission also approved a 10% credit for tips or gratuities received by service employees. The Board's recommendation for a second increase was not approved.

### 1967

The following rates became effective February 1, 1967:

Adult women and minors 18 years of age and over:	\$1.25
Minors 17 years of age and under	\$1.10

A special class was established for women and minors 18 years of age and over employed in hotels, motels and resorts. For the first time, weekly rates were set for full-time employees in these establishments as follows:

Adult women and minors 18 years of age and over:

If board and lodging are not furnished	\$68.75
If board only is furnished	\$48.75
If board and lodging are furnished	\$38.75

Another new feature of the 1967 regulations was a provision which prohibits room and board deductions from the wages of seasonal non-resident agricultural workers, which would result in the employee receiving less than the prescribed minimum rate.

The 1967 rules also incorporated piece rates and special rates adjusted to reflect changes in the hourly rates.

On May 17, 1967, the Commission, after receiving a petition and holding public hearings, established a piece rate of 15 cents per dozen for harvesting green or table onions.

The Commissioners, in rejecting the 1966 Advisory Board's recommendation for a second rate increase; indicated further study of the "living wage" concept was desirable.

The Department, on May 29, 1967, asked the Wisconsin State University - La Crosse to determine what criteria to be used in setting a "living wage."

The following members of the faculty of the Department of Economics and Business Administration made the study: Cloyce Campbell, David M. Cole, William J. Goldsborough and Brian M. Vergin. Their report was submitted on October 5, 1967.

The report stated "of the nine local budget figures shown, the lowest would require a wage of \$1.30 per hour for 40 hours to earn an average week's expenditures . . ."

One of the conclusions reached was "that the Consumer Price Index prepared by the U.S. Department of Labor, in spite of its limitations, is the best index available for keeping budget figures reasonably up to date."

The Commission took the report under advisement and scheduled public hearings on amended recommendations of the 1966 Advisory Board which reflected information produced in the La Crosse study.

Questions arose in connection with the cucumber growing industry as to the employer/employee relationship. On June 21, 1967, following a public hearing, the Commission issued an emergency order declaring the processor as the employer of the cucumber pickers providing certain conditions existed.

1968

Effective February 4, 1968, the Legislature amended Chapter 104 and approved the first exemption in the Wisconsin law – "Employees engaged in the house-to-house delivery of newspapers to the consumer."

Following receipt and review of the La Crosse study and public hearings, the Department adopted new and increased minimum wage rates.

New features included a piece rate for the picking of cucumbers and including other piece rates and special rates as part of the minimum wage regulations and increasing the tip credit for tipped employees to 15% and a policy for computing the rate based on the Consumer Price Index.

Below are some of the main features and rates of the orders, which became effective July 1, 1968:

It shall be the policy of the Department, to review the Consumer Price Index in January of each even numbered year. It will then revise the rates for women and minors 18 years of age and over upward or downward by 5 cents for each 4.5 point change in the preceding December index release. We will use the December 1967 release as a base for the computations. Any rate change adopted as a result of such review shall become effective the following July 1. The minimum wage rates for minors under 18 years of age shall be computed on the basis of 85% of the minimum wage for adult women and minors 18 years of age and over.

The rates adopted on July 1, 1968, were:

General Employment:

Adult women and minors 18 years of age and over	\$ 1.30
Minors 17 years of age and under	\$ 1.10

Hotels, Motels and Resorts  
Hourly rates – same as above

Weekly rates for adult women and minors 18 years of age and over only:

If board and lodging are not furnished	\$71.50
If board only is furnished	\$55.90
If board and lodging are furnished	\$45.40

Agriculture, Domestic Service and Nonprofit Seasonal Recreational Camps:  
Hourly rates – same as above

Weekly rates:

**Adult women and minors 18 years of age and over:**

If board and lodging are not furnished	\$58.50
If board only is furnished	\$42.90
If board and lodging are furnished	\$32.40

**Minors 17 years of age and under:**

If board and lodging are not furnished	\$49.50
If board only is furnished	\$33.90
If board and lodging are furnished	\$23.40

Piece Rates:

Cherries 28 cents per 9-pound pail  
Strawberries 9 cents per quart  
Green Onions – 16 cents per dozen bunches.  
Picking cucumbers rate: \$2.32 per CWT total based on a sum of grading rates computed according to specified distribution percentage chart.

Caddies - \$1.50 for 9 holes and \$3.00 for 18 holes

Unwed mothers employed in domestic services - \$21 per week plus room and board

Nonprofit colleges and universities - \$1.10 to part time student employees who carry 12 or more credits

The rules applying to the issuance of Sub-minimum Wage Licenses to individuals and to sheltered workshops were expanded and clarified.

Certain migratory workers alleging the agricultural piece rates did not guarantee all workers the minimum established rate sued the Department. Judge Norris Maloney, Dane County Circuit Court, on June 27, 1968, ruled in favor of the plaintiffs. On September 20, 1968, the Department, after public hearing, rescinded the agricultural piece rates established and all orders pertaining thereto on September 20, 1968.

**1969**

Section 104.07 of the statutes was amended by the 1969 Legislature to clarify the issuance of Sub-minimum Wage Licenses to handicapped workers and sheltered workshops and added licenses for student learners.

Following the passage of the new law, the Department appointed an Advisory Board and, after studying their recommendations and holding public hearings, adopted new rules and regulations governing the issuance of such licenses which became effective November 1, 1969.

## 1970

The Department reviewed the National Consumer Price Index in accordance with the policy established in 1968 and adopted changes updating the minimum wage rates.

Effective July 1, 1970, the Department increased the rates for women and minors 18 years old and over from \$1.30 per hour at \$1.45 per hour. No change was made in the rate for minors under 18 years of age so their rate remained at \$1.10 per hour – a rate unchanged since February 1, 1967.

Comparable changes were made in the weekly rates and other special categories previously established. In addition, the Department clarified the definition of casual employment to specify "baby-sitting" as an exemption.

On June 16, 1970, following a request from representatives of the Madison Youth Opportunity Center, a 90-day emergency rule was adopted exempting 14- and 15-year-old babysitters from the minimum wage requirements during their school vacation.

## 1973

Effective January 1, 1973, the Department adopted a rate of \$1.60 per hour for women and \$1.28 per hour for minors 17 years of age and under.

Employer tip credit was increased permitting employers to pay a minimum of 75% of the minimum wage rate prescribed.

Weekly rates for agriculture and domestic service were eliminated, allowing weekly rates for only one category namely nonprofit seasonal recreational camps.

Furthermore, a lower minimum wage rate was recommended and adopted for employees employed in agricultural pursuits. The agriculture rate for adults was set at \$1.45 per hour and for minor's 17 years of age and under \$1.15 per hour. The agricultural minimum hourly rate was computed on the basis of 90% of the rates for adult employees as provided in section IND 72.001(5)(a), Wisconsin Administrative Code rounded off to the nearest cent.

## 1974

On April 1, 1974, the minimum wage rates were raised to \$1.88 for adult women and \$1.50 per hour for minor's 17 years of age and under. The agricultural hourly rates were set at \$1.69 per hour for adult women and \$1.35 per hour for minors. Board and lodging allowances were raised proportionately.

The Department eliminated weekly rates for employees in seasonal recreational and educational camps with the exception of counselors.

**1975, 1976 1977**

In early 1975, the Department adopted minimum wage rates which would become effective on July 1, 1975, January 1, 1976 and January 1, 1977.

Effective:	July 1, 1975	January 1, 1976	January 1, 1977
	Non-Agriculture	Non-Agriculture	Non-Agriculture
Adults	\$2.00 per hour	\$2.10 per hour	\$2.20 per hour
Minors	\$1.60 per hour	\$1.68 per hour	\$1.76 per hour
	Agriculture	Agriculture	Agriculture
Adults	\$1.80 per hour	\$1.89 per hour	\$1.98 per hour
Minors	\$1.44 per hour	\$1.51 per hour	\$1.58 per hour

**Maximum allowances for board and lodging:**

**Effective: July 1, 1975**

Non-Agriculture		
	Meals	Lodging
Adults	\$24.00/wk \$1.15/meal	\$16.00/wk \$2.30/day
Minors	\$19.20/wk \$0.90/meal	\$12.80/wk \$1.85/day
Agriculture		
	Meals	Lodging
Adults	\$21.60/wk \$1.05/meal	\$14.40/wk \$2.05/day
Minors	\$17.30/wk \$0.80/meal	\$14.40/wk \$1.65/day

**Effective: January 1, 1976**

Non-Agriculture		
	Meals	Lodging
Adults	\$25.20/wk \$1.20/meal	\$16.80/wk \$2.40/day
Minors	\$20.15/wk \$0.95/meal	\$13.45/wk \$1.90/day

Agriculture		
	Meals	Lodging
Adults	\$22.70/wk \$1.10/meal	\$15.10/wk \$2.15/day
Minors	\$18.10/wk \$0.85/meal	\$12.10/wk \$1.75/day

**Effective: January 1, 1977**

Non-Agriculture		
	Meals	Lodging
Adults	\$26.40/wk \$1.25/meal	\$17.60/wk \$2.50/day
Minors	\$21.10/wk \$1.00/meal	\$14.10/wk \$2.00/day

Agriculture		
	Meals	Lodging
Adults	\$23.75/wk \$1.15/meal	\$15.85/wk \$2.25/day
Minors	\$18.95/wk \$ .90/meal	\$12.65/wk \$1.80/day

**Minimum Rates for Caddies**

**Effective: July 1, 1975**

9 Holes	18 Holes
\$2.50	\$4.35

**Effective: January 1, 1976**

9 Holes	18 Holes
\$2.65	\$4.60

**Effective January 1, 1997**

9 Holes	18 Holes
\$2.75	\$4.80

**Maximum Rates for Counselors – Seasonal Recreational or Educational Camps:**

	July 1 1975	January 1 1976	January 1 1977
Adult			
1. If board and lodging are not furnished	\$90.00	\$94.50	\$99.00
2. If board only is furnished	\$66.00	\$63.30	\$72.60
3. If board and lodging are furnished	\$50.00	\$52.50	\$55.00

Minors

1. If board and lodging are not furnished	\$72.00	\$75.60	\$79.20
2. If board only is furnished	\$52.80	\$55.45	\$58.10
3. If board and lodging are furnished	\$40.00	\$42.00	\$44.00

**Other Actions 1975**

Effective March 1, 1975, persons residing in the employer's household for the purpose of companionship and who spend less than 20% of their time on general housework were excluded from the Wisconsin minimum wage regulations.

Effective October 30, 1975, legislative action during 1975 changed the wording in Section 104.02, Wisconsin Statutes, from "women" to "employee" permitting extension of the state minimum age to include adult men, who had previously been excluded.<sup>4</sup>

**1978, 1979, 1980, 1981**

In early 1978, the Department adopted minimum wage rates which would become effective on August 1, 1978, and January 1, 1979, 1980 and 1981.

**Effective August 1, 1978**

	Non-Agriculture	Agriculture
Adults	\$2.55 per hour	\$2.35 per hour
Minors	\$2.20 per hour	\$2.00 per hour

Minimum Rates for Tipped Employees

Adults	\$1.80 per hour
Minors	\$1.50 per hour

**Effective January 1, 1979**

	Non-Agriculture	Agriculture
Adults	\$2.80 per hour	\$2.60 per hour
Minors	\$2.45 per hour	\$2.25 per hour

Minimum Rates for Tipped Employees

Adults	\$1.85 per hour
Minors	\$1.55 per hour

<sup>1</sup> Employer tip credit remained the same at permitting employers to pay a minimum of 75% of the wage rate prescribed.



**Effective January 1, 1980**

	Non-Agriculture	Agriculture
Adults	\$3.00 per hour	\$2.80 per hour
Minors	\$2.65 per hour	\$2.45 per hour

Minimum Rates for Tipped Employees

Adults	\$1.90 per hour
Minors	\$1.60 per hour

**Effective January 1, 1981**

	Non-Agriculture	Agriculture
Adults	\$3.25 per hour	\$3.05 per hour
Minors	\$2.90 per hour	\$2.70 per hour

Minimum Rates for Tipped Employees

Adults	\$1.95 per hour
Minors	\$1.65 per hour

**Maximum allowances for board and lodging:**

**Effective August 1, 1978**

	Non-Agriculture Meals	Non-Agriculture Lodging
Adults	\$30.60/wk	\$20.40 /wk
	\$1.45/meal	\$2.40/day
Minors	\$26.40/wk	\$17.60/wk
	\$1.25/meal	\$2.50/day

**Effective January 1, 1979**

	Non-Agriculture Meals	Non-Agriculture Lodging
Adults	\$33.60/wk	\$22.40 /wk
	\$1.60/meal	\$3.20/day
Minors	\$29.40/wk	\$19.60/wk
	\$1.40/meal	\$2.80/day

**Effective January 1, 1980**

	Non-Agriculture Meals	Non-Agriculture Lodging
Adults	\$36.00/wk	\$24.00 /wk
	\$1.70/meal	\$3.45/day
Minors	\$31.80/wk	\$21.20/wk
	\$1.50/meal	\$3.05/day

**Effective January 1, 1981**

Adults	Non-Agriculture Meals \$39.00/wk \$1.85/meal	Non-Agriculture Lodging \$26.00 /wk \$3.70/day
Minors	\$34.80/wk \$1.65/meal	\$23.20/wk \$3.30/day

**Effective August 1, 1978**

Adults	Agriculture Meals \$28.20/wk \$1.35/meal	Agriculture Lodging \$18.80/wk \$2.70/day
Minors	\$24.00/wk \$1.15/meal	\$16.00/wk \$2.30 /day

**Effective January 1, 1979**

Adults	Agriculture Meals \$31.20/wk \$1.50/meal	Agriculture Lodging \$20.80/wk \$2.95/day
Minors	\$27.00/wk \$1.30/meal	\$18.00/wk \$2.55 /day

**Effective January 1, 1980**

Adults	Agriculture Meals \$33.60/wk \$1.60/meal	Agriculture Lodging \$22.40/wk \$3.20/day
Minors	\$29.40/wk \$1.40/meal	\$19.60/wk \$2.80 /day

**Effective January 1, 1981**

Adults	Agriculture Meals \$36.60/wk \$1.75/meal	Agriculture Lodging \$24.40/wk \$3.50/day
Minors	\$32.40/wk \$1.55/meal	\$21.60/wk \$3.10 /day

**Maximum Rates for Caddies:**

August 1, 1978		January 1, 1979		January 1, 1980		January 1, 1981	
9 Holes	18 Holes	9 Holes	18 Holes	9 Holes	18 Holes	9 Holes	18 Holes
\$3.00	\$5.30	\$3.25	\$5.80	\$ 3.50	\$6.30	\$3.75	\$6.80

**1978, 1979, 1980, 1981**

**Minimum rates for Counselors – Seasonal Recreational or Educational Camps:**

	Aug. 1 1978	Jan. 1 1979	Jan. 1 1980	Jan. 1 1981
Adults				
1. If board and lodging not furnished	\$114.75	\$126.00	\$135.00	\$146.25
2. If board only is furnished	\$ 84.15	\$ 92.40	\$ 99.00	\$107.25
3. If board and lodging are furnished	\$ 63.75	\$ 70.00	\$ 75.00	\$ 81.25
Minors				
1. If board and lodging not furnished	\$ 99.00	\$110.25	\$119.25	\$130.50
2. If board only is furnished	\$ 72.60	\$ 80.85	\$ 87.45	\$ 95.70
3. If board and lodging are furnished	\$ 55.00	\$ 61.25	\$ 66.25	\$ 72.50

Note: From May 15, 1979, to September 11, 1979, the Department adopted an Emergency Order, which rolled back the rates for camp counselors and caddies to the rates, which were in effect from January 1, 1977 to August 1, 1978

Note: Tip credit was increased from 25% and set a flat amount per hour for tipped employees, provided the employers can show in their payroll records the amount of tips received when added to the tipped rate does in fact equal the minimum wage rate.

**1980**

Effective March 1, 1980, the minimum wage rates for camp counselors and caddies were revised to reduce the weekly rates which were established for January 1, 1980 and January 1, 1981. This was based on testimony received at public hearings that the established rates were too high for the camps to survive and the caddie rates were higher than motorized cart rentals.

(3) Counselors: The minimum wage of counselors employed in seasonal recreational or educational camps and day camps may be computed on a weekly basis as follows:

(a) Adult counselor 18 years of age and over:

	Effective 3/1/80 Per Week	Effective 3/1/81 Per Week
1. If board and lodging are not furnished	\$115.00	\$125.00
2. If board only is furnished	\$ 88.00	\$ 98.00
3. If board and lodging are furnished	\$ 71.00	\$ 81.00

(b) Counselors 17 years of age and under:

1. If board and lodging are not furnished	\$100.00	\$110.00
2. If board only is furnished	\$ 73.00	\$ 82.00
3. If board and lodging are furnished	\$ 56.00	\$ 66.00

Caddies. (1) The minimum wage of employees employed as caddies shall be:

Effective 3/1/80  
\$3.00 –9 holes \$5.30 –18 holes

## 1987

The department adopted minimum wage rates, which became effective on September 1, 1987.

Effective 9/1/87	Non-Agricultural	Agricultural
Adults	\$3.35 per hour	\$3.15 per hour
Minors	\$3.00 per hour	\$2.80 per hour

### Minimum Rates for tipped employees:

Effective 9/1/87	
Adults	\$2.01 per hour
Minors	\$1.71 per hour

## 1989

The department increased minimum wage rates higher than the federal rate and adopted rates for probationary employees for the first 120 calendar days of employment with each new employer.

**"Probationary employee"** means a person who has been in employment status for an employer for equal to or less than 120 calendar days within a three-year period. **"Employer"** means a separate entity unless there is common ownership of different establishments or enterprises and the employee worked in one or more of these establishments or enterprises during the probationary period.<sup>5</sup>

### Non-Agricultural Employment – General Minimum Wage Rate

Effective July 1, 1989	Probationary	Non-Probationary
Adults	\$3.45 Per Hour	\$3.65 Per Hour
Minors	\$3.10 Per Hour	\$3.30 Per Hour

### Agricultural Employment

Effective July 1, 1989	Probationary	Non-Probationary
Adults	\$3.25 Per Hour	\$3.45 Per Hour
Minors	\$2.90 Per Hour	\$3.10 Per Hour

<sup>5</sup> **Example:** If an employee is in employment status 80 calendar days (even if he/she works and is paid for less than 80 calendar days) in one employment period and returns to the same employer for another employment period, they would not have to start over to reach 120 calendar days, but would only have to be in employment status for 40 additional calendar days to reach the non-probationary rate.

## Employees Who Work for Tips

	Probationary	Non-Probationary
Effective July 1, 1989		
Adults	\$2.07 Per Hour	\$2.19 Per Hour
Minors	\$1.86 Per Hour	\$1.98 Per Hour

## Maximum Allowances for Board and Lodging

### Non-Agricultural Employment

	Probationary	Non-Probationary
Effective Jul 1, 1989		
Meals (Adults)	\$41.40 Per Week \$ 1.95 Per Meal	\$43.80 Per Week \$ 2.10 Per Meal
Meals (Minors)	\$37.20 Per Week \$ 1.75 Per Meal	\$39.60 Per Week \$ 1.90 Per Meal
Lodging (Adults)	\$27.60 Per Week \$3.95 Per Day	\$29.20 Per Week \$ 4.15 Per Day
Lodging (Minors)	\$24.80 Per Week \$ 3.55 Per Day	\$26.40 Per Week \$ 3.75 Per Day

### Agricultural Employment

	Probationary	Non-Probationary
Meals (Adults)	\$39.00 Per Week \$ 1.85 Per Meal	\$41.40 Per Week \$ 1.95 Per Meal
Meals (Minors)	\$34.80 Per Week \$ 1.65 Per Meal	\$37.20 Per Week \$ 1.75 Per Meal
Lodging (Adults)	\$26.00 Per Week \$3.70 Per Day	\$27.60 Per Week \$ 3.95 Per Day
Lodging (Minors)	\$23.20 Per Week \$ 3.30 Per Day	\$24.80 Per Week \$ 3.55 Per Day

## 1990

The department adopted a minimum wage rate to equal the federal minimum wage and reduced the probationary employee time to 60 cumulative calendar days. The probationary period was deleted for agricultural employment and no change was made in the rates for tipped employees.

**"Probationary employee"** means a person who has been in employment status for a cumulative total of 60 calendar days within a three-year period. **Proof of previous employment.** The employee is responsible to provide proof of previous employment to their new employer. The employer shall not be liable for a violation if they have relied on the proof presented by the employee.<sup>6</sup>

<sup>6</sup> **Example:** If an employee is in employment status 40 calendar days (even if he/she works and is paid for less than 40 calendar days) in one employment period and then returns for another employment period, even with another employer, they would not have to start over to reach 60 calendar days, but would

**Non-Agricultural Employment – General Minimum Wage Rate**

	Probationary	Non-Probationary
Effective April 1, 1990		
Adults	\$3.50 Per Hour	\$3.80 Per Hour
Minors	\$3.25 Per Hour	\$3.45 Per Hour

**Agricultural Employment**

All Employees		
Effective April 1, 1990	Adults	\$3.60 Per Hour
	Minors	\$3.25 Per Hour

**Employees Who Work for Tips**

	Probationary	Non-Probationary
Effective July 1, 1989		
Adults	\$2.07 Per Hour	\$2.19 Per Hour
Minors	\$1.86 Per Hour	\$1.98 Per Hour

**Maximum Allowances For Board and Lodging**

**Non-Agricultural Employment**

	Probationary Employees	Non-Probationary Employees
Effective April 1 1990		
Meals (Adults)	\$42.00 Per Week \$ 2.00 Per Meal	\$45.60 Per Week \$ 2.15 Per Meal
Meals (Minors)	\$39.00 Per Week \$ 1.85 Per Meal	\$41.40 Per Week \$ 1.95 Per Meal
Lodging (Adults)	\$28.00 Per Week \$ 4.00 Per Day	\$30.40 Per Week \$ 4.35 Per Day
Lodging (Minors)	\$26.00 Per Week \$ 3.70 Per Day	\$27.60 Per Week \$ 3.95 Per Day

**Agricultural Employment**

All Employees		
Effective April, 1990		
Meals (Adults)	\$43.20 Per Week	\$ 2.05 Per Meal
Meals (Minors)	\$39.00 Per Week	\$ 1.85 Per Meal
Lodging (Adults)	\$28.80 Per Week	\$ 4.10 Per Day
Lodging (Minors)	\$26.00 Per Week	\$ 3.70 Per Day

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only have to be in employment status for 20 additional calendar days to reach the non-probationary rate.

## 1991

The Secretary of the Department of Industry, Labor and Human Relations created the Minimum Wage Advisory Task Force on March 5, 1991. It was charged with the responsibility to examine a wide range of issues surrounding the minimum wage in Wisconsin.

The Task Force was created to explore in some depth the various arguments advanced on both sides of the issue. In the past, verifiable, factual data about the effect and import of the minimum wage in Wisconsin has not been available to assist decision-makers. The applicability to Wisconsin of national data has been only speculative.

## 1992

After taking the Minimum Wage Task Force recommendations to public hearing, the department adopted new minimum wage rates, which became effective on March 1, 1992. The maximum amounts for meals and lodging credit for adults and minors in non-agricultural and agricultural employments were also increased.

### Non-Agricultural Employment Rate

Effective March 1, 1992	Probationary Employees	Non-Probationary Employees
Adults	\$3.95 Per Hour	\$4.25 Per Hour
Minors	\$3.60 Per Hour	\$3.90 Per Hour

### Agricultural Employment Rate

Effective March 1, 1992	Probationary Employees	Non-Probationary Employees
Adults	NONE	\$4.05 Per Hour
Minors	NONE	\$3.70 Per Hour

### Tipped Employees Rate

Effective March 1, 1992	Probationary Employees	Non-Probationary Employees
Adults	\$2.20 Per Hour	\$2.33 Per Hour
Minors	\$2.00 Per Hour	\$2.13 Per Hour

### Caddies Rate

Effective March 1, 1992	9 Holes \$3.35	18 Holes \$5.95
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### Counselors – Seasonal Recreational or Educational Camps Rate

Effective March 1, 1992	Board & Lodging	Board Only	No Board or Lodging
Adults	\$91.00 Per Week	\$110.00 Per Week	\$140.00 Per Week
Minors	\$74.00 Per Week	\$ 92.00 Per Week	\$123.00 Per Week

## Maximum Allowances for Board and Lodging

### Non-Agricultural Employment

Effective March 1, 1992	Probationary Employees	Non-Probationary Employees
Meals (Adults)	\$47.90 Per Week \$ 2.25 Per Meal	\$51.00 Per Week \$ 2.45 Per Meal
Meals (Minors)	\$43.20 Per Week \$ 2.05 Per Meal	\$46.80 Per Week \$ 2.25 Per Meal
Lodging (Adults)	\$31.60 Per Week \$ 4.50 Per Day	\$34.00 Per Week \$ 4.85 Per Day
Lodging (Minors)	\$28.80 Per Week \$ 4.10 Per Day	\$31.20 Per Week \$ 4.45 Per Day

### Agricultural Employment

Beginning March 1, 1992	All Employees
Meals (Adults)	\$48.60 Per Week \$ 2.30 Per Meal
Meals (Minors)	\$44.40 Per Week \$ 2.10 Per Meal
Lodging (Adults)	\$32.40 Per Week \$ 4.65 Per Day
Lodging (Minors)	\$29.60 Per Week \$ 4.25 Per Day

## 1996

Effective October 1, 1996 the department adopted new minimum wage regulations establishing in non-agricultural employment one basic minimum wage rate that applies to both adults and minors. The department discontinued the previous probationary wage rate and minor minimum wage rate (except in agriculture) system and replaced it with an opportunity wage. The new opportunity wage applies to persons under 20 years of age during the initial 90 calendar days of employment with any employer.

### Non-Agricultural Employment

Opportunity Employees	\$4.25 per hour
Non-opportunity Employees	\$4.75 per hour

### Tipped Employment

Opportunity Employees	\$2.13 per hour
Non-opportunity Employees	\$2.33 per hour

### Agricultural Employment

Adults	\$4.55 per hour
Minors	\$4.20 per hour



## 1997

Effective June 1, 1997 the department lowered the minimum wage rate for agricultural employment to the following rates.

Adults	\$4.05 per hour
Minors	\$3.70 per hour

Effective September 1, 1997 the department made the following changes to state minimum wage rates.

### **Non-Agricultural Employment**

Opportunity Employees	\$4.25 per hour
Non-opportunity Employees	\$5.15 per hour

### **Tipped Employment**

Opportunity Employees	\$2.13 per hour
Non-opportunity Employees	\$2.33 per hour

### **Agricultural Employment**

Adults	\$4.05 per hour
Minors	\$3.70 per hour

## IV. FINDINGS

### *Minimum wages and Wisconsin*

There are approximately 2,790,000 wage and salary jobs in Wisconsin. The average hourly wage or the mean is \$15.46. The median wage, however, is \$12.77 per hour, meaning that 50 percent of Wisconsin workers earn less than \$12.77 per hour. Around 10 percent of all of Wisconsin's workers, 280,000 workers, earn less than \$7.04 per hour. The average earning of these workers differs by metro area. It is:

Appleton	\$7.10
Eau Claire	\$6.77
Green Bay	\$7.30
Janesville/Beloit	\$6.79
Kenosha	\$7.02
La Crosse	\$6.64
Madison	\$7.62
Milwaukee	\$7.33
Racine	\$6.82
Sheboygan	\$7.37
Wausau	\$7.00

It is estimated that about 65 percent that number, 182,000 workers earn less than \$6.50 per hour. About 39,000 of Wisconsin's workers earn \$5.15 or less per hour.

About one third of all low-wage workers work in food preparation jobs. This category of workers includes fast food cooks, food preparation workers, counter attendants, cafeteria workers, and dishwashers. Best estimates would suggest there might be 60,000 to 65,000 workers earning very low wages – less than \$6.50 per hour – in this category.

A second large occupational category of low-wage workers is sales and related occupations. They are comprised of service station attendants, convenience store and grocery store clerks, and stock clerks. There are an estimated 35,000 workers earning less than \$6.50 per hour in this category. Also included are telemarketers, merchandise demonstrators, counter and rental clerks, and gaming change, and booth cashiers.

A third occupational category with a large number of very low-wage workers is personal care and service workers. This category includes attendants of various kinds – gaming attendants, ushers and lobby attendants, transportation, tourism, and lodging attendants. This

category also includes many child care workers. Some 10,000 Wisconsin workers in this category would be earning very low wages.

A fourth category where there are a fairly large number of low-wage workers is an occupational category where in general, wages are quite high. It is production workers. The average wage for production workers is \$14.09 per hour, and the 10 percent break comes at a high of \$8.23 per hour. Nevertheless, there are some 239,000 production workers in the state and perhaps as many as 6 percent are low-wage workers. This means there are likely as many as 14,000 low-wage production workers.

A fifth category with a large number of low-wage workers is office and administrative support workers. The percentage of workers being paid very low-wages in this category is small, but the category is very large and the small percent of workers in this field adds up to as many as 21,000 low-wage workers.

There are a fairly large number of workers in transportation and material moving occupations who are paid low-wages. Again the percentage is small, but the large number of workers in this category results in a fairly large number. An estimated 12,500 workers are paid very low-wages in this classification. An example of a job in this classification where workers often earn very low-wages is ambulance drivers and helpers, except emergency medical technicians.

Another grouping with a large number of low-wage workers is in the building and grounds cleaning and maintenance occupations. Most of these low-wage workers are housekeeping workers in hotels and other lodging facilities. This category likely has some 10,000 very low-wage workers throughout the state.

The classification healthcare support occupations is another group where there are a number of very low-wage workers. There are as many as 4,250 workers in occupations such as veterinary assistant and animal caretaker and home health care aide.

There are a smaller number of workers in farming, fishing, and forestry occupations earning very low-wages. Particularly low-wages are found for graders and sorters of agricultural products, and nursery and greenhouse workers and laborers. Perhaps 500 workers in the state in these occupations earn very low-wages. Often landscape workers employed at golf courses are paid something above minimum wage but still very low-wages.

There are outliers in other occupations throughout the state earning very low wages. Bicycle repairers, packagers, vehicle cleaners,

veterinary assistants, hotel, motel, and resort desk clerks are some of the occupations where many workers are found earning very low wages.

### ***Effect of minimum wage increases on Wisconsin's economy***

The Department of Workforce Development estimates that 200,000 workers will be affected by the minimum wage increases. It is expected that approximately 110,000 workers making slightly above the new minimum wages will be indirectly affected by the minimum wage increases and will also receive pay increases.

It is estimated that nearly 80% of these low wage-workers are over 18 years of age, 65% are female, and over one-third are heads of their household. These workers are African-American, Hispanic, and Asian in numbers larger than their proportion in the population. Over two-thirds of these low wage-workers work more than half-time:

30% work between 1-19 hours per week

35% work between 20-34 hours per week

35% work 35 or more hours per week

The industry with the largest number of workers affected by a minimum wage increase is the leisure and hospitality industry—75% of affected employees work in this industry. Leisure and hospitality includes accommodations and foods as well as arts, entertainment, and recreation. Pay is low in the leisure and hospitality industries overall but particularly low in the accommodations and foods sector. In hotels and motels, 40% of workers earn less than \$6.50, and in restaurants 20% of workers earn less than \$6.50. The pay of Wisconsin workers in the accommodations and foods industry is almost the lowest in the country ranking 49<sup>th</sup> nationally.

The proposed increase from \$5.15 to \$5.70 per hour in the general rate will directly raise the pay of 40,000 to 45,000 workers. The \$5.70 to \$6.50 increases in the general rate that will occur on October 1, 2005 will directly raise the pay of 50,000 to 60,000 workers. The \$5.15 to \$5.30 increases in the minor rate that will occur when this rule is effective will directly raise the pay of 15,000 to 20,000 workers. The \$5.30 to \$5.90 increases in the minor rate that will occur on October 1, 2005 will directly raise the pay of 20,000 to 30,000 workers.

The effect of the wage increase on business will be \$175 million in increased payroll costs. Low-wage workers will circulate this money back into the economy immediately, representing a 0.1 percent increase in the gross state product. The increased spending by affected workers may be a revenue growth for some businesses. The effects may be slightly

greater in northern, rural regions of the state where minimum wage jobs make up a greater percentage of the workforce. Higher wages also have a positive impact on both workers and their employers by reducing turnover, increasing work experience, and saving on training and recruitment costs for both workers and employers. Any increase in the cost of doing business will likely be passed on to consumers as part of the price of the product or service being purchased.

Section 227.114, Wisconsin Statutes, requires that the department consider the effect of the rule on small business, which is defined as fewer than 25 employees or \$2.5 million in gross annual sales, and consider exemptions or less stringent deadlines for compliance if there is an effect on small business. The department estimates that a very high percentage of workers affected by this minimum wage increase work for employers with less than 25 employees or \$2.5 million in gross annual sales. If the rule exempted these employers from minimum wage coverage, it would render the minimum wage nearly meaningless.

### ***Fiscal effect on state and local government***

It is estimated that 35% of the additional \$175 million in consumer expenditures will be on items subject to the sales tax. This translates to increased revenue of approximately \$3 million for the state and some increased revenue for counties with a local sales tax.<sup>7</sup> Additionally, it is estimated that 100-200 local governmental employees across the state who work as seasonal summer helpers may be affected by the increase. The increased cost is estimated at approximately \$20,000 across all local governments in the state. The minimum wage increase is not expected to affect state employees.

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<sup>7</sup> There may be increased state revenue from the income tax on higher incomes for approximately 200,000 workers. The department has submitted a request to the Department of Revenue for an estimate of the increase and any possible offset due to decreased corporate tax revenue based on increased payroll costs.

## V. RECOMMENDATIONS

The Minimum Wage Advisory Council met four times<sup>8</sup> to discuss and evaluate data presented by the department and by two guest speakers.<sup>9</sup> The Minimum Wage Advisory Council also created a subcommittee to assist the members with recommendations. The subcommittee met on February 25 and March 1.

In addition, the department elicited information concerning the diverse rates from other interested parties. These groups included;

- Wisconsin State Golf Association
- Wisconsin Council on Children & Families
- Wisconsin American Camping Association
- Wisconsin Christmas Tree Producers Association
- Wisconsin Honey Producers Association
- Wisconsin Maple Syrup Producers
- Wisconsin Potato and Vegetable Growers Association
- Wisconsin Sod Producers Association
- Wisconsin Corn Growers
- Wisconsin Soybean Producers
- Wisconsin Cranberry Growers
- Wisconsin Farm Bureau
- Wisconsin Agribusiness Council

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<sup>8</sup> The dates were January 13, 2004; February 9, 2004; February 19, 2004; and March 1, 2004.

<sup>9</sup> On February 9, 2004, the council members heard two presentations on the issue. The first presenter was Mr. Craig Garthwaite, Director of Research for the Employment Policies Institute in Washington. The second presenter was Professor Nik Theodore, Director for the University of Illinois-Chicago Center for Urban Economic Development in Chicago.

The Minimum Wage Advisory Council voted on March 1, 2004, on the recommendations submitted by their subcommittees. The recommendation was approved by a vote of 16-2. In addition, the Minimum Wage Advisory Council voted on April 7, 2004 on the subcommittee's recommendations regarding Wisconsin's agricultural rate. The recommendation passed on a vote of 15-3.

The following are the Minimum Wage Advisory Council recommendations.<sup>10</sup>

**General minimum wage rate**

Increases from \$5.15 to \$5.70/hour effective when rule is effective  
Increases to \$6.50/hour effective October 1, 2005

**Minor minimum wage rate<sup>11</sup>**

Increases to \$5.30/hour effective when rule is effective (currently same as adult rate \$5.15/hour)  
Increases to \$5.90/hour effective October 1, 2005

**Opportunity minimum wage rate**

Increases from \$4.25 to \$5.30/hour effective when rule is effective  
Increases to \$5.90/hour effective October 1, 2005

**Agriculture minimum wage rate for workers age 18 and over**

Increases from \$4.05 to \$5.15/hour effective when rule is effective

**Agricultural minimum wage rate for workers age 17 and under**

Increases to \$3.70 to \$4.25/hour effective when rule is effective

**Camp counselor minimum wage rate for workers age 18 and over**

Increases to \$285/week effective when rule is effective, and \$315/week effective October 1, 2005, if no room or board provided (currently \$140/week)

Increases to \$217/week effective when rule is effective, and \$240/week effective October 1, 2005, if board provided (currently \$110/week)

Increases to \$171/week effective when rule is effective, and \$189/week effective October 1, 2005, if room and board provided (currently \$91/week)

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<sup>10</sup> The council elected to keep the minimum wage tipped rate at previous levels of \$2.33/hour for non-opportunity employees and \$2.13/hour for opportunity employees.

<sup>11</sup> The council voted for the reestablishment of a minor minimum wage rate.

**Camp counselor minimum wage rate for workers age 17 and under**

Increases to \$265/week effective when rule is effective, and \$275/week effective October 1, 2005, if no room or board provided (currently \$123/week)

Increases to \$202/week effective when rule is effective, and \$209/week effective October 1, 2005, if board provided (currently \$92/week)

Increases to \$159/week effective when rule is effective, and \$165/week effective October 1, 2005, if room and board provided (currently \$74/week)

**Golf caddy minimum wage rate**

Increases to \$10.50 for 18 holes, and \$5.90 for 9 holes effective when rule is effective (currently \$5.95 for 18 holes and \$3.35 for 9 holes)



## VI. CONCLUSIONS

This is a critical time for Wisconsin to support low-wage workers by increasing the minimum wage. In 2004, the federal minimum wage will fall to its lowest inflation-adjusted value of all time. The buying power of the minimum wage in 1970 equaled about \$8.00 in 2003 dollars. Given the declining value of the minimum wage and the lack of federal action to increase it, 12 other states have already established minimum wages above the federal level.<sup>12</sup>

In addition, three additional states (Indiana, Kentucky and Minnesota) were introduced legislation to raise their state minimum wage rates. At the federal level, Senator Edward Kennedy (D-Mass.) introduced an amendment to the welfare reform reauthorization bill that would increase the federal minimum wage from \$5.15 to \$7.00 over 2 years. On April 14, 2004, the Senate Republicans announced that they will be crafting legislation that would phase in an increase of the federal minimum wage to \$6.25, packaged with business-friendly measures.

Raising the minimum wage is essential because it raises the floor for wages, and therefore affects many workers' earning. Higher wages also have a positive impact on both workers and their employers by reducing turnover, increasing work experience, and saving on training and recruitment costs for both workers and employers.

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<sup>12</sup> Those states are Alaska, California, Connecticut, Delaware, Hawaii, Illinois, Massachusetts, Maine, Oregon, Rhode Island, Vermont, and Washington. See the U.S. Department of Labor's Employment Standards Administration, wage and hour division at <http://www.dol.gov/esa/minage/america.htm>. Assuming that Wisconsin's minimum wage increases to \$5.70 in 2004, its minimum wage will also be greater than the current federal minimum wage.