

Employment Policies

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The Historical Record of Job Losses Associated with Mandated Minimum Wage Increases

Senator Tom Harkin (D-IA) is co-sponsoring a bill to raise the federal minimum wage to \$10.10 an hour. He's dismissed as a "myth" the idea that raising the minimum wage will cause a loss of hours or employment for less-skilled employees.

Harkin's statement is at odds with the academic research on this issue, since 85 percent of the most credible studies on this subject from the last two decades point to a loss of jobs following a mandated wage hike. But Harkin's rhetoric is also directly at odds with accumulated anecdotal evidence from employers, who've provided the nation's newspapers with considerable proof that wage mandates do have consequences.

A simple search using Google and Lexis Nexis yielded over six dozen examples, a few of which are reprinted below. These stories provide a tangible example of the thousands of Census Bureau data points over multiple decades that economists have studied to reach a similar conclusion about the consequences of minimum wage hikes.

"Roughly 70 Kennywood Park employees—largely high school and college students—were laid off and ticket prices were increased to cover still higher labor costs."

—*Observer-Reporter*, 2007

"We used to have four people working in the quiet times, and now [due to the higher minimum wage] we have three."

—*The Bakersfield Californian*, 1996

"I went from hiring 20 young people during the summer to hiring none..."

—*Statesman Journal*, 1999

"[O]n the weekends, Ritchie used to put four employees on the night shift, but now she said she can only afford to keep three."

—*The Athens News*, 2007

"Nineteen-year-old John Reineke's work hours at a snack shop at Central Michigan University were cut in half when the minimum wage went up the first time in October, and his family's ice cream shop will employ fewer workers this summer when the wage goes up again."

—*Detroit News*, 2007

"Five years ago, he said, there would be five people closing the store. Now the stores have four people to 9 p.m., then one goes home."

—*Tri City Herald*, 2005

"Instead of being able to hire three or four people, now I'll just be able to hire two," said Olivas, who currently has seven employees."

—*The Business Press*, 1996

"Simmons already has cut hours for about half of his 70 employees and has laid off a couple."

—*Tri-City Herald*, 2008

“Last increase, I had to cut 12 to 15 part-time people. This time I will have to shave it again. As an independent restaurateur, I can’t survive without staff cuts.”

—*Kansas City Star*, 2009

“Locally, we won’t hire as many part-time, seasonal workers to compensate for the increase...”

—*Post & Courier*, 2009

“Restaurateur Kevin Joyce...lowered the number of hours his employees worked when the current minimum wage was raised.”

—*Pittsburgh Post-Gazette*, 1998

“[S]tarting them at the highest minimum wage in the nation is so difficult she recently cut her evening staff from six to five, she said.”

—*Yakima Herald Republic*, 2009

“[T]he pizzeria intends to lay off two or three of its seven minimum-wage employees who prepare the meals, cut the pizza, serve and clean up.”

—*Philadelphia Inquirer*, 1996

“Morgan said a 70-cents-per-hour minimum wage increase that takes effect today means if one of his younger workers leaves to go to college this fall, he won’t hire a replacement.”

—*The Tennessean*, 2009

“Where am I going to cough up \$17,000 to pay these people?” asked Peceny, who said he employs a lot of high school students to wash dishes and clean tables. “What it has done is cut four or five people out of a job.”

—*Arkansas Democrat Gazette*, 2006

“[T]he chain raised its food prices 8 percent in response to the last wage increase. That resulted, he said, in fewer customers, which in turn caused a cutback in the number of the chain’s minimum wage earners and a reduction in the workers’ health benefits.”

—*San Francisco Chronicle*, 1990

“Miller said he’s cut his staffing by half since the beginning of 2007, when Missouri’s minimum wage went up under a referendum passed the previous year.”

—*St. Louis Post-Dispatch*, 2009

“[Goodwill Industries] will hire only 25 underprivileged kids to work at the Ben & Jerry’s ice cream store it operates for training purposes at the Compuware building in Detroit because it can’t afford to pay \$7.15 an hour this summer. Last year, 57 kids worked at the shop.”

—*Detroit News*, 2007

“At Bench Warmers Bar and Grill, owner Cathy Matney had to lay off a few of her dishwashers because she couldn’t pay all of her 22 workers more.”

—*States News Service*, 2009

“Rachel Ritchie, owner of Goodfella’s, said she has had to cut back on staffing and raise prices by 25 cents per slice of pizza.”

—*Athens News*, 2007

“Tim Shepherd, owner of TWC Surf and Sport in Keego Harbor, Mich., said the increase meant some of his store’s workers, who tend to range from 16 to 22 years old, will have to work fewer hours.”

—*Pittsburgh Post-Gazette*, 2007

The Employment Policies Institute is a non-profit research organization dedicated to studying public policy issues surrounding employment growth. In particular, EPI focuses on issues that affect entry-level employment.