



The Minimum Wage in Wisconsin

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THE MINIMUM WAGE IN WISCONSIN

The issue of a suitable minimum wage continues to be a source of controversy and legislation in Wisconsin and throughout the nation. Wisconsin's general minimum wage, which was last increased in July 2009, is statutorily set at the current federal standard of \$7.25 per hour. Different, lower minimum wages are prescribed for certain categories of workers such as tipped employees and "opportunity employees," that is, employees under 20 years of age who are in the first 90 consecutive days of employment with their employers.

According to the National Conference of State Legislatures, 29 states and the District of Columbia currently have minimum wages above the federal minimum. Supporters of raising the minimum wage, including unions and social welfare organizations, have supported efforts such as the "Fight for \$15" movement in advocating for higher minimums at the national level and in states and localities. Proponents of higher minimum wages point out that the levels have not kept up with inflation and that higher wages will help lift many people out of poverty and dependence on government welfare programs and stimulate the economy by putting more income at the disposal of people who are likely to spend all or most of any increased resources. Opponents of significant, rapid increases in the wage rate warn of potential job losses, decreased profitability of businesses, and the danger of inflation.

History. A procedure to administratively set a minimum or "living wage" for women and minors in Wisconsin was created by the Chapter 712, Laws of 1913, and was further revised in 1925. The law defined "living wage" to mean "compensation for labor paid, whether by time, piece-work, or otherwise, sufficient to enable the employee receiving it to maintain himself or herself under conditions consistent with his or her welfare." Chapter 712 also allowed for a complaint to be made that a female or minor employee was not being paid a living wage and provided for an "advisory wage board" (later changed to a "wage council") that could be appointed to assist in investigations and determinations of a living wage. The first minimum or living wage was established administratively in Wisconsin in 1919. Chapter 94, Laws of 1975, applied the minimum or living wage to all employees. Until then, adult men were not covered by the law. The minimum or living wage was increased a number of times since the original enactment of the law in 1913. Most recently, in July 2009, it was raised to \$7.25 to match the federal minimum wage. At various times, a number of other revisions to the minimum wage law were made by administrative rule, but the fundamental principles of the law remained the same until the enactment of 2015 Wisconsin Act 55.

Preemption of Local Minimum Wage Rates. In December 2003, Governor Jim Doyle directed the Department of Workforce Development (DWD) to convene a minimum wage advisory council to recommend the appropriate level for the state's living wage, which had remained at \$5.15 per hour since 1997. After a series of public hearings, the council recommended initiating two phased increases in the minimum wage, which DWD promulgated a rule to accomplish. The legislature moved to block implementation of the increases and eliminate DWD's authority to set the living wage by rule. During this process, the City of Madison enacted a living wage ordinance to increase the minimum wage in the city above the state and federal minimum wage and to index the rate to inflation. Three other cities, Eau Claire, La Crosse, and Milwaukee, considered similar ordinances. Leaders of the Republican-controlled legislature and Democratic Governor Doyle agreed on a compromise whereby the legislature allowed the administratively proposed minimum wage increases to take effect, and the governor agreed to sign a bill prohibiting counties, cities, villages, and towns from enacting local minimum wage ordinances. 2005 Wisconsin Act 12, creating Section 104.001, Wisconsin Statutes, and preempting local minimum wage laws, was enacted on June 1, 2005.

Minimum Wages to be Set by Statute. 2015 Wisconsin Act 55, the biennial state budget, repealed DWD's authority to prescribe by rule the state's living wage or wage rates and to receive a complaint that the wages paid to an employee are less than an adequate living wage. Instead, the act set the state's minimum wages in the statutes (§§ 104.02, 104.035, and 104.045). The term "living wage" was also repealed. Under Act 55, DWD retains administrative responsibilities regarding certain wage rates, including determining how tips and gratuities earned in restaurants and lodging establishments are counted toward fulfillment of the minimum wage. Act 55 maintained the rates that were in effect when it was enacted, including a general minimum wage of \$7.25 per hour, a minimum wage for opportunity employees of \$5.90 per hour, and a minimum wage for tipped employees of \$2.33 per hour.

Current Legislation. In addition to the budget act (2015 Wisconsin Act 55), three bills relating to the minimum wage are currently under consideration by the 2015 Wisconsin Legislature: Senate Bill 2 and Assembly Bills 12 and 264.

2015 Senate Bill 2 was introduced on January 16, 2015, by Senators Wirch, Carpenter, Erpenbach, and others, cosponsored by Representatives Mason, Barnes, and others, and referred to the Senate Committee on Labor and Government Reform. The bill repeals provisions for a "living wage" (which Act 55 has since done) and replaces them with statutory provisions requiring a minimum wage. The bill provides that the general minimum wage would be increased to \$8.20 per hour on the effective date of the bill, to \$9.15 per hour one year after the effective date, and to \$10.10 per hour two years after the effective date. On the effective date of the bill, the minimum wage for tipped employees would immediately increase to \$3 per hour. Thereafter, DWD would revise the minimum wages by rule to reflect changes in the consumer price index (<http://docs.legis.wisconsin.gov/2015/proposals/sb2>).

2015 Assembly Bill 12 was introduced on January 27, 2015, by Representatives Mason, Genrich, Zamarripa, and others, cosponsored by Senators Wirch, Carpenter, and others, and referred to the Assembly Committee on Jobs and the Economy. The bill is substantially similar to 2015 Senate Bill 2. It also repeals the prohibition, enacted by 2005 Wisconsin Act 12, on the enactment of local minimum wage ordinances (<http://docs.legis.wisconsin.gov/2015/proposals/ab12>).

2015 Assembly Bill 264 was introduced on June 10, 2015, by Representatives Sargent, Subeck, Hesselbein, and others, cosponsored by Senators Wirch, C. Larson, and others, and referred to the Assembly Committee on Small Business Development. The provisions of the bill are similar to those in 2015 Assembly Bill 12 and include eliminating the law preempting local minimum wage ordinances. The bill would raise the state's minimum wage to \$8.50 per hour on the effective date of the bill, to \$10 per hour one year after the effective date, to \$11.50 per hour two years after the effective date, to \$13 per hour three years after the effective date, to \$14 per hour four years after the effective date, and to \$15 per hour five years after the effective date. Thereafter, DWD would revise the minimum wage by rule to reflect changes in the consumer price index (<http://docs.legis.wisconsin.gov/2015/proposals/ab264>).