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# SD Increased Minimum Wage, Initiated Measure 18 Impact analysis

by SD Budget & Policy Institute

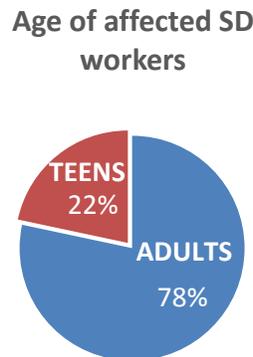
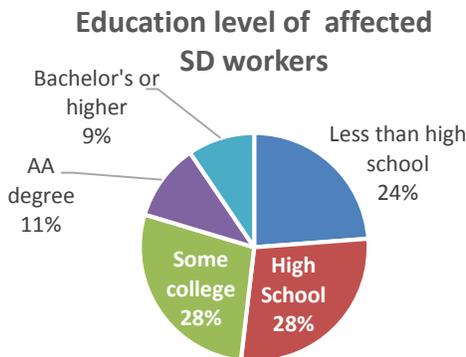
## One of six (17.3%) employed South Dakotans estimated to see wage increases<sup>1</sup>

An estimated 34,000 SD workers (9.5% of all workers) are paid wages between the current and proposed minimum wage. Another 28,000 workers (7.8% of all workers) are paid between the proposed minimum wage and \$9.75.

This second, slightly higher paid group are projected to be affected as employers' pay scales are adjusted upward to reflect the new minimum wage. The average increase for these indirectly affected workers is about \$300 per year, compared to \$1,125 for directly affected workers. Total "affected workers" (17.3%) represent one in six employed South Dakotans.

## The majority of "affected SD workers" are adults who have completed high school or college

Teenagers make up 22% of affected workers. Almost half of affected workers have attended college with 20% holding college degrees. Only 24% have not completed high school.

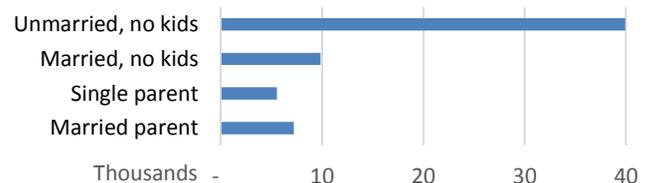


## One of seven (13.8%) SD children have at least one affected parent

Twenty-two percent of the affected SD workers' wage income is the sole source of family income. Among affected workers with children, their wage income is the sole source of family income 24% of the time.

The mean percentage of family income earned by affected SD workers is 47.4% (52.5% for parents). Sixty-four percent of affected workers are unmarried without kids. Another 15.7% are married without kids. Nine percent are single parents and 11.6% are married parents.

## Household structure of affected SD workers



## BALLOT SUMMARY

The initiated measure amends state law to raise South Dakota's hourly minimum wage for non-tipped employees from \$7.25 to \$8.50 per hour, effective January 1, 2015. Thereafter, this minimum wage will be annually adjusted by any increase in the cost of living. The cost of living increase is measured by the change in the Consumer Price Index published by the U.S. Department of Labor. In no case may the minimum wage be decreased.

In addition, the hourly minimum wage for tipped employees will be half the minimum wage for non-tipped employees as adjusted by any cost of living increase described above.

These increases would apply to all employers in South Dakota, with limited exceptions.

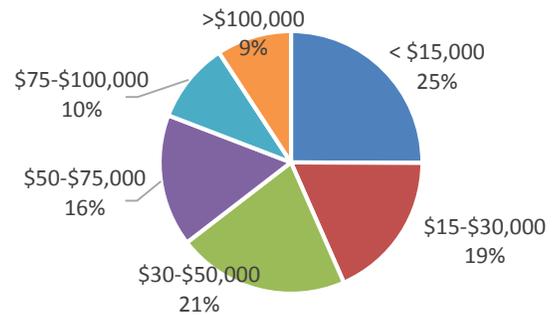
## SD Increased Minimum Wage, Initiated Measure 18 Impact analysis, continued

### Two-thirds of affected workers live in households with incomes below SD's median household income

Twenty-five percent of affected SD workers have family incomes below \$15,000. An additional 19% have family incomes between \$15,000 and \$30,000, and 21% have family incomes between \$30,000 and \$50,000.

Approximately one third of affected workers live in households with incomes above the state's median household income.

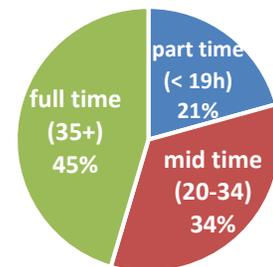
Family income of affected SD workers



### One in five affected SD workers are part time (less than 20 hours per week)

Forty-five percent of workers work full time hours (35+) or mid time hours (29-34). The remainder (21%) work less than 19 hours per week.

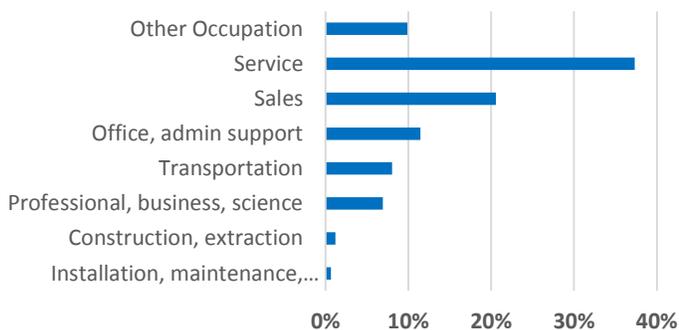
Work hours of affected SD workers



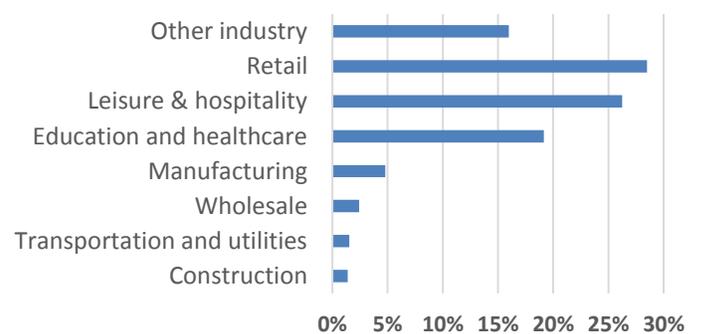
### Specific industries and occupations dominate affected worker employment.

Retail, leisure/hospitality, education and healthcare industries employ 74% of all affected SD workers. Within these industries, affected workers occupations are primarily in service, sales, office or administrative support positions.

affected SD workers by occupation



affected SD workers by industry



### According to Congressional Budget Office estimates<sup>ii</sup>, SD could lose 357 job secondary to minimum wage increase

The Congressional Budget Office estimated < 0.1% job losses secondary to a federal minimum wage increase to \$9.00. If SD's increase (to \$8.50) had the same effect as a \$9.00 minimum wage, the state could lose 357 low wage jobs.

<sup>i</sup> Economic Policy Institute Analysis of 2012 Current Population Survey, Outgoing Rotation Group <http://www.sdbpi.org/wp-content/uploads/2014/09/Estimated-Effects-of-proposed-SD-minimum-wage-increase.pdf>

<sup>ii</sup> CBO Feb 2014 *The effects of a minimum wage increase on employment and family income.* <http://www.cbo.gov/publication/44995>