
THE IMPACT OF INCREASING THE MINIMUM WAGE

Wages are not levers that set value, but metrics that reflect value. Once this key fact about the nature of wages is understood, the myriad unintended consequences of raising the minimum wage begin to make more sense. Amidst a renewed national debate on the merits of raising the minimum wage, it is widely reported that Latino voters support such proposals. However, many Latinos continue to have concerns about the possible consequences of raising the minimum wage:

- Employment is a decisive factor in Latino support for the minimum wage. Polling shows that while 74 percent of Hispanics support the minimum wage as an abstract concept, 58 percent oppose it if it will lead businesses to cut jobs, as it often does in practice.

Hispanics—like all Americans—are at risk of shrinking job opportunities following minimum wage hikes, but this risk may not be faced equally by all. In order to better inform public policy debates surrounding the minimum wage, The LIBRE Institute has analyzed the consequences of raising the minimum wage that are of the greatest concern for the U.S. Hispanic community. This report examines trends in the employment-to-population ratio of certain types of Latino workers—such as younger or less skilled workers—as they relate to changes in the minimum wage from 1974 to 2014.

The LIBRE Institute Found:

- In all seven major minimum wage hikes since 1954, teen employment growth either slows or trends downward, with one exception in the 1990's. Based on available data, this pattern holds true for Hispanic teen employment.
- Increases in the minimum wage result in downward pressure on employment for younger or less educated Latino workers, and that the effect of this downward pressure is magnified as the minimum wage increases.
- Increases in the minimum wage are more likely to reduce employment for those with lower levels of education, and this effect is more evident with Hispanics than in the general population.