

MINNESOTA MINIMUM WAGE REPORT 2023

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Introduction and summary

With the introduction of municipal minimum wages in Minneapolis and St. Paul (all reaching \$15.00 an hour in the 2020s), the minimum wage in Minnesota has become a more nuanced issue that has generated considerable research.¹ The effective minimum wage – the rate employers are required to pay to covered employees – is the applicable federal, state or local rate. To understand minimum wages in Minnesota, one should compare wages with the federal and state minimum wage rates, how these rates have changed and how they will change in the future and other wages over time. This report presents data about these topics. Some of the data presented in this report is considered in the context of the pandemic and post-pandemic labor market. Worker shortages and the reopening of businesses, combined with high inflation, affected wages across many sectors of Minnesota. The wage increases that occurred during the pandemic and post-pandemic years were curtailed by significant inflation. As inflation recently begun to slow down, its effects on future wage trends remain to be seen.²

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Data sources and methodology

The following list summarizes the data sources for this report.

- The minimum wage data for Minnesota is from [Minnesota Statutes § 177.24, subdivision 1](#), and the [Labor and Industry \(DLI\)](#). The Minnesota minimum wage historical data presented in several figures is from DLI (Minnesota's first minimum wage took effect Jan. 1, 1974).
- The minimum wage data for Minneapolis is from the [Minneapolis Code of Ordinances, Title 2, Chapter 2.01 Minneapolis Minimum Wage webpage](#).

- The minimum wage data for St. Paul is from the [St. Paul Legislative Code, Chapter 224](#).
- Minimum-wage data for the United States is from the [U.S. Department of Labor](#).
- The 2022 poverty thresholds are from the [U.S. Census Bureau](#) and are adjusted to 2023 using a projection of the Consumer Price Index for All Urban Consumers (CPI-U), available from the U.S. Bureau of Labor Statistics.
- The average hourly earnings of production workers in manufacturing are obtained from the [Current survey of the U.S. Bureau of Labor Statistics](#) and the Minnesota Department of Employment and Economic Development (DEED).
- The percentile wages for Minnesota nonfarm wage-and-salary workers are from the [Occupational Employment Statistics of the U.S. Bureau of Labor Statistics](#).

Data in Figure 1 is adjusted for inflation in the following manner. The Minnesota minimum wages for small employers (annual revenue of less than \$500,000) and large employers (annual revenue of \$500,000 or more) are adjusted for inflation using the Implicit Price Deflator for Personal Consumption Expenditures produced by the [U.S. Department of Commerce, Economic Analysis Bureau](#), with new rates effective Jan. 1 each year as provided by Minnesota Statutes § 177.24. The Minneapolis and St. Paul minimum wages for small employers (more than 100 employees) and St. Paul minimum wages for macro employers (more than 100 employees) are adjusted for inflation annually by local ordinance beginning Jan. 1, 2023. Both Minneapolis and St. Paul minimum wages shall be adjusted by the same adjustment used by DLI for the state minimum wage. The initial adjustment on Jan. 1, 2023, was half the adjustment calculated by DLI for the state minimum wage and will be applied each year thereafter.

The minimum wages for Minnesota large employers, Minneapolis small employers (with 100 employees or more) and small employers (between six and 100 employees) shown in Figures 3, 4, 6 and 7 are projected beyond 2023. The Minneapolis large employer minimum wage is projected for 2025 to 2028, while the Minneapolis small employer minimum wage is projected for 2024 to 2028, and the St. Paul small employer minimum wage is projected for 2026 to 2028. The Implicit Price Deflator for Personal Consumption Expenditure is used for these projections. Moreover, the minimum wages of different years are converted to constant dollars using the CPI-U for the Minneapolis-St. Paul metropolitan area, available from the [U.S. Bureau of Economic Analysis](#). The values for 2023 to 2028 are projected from earlier years. The minimum wage used for each year is the value for that year.

The 2022 poverty thresholds in Figure 5 are adjusted to 2023 using a projection of the nationwide CPI-U. The 2023 Minnesota large employer minimum wage were computed by multiplying the inflation-adjusted minimum wage per hour by an annual hours figure of 2,080.³ Projected full-time annual earnings at the 2028 Minneapolis and St. Paul minimum wages were computed in the following manner. The minimum wage for 2028 was projected as \$16.85 an hour using the Minneapolis and St. Paul ordinances, along with a projection of the Implicit Price Deflator for Personal Consumption Expenditure. This minimum wage then was adjusted to 2023 dollars using a projection of the CPI-U for the Minneapolis-St. Paul metropolitan area for 2023 to 2028. This value in 2023 dollars was \$15.14 an hour, which was then multiplied by 2,080 hours to get the full-time annual earnings figure.

In Figure 6, a three-year moving average of hourly earnings of production workers in manufacturing is used. Data is available starting in 1970 for Minnesota, the data was projected for 1960 through 1969 using the trend in hourly earnings of production workers in manufacturing for the U.S.

In Figure 7, the percentile wages for Minnesota nonfarm wage-and-salary workers are projected for 2023 to 2028. The Minneapolis large employer minimum wage is projected for 2025 to 2028, while the Minneapolis small employer minimum wage is projected for 2024 to 2028, and the St. Paul small employer minimum wage is projected for 2026 to 2028. The minimum wages are described earlier in this section.

In Figure 8, computations for the number and percentage of jobs at or below the minimum wage for Minnesota were performed by DEED according to specifications from DLI. DEED uses the Wage and Employment Data from the Minnesota Unemployment Insurance System for these computations. For Minneapolis and St. Paul, the data is by small and large employers. For 2022, DEED refined its estimation approach to determine employer s

definition of small and large employer. Rather than determining employer size based solely on the number of employees, DEED's approach defines employer size at the level of the parent firm and includes a special category for franchise restaurants. However, DEED does not classify firms based on franchise status. Both cities treat franchisees differently if they meet certain requirements. In addition, a small number of businesses in each city could not be classified to precisely capture employer size, we believe the estimates are close to the actual numbers in each size category.

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Summary

The following is a summary of the findings.

- **Effective minimum wages for Minnesota, Minneapolis and St. Paul:** The Minnesota minimum wage for large employers in 2023 – is adjusted annually for inflation. The minimum wages for large employers in St. Paul reached \$15.00 an hour in 2022 and the minimum wage for large employers in Minneapolis reached \$15.00 an hour in 2023. Minimum wages for other employers of different sizes in Minneapolis and St. Paul are projected for various years from 2024 to 2027, and will be adjusted for inflation thereafter (Figure 1).
- **Full-time annual earnings at the effective minimum wages:** For workers earning the Minnesota minimum wage and working 40 hours a week, annual wages in 2023 are \$22,027 for workers at large employers and \$20,160 for workers at small employers. As of Jan. 1, 2023, minimum-wage workers in Minneapolis earn annual full-time wages of \$20,160 at large employers. Also, minimum-wage workers in St. Paul earn annual full-time wages of \$31,595 at large employers. In 2023, minimum-wage workers in Minneapolis earn \$30,160 at small employers, while St. Paul minimum-wage workers earn \$31,200 at large employers and \$27,040 at small employers (Figure 2).
- **Minimum wages in 2023 dollars:** Adjusting for inflation, the 2023 Minnesota large employer minimum wage is below the average rate of the federal minimum wage for 1960 through 1981, which was \$12.03 in 2023 dollars. When Minneapolis and St. Paul minimum wages reach \$15.00 an hour, they will be higher, adjusting for inflation, than the peak reached by the federal minimum wage in 1968 (Figure 3).
- **Annual earnings at the minimum wages in 2023 dollars:** At the 2023 Minnesota large employer minimum wage of \$15.00 an hour, a full-time worker would earn about \$22,027 annually. After transitioning to the \$15.00 an hour minimum wage, annual earnings at the small employer will reach \$31,621 in Minneapolis in 2024 and \$31,554 in St. Paul in 2024 (Figure 4).
- **The minimum wage relative to the poverty line:** At the Minnesota large employer minimum wage of \$15.00 an hour, workers are above the poverty thresholds for one-person and two-person households, and slightly below the threshold for a three-person household. At the Minneapolis and St. Paul minimum wages projected for 2028, full-time workers will be slightly below the poverty threshold for four-person households (Figure 5).
- **The minimum wage relative to hourly earnings in manufacturing:** Relative to average hourly earnings of manufacturing workers in Minnesota manufacturing, the federal minimum wage peaked at 55% in 1968. After the transition to the \$15.00 minimum wage in Minneapolis and St. Paul, the \$15.00 minimum wages in the two cities will stand at roughly 56% of average hourly earnings, respectively (Figure 6).
- **The minimum wage relative to hourly wages of nonfarm workers:** The 2023 Minnesota large employer minimum wage of \$10.59 an hour, as adjusted for inflation in future years, is below the 10th percentile of hourly wages of nonfarm wage and salary workers in Minnesota. After the transition periods in Minneapolis and St. Paul, the minimum wages are expected to remain at or below the 10th percentile of overall nonfarm wages in the state. Due to the projected increase in wages in Minneapolis and St. Paul, the 10th percentile will have an upward trajectory (Figure 7).
- **The percentage of jobs at or below the minimum wage:** In 2022, the estimated number of Minnesota jobs below the minimum wage was around 90,000, or 2.7% of salaried and hourly jobs. The percentage of jobs below the minimum wage was 5.6% among small employers and 6.7% among large employers in Minneapolis. In St. Paul, the percentage below the minimum wage was 4.9% among small employers and 4.9% among large employers in St. Paul.

Effective minimum wages for Minnesota, Minneapolis and St. Paul

Figure 1 shows the minimum wage rates effective in Minnesota and in the cities of Minneapolis and St. Paul. As of Jan. 1, 2023, the Minnesota minimum wage is \$10.59 an hour for large employers (see figure for employers with fewer than 100 employees) and \$8.63 an hour for small employers. On Jan. 1, 2024, the Minnesota minimum wage will be adjusted for inflation to \$10.85 an hour for large employers and \$8.85 an hour for small employers.⁴

Under the Minneapolis and St. Paul minimum wage ordinances, the minimum wages in the two cities will have different timelines depending on employer size. The Minneapolis minimum wage for large employers was \$12.25 an hour Jan. 1, 2019, and adjusted for inflation, will increase to \$15.57 an hour Jan. 1, 2024. The Minneapolis minimum wage for small employers has a more delayed phase-in, but will reach the same rate as large employers July 1, 2024.

The St. Paul minimum wage took effect in 2020. Minimum wage for macro employers was \$12.50 an hour Jan. 1, 2020, and adjusted for inflation, will increase to \$15.57 an hour Jan. 1, 2024. Large (non-macro) employers reached \$11.50 an hour Jan. 1, 2023, and will increase to \$15.57 an hour July 1, 2024. Small and micro employers will reach \$15.00 an hour Jan. 1, 2025 and \$15.57 an hour Jan. 1, 2026, respectively. All employers will reach the same rate as macro employers (an indexed \$15.00 an hour minimum wage) Jan. 1, 2027. The provisions of the minimum-wage ordinances in Minneapolis and St. Paul, employers of all sizes in the two cities will reach the indexed minimum wage as of July 1, 2028.⁵

Figure 1

Minimum wages effective in Minnesota, Minneapolis and St. Paul, 2019-2028 [1]

Effective date	Minnesota		Minneapolis [3]		St. Paul [4]			
	Large employers (at least \$500,000 in annual revenue)	Small employers (less than \$500,000 in annual revenue)	Large employers (more than 100 employees)	Small employers (100 or fewer employees)	Macro employers (more than 10,000 employees)	Large employers (101 to 10,000 employees)	Small employers (6 to 100 employees)	Micro employers (5 or fewer employees)
1/1/2019	\$9.86	\$8.04						
7/1/2019			\$12.25	\$11.00				
1/1/2020	\$10.00	\$8.15			\$12.50			
7/1/2020			\$13.25	\$11.75		\$11.50	\$10.00	\$9.25
1/1/2021	\$10.08	\$8.21						
7/1/2021			\$14.25	\$12.50		\$12.50	\$11.00	\$10.00
1/1/2022	\$10.33	\$8.42						
7/1/2022			\$15.00	\$13.50	\$15.00	\$13.50	\$12.00	\$10.75
1/1/2023	\$10.59	\$8.63	\$15.19		\$15.19			
7/1/2023				\$14.50		\$15.00	\$13.00	\$11.50
1/1/2024	\$10.85	\$8.85	\$15.57		\$15.57			
7/1/2024				Equal to large employers		Equal to macro employers	\$14.00	\$12.25
7/1/2025							\$15.00	\$13.25
7/1/2026							Equal to macro employers	\$14.25
7/1/2027								\$15.00
7/1/2028								Equal to macro employers

1. In each jurisdiction shown, a lower minimum wage applies in various situations involving youth or youth who are in training programs.

Full-time annual earnings at the effective minimum wages

For workers earning the Minnesota minimum hourly wage and working 40 hours a week, annual wages : \$22,027 at large employers and \$17,950 at small employers. Effective Jan. 1, 2024, annual wages will b employers and \$18,408 for small employers (Figure 2).

Figure 2
Annual wage at effective minimum wages in Minnesota, Minneapolis and St. Paul for 2023 [1]

Effective Date	Minnesota		Minneapolis		St. Paul			
	Large employers	Small employers	Large employers	Small employers	Macro employers	Large employers	Small employers	Micro employers
	(at least \$500,000 in annual revenue)	(less than \$500,000 in annual revenue)						
1/1/2023	\$22,027	\$17,950	\$31,595		\$31,595			
7/1/2023				\$30,160		\$31,200	\$27,040	\$23,920
1/1/2024	\$22,568	\$18,408	\$32,386		\$32,386			
7/1/2024				\$32,386		\$32,386	\$29,120	\$25,480

1. The various hourly wages shown in Figure 1 were converted to annual wages using 2,080 hours annually (52 weeks x 40 hours). Annual amounts are only shown for the dates when the respective minimum wages became effective.

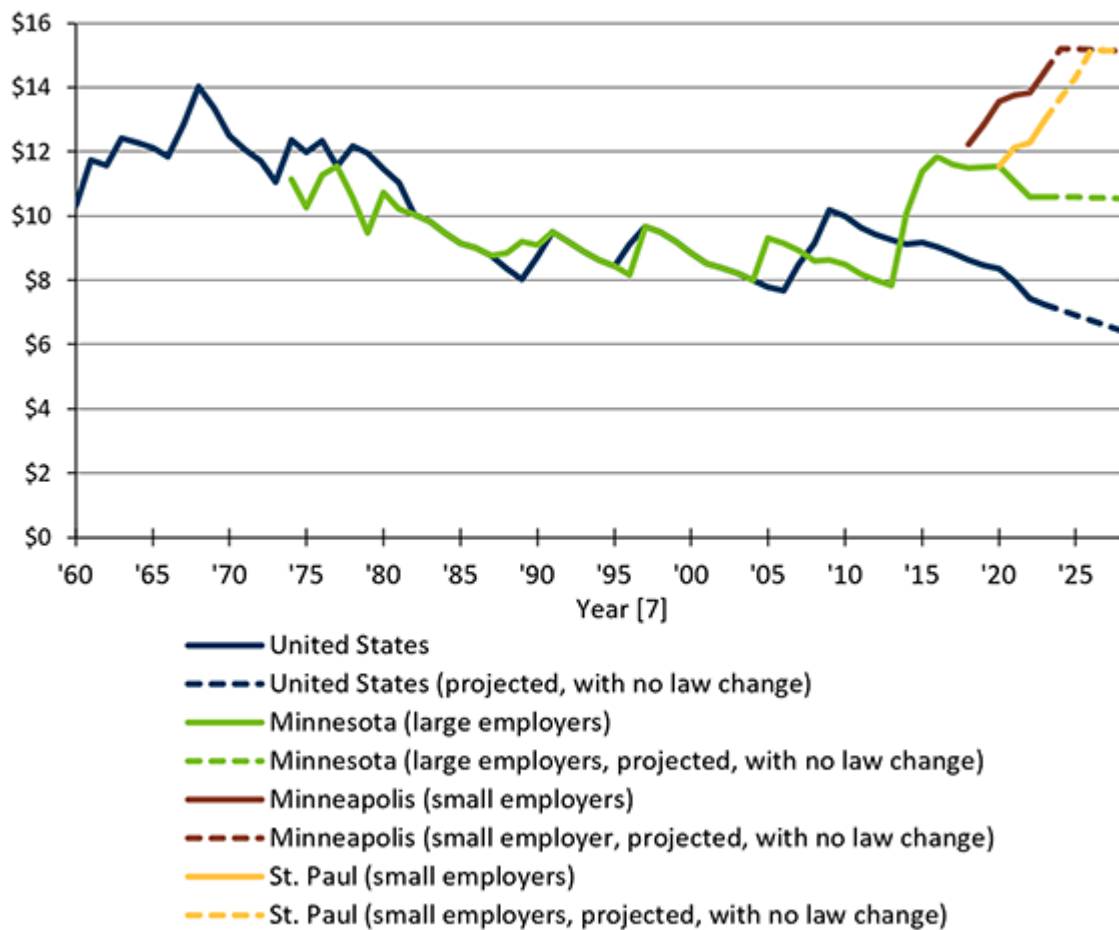
As of Jan. 1, 2023, workers in Minneapolis earn annual full-time wages of \$31,595 at large employers and \$31,595 at macro employers. As of July 1, 2023, workers in Minneapolis earn \$30,160 at small employers while workers in St. Paul earn \$31,200 at large employers and \$27,040 at small employers.

Minimum wages in 2023 dollars

Figure 3 shows the minimum wages for the United States, Minnesota, Minneapolis and St. Paul from 19 inflation (in 2023 dollars). In 2023 dollars, the federal minimum wage reached a peak of \$14.03 an hour minimum wage of \$7.25 an hour (its rate since 2009) is not indexed for inflation. Therefore, in 2023 dollars the minimum wage is projected to decline to \$6.43 an hour by 2028 in the absence of any statutory increase

Figure 3

Minimum wage, inflation-adjusted (2023 dollars), United States, Minnesota, Minneapolis and St. Paul, 1960-2028 [1]



1. In each jurisdiction shown, a lower minimum wage applies in various situations involving youth or youth who are in training programs.

In 2023 dollars, the current large employer Minnesota minimum wage of \$10.59 an hour is higher than the Minnesota rates of any year from 1982 through 2014, and below the average rate of the federal minimum wage in 1981, which was \$12.03 an hour. Although the state minimum wage is currently indexed for inflation, the state minimum wage is projected to decrease slightly through 2028. This is because the Implicit Price Deflator for Personal Consumption Expenditures, which is used under statute to index the state minimum wage, is projected to increase less rapidly than the index used in Figure 3 to express the trends in constant-dollar terms, the CPI-U.

The minimum wages shown in Figure 3 for Minneapolis and St. Paul are the small employer minimum wages. In contrast to the provision for the state minimum wage, the small employer categories for the Minneapolis and St. Paul ordinances include employers with up to 100 employees. In 2023 dollars, the Minneapolis and St. Paul minimum wages are projected at \$15.14 an hour for 2028. These values, which are adjusted for projected inflation, are \$1.11 an hour higher than the inflation-adjusted peak value of \$14.03 reached by the federal minimum wage in 1968. After the initial transition period, employers of all sizes in the two cities will have the same minimum wage.

As with the state minimum wage, the constant-dollar values of the Minneapolis and St. Paul minimum wages are projected to decrease slightly over time when inflation-indexing has begun (after 2024 and 2026, respectively, for the wages in the two cities). As with the state minimum wage, the reason for the decrease is because the Implicit Price Deflator for Personal Consumption Expenditures is projected to increase less rapidly than the CPI-U.

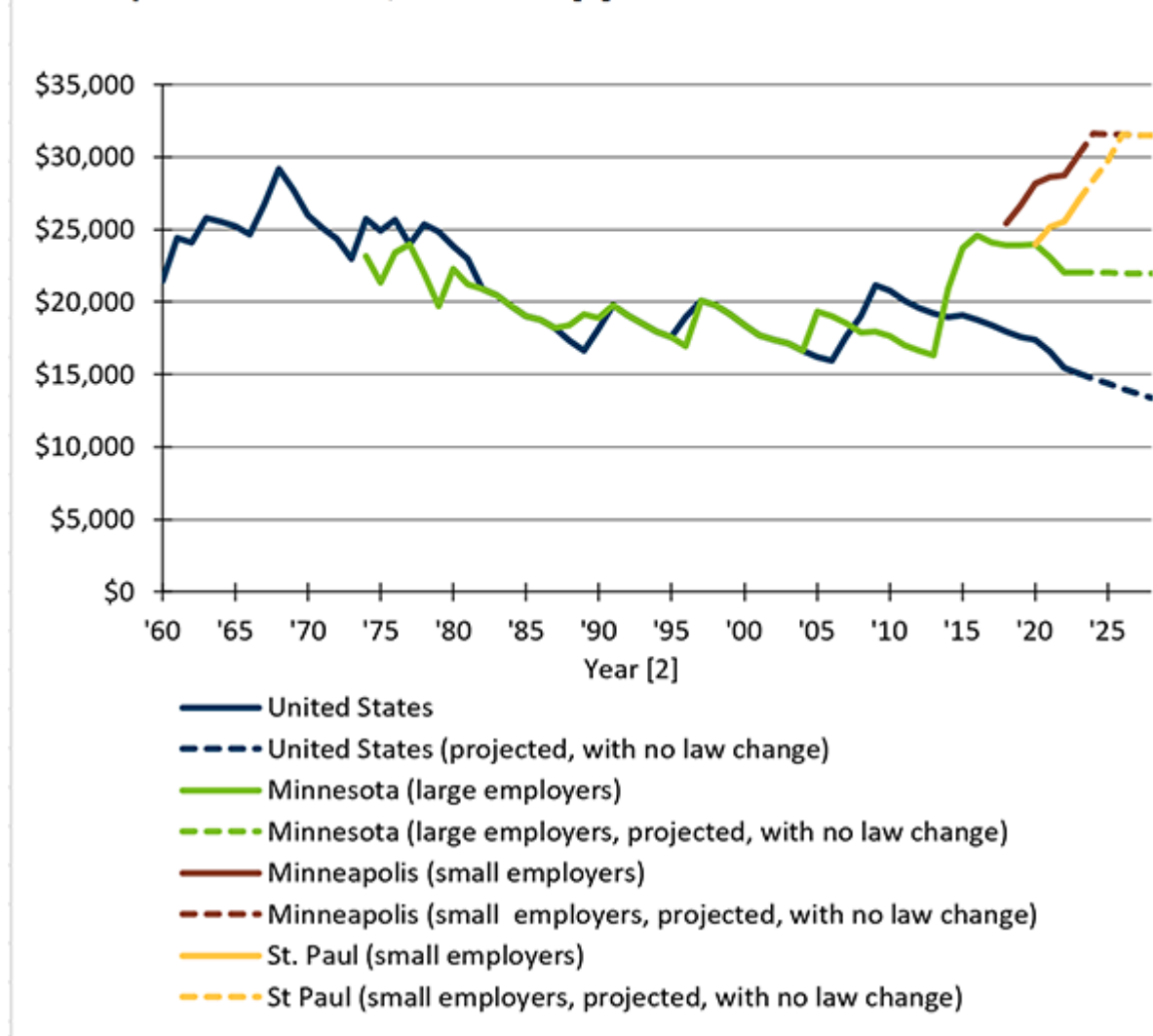
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Annual earnings at the minimum wage in 2023 dollars

Figure 4 shows full-time annual earnings at the minimum wages for the United States, Minnesota, Minneapolis, and St. Paul in 2023 dollars. This figure uses the same underlying data as Figure 3, but the minimum wage was translated to inflation-adjusted full-time annual earnings using an annual hours figure

Where the federal and state minimum wages are concerned, inflation-adjusted full-time annual earnings in 1968 at the federal minimum wage. At the state minimum wage (for large employers), full-time inflation-adjusted earnings are currently \$22,027. At the small employer minimum wages in Minneapolis and St. Paul, full-time annual earnings are projected to reach \$31,621 in Minneapolis in 2024 and \$31,554 in St. Paul in 2026.⁷

Figure 4
Full-time annual earnings at the minimum wage, inflation-adjusted (2023 dollars), United States, Minnesota, Minneapolis and St. Paul, 1960-2028 [1]



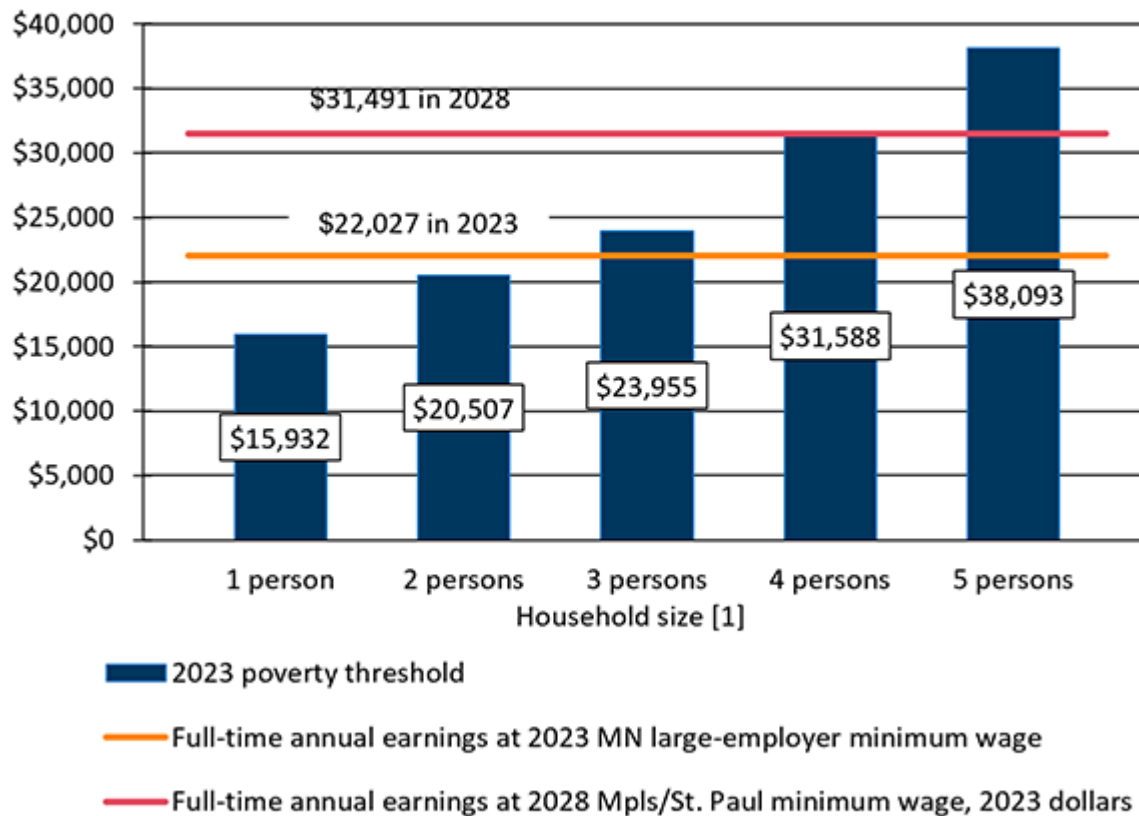
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The minimum wage relative to poverty thresholds

Figure 5 compares minimum-wage earnings to estimated poverty thresholds (projected to 2023) for households of different sizes. The Minnesota large employer minimum wage for 2023, full-time annual earnings – \$22,027 in 2023 dollars – is slightly below the poverty threshold for a three-person household. The 2028 minimum wage for Minneapolis and St. Paul, full-time annual earnings are projected to be slightly above the poverty threshold for a three-person household when adjusted to 2023 dollars.⁸

Figure 5

**Full-time annual earnings at the minimum wage,
Minnesota for 2023 and Minneapolis/St. Paul for 2028 in 2023
dollars, compared with poverty threshold for 2023**



1. Poverty thresholds exist for households larger than five persons but are not shown here.

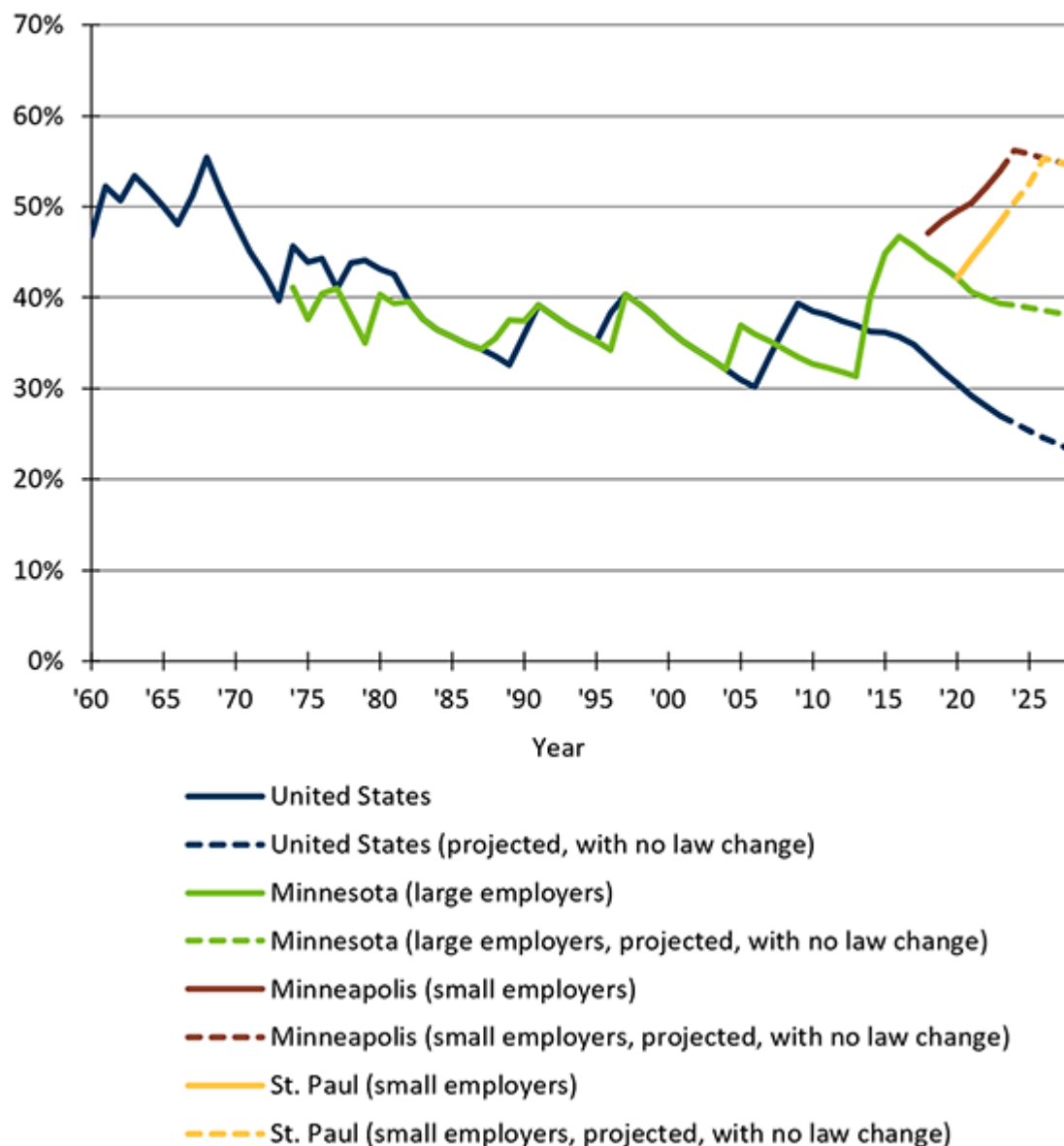
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The minimum wage relative to hourly earnings in manufacturing

It is also relevant to gauge the rate of the minimum wage relative to other wages. Figure 6 expresses the United States, Minnesota, Minneapolis and St. Paul as percentages of AHE of production workers in Minnesota from 1960 to 2028.⁹

Figure 6

Minimum wages of United States, Minnesota, Minneapolis and St. Paul as percentages of average hourly earnings of production workers in Minnesota manufacturing, 1960-2028



As a percentage of manufacturing AHE, the federal minimum wage reached a peak of roughly 55% in 1968. Since then, the minimum wage for large employers has been less than that level for its entire history. At its current rate, the Minnesota minimum wage of \$10.59 an hour is about 39% of manufacturing AHE, which is projected to be around \$26.87 in 2028.

As for the Minneapolis and St. Paul minimum wages for small employers, the initial rates (\$10.25 in Minneapolis and \$15.00 in St. Paul for 2020) were less than 50% of manufacturing AHE. However, by the time the Minneapolis and St. Paul minimum wages reach \$15.00 and \$20.00, they will be about 56% and 55% of manufacturing AHE, respectively. Both will be at or above the federal minimum wage in 1968.

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The minimum wage relative to hourly wages of nonfarm workers

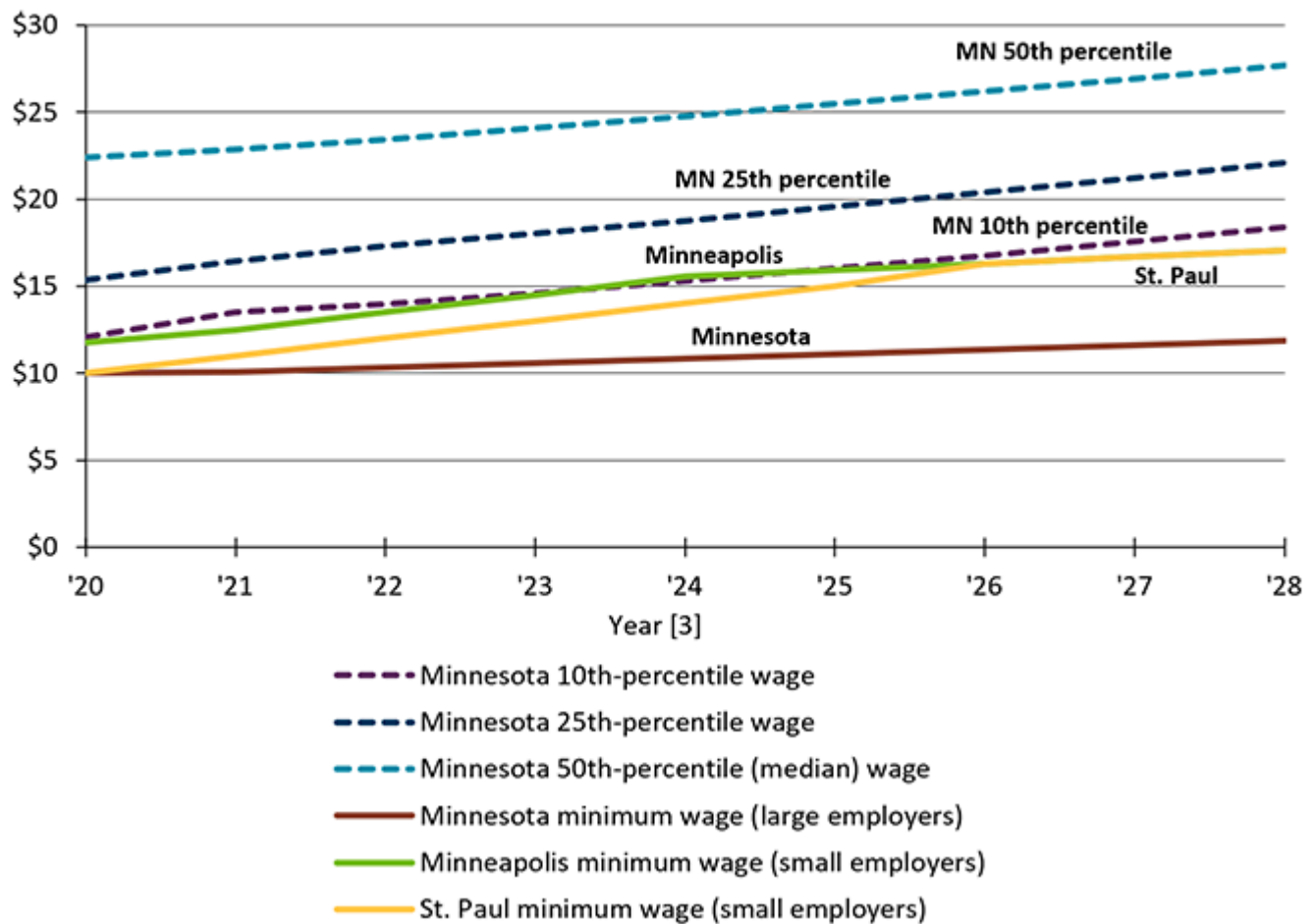
Figure 7 gives another perspective on minimum wages relative to other wages in Minnesota. It shows the minimum wage in Minnesota, Minneapolis and St. Paul against different percentile hourly wages for Minnesota nonfarm workers.

2023 to 2028.

For the entire period shown, the Minnesota large employer minimum wage is less than the 10th-percentile nonfarm wage-and-salary workers. The Minneapolis and St. Paul small employer minimum wages begin below the 10th percentile and then rise, but remain at or below the 10th percentile of overall nonfarm wages in the state. Minneapolis and St. Paul small employer wages are projected to reach \$16.30 an hour, which will be slightly below the 10th percentile wage of \$16.77 for Minnesota nonfarm wage-and-salary workers.

Figure 7

Minnesota, Minneapolis and St. Paul minimum wages and selected Minnesota percentile wages, projected, 2023-2028



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The percentage of jobs at or below the minimum wage

Another approach for analyzing minimum wage is considering the percentage of jobs that pay the minimum wage. This approach shows the number and percentage of jobs at or below the minimum wage for Minneapolis, St. Paul and 2022.

The estimates for Minneapolis and St. Paul are disaggregated by employer size and shown separately for large and small employers. ¹¹ In 2022, the percentage of jobs estimated to be at or below the minimum wage was 5.6% for large employers in Minneapolis, and 4.4% for small employers and 4.9% for large employers in St. Paul. The percentage of jobs at or below the state minimum wage was approximately 2.2%. Combining the estimates for Minneapolis and St. Paul shows an estimated 90,000 out of 3,315,000, or 2.7%, of salaried and hourly jobs were at or below a given wage in the state of Minnesota in 2022. ¹²

In minimum wage reports published prior to the pandemic, the numbers of jobs at or below the minimum wage were projected for future years. However, because of the effects of the pandemic on the economy in 2020 and 2021 and the resulting changes in wages, it was not possible to reliably project these numbers for future years. The statistics provided are in the context of the post-COVID-19 labor market. Worker shortages and increased job mobility following the pandemic led to the general rise of wages across many sectors of Minnesota's economy. The growth in wages that occurred during the pandemic and post-pandemic years were dampened by high inflation levels. While inflation has recently slowing down, its effects on future wage trends remain to be seen.

Data limitations regarding Figure 8

One issue with the Wage Detail data, from which these estimates are derived, concerns the computation of wages for individual jobs. The hourly wage is computed by calendar quarter as earnings for the quarter divided by hours worked, both reported by the employer. An examination of the data reveals that hours worked are often understated, apparently, because the employer mistakenly reports weekly hours rather than quarterly hours. To the degree that hours are understated, wages are overstated and, so, the number and percentage of workers at or below the minimum wage (or below a higher wage) are understated. The degree of understatement is unknown.

Moreover, precise calculation of employer size is not possible because DEED does not classify firms by size. This is important because both Minneapolis and St. Paul classify franchise businesses as large employers regardless of size. Although DEED's estimation does partially account for franchise businesses, not being able to identify them as small employers overestimate the number of small employers in both cities. Nevertheless, estimates of jobs at or below the minimum wage are shown in Figure 8.

Figure 8

Estimated percentages of jobs at or below minimum wage, Minneapolis, St. Paul and balance of state [1]

	Total number of jobs [2]	Minimum wage	Jobs at or below minimum wage	
			Number [2]	Pctg. [3]
2022				
Minneapolis				
Small employer	113,000	\$13.50	6,000	5.6%
Large employer	240,000	\$15.00	16,000	6.7%
St. Paul				
Small employer	59,000	\$12.00	3,000	4.4%
Large employer	133,000	\$13.50	7,000	4.9%
Balance of state	2,769,000	\$10.33	60,000	2.2%
State total [4]	3,315,000		90,000	2.7%

1. Includes hourly and salaried jobs.
2. Computations performed by the Minnesota Department of Employment and Economic Development (DEED) using Wage Detail data from the Minnesota Unemployment Insurance system.
3. Computed by dividing the number of jobs at or below the minimum wage by the total number of jobs.
4. Computed by adding the total number of jobs for Minneapolis, St. Paul and the balance of state.

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Endnotes

¹For a discussion about the impact of the minimum wage increases in the Twin Cities, see: [The dynamic wage](#) and [Minimum wage](#), Federal Reserve Bank of Minneapolis (minneapolisfed.org).

²For a discussion about how wages were affected by changes in the COVID-19 and post-COVID-19 labor market, see: [Wage Distribution Analysis: Article Two](#), [Unveiling the Complexities of Minnesota's Wage Growth](#) and [Post-COVID-19 Wage and Inflation Growth: Comparisons across Industries and States](#) from the Minnesota Department of Employment and Economic Development (mn.gov/deed).

³The figure 2,080 hours is computed by multiplying 40 hours by 52 weeks.

⁴Note that the definition of "small employer" is different for Minnesota than for either Minneapolis or St. Paul. For Minneapolis and St. Paul, small employers are those with less than \$500,000 in annual revenue. For Minneapolis and St. Paul, small employers are those with fewer employees (and more than five employees for St. Paul). According to data from the U.S. Small Business Administration, in 2012 with one to four employees had an average of \$406,000 in annual revenues ([advocate business](#)). Extrapolating from this, a business with five employees would have an average of more than

revenues. Thus, the \$500,000 dividing line between "small" and "large" for Minnesota is at the lower end of St. Paul (and near the line between "small" and "micro" for St. Paul). In other words, many employers that are "large" for Minnesota would be "small" for Minneapolis or St. Paul.

⁵The provisions at issue are: (1) the large-employer minimum wage in Minneapolis and the macro-employer minimum wage in St. Paul both reach \$15.00 an hour July 1, 2022; (2) the provisions for inflation-indexing are the same in the two cities; and (3) the minimum wages for all employers in the two cities will eventually reach the large-employer rate in Minneapolis and the macro-employer rate in St. Paul.

⁶This report uses the expression "adjusted for inflation" to refer to the statistical adjustment of the minimum wages for different years to express them in constant 2023 dollars to analyze how they have changed, and will change, over time. This adjustment uses the Consumer Price Index for the Minneapolis-St. Paul Metropolitan Area. The indexing of the Minnesota, Minneapolis and St. Paul minimum wages under statute and ordinance, and the indexing of the nationwide Implicit Price Deflator for Personal Consumption Expenditures.

⁷As in Figure 3, there is a slight downward drift in the constant-dollar values of the Minnesota minimum wage, Minneapolis and St. Paul minimum wages when inflation-indexing has begun for them. As in Figure 3, the increase in the state and city minimums is projected to increase less rapidly than the index used to express wages in constant-dollar terms.

⁸The comparison would be the same if the poverty thresholds and earnings amounts were expressed in constant-dollar terms.

⁹Manufacturing is used because it is the only industry for which historical data for this time period is available. To use a broader wage measure, ideally the average or median wage of the overall state economy, as such a measure is not available for the period concerned.

¹⁰The minimum wage increases in Minneapolis and St. Paul will raise the lower portion of the wage distribution, specifically the 10th percentile wage.

¹¹Computations were performed by DEED according to specifications from DLI, using Wage Detail data from the Unemployment Insurance system. The approach used by DEED to estimate employer size for 2022 is based on the Minneapolis and St. Paul as defined by their city minimum-wage ordinances. DEED's approach defines the parent firm and includes a special categorization for full-service restaurants. However, it does not categorize franchises.

¹²The total number of jobs for Minnesota in 2022 was reported as around 2,855,000 in the [Quarterly Census of Employment and Wages \(QCEW\)](#), which is lower than the 3,315,000 jobs reported in the Wage Detail data from the Unemployment Insurance system. This difference stems from the way jobs are measured in the two systems: QCEW measures jobs at a point in time (the 12th of each of the three months in the quarter), whereas the Unemployment Insurance Wage Detail data measures jobs held throughout the quarter. For example, a job held by two different individuals at two different months is counted twice in Wage Detail data but only once in QCEW.