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State of Working Minnesota 2004

St. Paul—Labor market conditions like slow wage growth will have a sobering effect on Labor Day celebrations this year, according to a new report called “*The State of Working Minnesota 2004*.” The first in a series of information briefs by the JOBS NOW Coalition and the Minnesota Budget Project reveals that nearly three years since the recession ended, wage trends in Minnesota remain disappointing.

“As workers and their families set out to celebrate this Labor Day, many have yet to experience an improvement in their standard of living, despite reports of positive economic trends,” said Nan Madden, director of the Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits.

Besides comparing the wage trends of this decade to the wage trends of the previous two decades, the report examines some of the causes of the current stagnation in wages for Minnesota’s workers.

“In the current recovery, 85% of corporate income growth has gone to corporate profits, while only 15% has gone to workers. This distribution is exactly opposite what we’ve seen in the past,” said Kris Jacobs, director of JOBS NOW, a St. Paul worker advocacy group.

The brief notes that another important factor contributing to poor wage growth is the decline in the real value of the minimum wage.

The high point in the purchasing power of the minimum wage was 1968 when it

was \$1.60. The minimum wage would be \$8.46 per hour if it had kept pace with inflation, rather than the \$5.15 it is today. Approximately 450,000 workers in Minnesota earn less than the inflation-adjusted minimum wage of \$8.46 an hour.

There is strong support among Minnesotans for raising the minimum wage. According to a poll done by the Minnesota Center for Survey Research, 81% of Minnesotans believe the current minimum wage of \$5.15 per hour is too low.

Minnesota continues to be the hardest working state in the country, ranking at the top of most measures of workforce quality. The report concludes: “Minnesota’s economic advantage is the quality of the workforce. Our economic development policies must build on that quality and not undermine workers’ economic security. The most direct way is to maintain and promote high standards for job quality.”